

**TOWN OF ST. JOSEPH, LOUISIANA**  
**FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2007**  
**With**  
**REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

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

Release Date 8/6/08

TOWN OF ST. JOSEPH, LOUISIANA  
FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007

TABLE OF CONTENTS

|   | <u>Page</u> |
|---|-------------|
| <b>Independent Auditor's Report</b>   | 1           |
| <b>Required Supplemental Information (Part A)</b><br>Management's Discussion and Analysis   | 3           |
| <b>Basic Financial Statements:</b>  |             |
| <b>Government-Wide Financial Statements:</b>  |             |
| Statement of Net Assets   | 11          |
| Statement of Activities   | 12          |
| <b>Fund Financial Statements:</b>   |             |
| Governmental Funds Balance Sheet  | 13          |
| Reconciliation of the Governmental Funds<br>Balance Sheet to the Statement of Net Assets  | 14          |
| Statement of Revenues, Expenditures, and<br>Changes in Fund Balances - Governmental<br>Funds  | 15          |
| Reconciliation of the Statement of Revenues,<br>Expenditures, and Changes in Fund Balances –<br>Governmental Funds to the Statement of Activities | 16          |
| Statement of Net Assets - Proprietary Fund  | 17          |
| Statement of Revenues, Expenses, and Changes<br>in Net Assets - Proprietary Fund  | 18          |
| Statement of Cash Flows - Proprietary Fund  | 19          |
| Notes to the Financial Statements   | 21          |

TOWN OF ST. JOSEPH, LOUISIANA  
FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007

TABLE OF CONTENTS

|  | <u>Page</u> |
|--|-------------|
| <b>Required Supplemental Information (Part B)</b>  |             |
| Budgetary Comparison Schedules:  |             |
| Budget Amendment   | 35          |
| General Fund   | 36          |
| <b>Other Supplemental Information</b>  |             |
| Non-Major Governmental Funds:  |             |
| Combining Balance Sheet  | 37          |
| Combining Schedule of Revenues,<br>Expenditures, and Changes in Fund<br>Balance  | 38          |
| Schedule of Compensation Paid to Aldermen  | 39          |
| <b>Reports Required by Government Auditing<br/>Standards</b>   |             |
| Report on Internal Control Over Financial Reporting<br>and on Compliance and Other Matters Based on<br>an Audit of Financial Statements Performed in<br>Accordance with <i>Government Auditing<br/>    Standards</i> | 40          |
| Schedule of Findings and Questioned Costs  | 42          |
| Status of Prior Year Audit Findings  | 46          |

# THE HALFORD FIRM, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

Members  
American Institute of  
Certified Public Accountants

Mississippi Society of  
Certified Public Accountants

Louisiana Society of  
Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of St. Joseph, as of and for the year ended June 30, 2007, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of St. Joseph's management. Our responsibility is to express 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, and the *Louisiana Governmental Audit Guide*, issued by the Louisiana Legislative Auditor and the Louisiana Society of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2007, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2008 on our consideration of the Town of St. Joseph's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 35 through 36 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our 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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*The Halford Firm, PLLC*

Vicksburg, Mississippi  
June 25, 2008

---

**REQUIRED SUPPLEMENTAL INFORMATION  
(PART A)**

**TOWN OF ST. JOSEPH, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2007**

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, 2007. 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 \$3,474,447. This was a net decrease of total assets of \$230,889. Of this \$3,474,447 of net assets, \$438,913 was unrestricted, \$43,201 was restricted and \$2,992,333 was invested in capital assets.
- 2) As of the close of the fiscal year ended June 30, 2007, the Town's governmental funds reported a combined ending fund balance of \$88,748, a decrease of \$57,542 when compared to the fund balance of the prior year.
- 3) At the end of the fiscal year ending June 30, 2007, the General Fund's fund balance of \$63,946 was available for spending at the Town's discretion.

**Overview of the Financial Statements**

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

**Government-wide financial statements**

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

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

TOWN OF ST. JOSEPH, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2007

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

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

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

Both of the government-wide financial statements are designed to distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The Town's governmental activities include general government, public safety, public works, health and welfare, and recreation and culture functions.

The business-type activities of the Town include sewer, water, and gas utilities.

The government-wide financial statements can be found on pages 13 and 15 of this report.

**Fund financial statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town's funds are classified into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental fund and governmental activities.



TOWN OF ST. JOSEPH, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2007

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

**Governmental funds (cont.)**

The Town maintains four governmental funds that are grouped for management purposes into various fund types. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the General Fund and the Prevention Education Fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for its General Fund and for the Prevention Education Fund. A budgetary comparison statement has been provided for each fund to demonstrate compliance or lack thereof with these budgets.

The basic governmental fund financial statements can be found on pages 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 19 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, 2007, the Town had no fiduciary funds.

**Notes to the financial statements**

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

TOWN OF ST. JOSEPH, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2007

**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 \$3,474,447 at the close of the fiscal year ended June 30, 2007.

By far the largest amount of the Town's net assets (\$2,992,333) 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, 2007 and 2006.

TOWN OF ST. JOSEPH, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SCHEDULE OF NET ASSETS  
JUNE 30, 2007

**Governmental Activities:**

|                               | June 30, 2007     | June 30, 2006     | Change             |
|-------------------------------|-------------------|-------------------|--------------------|
| Current and Other Assets      | \$ 151,277        | \$ 212,092        | \$ (60,815)        |
| Capital Assets                | 282,574           | 316,334           | (33,760)           |
| Total Assets                  | <u>433,851</u>    | <u>528,426</u>    | <u>(94,575)</u>    |
| Current and Other Liabilities | 62,137            | 65,802            | (3,665)            |
| Long-term Liabilities         | -                 | -                 | 0                  |
| Total Liabilities             | <u>62,137</u>     | <u>65,802</u>     | <u>(3,665)</u>     |
| <b>Net Assets:</b>            |                   |                   |                    |
| Invested in Capital Assets    |                   |                   |                    |
| Net of Related Debt           | 282,574           | 316,334           | (33,760)           |
| Restricted                    | 392               | -                 | 392                |
| Unrestricted                  | 88,748            | 146,290           | (57,542)           |
| Total Net Assets              | <u>\$ 371,714</u> | <u>\$ 462,624</u> | <u>\$ (90,910)</u> |

**Business-Type Activities:**

|                               |                     |                     |                     |
|-------------------------------|---------------------|---------------------|---------------------|
| Current and Other Assets      | \$ 580,876          | \$ 566,250          | \$ 14,626           |
| Capital Assets                | 3,120,262           | 3,198,588           | (78,326)            |
| Total Assets                  | <u>3,701,138</u>    | <u>3,764,838</u>    | <u>(63,700)</u>     |
| Current and Other Liabilities | 193,555             | 111,623             | 81,932              |
| Long-term Liabilities         | 404,850             | 410,503             | (5,653)             |
| Total Liabilities             | <u>598,405</u>      | <u>522,126</u>      | <u>76,279</u>       |
| <b>Net Assets:</b>            |                     |                     |                     |
| Invested in Capital Assets    |                     |                     |                     |
| Net of Related Debt           | 2,709,759           | 2,788,085           | (78,326)            |
| Restricted                    | 42,809              | 44,755              | (1,946)             |
| Unrestricted                  | 350,165             | 409,872             | (59,707)            |
| Total Net Assets              | <u>\$ 3,102,733</u> | <u>\$ 3,242,712</u> | <u>\$ (139,979)</u> |

**Total Activities:**

|                               |                     |                     |                     |
|-------------------------------|---------------------|---------------------|---------------------|
| Current and Other Assets      | \$ 732,153          | \$ 778,342          | \$ (46,189)         |
| Capital Assets                | 3,402,836           | 3,514,922           | (112,086)           |
| Total Assets                  | <u>4,134,989</u>    | <u>4,293,264</u>    | <u>(158,275)</u>    |
| Current and Other Liabilities | 255,692             | 177,425             | 78,267              |
| Long-term Liabilities         | 404,850             | 410,503             | (5,653)             |
| Total Liabilities             | <u>660,542</u>      | <u>587,928</u>      | <u>72,614</u>       |
| <b>Net Assets:</b>            |                     |                     |                     |
| Invested in Capital Assets    |                     |                     |                     |
| Net of Related Debt           | 2,992,333           | 3,104,419           | (112,086)           |
| Restricted                    | 43,201              | 44,755              | (1,554)             |
| Unrestricted                  | 438,913             | 556,162             | (117,249)           |
| Total Net Assets              | <u>\$ 3,474,447</u> | <u>\$ 3,705,336</u> | <u>\$ (230,889)</u> |

TOWN OF ST. JOSEPH, LOUISIANA  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 JUNE 30, 2007

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

The \$88,748 unrestricted net assets in the governmental funds are comprised mostly of cash. This represents approximately four months operating capital.

