

**TOWN OF ST. JOSEPH, LOUISIANA**  
**FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2014**

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

Release Date **FEB 04 2015**

TOWN OF ST. JOSEPH, LOUISIANA  
FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
<b>Required Supplemental Information (Part A)</b>	
Management's Discussion and Analysis	3-10
<b>Basic Financial Statements:</b>	
<b>Government-Wide Financial Statements:</b>	
Statement of Net Position	12
Statement of Activities	13
<b>Fund Financial Statements:</b>	
Balance Sheet- Governmental Funds	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	17
Statement of Net Position - Proprietary Fund	18
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund	19
Statement of Cash Flows - Proprietary Fund	20-21
Notes to the Financial Statements	23-35

TOWN OF ST. JOSEPH, LOUISIANA  
FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

TABLE OF CONTENTS

	<u>Page</u>
<b>Required Supplemental Information (Part B)</b>	
Budgetary Comparison Schedule:	
General Fund	37
<b>Other Supplemental Information</b>	
Non-Major Governmental Funds:	
Combining Balance Sheet	39
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance	40
Schedule of Compensation Paid to Aldermen	41
<b>Other Reports</b>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	42-43
Schedule of Findings and Questioned Costs	44-47
Schedule of Prior Year Findings	48-53
Management's Corrective Action Plan for Current Year Findings	54-56

# HEARD, MCELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

December 29, 2014

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

## Independent Auditor's Report

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining funds information of the Town of St. Joseph, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

1

**HMV**

A PROFESSIONAL SERVICES FIRM  
SHREVEPORT • MONROE • DELHI

hmv@hmvcpa.com E-MAIL  
www.hmvcpa.com WEB ADDRESS

## ***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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on Pages 3-10 and *Budgetary Comparison Information* on Pages 37-38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

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

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2014, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Heard, McElroy & Vestal, LLC*

Shreveport, Louisiana

**REQUIRED SUPPLEMENTAL INFORMATION**

**(PART A)**

TOWN OF ST. JOSEPH, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014

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, 2014. It is designed to assist the reader in focusing on significant financial issues, identify changes in the Town's financial position, and identify material deviations and individual fund issues or concerns.

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

**Financial Highlights**

- 1). The assets of the Town of St. Joseph exceeded its liabilities at the close of the most recent fiscal year by \$2,512,141. This was a decrease of total net position of \$160,741. Of this \$2,512,141 of net position, \$204,046 was unrestricted, \$36,131 was restricted and \$2,271,964 was invested in capital assets.
- 2). As of the close of the fiscal year ended June 30, 2014, the Town's governmental funds reported a combined ending fund balance of \$181,431, an increase of \$88,732 when compared to the fund balance of the prior year.
- 3). At the end of the fiscal year ending June 30, 2014, the General Fund's fund balance of \$161,476 was available for spending at the Town's discretion.

**Overview of the Financial Statements**

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

TOWN OF ST. JOSEPH, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014

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

**Government-wide financial statements**

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

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

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

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

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

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

**Fund financial statements**

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

**Governmental funds**

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



TOWN OF ST. JOSEPH, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014

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

**Governmental funds (cont.)**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental fund and governmental activities.

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

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

The Town adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided to demonstrate compliance or lack thereof with the budget.

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

**Proprietary funds**

The Town maintains one type of proprietary fund - Enterprise. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses its Enterprise Funds to account for its sewer, water, and gas utilities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

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

**Fiduciary funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government entity. For the year ended June 30, 2014, the Town had no fiduciary funds.

TOWN OF ST. JOSEPH, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014

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

**Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 23 of this report.

**Other information**

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

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of St. Joseph, assets exceeded liabilities by \$2,512,141 at the close of the fiscal year ended June 30, 2014.

By far the largest amount of the Town's net position (\$2,271,963) 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, 2014, and 2013.

TOWN OF ST. JOSEPH, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SCHEDULE OF NET POSITION  
JUNE 30, 2014, and 2013

**Governmental Activities:**

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Change</u>
Current and Other Assets	\$ 219,450	\$ 141,633	\$ 77,817
Capital Assets	372,799	272,554	100,245
Total Assets	<u>592,249</u>	<u>414,187</u>	<u>178,062</u>
Current and Other Liabilities	38,019	48,822	(10,803)
Long-term Liabilities	-	-	-
Total Liabilities	<u>38,019</u>	<u>48,822</u>	<u>(10,803)</u>
<b>Net Position:</b>			
Invested in Capital Assets			
Net of Related Debt	372,799	272,554	100,245
Restricted	19,955	19,255	700
Unrestricted	161,476	73,556	87,920
Total Net Position	<u>\$ 554,230</u>	<u>\$ 365,365</u>	<u>\$ 188,865</u>