**Governmental activities**

Governmental activities decreased the Town of St. Joseph's net assets by \$90,302. The following reflects the condensed Statement of Activities for the year ended June 30, 2007.

**Town of St. Joseph's Changes in Net Assets  
 June 30, 2007**

|  | <u>Governmental</u> | <u>Business-Type</u> | <u>Total</u>        |
|--|---------------------|----------------------|---------------------|
| <b>Revenues:</b>                         |                     |                      |                     |
| Program Revenues:                        |                     |                      |                     |
| Charges for services                     | \$ 134,687          | \$ 670,829           | \$ 805,516          |
| Operating grants and contributions       | 41,095              | -                    | 41,095              |
| General Revenue:                         |                     |                      |                     |
| Ad valorem taxes                         | 36,203              | -                    | 36,203              |
| Sales tax                                | 92,382              | -                    | 92,382              |
| License and permits                      | 75,594              | -                    | 75,594              |
| Other general revenue                    | 32,105              | 83,128               | 115,233             |
| Total Revenue                            | <u>412,066</u>      | <u>753,957</u>       | <u>1,166,023</u>    |
| <b>Expenses:</b>                         |                     |                      |                     |
| General government                       | 117,371             | -                    | 117,371             |
| Public safety                            | 124,782             | -                    | 124,782             |
| Public works                             | 141,430             | -                    | 141,430             |
| Culture and recreation                   | 62,338              | -                    | 62,338              |
| Health and welfare                       | 56,447              | -                    | 56,447              |
| Utility fund                             | -                   | 893,936              | 893,936             |
| Total Expenses                           | <u>502,368</u>      | <u>893,936</u>       | <u>1,396,304</u>    |
| <b>Net increase (decrease) In Assets</b> | <u>\$ (90,302)</u>  | <u>\$ (139,979)</u>  | <u>\$ (230,281)</u> |

Expenses are classified by functions. General government accounted for approximately \$117,000 in expenses or 23% of total expenses. Public safety, Public Works, and Health and Welfare accounted for 25%, 28%, and 11% of the expenses respectively.

Sales tax revenue, which provided \$92,382 of revenue, was the largest source of revenue for the Town. Licenses and permits were second at \$75,594.

TOWN OF ST. JOSEPH, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2007

**Governmental activities (cont.)**

**Business-type activities**

Business-type activities decreased the Town of St. Joseph's net assets by approximately \$139,979. The following are the key elements of this decrease:

During the current year fixed assets decreased \$78,326. This decrease consisted of \$14,484 of purchases of fixed assets and \$69,110 increase in interest in the joint gas line and \$161,920 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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town of St. Joseph's governmental funds reported combined ending fund balances of \$88,748, and a decrease of \$57,542, when compared with the prior year. All of this total fund balance constitutes unreserved fund balance, which is available for spending at the Town's discretion.

The general fund is the chief operating fund of the Town of St. Joseph. At the end of the current fiscal year, fund balance of the general fund was \$63,946, all of which is unreserved.

**General Fund Budgetary Highlights**

In accordance with Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA - R.S. 39:1301 et seq), the Town must adopt a budget for the General Fund and all Special Revenue funds prior to June 30. The original budget for the Town was adopted on June 12, 2006. The general fund was amended June 11, 2007.

During the year ended June 30, 2007, the budgets were used as a management tool and the required amendments and monitoring required by the law was adhered to.

TOWN OF ST. JOSEPH, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2007

**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, 2007, amounted to \$3,083,618 (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-<br/>Type</u> | <u>Total</u>        |
|--------------------------------------|---------------------|---------------------------|---------------------|
| <b>Nondepreciable assets:</b>        |                     |                           |                     |
| Land                                 | \$ 43,915           | \$ 7,886                  | \$ 51,801           |
| Construction-in-progress             | -                   | -                         | -                   |
| <b>Depreciable assets:</b>           |                     |                           |                     |
| Building                             | 458,544             | -                         | 458,544             |
| Equipment                            | 542,796             | -                         | 542,796             |
| Water system                         | -                   | 2,633,047                 | 2,633,047           |
| Gas system                           | -                   | 730,463                   | 730,463             |
| Sewer system                         | -                   | 1,927,884                 | 1,927,884           |
| Service equipment                    | -                   | 256,462                   | 256,462             |
| Office equipment                     | -                   | 24,138                    | 24,138              |
| Wireless communication equipment     | -                   | 14,658                    | 14,658              |
| <b>Total Capital Assets</b>          | <u>1,045,255</u>    | <u>5,594,538</u>          | <u>6,639,793</u>    |
| <b>Less Accumulated Depreciation</b> | <u>(762,681)</u>    | <u>(2,793,494)</u>        | <u>(3,556,175)</u>  |
| <b>Net Capital Assets</b>            | <u>\$ 282,574</u>   | <u>\$ 2,801,044</u>       | <u>\$ 3,083,618</u> |

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

The purchase of meter reading equipment by the Enterprise fund. The cost was \$14,484.

**Long-term Debt**

The Town of St. Joseph had one long-term debt at June 30, 2007. This was a \$423,000 revenue bond dated January 26, 2004; due in monthly installments of \$1,599 through January 26, 2044 with interest at 3.25%. The proceeds of these bonds were used to construct a new water treatment plant.

**Requests for Information**

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

---

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

TOWN OF ST. JOSEPH  
ST. JOSEPH, LOUISIANA  
STATEMENT OF NET ASSETS  
JUNE 30, 2007

|   | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> | <u>Total</u>               |
|---|------------------------------------|-------------------------------------|----------------------------|
| <b>Assets</b>   |                                    |                                     |                            |
| Cash and cash equivalents   | \$ 113,271                         | \$ 354,157                          | \$ 467,428                 |
| Receivables   | 35,532                             | 95,458                              | 130,990                    |
| Due from other governmental units                                 | -                                  | 10,840                              | 10,840                     |
| Inventory   | 2,082                              |                                     | 2,082                      |
| Prepaid expense   | 392                                | -                                   | 392                        |
| Restricted Assets:  |                                    |                                     |                            |
| Cash  | -                                  | 120,421                             | 120,421                    |
| Capital assets, net   | 282,574                            | 2,801,044                           | 3,083,618                  |
| Bond issuance cost, net   | -                                  | 8,735                               | 8,735                      |
| Investment in jointly owned gas operation and<br>maintenance fund | -                                  | 310,483                             | 310,483                    |
| Prepaid expenses - noncurrent                                     | -                                  | -                                   | -                          |
| <b>Total Assets</b>   | <b><u>\$ 433,851</u></b>           | <b><u>\$ 3,701,138</u></b>          | <b><u>\$ 4,134,989</u></b> |
| <b>Liabilities</b>  |                                    |                                     |                            |
| Accounts payable and accrued expenses                             | \$ 25,795                          | \$ 116,075                          | \$ 141,870                 |
| Accrued payroll and benefits                                      | 25,502                             | 15,500                              | 41,002                     |
| Due to other governmental units                                   | 10,840                             | -                                   | 10,840                     |
| Deposits held   | -                                  | 56,327                              | 56,327                     |
| Long-term liabilities:  |                                    |                                     |                            |
| Due within one year   | -                                  | 5,653                               | 5,653                      |
| Due in more than one year   | -                                  | 404,850                             | 404,850                    |
| <b>Total Liabilities</b>  | <b><u>62,137</u></b>               | <b><u>598,405</u></b>               | <b><u>660,542</u></b>      |
| <b>Net Assets</b>   |                                    |                                     |                            |
| Invested in capital assets, net of related debt                   | 282,574                            | 2,709,759                           | 2,992,333                  |
| Restricted  | 392                                | 120,421                             | 120,813                    |
| Unrestricted  | 88,356                             | 272,553                             | 360,909                    |
| <b>Total Net Assets</b>   | <b><u>\$ 371,322</u></b>           | <b><u>\$ 3,102,733</u></b>          | <b><u>\$ 3,474,055</u></b> |