**Business-Type Activities:**

Current and Other Assets	\$ 202,911	\$ 432,845	\$ (229,934)
Capital Assets	2,265,379	2,422,121	(156,742)
Total Assets	<u>2,468,290</u>	<u>2,854,966</u>	<u>(386,676)</u>
Current and Other Liabilities	151,279	181,237	(29,958)
Long-term Liabilities	359,100	366,212	(7,112)
Total Liabilities	<u>510,379</u>	<u>547,449</u>	<u>(37,070)</u>
<b>Net Position:</b>			
Invested in Capital Assets			
Net of Related Debt	1,899,165	2,147,242	(248,077)
Restricted	16,176	14,512	1,664
Unrestricted	42,570	145,763	(103,193)
Total Net Position	<u>\$ 1,957,911</u>	<u>\$ 2,307,517</u>	<u>\$ (349,606)</u>

**Total Activities:**

Current and Other Assets	\$ 422,361	\$ 574,478	\$ (152,117)
Capital Assets	2,638,178	2,694,675	(56,497)
Total Assets	<u>3,060,539</u>	<u>3,269,153</u>	<u>(208,614)</u>
Current and Other Liabilities	189,298	230,059	(40,761)
Long-term Liabilities	359,100	366,212	(7,112)
Total Liabilities	<u>548,398</u>	<u>596,271</u>	<u>(47,873)</u>
<b>Net Position:</b>			
Invested in Capital Assets			
Net of Related Debt	2,271,963	2,419,796	(147,832)
Restricted	36,131	33,767	2,364
Unrestricted	204,047	219,319	(15,273)
Total Net Position	<u>\$ 2,512,141</u>	<u>\$ 2,672,882</u>	<u>\$ (160,741)</u>

TOWN OF ST. JOSEPH, LOUISIANA  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 JUNE 30, 2014

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

The \$161,476 of unrestricted net position in the governmental funds is comprised mostly of cash and amounts due from other funds.

**Governmental activities**

Governmental activities decreased the Town of St. Joseph's net position by \$160,741. The following reflects the condensed Statement of Activities for the year ended June 30, 2014.

**Town of St. Joseph's Changes in Net Position  
 June 30, 2014**

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
<b>Revenues:</b>			
Program Revenues:			
Charges for services	\$ 113,831	\$ 626,195	\$ 740,026
Capital grants	33,900	22,953	56,853
General Revenue:			
Ad valorem taxes	35,577	-	35,577
Sales and other taxes	110,531	-	110,531
License and permits	116,665	-	116,665
Transfer	176,063	(176,063)	-
Other general revenue	27,638	(66,940)	(39,302)
Total Revenue	<u>614,205</u>	<u>406,145</u>	<u>1,020,350</u>
<b>Expenses:</b>			
General government	174,119	-	174,119
Public safety	112,566	-	112,566
Public works	115,314	755,751	871,065
Culture and recreation	15,703	-	15,703
Health and welfare	7,638	-	7,638
Total Expenses	<u>425,340</u>	<u>755,751</u>	<u>1,181,091</u>
<b>Net Increase (Decrease) In Position</b>	<u>\$ 188,865</u>	<u>\$ (349,606)</u>	<u>\$ (160,741)</u>

Expenses are classified by functions. General government accounted for approximately \$174,119 in expenses or 15% of total governmental expenses. Public safety, public works, and culture and recreation accounted for 10%, 74%, and 1% of the governmental expenses respectively.

License and permits, which provided \$116,665 of revenue, was the largest source of general revenue for the Town. Sales and other tax revenue was second at \$110,531.

TOWN OF ST. JOSEPH, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014

**Governmental activities (cont.)**

**Business-type activities**

Business-type activities decreased the Town of St. Joseph's net position by \$349,606. Following are the key elements of this decrease:

During the current year noncurrent assets decreased \$247,869. This decrease consisted of a \$127,021 decrease in interest in the joint gas line, and \$120,848 of depreciation and amortization expense.

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

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

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town of St. Joseph's governmental funds reported combined ending fund balances of \$181,431, an increase of \$88,732, when compared with the prior year. \$161,476 of this total fund balance constitutes unassigned fund balance, which is available for spending at the Town's discretion and \$19,955 is assigned to specific purposes.

The general fund is the chief operating fund of the Town of St. Joseph. At the end of the current fiscal year, fund balance of the general fund was \$161,476, all of which is unassigned.

**General Fund Budgetary Highlights**

In accordance with Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA - R.S. 39:1301 et seq), the Town must adopt a budget for the General Fund and all Special Revenue funds prior to June 30. The original budget for the Town was adopted on July 22, 2013.

TOWN OF ST. JOSEPH, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014

**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, 2014, amounted to \$2,674,305 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment.

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

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
Nondepreciable assets:			
Land	\$ 43,915	\$ 7,886	\$ 51,801
Depreciable assets:			
Buildings	458,544	-	458,544
Equipment	735,472	-	735,472
Walking trail	97,551	-	97,551
Water system	-	2,669,417	2,669,417
Gas system	-	730,463	730,463
Sewer system	-	2,030,354	2,030,354
Service equipment	-	331,736	331,736
Office equipment	-	24,138	24,138
Wireless communication equipment	-	16,077	16,077
Amphitheatre	-	335,948	335,948
Total Capital Assets	<u>1,335,482</u>	<u>6,146,019</u>	<u>7,481,501</u>
Less: Accumulated Depreciation	<u>(962,683)</u>	<u>(3,844,513)</u>	<u>(4,807,196)</u>
 Net Capital Assets	 <u>\$ 372,799</u>	 <u>\$ 2,301,506</u>	 <u>\$ 2,674,305</u>

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

The purchase of equipment and major repairs by the Enterprise fund was \$0 and \$144,051 by the General fund.

**Long-term Debt**

The Town of St. Joseph had one long-term debt at June 30, 2014. This was a \$423,000 revenue bond dated January 26, 2004; due in monthly installments of \$1,599 through January 26, 2044; with interest at 3.25%. The proceeds of these bonds were used to construct a new water treatment plant.

**Requests for Information**

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

**BASIC FINANCIAL STATEMENTS**

TOWN OF ST. JOSEPH, LOUISIANA  
STATEMENT OF NET POSITION  
JUNE 30, 2014

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 45,299	\$ 194,050	\$ 239,349
Receivables	38,722	43,685	82,407
Due from other governmental units	115,474	(115,474)	-
Restricted Assets:			
Cash	19,955	80,650	100,605
Capital assets, net	372,799	2,301,506	2,674,305
Bond issuance cost, net	-	7,104	7,104
Investment in jointly owned gas operation and maintenance fund	-	(43,231)	(43,231)
<b>Total Assets</b>	<u>592,249</u>	<u>2,468,290</u>	<u>3,060,539</u>
<b>Liabilities</b>			
Accounts payable and accrued expenses	28,403	86,625	115,028
Accrued payroll and benefits	9,616	6,143	15,759
Deposits held	-	51,397	51,397
Long-term liabilities:			
Due within one year	-	7,114	7,114
Due in more than one year	-	359,100	359,100
<b>Total Liabilities</b>	<u>38,019</u>	<u>510,379</u>	<u>548,398</u>
<b>Net Position</b>			
Invested in capital assets, net of related debt	372,799	1,899,165	2,271,963
Restricted	19,955	16,176	36,131
Unrestricted	161,476	42,570	204,047
<b>Total Net Position</b>	<u>\$ 554,230</u>	<u>\$ 1,957,911</u>	<u>\$ 2,512,141</u>

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



TOWN OF ST. JOSEPH, LOUISIANA  
STATEMENT OF ACTIVITIES  
FOR YEAR ENDED JUNE 30, 2014

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charge for Services	Capital Grants	Governmental Activities	Business-type Activities	Total
Primary government:						
Governmental Activities						
General government	\$ 174,119	\$ -	\$ -	\$ (174,119)	\$ -	\$ (174,119)
Public safety	112,566	-	-	(112,566)	-	(112,566)
Public works	115,314	113,831	13,000	11,517	-	11,517
Culture and recreation	15,703	-	20,900	5,197	-	5,197
Health and welfare	7,638	-	-	(7,638)	-	(7,638)
Total governmental activities	<u>425,340</u>	<u>113,831</u>	<u>33,900</u>	<u>(277,609)</u>	<u>-</u>	<u>(277,609)</u>
Business-type activity:						
Utility fund	755,751	626,195	22,953	-	(106,603)	(106,603)
Total Primary government	<u>\$ 1,181,091</u>	<u>\$ 740,026</u>	<u>\$ 56,853</u>	<u>(277,609)</u>	<u>(106,603)</u>	<u>(384,212)</u>
General revenues						
Taxes:						
Ad valorem taxes				35,577	-	35,577
Sales and other taxes				110,531	-	110,531
License and permits				116,665	-	116,665
Fines and forfeitures				1,370	-	1,370
Use of money and property				19,240	82	19,322
Other revenues				7,028	-	7,028
Transfers				176,063	(176,063)	-
Income (loss) from jointly owned gas operations and maintenance fund				-	(67,022)	(67,022)
Total general revenues				<u>466,474</u>	<u>(243,003)</u>	<u>223,471</u>
Change in net position				188,865	(349,606)	(160,741)
Net Position at beginning of year				<u>365,365</u>	<u>2,307,517</u>	<u>2,672,882</u>
Net Position at end of year				<u>\$ 554,230</u>	<u>\$ 1,957,911</u>	<u>\$ 2,512,141</u>