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



TOWN OF ST. JOSEPH  
ST. JOSEPH, LOUISIANA  
STATEMENT OF ACTIVITIES  
FOR YEAR ENDED JUNE 30, 2007

| Functions/Programs   | Program Revenues |                        |  | Net (Expense) Revenue<br>and Changes in Net Assets |                             |              |
|--|------------------|------------------------|--|--|-----------------------------|--------------|
|  | Expenses         | Charge for<br>Services | Operating<br>Grants and<br>Contributions | Governmental<br>Activities                         | Business-type<br>Activities | Total        |
| Primary government:  |                  |                        |  |  |                             |              |
| Governmental Activities  |                  |                        |  |  |                             |              |
| General government   | \$ 117,371       | \$ -                   | \$ 27,983                                | \$ (89,408)  | \$ -                        | \$ (89,408)  |
| Public safety  | 124,782          | -                      | 3,600                                    | (121,182)  | -                           | (121,182)    |
| Public works   | 141,430          | 117,552                | -  | (24,878)   | -                           | (24,878)     |
| Culture and recreation   | 62,338           | 2,736                  | -  | (59,603)   | -                           | (59,603)     |
| Health and Welfare   | 56,447           | 14,400                 | 9,532                                    | (32,515)   | -                           | (32,515)     |
| Total governmental activities                                    | 502,368          | 134,687                | 41,095                                   | (327,586)  | -                           | (327,586)    |
| Business-type activity:  |                  |                        |  |  |                             |              |
| Utility fund   | 893,936          | 670,829                | -  | -  | (223,107)                   | (223,107)    |
| Total Primary government   | \$ 1,396,304     | \$ 805,516             | \$ 41,095                                | \$ (327,586)                                       | \$ (223,107)                | \$ (550,693) |
| General revenues   |                  |                        |  |  |                             |              |
| Taxes:   |                  |                        |  |  |                             |              |
| Ad valorem taxes   |                  |                        |  | 36,203   | -                           | 36,203       |
| Sales taxes  |                  |                        |  | 92,382   | -                           | 92,382       |
| Other taxes  |                  |                        |  | -  | -                           | -            |
| License and permits  |                  |                        |  | 75,594   | -                           | 75,594       |
| Fines and forfeitures  |                  |                        |  | 923  | -                           | 923          |
| Use of money and property  |                  |                        |  | 2,889  | 18,740                      | 21,629       |
| Other revenues   |                  |                        |  | 23,293   | 278                         | 23,571       |
| Income from jointly owned gas<br>operations and maintenance fund |                  |                        |  | -  | 69,110                      | 69,110       |
| Grants   |                  |                        |  | -  | -                           | -            |
| Interfund transfers  |                  |                        |  | 5,000  | (5,000)                     | -            |
| Total general revenues   |                  |                        |  | 236,284  | 83,128                      | 319,412      |
| Change in net assets   |                  |                        |  | (91,302)   | (139,979)                   | (231,281)    |
| Net Assets at beginning of year                                  |                  |                        |  | 462,624  | 3,242,712                   | 3,705,336    |
| Net Assets at end of year  |                  |                        |  | \$ 371,322   | \$ 3,102,733                | \$ 3,474,055 |

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

---

**FUND FINANCIAL STATEMENTS**

TOWN OF ST. JOSEPH  
ST. JOSEPH, LOUISIANA  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2007

|  | Major Funds       |                         | Other<br>Governmental<br>Funds | Total             |
|--|-------------------|-------------------------|--------------------------------|-------------------|
|  | General<br>Fund   | Prevention<br>Education |                                |                   |
| <b>Assets</b>                            |                   |                         |                                |                   |
| Cash and cash equivalents                | \$ 88,469         | \$ 848                  | \$ 23,954                      | \$ 113,271        |
| Receivables:                             |                   |                         |                                |                   |
| Sales tax                                | 9,031             | -                       | -                              | 9,031             |
| Other                                    | 26,109            | -                       | -                              | 26,109            |
| Inventory                                | 2,082             | -                       | -                              | 2,082             |
| Prepaid expense                          | 392               | -                       | -                              | 392               |
| <b>Total Assets</b>                      | <b>\$ 126,083</b> | <b>\$ 848</b>           | <b>\$ 23,954</b>               | <b>\$ 150,885</b> |
| <b>Liabilities and Fund Equity</b>       |                   |                         |                                |                   |
| Liabilities:                             |                   |                         |                                |                   |
| Accounts payable and accrued expenses    | \$ 25,795         | \$ -                    | -                              | \$ 25,795         |
| Accrued payroll and benefits             | 25,502            | -                       | -                              | 25,502            |
| Due to other governmental units          | 10,840            | -                       | -                              | 10,840            |
| <b>Total Liabilities</b>                 | <b>62,137</b>     | <b>-</b>                | <b>-</b>                       | <b>62,137</b>     |
| Fund Equity:                             |                   |                         |                                |                   |
| Fund balance                             |                   |                         |                                |                   |
| Unreserved/undesignated                  | 63,946            | 848                     | 23,954                         | 88,748            |
| <b>Total Fund Balance</b>                | <b>63,946</b>     | <b>848</b>              | <b>23,954</b>                  | <b>88,748</b>     |
| <b>Total Liabilities and Fund Equity</b> | <b>\$ 126,083</b> | <b>\$ 848</b>           | <b>\$ 23,954</b>               | <b>\$ 150,885</b> |

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

TOWN OF ST. JOSEPH  
ST. JOSEPH, LOUISIANA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2007

|   |                |                   |
|---|----------------|-------------------|
| Fund balances - total governmental funds  |                | \$ 88,748         |
| Amounts reported for governmental activities are not financial resources, and are not reported in the governmental funds: |                |                   |
| Governmental capital assets   | \$ 1,045,255   |                   |
| Less: accumulated depreciation  | <u>762,681</u> | <u>282,574</u>    |
| Net assets of governmental funds  |                | <u>\$ 371,322</u> |