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

TOWN OF ST. JOSEPH, LOUISIANA  
 GOVERNMENTAL FUNDS  
 BALANCE SHEET  
 JUNE 30, 2014

	General Fund	Other Governmental Funds	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 45,299	\$ 19,955	\$ 65,254
Receivables	25,778	12,944	38,722
Due from other funds	173,438	-	173,438
<b>Total Assets</b>	<b>\$ 244,515</b>	<b>\$ 32,899</b>	<b>\$ 277,414</b>
<b>Liabilities and Fund Equity</b>			
<b>Liabilities:</b>			
Accounts payable and accrued expenses	\$ 28,403	\$ -	\$ 28,403
Accrued payroll and benefits	9,616	-	9,616
Due to other funds	45,020	12,944	57,964
<b>Total Liabilities</b>	<b>83,039</b>	<b>12,944</b>	<b>95,983</b>
<b>Fund Equity:</b>			
Fund balance			
Assigned	-	19,955	19,955
Unassigned	161,476	-	161,476
<b>Total Fund Balance</b>	<b>161,476</b>	<b>19,955</b>	<b>181,431</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 244,515</b>	<b>\$ 32,899</b>	<b>\$ 277,414</b>

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

TOWN OF ST. JOSEPH, LOUISIANA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2014

Fund balances - total governmental funds		\$ 181,431
Amounts reported for governmental activities are not financial resources, and are not reported in the governmental funds:		
Governmental capital assets	1,335,482	
Less: accumulated depreciation	<u>(962,683)</u>	
		<u>372,799</u>
Net position of governmental funds		<u>\$ 554,230</u>

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

TOWN OF ST. JOSEPH, LOUISIANA  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	Other Governmental Funds	Total
<b>Revenues</b>			
Taxes:			
Ad valorem	\$ 35,690	\$ -	\$ 35,690
Sales	110,531	-	110,531
Charges for services	113,831	-	113,831
License, permits, and commission for services	116,665	-	116,665
Intergovernmental:			
State	33,900	-	33,900
Fines and forfeitures	1,370	-	1,370
Use of money and property	18,540	-	18,540
Other revenues	7,028	700	7,728
<b>Total Revenues</b>	<b>437,555</b>	<b>700</b>	<b>438,255</b>
<b>Expenditures</b>			
Current:			
General government	172,656	-	172,656
Public safety	94,947	-	94,947
Public works	103,107	-	103,107
Culture and recreation	10,825	-	10,825
Capital outlay	144,051	-	144,051
<b>Total Expenditures</b>	<b>525,586</b>	<b>-</b>	<b>525,586</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(88,031)</b>	<b>700</b>	<b>(87,331)</b>
<b>Other Financing Sources</b>			
Transfers in	206,918	-	206,918
Transfers out	(30,855)	-	(30,855)
<b>Total Other Financing Sources</b>	<b>176,063</b>	<b>-</b>	<b>176,063</b>
<b>Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<b>88,032</b>	<b>700</b>	<b>88,732</b>
<b>Fund Balance at Beginning of Year</b>	<b>73,444</b>	<b>19,255</b>	<b>92,699</b>
<b>Fund Balance at End of Year</b>	<b>\$ 161,476</b>	<b>\$ 19,955</b>	<b>\$ 181,431</b>

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

TOWN OF ST. JOSEPH, LOUISIANA  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL  
 FUNDS TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2014

Net change in fund balances- governmental funds		\$ 88,732
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	144,051	
Depreciation expense	<u>(43,805)</u>	
		100,246
<p>Governmental funds do not report funds received more than 60 days after the end of the year as revenues in the current year, but the Statements of Activities reports all receivables regardless of when collected. This is the net change resulting from recording all receivables on the Statement of Activities.</p>		
		<u>(113)</u>
Change in net position of governmental activities		<u><u>\$188,865</u></u>

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

TOWN OF ST. JOSEPH, LOUISIANA  
 BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND  
 STATEMENT OF NET POSITION  
 JUNE 30, 2014

	Utility Fund
<b>Assets</b>	
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 194,050
Accounts receivable - net	43,685
Due from other funds	45,020
Total Current Assets	282,755
<b>Noncurrent Assets:</b>	
Restricted cash and cash equivalents	80,650
Capital assets	
Depreciable:	
Property, plant and equipment - net	2,293,620
Land	7,886
Bond issuance cost - net	7,104
Invested in jointly owned gas operations and maintenance fund	(43,231)
Total Noncurrent Assets	2,346,029
Total Assets	2,628,784
<b>Liabilities and Net Position</b>	
<b>Current Liabilities:</b>	
Accounts payable and accrued expenses	73,548
Accrued payroll and benefits	6,143
Due to other funds	160,494
Total Current Liabilities	240,185
<b>Liabilities payable from restricted assets:</b>	
Customer deposits	51,397
Revenue bonds payable	7,114
Utility payments	13,077
Total Liabilities Payable From Restricted Assets	71,588
<b>Noncurrent Liabilities:</b>	
Revenue bonds payable	359,100
Total Liabilities	670,873
<b>Net Position</b>	
Invested in capital assets, net of related debt	1,899,165
Restricted	16,176
Unrestricted	42,570
Total Net Position	\$ 1,957,911