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

TOWN OF ST. JOSEPH  
ST. JOSEPH, LOUISIANA  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2007

|  | Major Funds      |                         | Other<br>Governmental<br>Funds | Total            |
|--|------------------|-------------------------|--------------------------------|------------------|
|  | General<br>Fund  | Prevention<br>Education |                                |                  |
| <b>Revenues</b>                                  |                  |                         |                                |                  |
| Taxes:   |                  |                         |                                |                  |
| Ad valorem                                       | \$ 36,203        | \$ -                    | \$ -                           | \$ 36,203        |
| Sales  | 92,382           | -                       | -                              | 92,382           |
| Charges for services                             | 117,552          | -                       | -                              | 117,552          |
| License, permits, and commission<br>for services | 75,594           | -                       | -                              | 75,594           |
| Intergovernmental :                              |                  |                         |                                |                  |
| Federal  | -                | 9,532                   | -                              | 9,532            |
| State  | 31,563           | -                       | -                              | 31,563           |
| Fines and forfeitures                            | 923              | -                       | -                              | 923              |
| Use of money and property                        | 18,089           | -                       | 1,935                          | 20,024           |
| Other revenues                                   | 23,076           | 488                     | -                              | 23,564           |
| <b>Total Revenues</b>                            | <b>395,382</b>   | <b>10,020</b>           | <b>1,935</b>                   | <b>407,337</b>   |
| <b>Expenditures</b>                              |                  |                         |                                |                  |
| Current:   |                  |                         |                                |                  |
| General government                               | 104,888          | -                       | 8,000                          | 112,888          |
| Public safety                                    | 114,779          | -                       | -                              | 114,779          |
| Public works                                     | 129,202          | -                       | -                              | 129,202          |
| Culture and recreation                           | 62,338           | -                       | -                              | 62,338           |
| Health and welfare                               | 27,991           | 21,681                  | -                              | 49,672           |
| Capital outlay                                   | -                | -                       | -                              | -                |
| <b>Total Expenditures</b>                        | <b>439,198</b>   | <b>21,681</b>           | <b>8,000</b>                   | <b>468,879</b>   |
| <b>Excess (Deficiency) of Revenues</b>           | <b>(43,816)</b>  | <b>(11,661)</b>         | <b>(6,065)</b>                 | <b>(61,542)</b>  |
| <b>Other Financing Sources (Uses)</b>            |                  |                         |                                |                  |
| Transfers in                                     | -                | \$ 5,000                | -                              | 5,000            |
| Transfers out                                    | -                | -                       | -                              | -                |
| <b>Total Other Financing Sources (Uses)</b>      | <b>-</b>         | <b>\$ 5,000</b>         | <b>-</b>                       | <b>5,000</b>     |
| <b>Excess of Revenues over Expenditures</b>      | <b>(43,816)</b>  | <b>(6,661)</b>          | <b>(6,065)</b>                 | <b>(56,542)</b>  |
| Fund balance at beginning of year                | 107,762          | 7,509                   | 30,019                         | 145,290          |
| <b>Fund balance at end of year</b>               | <b>\$ 63,946</b> | <b>\$ 848</b>           | <b>\$ 23,954</b>               | <b>\$ 88,748</b> |

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

TOWN OF ST. JOSEPH  
ST. JOSEPH, LOUISIANA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2007

|   |          |                 |
|---|----------|-----------------|
| Net change in fund balances- governmental funds   | \$       | (56,542)        |
| Amount reported for governmental activities in the statement of activities are different because:   |          |                 |
| <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  | (33,760) | (33,760)        |
|   |          |                 |
| Change in net assets of governmental activities   | \$       | <u>(90,302)</u> |

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

TOWN OF ST. JOSEPH  
ST. JOSEPH, LOUISIANA  
STATEMENT OF NET ASSETS -  
PROPRIETARY FUND  
JUNE 30, 2007

|   | Utility<br>Fund |
|---|-----------------|
| <b>Assets</b>   |                 |
| <b>Current Assets:</b>  |                 |
| Cash and cash equivalents                                     | \$ 354,157      |
| Accounts receivable - net                                     | 95,458          |
| Due from other governmental unit                              | 10,840          |
| Prepaid expenses  | -               |
| Total Current Assets  | 460,455         |
| <b>Noncurrent Assets:</b>                                     |                 |
| Restricted cash and cash equivalents                          | 120,421         |
| <b>Capital assets</b>   |                 |
| Depreciable:  |                 |
| Property, plant and equipment - net                           | 2,793,158       |
| Land  | 7,886           |
| Construction-in-progress                                      | -               |
| Bond issuance cost - net                                      | 8,735           |
| Invested in jointly owned gas operations and maintenance fund | 310,483         |
| Total Noncurrent Assets                                       | 3,240,683       |
| Total Assets  | \$ 3,701,138    |
| <b>Liabilities and Net Assets</b>                             |                 |
| <b>Current Liabilities:</b>                                   |                 |
| Accounts payable and accrued expenses                         | \$ 94,190       |
| Accrued payroll and benefits                                  | 15,500          |
| Due to other governmental unit                                | -               |
| Total Current Liabilities                                     | 109,690         |
| <b>Liabilities payable from restricted assets:</b>            |                 |
| Customer deposits   | 56,327          |
| Revenue bonds payable   | 5,653           |
| Utility payments  | 21,885          |
| Total liabilities payable from restricted assets              | 83,865          |
| <b>Noncurrent Liabilities:</b>                                |                 |
| Revenue bonds payable   | 404,850         |
| Total Liabilities   | 598,405         |
| <b>Net Assets</b>   |                 |
| Invested in capital assets, net of related debt               | 2,709,759       |
| Restricted  | 120,421         |
| Unrestricted  | 272,553         |
| Total Net Assets  | \$ 3,102,733    |

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

TOWN OF ST. JOSEPH  
ST. JOSEPH, LOUISIANA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2007

|                                    | Utility<br>Fund |
|------------------------------------|-----------------|
| Operating Revenues                 |                 |
| Water sales                        | \$ 272,675      |
| Gas sales                          | 366,791         |
| Sewerage fees                      | 17,401          |
| Garbage fees                       | -               |
| Penalties                          | 13,962          |
| Other operating revenues           | 278             |
|                                    | 671,107         |
| Operating Expenses                 |                 |
| Water expense                      | 164,433         |
| Gas expense                        | 369,299         |
| Sewer expense                      | 67,405          |
| Garbage expense                    | 3,102           |
| Wireless communications expense    | 7,756           |
| Depreciation                       | 161,687         |
| Salaries and related benefits      | 18,482          |
| Professional fees                  | -               |
| Bad debts and returned checks      | 84,025          |
| Trash expense                      | 3,799           |
| Office expense                     | -               |
|                                    | 879,988         |
| Operating Loss                     | (208,881)       |
| Non-Operating Revenues (Expenses)  |                 |
| Interest income                    | 18,740          |
| Income from jointly owned gas line | 69,110          |
| Transfer from other funds          | -               |
| Amortization of bond issuance cost | (233)           |
| Interest expense                   | (13,715)        |
| Transfer to other funds            | (5,000)         |
| Hurricane Katrina revenue          | -               |
| Hurricane Katrina expense          | -               |
|                                    | 68,902          |
| Net Income (Loss)                  | (139,979)       |
| Net Assets - beginning of year     | 3,242,712       |
| Net Assets - end of year           | \$ 3,102,733    |

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



TOWN OF ST. JOSEPH  
ST. JOSEPH, LOUISIANA  
STATEMENT OF CASH FLOWS -  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2007

|   |                   |
|---|-------------------|
| <b>Cash flows from operating activities</b>   |                   |
| Cash received from customers  | \$ 632,389        |
| Cash paid for employee services   | (135,625)         |
| Cash payments to suppliers for goods and services                                   | (414,213)         |
| Net cash provided (used) by operating activities                                    | <u>82,551</u>     |
| <b>Cash flows from capital and related financing activities</b>                     |                   |
| Interfund transfers   | (5,000)           |
| Interfund transfers - loans   | (10,840)          |
| Acquisition of capital assets   | (14,484)          |
| Net cash provided (used) by financing activities                                    | <u>(30,324)</u>   |
| <b>Cash flows from investing activities</b>   |                   |
| Payment on Revenue bonds  | (19,187)          |
| Interest received on investments  | 18,740            |
| Net cash provided by investing activities   | <u>(447)</u>      |
| <b>Net increase (decrease) in cash and cash equivalents</b>                         | 51,780            |
| <b>Cash and cash equivalents, beginning of year</b>                                 | <u>422,798</u>    |
| <b>Cash and cash equivalents, end of year</b>                                       | <u>\$ 474,578</u> |
| <b>Shown on the accompanying balance sheet as</b>                                   |                   |
| Current Assets  |                   |
| Cash and cash equivalents   | 354,157           |
| Restricted assets:  |                   |
| Cash  | <u>120,421</u>    |
| <b>Total</b>  | <u>\$ 474,578</u> |
| <b>Supplemental disclosure of noncash capital investing activities:</b>             |                   |
| Increase in the investment of the jointly owned gas operations and maintenance fund | <u>\$ 69,110</u>  |

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

TOWN OF ST. JOSEPH  
ST. JOSEPH, LOUISIANA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND (Continued)  
FOR THE YEAR ENDED JUNE 30, 2007

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

|   |                  |
|---|------------------|
| Operating Income (loss)   | \$ (208,881)     |
| Adjustments to reconcile operating loss to net cash<br>provided (used) by operating activities: |                  |
| Depreciation  | 161,687          |
| Increase in accounts receivable   | 38,212           |
| Increase in prepaid expense   | 13,763           |
| Increase in accounts payable and accrued expense  | 64,848           |
| Increase in accrued payroll and benefits  | 5,827            |
| Increase in customer deposits   | <u>7,095</u>     |
| Net cash provided (used) by operating activities  | <u>\$ 82,551</u> |

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

---

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF ST. JOSEPH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007

**Note 1 - Summary of Significant Accounting Policies**

**A. Financial Reporting Entity**

The accompanying financial statements include all funds and account groups of the Town of St. Joseph, Louisiana (The Town). The accompanying financial statements of the Town have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Town consists of an executive branch of government headed by a mayor and a legislative branch of government consisting of five aldermen. The Town's major operations include police and fire protection, street and drain maintenance, garbage and trash collection and administrative services. The Town also operates a Utilities Enterprise Fund to provide gas, sewerage and water services.

As the governing authority for the municipality, the Town is the reporting entity for the municipality. The financial reporting consists of (a) the primary government (the Town), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement No. 14 established criteria for determining which component units should be considered part of the Town for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body and the ability of the Town to impose its will on that organization and/or the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature and significance of the relationship.

Based on the foregoing criteria, the Town does not have any component units to be reported.

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

TOWN OF ST. JOSEPH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007

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

**B. Basis of Presentation**

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

**Government-wide Financial Statements**

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

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

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

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

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

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

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

TOWN OF ST. JOSEPH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007

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

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

**Fund Financial Statements**

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

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

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

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

**Enterprise Funds** - These funds are used to account for operations (a) that financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriated for capital maintenance, public policy, management control, accountability, or other purposes. Enterprise funds are presented in the business-type activities column in the government-wide financial statements and the major funds section of the basic financial statements.

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

**Revenues:**

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October of each year and are actually billed to the taxpayer in November. Billed taxes become delinquent on December 31. Revenues from ad valorem taxes are budgeted in the year billed to the extent of collections expected. The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of Tensas Parish.

Sales taxes are considered "measurable" when in the hands of the intermediary collecting governments and are recognized as revenues at that time.

Interest earnings on time deposits are recognized as revenue when the time deposits have matured and the interest is available. Substantially all other revenues are recognized when actually received by the Town.

**Expenditures:**

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

TOWN OF ST. JOSEPH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007

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

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

**Proprietary Funds:**

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

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

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

**Water rates:**

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

Sewer rates - \$2.50 per month.

Gas rates charged to customers in the year ended June 30, 2007 were \$22.00 for each 1,000 cubic feet of gas used or fraction thereof.

**C. Budgets and Budgetary Accounting**

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

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

TOWN OF ST. JOSEPH, LOUISIANA  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2007

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

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

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

**D. Cash, Cash Equivalents, and Investments**

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

At June 30, 2007, the Town had cash and cash equivalents totaling \$587,849 as follows:

|                 |                   |
|-----------------|-------------------|
| Petty Cash      | \$ 850            |
| Demand Deposits | 301,300           |
| LAMP Deposits   | <u>285,699</u>    |
| Total           | <u>\$ 587,849</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, 2007, are secured, as follows:

|                           |                   |
|---------------------------|-------------------|
| Bank Balances             | <u>\$ 290,631</u> |
| Federal deposit insurance | \$ 186,435        |
| Pledged securities        | <u>104,196</u>    |
| Total                     | <u>\$ 290,631</u> |



TOWN OF ST. JOSEPH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007

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

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

Because the pledged securities are held by the Town's agent in the Town's name they are considered collateralized (Category 1) under the provisions of GASB Codification C20.106. In accordance with GASB Codification 150.165 the investment in LAMP at June 30, 2007 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.

**E. Capital Assets**

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

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

All purchased capital assets are recorded at cost where historical records are available and at estimated cost where no historical records are available. Donated capital assets are valued at fair market value at date of gift. Major additions are capitalized while maintenance and repairs that do not improve or extend the life of the respective assets are charged to expense. Interest is capitalized on funds used during construction of projects acquired with bond funds.

TOWN OF ST. JOSEPH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007

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

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

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

|  |                |
|--|----------------|
| Buildings                                | 26 to 40 years |
| Water System                             | 30 to 40 years |
| Sewerage System                          | 40 years       |
| Gas Transmission and Distribution System | 40 years       |
| Office Equipment                         | 3 to 10 years  |
| Equipment                                | 3 to 20 years  |
| Vehicles                                 | 5 years        |

**F. Debt Issuance Cost**

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

**G. Long-term Liabilities**

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

**H. Bad Debts**

Uncollectible amounts for ad valorem taxes are generally not significant. As a result, the direct write-off method for recognizing bad debts is used. Under this method, the receivable is charged to expense when the account is deemed to be uncollectible. The Town uses the allowance method for recognizing bad debts for customers' utility receivables. An allowance of \$315,934 is recorded as of June 30, 2007.

**I. Compensated Absences**

Vacation time is accrued based on the number of years in service. It must be used before the end of the year and cannot be carried over. Sick time is accrued at an annual rate of 80 hours per year and cannot be carried over from year to year. Employees are not paid overtime but are given compensatory time equal to the amount that would have been due for the overtime worked and will be paid for any unused compensation at the time of termination.

**J. Net Assets**

Net Assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvement of those assets.

TOWN OF ST. JOSEPH, LOUISIANA  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2007

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

**K. Restricted Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use by external parties such as creditors, grantors, laws or regulations of other governments. As of June 30, 2007 restricted net assets in the proprietary fund totaling \$120,421 consisted of cash restricted for meter deposits and cash restricted for water system improvements.

**L. Transfers In and Out**

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

Interfund operating transfers in and out during the year ended June 30, 2007, were as follows:

| Fund                   | <u>Operating Transfers</u> |                  |
|------------------------|----------------------------|------------------|
|                        | <u>In</u>                  | <u>Out</u>       |
| <b>Major Fund:</b>     |                            |                  |
| General Fund           | \$ 10,840                  | \$ -             |
| <b>Enterprise Fund</b> | -                          | <u>10,840</u>    |
|                        | <u>\$ 10,840</u>           | <u>\$ 10,840</u> |

**M. Use of Estimates**

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

**Note 2 - Receivables**

Receivables of \$130,990 as of June 30, 2007 are comprised of the following:

| <u>Fund Type</u>                        | Sales           |                  | Inter-<br>Governmental | Other           | Total             |
|---|-----------------|------------------|------------------------|-----------------|-------------------|
|   | Tax             | Accounts         |                        |                 |                   |
| General                                 | \$ 9,031        | \$ 3,590         | \$ 20,242              | \$ 9,671        | \$ 42,534         |
| Proprietary                             | -               | 328,725          | -                      | 75,665          | 406,080           |
| Less Allowance for Doubtful<br>Accounts | -               | <u>(236,857)</u> | -                      | <u>(79,077)</u> | <u>(315,934)</u>  |
| Total                                   | <u>\$ 9,031</u> | <u>\$ 95,458</u> | <u>\$ 20,242</u>       | <u>\$ 6,259</u> | <u>\$ 132,680</u> |

TOWN OF ST. JOSEPH, LOUISIANA  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2007