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

TOWN OF ST. JOSEPH, LOUISIANA  
 BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Utility Fund.</u>
<b>Operating Revenues</b>	
Water sales	\$ 249,446
Gas sales	266,635
Sewerage fees	90,511
Penalties	18,644
Other operating revenues & grant revenue (\$22,953)	<u>23,912</u>
<b>Total Operating Revenues</b>	<u>649,148</u>
<b>Operating Expenses</b>	
Water expense	299,628
Gas expense	244,662
Sewer expense	72,220
Depreciation	120,615
General and administration	1,694
Bad debts and returned checks	<u>4,377</u>
<b>Total Operating Expenses</b>	<u>(743,196)</u>
<b>Operating Income (Loss)</b>	<u>(94,048)</u>
<b>Non-Operating Revenues (Expenses)</b>	
Interest income	82
Transfers in	30,855
Income (Loss) from jointly owned gas line	(67,022)
Transfers out	(206,918)
Amortization of bond issuance cost	(233)
Interest expense	<u>(12,322)</u>
<b>Total Non-Operating Revenue (Expenses)</b>	<u>(255,558)</u>
<b>Net Income (Loss)</b>	(349,606)
<b>Net Position - Beginning of Year</b>	<u>2,307,517</u>
<b>Net Position - End of Year</b>	<u>\$ 1,957,911</u>

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

TOWN OF ST. JOSEPH, LOUISIANA  
 BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2014

<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 620,672
Cash received from grants	-
Cash paid for employee services	(132,586)
Cash payments to suppliers for goods and services	(422,055)
Net cash provided by operating activities	<u>66,031</u>
<b>Cash flows from capital and related financing activities</b>	None
<b>Cash flows from investing activities</b>	
Payment on revenue bonds	(19,188)
Interest received on investments	82
Transfer out	(206,918)
Transfer in	30,855
Dividend from Joint Gas Line	60,000
Net cash provided (used) by investing activities	<u>(135,169)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(69,138)
<b>Cash and cash equivalents, beginning of year</b>	<u>343,838</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 274,700</u></u>
<b>Shown on the accompanying balance sheet as</b>	
Current Assets	
Cash and cash equivalents	\$ 194,050
Restricted assets:	
Cash	<u>80,650</u>
<b>Total</b>	<u><u>\$ 274,700</u></u>

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



TOWN OF ST. JOSEPH, LOUISIANA  
 BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND  
 STATEMENT OF CASH FLOWS (Continued)  
 FOR THE YEAR ENDED JUNE 30, 2014

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

Operating income (loss)	\$	(94,048)
 Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation		120,615
Increase in accounts receivable		(1,982)
Decrease in accounts payable and accrued expense		(32,148)
Increase in accrued payroll and benefits		1,108
Increase in customer deposits		199
Net change in due to/from general fund		71,650
Increase in liability for utility payments for others		637
		<hr/>
Net cash provided by operating activities	\$	<u>66,031</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  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

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

**A. Financial Reporting Entity**

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

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

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

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

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

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

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

**B. Basis of Presentation**

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

TOWN OF ST. JOSEPH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

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

**Government-wide Financial Statements**

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

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

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

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

**Fund Financial Statements**

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

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

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

TOWN OF ST. JOSEPH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

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

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

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

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

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

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

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

**Revenues:**

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

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

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

TOWN OF ST. JOSEPH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

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

**Expenditures:**

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

**Proprietary Funds:**

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

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

**Water rates:**

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

Sewer rates are based on water usage.

Gas rate charged to customers at June 30, 2014, was \$12.00 for each 1,000 cubic feet of gas used or fraction thereof.

Garbage rate - \$5.00 per month.

Trash pick-up - \$5.00 per month.

**C. Budgets and Budgetary Accounting**

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

1. The proposed budget is submitted by the Town Clerk and the Mayor to the Board of Aldermen prior to July of the ensuing year. Notice of the location and availability of the proposed budget for the public inspection and the date of the public hearing to be conducted on the budget is then advertised in the official journal of the Town at least 15 days prior to the date of the hearing.
2. After the public hearing, the budget is adopted by passing an ordinance approving the budget at the selected June board meeting.

TOWN OF ST. JOSEPH, LOUISIANA.  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

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

3. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
4. All legally adopted budgets of the Town are adopted on a basis consistent with GAAP. A budget is adopted for the General Fund; encumbrance accounting is not used by the Town.

**D. Interfund Receivables and Payables**

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

**E. Capital Assets**

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

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

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

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

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

TOWN OF ST. JOSEPH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

**F. Debt Issuance Cost**

Debt issuance cost in the amount of \$7,104 is included in noncurrent assets. Debt issuance cost is amortized over the life of the related debt issuance using the straight-line method.

**G. Long-term Liabilities**

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

**H. Fund Equity**

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

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

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

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

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

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

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



TOWN OF ST. JOSEPH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

**I. Bad Debts**

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

**J. Compensated Absences**

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

**K. Net Position**

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

**L. Use of Estimates**

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

**M. Contingencies**

The Town is involved in various lawsuits. The Town is defending its position and the ultimate outcome are unknown and no liability can be estimated at this time. See Note 10 for settlement of a lawsuit subsequent to year end.

**Note 2 - Cash, Cash Equivalents, and Investments**

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

TOWN OF ST. JOSEPH, LOUISIANA  
 NOTES TO THE FINANCIAL STATEMENTS  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

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

At June 30, 2014, the Town had cash and cash equivalents totaling \$339,954 as follows:

Petty Cash	\$ 850
Demand Deposits	166,788
LAMP Deposits	172,316
Total	<u>\$ 339,954</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, 2014, are secured as follows:

Bank Balances	<u>\$ 350,348</u>
Federal deposit insurance	\$ 178,032
Pledged securities	172,316
Total	<u>\$ 350,348</u>

Because the pledged securities are held by the Town's agent in the Town's name they are considered collateralized (Category 1) under the provisions of GASB Codification C20.106.

In accordance with GASB Codification 150.165 the investment in LAMP at June 30, 2014, 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.

TOWN OF ST. JOSEPH, LOUISIANA  
 NOTES TO THE FINANCIAL STATEMENTS  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

**Note 3 - Receivables**

Receivables of \$82,407 as of June 30, 2014, are comprised of the following:

Fund Type	Sales Tax	Accounts	Inter- Governmental	Other	Total
General	\$ 9,100	\$ 20,910	\$ 6,680	\$ 31,254	\$ 67,944
Proprietary	-	417,034	-	-	417,034
Less Allowance for Doubtful Accounts	-	(394,259)	-	(8,312)	(402,571)
<b>Total</b>	<b>\$ 9,100</b>	<b>\$ 43,685</b>	<b>\$ 6,680</b>	<b>\$ 22,942</b>	<b>\$ 82,407</b>

The Town has 514 water customers and 492 sewer customers. They also serve 401 gas customers. An aging of the utility receivables as of June 30, 2014 is as follows:

	Water	Gas	Sewer	Trash	Garbage	Other	Total
0-30 days	\$ 7,807	\$ 6,206	\$ 7,643	\$ 3,085	\$ 3,250	\$ 656	\$ 28,647
31-60 days	1,603	3,328	1,749	482	506	450	8,118
61-90 days	2,191	4,020	1,319	378	403	422	8,733
91-120 days	265	925	176	39	42	(26)	1,421
Over 120 days	196,404	99,995	39,292	9,829	11,550	13,045	370,115
<b>Total</b>	<b>\$208,270</b>	<b>\$ 114,474</b>	<b>\$ 50,179</b>	<b>\$ 13,813</b>	<b>\$ 15,751</b>	<b>\$ 14,547</b>	<b>\$417,034</b>

**Note 4 - Ad Valorem Taxes**

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

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

The ad valorem tax mileage is as follows:

	Mills
General Ad Valorem Tax	7.19

TOWN OF ST. JOSEPH, LOUISIANA  
 NOTES TO THE FINANCIAL STATEMENTS  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

**Note 5 - Changes In Capital Assets**

The changes in capital assets are as follows:

	Balance 6/30/2013	Additions	Retirements and Transfers	Balance 6/30/2014
<b>Governmental activities:</b>				
<b>Nondepreciable assets:</b>				
Land	\$ 43,915	\$ -	\$ -	\$ 43,915
<b>Depreciable assets:</b>				
Buildings	458,544	-	-	458,544
Walking trail	13,500	84,051	-	97,551
Equipment	675,472	60,000	-	735,472
Total capital assets	1,191,431	144,051	-	1,335,482
Less: accumulated depreciation	(918,878)	(43,805)	-	(962,683)
<b>Total governmental activities capital assets, net</b>	<b>\$ 272,553</b>	<b>\$ 100,246</b>	<b>\$ -</b>	<b>\$ 372,799</b>
<b>Business-type activities:</b>				
<b>Nondepreciable assets:</b>				
Land	\$ 7,886	\$ -	\$ -	\$ 7,886
<b>Depreciable assets:</b>				
Water system	2,669,417	-	-	2,669,417
Gas system	-730,463	-	-	730,463
Sewer system	2,030,354	-	-	2,030,354
Service equipment	331,736	-	-	331,736
Office equipment	24,138	-	-	24,138
Wireless communication equipment	16,077	-	-	16,077
Amphitheatre	335,948	-	-	335,948
Total capital assets	6,146,019	-	-	6,146,019
Less: accumulated depreciation	(3,723,898)	(120,615)	-	(3,844,513)
<b>Total business-type capital assets, net</b>	<b>\$ 2,422,121</b>	<b>\$ (120,615)</b>	<b>\$ -</b>	<b>\$ 2,301,506</b>