**Note 2 – Receivables (cont.)**

The Town has 606 water and sewer customers. They also serve 503 gas customers. An aging of the utility receivables as of June 30, 2007 is as follows:

|               | Trash           | Water             | Gas              | Sewer           | Other           | Garbage         | Total            |
|---------------|-----------------|-------------------|------------------|-----------------|-----------------|-----------------|------------------|
| 0-90 days     | \$ 2,499        | \$ 18,831         | \$ 11,450        | \$ 1,183        | \$ 728          | \$ 2,643        | \$ 37,334        |
| 91-180 days   | 808             | 3,385             | 10,534           | 375             | 270             | 781             | 16,153           |
| 181-270 days  | 682             | 3,145             | 10,486           | 316             | 281             | 652             | 15,562           |
| 271-360 days  | 56              | 93                | 1,014            | 28              | -               | 55              | 1,246            |
| Over 360 days | 3,756           | 153,859           | 90,860           | 3,934           | 2,492           | 5,219           | 260,120          |
| Total         | <u>\$ 7,801</u> | <u>\$ 179,313</u> | <u>\$124,344</u> | <u>\$ 5,836</u> | <u>\$ 3,771</u> | <u>\$ 9,350</u> | <u>\$330,415</u> |

**Note 3 - Ad Valorem Taxes**

Property taxes are levied by the Town in September or October each year and are actually billed to the taxpayers in November. Property taxes become due and are attached as an enforceable lien on property as of December 31. Billed taxes become delinquent on January 1 of the year following the year in which the taxes are due.

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

The ad valorem tax millage is as follows:

|                        |       |
|------------------------|-------|
|                        | Mills |
| General Ad Valorem Tax | 6.70  |

TOWN OF ST. JOSEPH, LOUISIANA  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2007

**Note 4 - Changes in Capital Assets**

The changes in capital assets are as follows:

|  | Balance<br>6/30/2006 | Additions           | Retirements<br>and Transfers | Balance<br>6/30/2007 |
|--|----------------------|---------------------|------------------------------|----------------------|
| <b>Governmental activities:</b>                              |                      |                     |                              |                      |
| <b>Nondepreciable assets:</b>                                |                      |                     |                              |                      |
| Land   | \$ 43,915            | \$ -                | \$ -                         | \$ 43,915            |
| <b>Depreciable assets:</b>                                   |                      |                     |                              |                      |
| Buildings  | 458,544              | -                   | -                            | 458,544              |
| Equipment  | 542,796              | -                   | -                            | 542,796              |
| <b>Total capital assets</b>                                  | <u>1,045,255</u>     | -                   | -                            | <u>1,045,255</u>     |
| Less: accumulated depreciation                               | <u>(728,921)</u>     | <u>(33,760)</u>     | -                            | <u>(762,681)</u>     |
| <b>Total governmental activities<br/>capital assets, net</b> | <u>\$ 316,334</u>    | <u>\$ (33,760)</u>  | <u>\$ -</u>                  | <u>\$ 282,574</u>    |
| <b>Business-type activities:</b>                             |                      |                     |                              |                      |
| <b>Nondepreciable assets:</b>                                |                      |                     |                              |                      |
| Land   | \$ 7,886             | \$ -                | \$ -                         | \$ 7,886             |
| <b>Depreciable assets:</b>                                   |                      |                     |                              |                      |
| Water System   | 2,633,047            | -                   | -                            | 2,633,047            |
| Gas System   | 730,463              | -                   | -                            | 730,463              |
| Sewer System   | 1,927,884            | -                   | -                            | 1,927,884            |
| Service equipment  | 241,978              | 14,484              | -                            | 256,462              |
| Office equipment   | 24,138               | -                   | -                            | 24,138               |
| Wireless communication<br>equipment                          | 14,658               | -                   | -                            | 14,658               |
| <b>Total capital assets</b>                                  | <u>5,580,054</u>     | <u>14,484</u>       | -                            | <u>5,594,538</u>     |
| Less: accumulated depreciation                               | <u>(2,631,807)</u>   | <u>(161,687)</u>    | -                            | <u>(2,793,494)</u>   |
| <b>Total business-type capital<br/>assets, net</b>           | <u>\$ 2,948,247</u>  | <u>\$ (147,203)</u> | <u>\$ -</u>                  | <u>\$ 2,801,044</u>  |

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

TOWN OF ST. JOSEPH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007

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

Depreciation of \$33,760 as of June 30, 2007 was charged to expense in the utility fund. Depreciation charged to governmental activities is as follows:

|                    |                      |
|--------------------|----------------------|
| General government | \$ 4483              |
| Public safety      | 10,002               |
| Public works       | 12,229               |
| Health and welfare | <u>7,046</u>         |
| <br>Total          | <br><u>\$ 33,760</u> |

**Note 5 - Pension and Retirement Plans**

**Municipal Employees' Retirement System of Louisiana (MERS)**

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

All full-time Town employees and elected officials are eligible to participate in the system. Under the plan provisions, a member who retires at or after age 60 with at least 10 years of creditable service, at or after age 55 with 25 years of creditable service, or at any age with at least 30 years of creditable service is entitled to a retirement benefit, payable monthly for life, equal to 3% of the member's final compensation multiplied by his years of creditable service.

**Funding Policy.** Contributions to the system include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of the parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of members on which contributions were made for the previous fiscal year. State statute requires covered employees to contribute a percentage of their salaries to the system. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the MERS for the years ended June 30, 2007, 2006, and 2005 were \$22,322, \$20,429, and \$17,884, respectively, equal to the statutorily required contributions for each year.

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

TOWN OF ST. JOSEPH, LOUISIANA  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2007

**Note 6 - Long-Term Debt**

The following is a summary of long-term debt transactions for the year ended June 30, 2007.

|                           |                  |
|---------------------------|------------------|
| Balance beginning of year | \$415,975        |
| Additions                 | -                |
| Retirements               | <u>5,472</u>     |
| Balance end of year       | <u>\$410,503</u> |

Bonds payable at June 30, 2007 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%.

\$ 410,503

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

| Fiscal Year Ended<br>June 30, | Amount           |
|-------------------------------|------------------|
| 2008                          | \$ 19,187        |
| 2009                          | 19,187           |
| 2010                          | 19,187           |
| 2011                          | 19,187           |
| 2012 - 2017                   | 95,935           |
| 2018 - 2022                   | 95,935           |
| 2023 - 2027                   | 95,935           |
| 2028 - 2032                   | 95,935           |
| 2033 - 2037                   | 95,935           |
| 2038 - 2042                   | 95,935           |
| 2043 - 2044                   | <u>44,858</u>    |
|                               | <u>\$697,216</u> |

TOWN OF ST. JOSEPH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007

**Note 7 - Intergovernmental Agreement - Gas Transmission and Distribution Operations**

The Town of St. Joseph, Louisiana owns jointly with the Town of Newellton, Louisiana, a gas pipeline, which transports natural gas to the Towns. The jointly owned line is operated independently of the Towns. The carrying value of the investment is recorded on the equity method. The annual net income is added to the investment and cash withdrawals, and net losses are deducted from the investment value. A summary of the balance sheet of the Town of Newellton and St. Joseph, Louisiana Jointly Owned Gas Line as of June 30, 2007 is as follows:

|                                    |                   |
|------------------------------------|-------------------|
| <b>Assets</b>                      |                   |
| Cash                               | \$ 578,869        |
| Investments                        | 23,457            |
| Accounts Receivable                | <u>19,976</u>     |
| Total Assets                       | <u>\$ 622,302</u> |
| <br>                               |                   |
| <b>Liabilities and Fund Equity</b> |                   |
| Liabilities:                       |                   |
| Accounts payable                   | \$ 1,174          |
| Customer deposits                  | <u>162</u>        |
| Total Liabilities                  | <u>1,336</u>      |
| <br>                               |                   |
| Fund Equity:                       |                   |
| Town's Equity                      | <u>620,966</u>    |
| <br>                               |                   |
| Total Liabilities and Fund Equity  | <u>\$ 622,302</u> |

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

**Note 8 - Related Party Transactions**

The Town purchases its natural gas from the Towns of Newellton and St. Joseph Jointly Owned Gas Operations and Maintenance Fund (The Joint Line) of which the Town is a fifty percent owner. During 2007, the Town made \$264,621 of gas purchases and owed the Joint Line \$4,872 at June 30, 2007.