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

TOWN OF ST. JOSEPH, LOUISIANA  
 NOTES TO THE FINANCIAL STATEMENTS  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

**Note 6 - Changes in Capital Assets (cont.)**

Depreciation of \$120,615 as of June 30, 2014, was charged to expense in the utility fund. Depreciation charged to governmental activities is as follows:

General government	\$ 1,463
Public safety	17,620
Public works	12,207
Culture and recreation	4,878
Health and welfare	<u>7,637</u>
 Total	 <u>\$ 43,805</u>

**Note 7 - Pension and Retirement Plans**

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

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

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

**Funding Policy.** Contributions to the system include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of the parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of members on which contributions were made for the previous fiscal year. State statute requires covered employees to contribute a percentage of their salaries to the system. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the MERS for the years ended June 30, 2014, 2013, and 2012 were \$4,722, \$5,486, and \$6,655, respectively, equal to the statutorily required contributions for each year.

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

TOWN OF ST. JOSEPH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

**Note 8 - Long-Term Debt**

The following is a summary of long-term debt transactions for the year ended June 30, 2014.

Balance beginning of year	\$ 373,080
Additions	-
Retirements	<u>(6,866)</u>
Balance end of year	<u><u>\$ 366,214</u></u>

Bonds payable at June 30, 2014, is comprised of the following issue:

Utilities Enterprise Fund

Revenue Bonds:

\$423,000 revenue bonds dated January 26, 2004; due in monthly installments of \$1,599 through January 26, 2044; interest at 3.25%.	<u><u>\$ 366,214</u></u>
---	--------------------------

Maturities of long-term obligations of the Town including interest of \$201,402 are as follows:

Fiscal Year Ended June 30,	Amount
2015	\$ 19,187
2016	19,187
2017	19,187
2018	19,187
2019	19,187
2020-2024	95,935
2025-2029	95,935
2030-2034	95,935
2035-2039	95,935
2040-2044	<u>87,941</u>
	<u><u>\$ 567,616</u></u>

TOWN OF ST. JOSEPH, LOUISIANA  
 NOTES TO THE FINANCIAL STATEMENTS  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

**Note 9 - Intergovernmental Agreement - Gas Transmission and Distribution Operations**

The Town of St. Joseph, Louisiana owns jointly with the Town of Newellton, Louisiana a gas pipeline, which transports natural gas to the Towns. The jointly owned line is operated independently of the Towns. The carrying value of the investment is recorded on the equity method. The annual net income is added to the investment and cash withdrawals, and net losses are deducted from the investment value. A summary of the balance sheet of the Town of Newellton and St. Joseph, Louisiana Jointly Owned Gas Line ( The Joint Gas Line) as of June 30, 2014, is as follows:

<b>Assets</b>	
Cash	\$ 21,545
Accounts receivable	9,031
Total Assets	<u>\$ 30,576</u>
<b>Liabilities:</b>	
Accounts payable	\$ 116,875
Customer deposits	163
Total Liabilities	117,038
Fund Equity:	(86,482)
Total Liabilities and Fund Equity	<u>\$ 30,576</u>

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

**Note 10 - Related Party Transactions**

The Town purchases its natural gas from The Joint Gas Line of which the Town owns fifty percent. During the current year, the Town made \$159,164 of gas purchases and owed the Joint Line \$6,541 at June 30, 2014. The Town lost an outstanding lawsuit with the gas line provider in October 2014 resulting in The Town owing an additional \$54,200 which it paid in October 2014. No amount was accrued for this pending lawsuit as of 6-30-14 as the outcome could not be determined.

**Note 11 - Risk Financing Activities**

The Town is a participating member in the Louisiana Risk Management Agency's Group Self-Insurance Fund for Municipal Liability Risk Sharing and Group Self-Insurance Fund for Workman's Compensation and Employer Liability (the Agency). The Agency functions as a Public Entity Risk Pool formed to pool the risk of public liability exposure to its members. The Town insures its law enforcement officers' comprehensive liability and errors and omissions risk through its participation in the Agency pools. The coverage provided by the pools is subject to \$1,000 deductibles for certain coverage's and provides coverage's up to \$500,000 for each type of insured risk. Premiums for coverage are retroactively rated based on experience and premiums are calculated based on the ultimate cost of the experience to date of the pool participants. See Note 10.