**Note 9 - Risk Financing Activities**

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



TOWN OF ST. JOSEPH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2007

**Note 10 - Commitments and Contingencies**

During 2004, the Town canceled its contracts with Hummingbird Wireless of Louisiana, Inc. for the providing of wireless internet service to St. Joseph, Louisiana and surrounding areas. This contract called for the Town to lease three towers to be constructed by Hummingbird Wireless of Louisiana. The total amount invested by the Town in these leases was \$175,000. At the time of the cancellation of the contract only one tower was constructed. The contract provided that the Town could terminate the agreement at anytime without cause. It further stated that if the contract was terminated the Town would be released from the remaining term of the lease agreement and the funds invested by the Town would be returned to the Town less any revenues retained by them. If the remaining balance was less than \$100,000, Hummingbird Wireless of Louisiana, Inc. would provide the Town with a promissory note for the principal balance remaining at a 10% interest rate payable over 36 months. If the remaining balance was greater than \$100,000, they would provide the Town with a promissory note bearing 10% interest payable over 60 months. At June 30, 2007 the Town had not received the promissory note from Hummingbird Wireless of Louisiana, Inc. Subsequent to the year ended June 30, 2004, the Town authorized the Mayor, through their attorney to file suit for the return of the Town's investment in the form of a 36 month promissory note and the transfer of all equipment and revenues to the Town. As of June 30, 2007 the suit had been filed but no other activity had occurred on the suit.

At June 30, 2007, the \$75,000 invested for the lease of the two towers that have not been built was reclassified to receivables and an allowance for bad debts of \$75,000 was provided to offset the receivable.

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

**Note 11 - Federal Awards**

The Town received a grant of \$9,532 from the Louisiana Department of Health and Hospitals to provide youth between the ages of 12 to 17 and their families with research-based interventions which address identified risk and protective factors that work toward the prevention/education of addictive disorders and other risky behaviors. This grant was passed-through from the United States Department of Health and Human Resources' Consolidated Knowledge Development and Application Program, CFDA #92.230. The total amount of the grant was expended at June 30, 2007.

---

**REQUIRED SUPPLEMENTAL INFORMATION  
(PART B)**

TOWN OF ST. JOSEPH  
BUDGET AMENDMENT  
FISCAL YEAR ENDING JUNE 30, 2007

|                              | <u>ADOPTED</u>   | <u>AMENDED</u>     | <u>DIFFERENCE</u>  |
|------------------------------|------------------|--------------------|--------------------|
| <b>Revenue</b>               |                  |                    |                    |
| Taxes, Licenses, etc.        | \$ 241,780       | \$ 241,780         | \$ -               |
| Intergovernmental Revenue    | 89,500           | 83,000             | (6,500)            |
| State grants                 | -                | 55,000             | 55,000             |
| Transfer from other accounts | 20,000           | -                  | (20,000)           |
| Other Revenues               | 35,335           | 35,335             | -                  |
| Total Revenue                | <u>386,615</u>   | <u>415,115</u>     | <u>28,500</u>      |
| <b>Expenses</b>              |                  |                    |                    |
| General Government           | 121,838          | 203,938            | 82,100             |
| Police Department            | 120,375          | 115,975            | (4,400)            |
| Fire Department              | 1,650            | 50                 | (1,600)            |
| Streets & Sanitation         | 85,902           | 96,900             | 10,998             |
| Garbage Department           | 30,215           | 34,890             | 4,675              |
| Capital Outlay               | -                | -                  | -                  |
| Total Expenses               | <u>359,980</u>   | <u>451,753</u>     | <u>91,773</u>      |
| <b>NET INCOME</b>            | <u>\$ 26,635</u> | <u>\$ (36,638)</u> | <u>\$ (63,273)</u> |

TOWN OF ST. JOSEPH  
ST. JOSEPH, LOUISIANA  
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2007

|   | <u>Budgeted Amounts</u> |                  | Actual<br>Amounts | Variance                   |
|---|-------------------------|------------------|-------------------|----------------------------|
|   | Original<br>Budget      | Final<br>Budget  |                   | Favorable<br>(Unfavorable) |
| <b>Revenues</b>   |                         |                  |                   |                            |
| Taxes, Licenses, etc.   | \$ 241,780              | \$ 241,780       | \$ 322,654        | \$ 80,874                  |
| Intergovernmental Revenue   | 89,500                  | 138,000          | 31,563            | (106,437)                  |
| Other Revenues  | 35,335                  | 35,335           | 41,165            | 5,830                      |
| <b>Total Revenues</b>   | <b>366,615</b>          | <b>415,115</b>   | <b>395,382</b>    | <b>(19,733)</b>            |
| Transfers In  | 20,000                  | -                | -                 | -                          |
| <b>Total Revenues and Transfers</b>                                       | <b>386,615</b>          | <b>415,115</b>   | <b>395,382</b>    | <b>(19,733)</b>            |
| <b>Expenditures</b>   |                         |                  |                   |                            |
| Current:  |                         |                  |                   |                            |
| General Government:   |                         |                  |                   |                            |
| Administration  | 121,838                 | 203,938          | 104,888           | 99,050                     |
| Public Safety   |                         |                  |                   |                            |
| Police Department   | 120,375                 | 115,975          | 114,650           | 1,325                      |
| Fire Department   | 1,650                   | 50               | 129               | (79)                       |
| Public Works  |                         |                  |                   |                            |
| Streets and Sanitation  | 85,902                  | 96,900           | 97,821            | (921)                      |
| Garbage Department  | 30,215                  | 34,890           | 31,381            | 3,509                      |
| Culture & Recreation  | -                       | -                | 62,338            | (62,338)                   |
| Capital Outlay  | -                       | -                | 27,991            | (27,991)                   |
| <b>Total Expenditures</b>   | <b>359,980</b>          | <b>451,753</b>   | <b>439,198</b>    | <b>12,555</b>              |
| Transfer Out  | -                       | -                | -                 | -                          |
| <b>Total Expenditures and Transfers</b>                                   | <b>359,980</b>          | <b>451,753</b>   | <b>439,198</b>    | <b>12,555</b>              |
| <b>Excess (Deficiency) of Revenues Over<br/>Expenditures (GAAP Basis)</b> | <b>26,635</b>           | <b>(36,638)</b>  | <b>(43,816)</b>   | <b>(7,178)</b>             |
| <b>Fund Balance - Beginning</b>   | <b>124,008</b>          | <b>124,008</b>   | <b>107,762</b>    | <b>(16,246)</b>            |
| <b>Fund Balance - Ending</b>  | <b>\$ 150,643</b>       | <b>\$ 87,370</b> | <b>\$ 63,946</b>  | <b>\$ (23,424)</b>         |

SUPPLEMENTARY INFORMATION

TOWN OF ST. JOSEPH  
ST. JOSEPH, LOUISIANA  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
AS OF JUNE 30, 2007

|                                     | <u>Special Revenue Funds</u>       |                       | Total                                       |
|-------------------------------------|------------------------------------|-----------------------|---|
|                                     | <u>Downtown<br/>Revitalization</u> | <u>Lake<br/>Bruin</u> | <u>Non-major<br/>Governmental<br/>Funds</u> |
| <b>Assets</b>                       |                                    |                       |   |
| Cash and cash equivalents           | <u>\$ 5,862</u>                    | <u>\$ 18,092</u>      | <u>\$ 23,954</u>                            |
| Total Assets                        | <u>\$ 5,862</u>                    | <u>\$ 18,092</u>      | <u>\$ 23,954</u>                            |
| <b>Liabilities and Fund Balance</b> |                                    |                       |   |
| Liabilities                         | -                                  | -                     | -   |
| Fund Balance                        |                                    |                       |   |
| Unreserved/undesignated             | <u>5,862</u>                       | <u>18,092</u>         | <u>23,954</u>                               |
| Total Liabilities and Fund Balance  | <u>\$ 5,862</u>                    | <u>\$ 18,092</u>      | <u>\$ 23,954</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, 2007

|   | Special Revenue Funds      |                  | Total<br>Non-major<br>Governmental<br>Funds |
|---|----------------------------|------------------|---|
|   | Downtown<br>Revitalization | Lake<br>Bruin    |   |
| <b>Revenues</b>   |                            |                  |   |
| Use of Property and Money   | \$ 1,935                   | -                | \$ 1,935                                    |
| <b>Expenditures</b>   | 8,000                      | -                | 8,000                                       |
| Excess of Revenues Over Expenditures                                | (6,065)                    | -                | (6,065)                                     |
| <b>Other Financing Sources (Uses)</b>                               |                            |                  |   |
| Transfers In  | -                          | -                | -   |
| Excess of Revenues and Other Financing<br>Sources Over Expenditures | (6,065)                    | -                | (6,065)                                     |
| Fund Balance, beginning of year                                     | 11,927                     | 18,092           | 30,019                                      |
| Fund Balance, end of year   | <u>\$ 5,862</u>            | <u>\$ 18,092</u> | <u>\$ 23,954</u>                            |

TOWN OF ST. JOSEPH  
ST. JOSEPH, LOUISIANA  
SCHEDULE OF COMPENSATION PAID TO ALDERMEN  
FOR THE YEAR ENDED JUNE 30, 2007

|                  |                  |
|------------------|------------------|
| Theodore Jackson | \$ 6,000         |
| Diane Yarrington | 6,000            |
| Jimmy S. Clark   | 6,000            |
| Jack Grace, Jr.  | 6,000            |
| A. E. Tindell    | <u>6,000</u>     |
| Total            | <u>\$ 30,000</u> |



---

**REPORTS REQUIRED BY GOVERNMENT  
AUDITING STANDARDS**

# THE HALFORD FIRM, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

Members  
American Institute of  
Certified Public Accountants

Mississippi Society of  
Certified Public Accountants

Louisiana Society of  
Certified Public Accountants

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of St. Joseph as of and for the year ended June 30, 2007, which collectively comprise the Town of St. Joseph's basic financial statements and have issued our report thereon dated June 25, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor.

### Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of St. Joseph's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of St. Joseph's financial statements that is more than inconsequential will not be prevented or detected.

by the Town of St. Joseph's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Responses to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of St. Joseph's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider all of the significant deficiencies described in the Schedule of Findings and Responses to be material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of St. Joseph's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not 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* which are described in the accompanying Schedule of Findings and Responses.

The Town of St. Joseph's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. We did not audit the Town of St. Joseph's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management of the Town of St. Joseph and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*The Halford Firm, PLLC*

Vicksburg, Mississippi  
June 25, 2008

**TOWN OF ST. JOSEPH  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2007**

**Part I Summary of Auditor's Reports**

**FINANCIAL STATEMENTS**

**Auditor's Report**

An unqualified opinion has been issued on the Town of St. Joseph's financial statements as of and for the year ended June 30, 2007.

**Reportable Conditions**

Five reportable conditions in internal control over financial reporting were disclosed during the audit of the financial statements and are shown as items 07-01 through 07-05 in Part II, and these reportable conditions are also considered to be material weaknesses.

**Material Noncompliance – Financial Reporting**

Two instances of noncompliance material to the financial statements were disclosed during the audit of the financial statements and are shown as items 07-04 and 07-05 in Part II.

**FINANCIAL STATEMENTS**

This section is not applicable for the fiscal year ended June 30, 2007.

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

**07-01 – Segregation of Duties**

***Finding:***

A good system of internal control provides for a proper segregation of the accounting functions. The Town does not have the proper segregation of duties over cash receipts and disbursements, accounts receivable, and accounts payable. Although a town clerk was hired, the Mayor does all of the accounting with the exception of receiving the customer payments and making the daily deposits. 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:***

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

**TOWN OF ST. JOSEPH  
SCHEDULE OF FINDINGS AND RESPONSES- continued  
JUNE 30, 2007**

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

Several months ago, we hired another town clerk who is being trained to carry out those bookkeeping duties currently performed by the Mayor. As suggested, we believe the town fiscal affairs will receive more attention as this clerk is able to accept and carry out the bookkeeping duties and responsibilities.

**07-02 – State of Accounting and Reporting**

***Finding:***

The Town does not reconcile subsidiary ledgers to the general ledger in a timely manner

***Recommendation:***

In order to make the financial reports generated by the accounting system as meaningful as possible, the Town should reconcile bank statements within 30 days of receipt, as well as reconcile subsidiary ledgers to the general ledger on a monthly basis. A benefit of timely reconciliations is that errors do not accumulate but can be identified and attributed to a particular period, which makes it easier to perform future reconciliations.

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

Town management is considering new accounting system software that comprises general ledger and subsidiary ledger modules for all areas of operations, which should rectify the "hybrid" accounting system presently used. Right now, however, we are working with our billing system software company to see if their software can be made to automatically interface with our financial accounting system general ledger in order to prevent manual intervention and thereby reduce potential errors and omissions.

**07-03 – Controls over Purchasing**

***Finding:***

The Town does not maintain an adequate purchasing/accounts payable system, particularly the use of the Town's MasterCard.

***Recommendation:***

The Town should consider implementing a basic purchase order system. The purpose of a purchase order system is to control spending of Town resources and to help ensure that the Town pays only for items that are actually received. The system should provide for approval of purchases and payments, including establishment of controls over compliance with the public bid law.

Additionally, the Town should establish controls over the Town's MasterCard to ensure compliance with Louisiana Constitution [Article VII, Section 14(A)], which prohibits the Town from making payments that do not serve a public service. The system should include procedures for performing a thorough review of all MasterCard charges to ensure proper authorization and adequate documentation of all charges.

**TOWN OF ST. JOSEPH  
SCHEDULE OF FINDINGS AND RESPONSES- continued  
JUNE 30, 2007**

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

As recommended, we began using purchase orders several months ago, which is providing assurance that purchases are properly approved and adequate documentation is being kept on file evidencing management's approval. Purchase order shall be used for those transactions requiring use of the MasterCard for buying items over the internet, i.e., disbursement checks, computer system software upgrades, bank deposit tickets, payroll tax software, office supplies, etc. And, vendor invoices shall be maintained with the purchase order and the MasterCard bill as well.

**07-04 - Insufficient Effort to Collect Delinquent Utility Accounts**

***Finding:***

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

***Recommendation:***

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

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

As recommended, the town shall comply with Ordinance 02-04 effective July 1, 2008 and has discontinued granting the Extension of Time to Pay Agreements.

**07-05 - Failure to Report on a Timely Basis**

***Finding:***

Louisiana Revised Statute 24:513 requires all audit engagements to be completed and transmitted to the Legislative Auditor within six months of the close of the Town's fiscal year end. Accordingly, the Town's audit report for the year ended June 30, 2007 was due to the Legislative Auditor by December 31, 2007.

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

***Recommendation:***

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

**TOWN OF ST. JOSEPH  
SCHEDULE OF FINDINGS AND RESPONSES- continued  
JUNE 30, 2007**

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

Management is taking steps to ensure the Town's audit report is submitted to the Legislative Auditor on time. Our timetable is for our Certified Public Accountant to issue compiled financial statements for audit by August 31<sup>st</sup> each year.

**TOWN OF ST. JOSEPH  
STATUS OF PRIOR YEAR FINDINGS  
JUNE 30, 2007**

The following is a summary of the status of the prior year findings included in the auditor's report dated February 9, 2007 covering the examination of the financial statements of the Town of St. Joseph as of and for the year ended June 30, 2006.

**06-01**

***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, 2007 and is a repeat finding for the current year.

**06-02**

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

***Status:*** This finding was not resolved by June 30, 2007 and is a repeat finding for the current year.

**06-03**

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

***Status:*** This finding was not resolved by June 30, 2007 and is a repeat finding for the current year.