**Note 12 - Contingencies/Subsequent Event**

The Legislative Auditor's office is currently performing an investigation or project related to the agency(Town) which is not completed as of the date of the audit report. Thus, the effect of the investigation or project on the financial statements is not known as of the date of the report.

The Town has concerns about cash flow for the 2015 year end. The Town plans to reduce expenses (payroll and others). Certain grant funds are anticipated to be received in the 2015 year that should also mitigate the cash issue.

**REQUIRED SUPPLEMENTAL INFORMATION**

**(PART B)**



TOWN OF ST. JOSEPH  
ST. JOSEPH, LOUISIANA  
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Actual Amounts	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Taxes, Licenses, etc.	\$ 297,278	\$ 262,886	\$ (34,392)
Intergovernmental Revenue	96,527	33,900	(62,627)
Other Revenues	27,500	140,769	113,269
<b>Total Revenues</b>	<b>421,305</b>	<b>437,555</b>	<b>16,250</b>
<b>Expenditures</b>			
<b>Current:</b>			
General Government	168,328	172,656	(4,328)
Public Safety			
Police Department	111,584	92,282	19,302
Fire Department	-	2,665	(2,665)
Culture & recreation	-	10,825	(10,825)
Public Works			
Streets and Sanitation	117,440	46,562	70,878
Garbage Department	19,334	56,545	(37,211)
Capital outlay	-	144,051	(144,051)
<b>Total Expenditures</b>	<b>416,686</b>	<b>525,586</b>	<b>(108,900)</b>
<b>Excess (Deficiency) of Revenues Over Expenditures (GAAP Basis)</b>	<b>4,619</b>	<b>(88,031)</b>	<b>(92,650)</b>
<b>Other Financing Sources</b>			
Transfers in	-	206,918	206,918
Transfers out	-	(30,855)	(30,855)
<b>Total Other Financing Sources</b>	<b>-</b>	<b>176,063</b>	<b>176,063</b>
<b>Excess of Revenue and Other Financing Sources Over Expenditures</b>	<b>4,619</b>	<b>88,032</b>	<b>83,413</b>
<b>Fund Balance - Beginning</b>	<b>73,444</b>	<b>73,444</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 78,063</b>	<b>\$ 161,476</b>	<b>\$ 83,413</b>

TOWN OF ST. JOSEPH, LOUISIANA  
NOTES TO BUDGETARY COMPARISON SCHEDULES  
FOR THE YEAR ENDED JUNE 30, 2014  
(Unaudited)

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

Capital expenditures exceeded budget due to equipment purchases. The garbage department and culture and recreation had unplanned expenses and the budget was not properly amended for those.

TOWN OF ST. JOSEPH  
ST. JOSEPH, LOUISIANA  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
AS OF JUNE 30, 2014

	Special Revenue Funds		Total Non-major Governmental Funds
	Downtown Revitalization	Lake Bruin	
<b>Assets</b>			
Cash and cash equivalents	\$ 1,863	\$ 18,092	\$ 19,955
Notes receivable	12,944	-	12,944
<b>Total Assets</b>	<u>14,807</u>	<u>18,092</u>	<u>32,899</u>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities</b>			
Due to other funds	12,944	-	12,944
<b>Fund Balance</b>			
Assigned	<u>1,863</u>	<u>18,092</u>	<u>19,955</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 14,807</u>	<u>\$ 18,092</u>	<u>\$ 32,899</u>

**OTHER SUPPLEMENTAL INFORMATION**

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, 2014

	Special Revenue Funds		Total Non-major Governmental Funds
	Downtown Revitalization	Lake Bruin	
<b>Revenues</b>			
Use of Property and Money	\$ -	\$ -	\$ -
Other Income	700	-	700
Total Revenue	<u>700</u>	<u>-</u>	<u>700</u>
<b>Expenditures</b>			
General Government	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	700	-	700
Fund Balance, beginning of year	<u>1,163</u>	<u>18,092</u>	<u>19,255</u>
Fund Balance, end of year	<u>\$ 1,863</u>	<u>\$ 18,092</u>	<u>\$ 19,955</u>

TOWN OF ST. JOSEPH  
ST. JOSEPH, LOUISIANA  
SCHEDULE OF COMPENSATION PAID TO ALDERMEN  
FOR THE YEAR ENDED JUNE 30, 2014

Evelyn Guy	\$ 6,000
Theodore Jackson	6,000
John Lewis	6,000
Jerry Newman	6,000
Aaron Staves	<u>6,000</u>
Total	<u>\$30,000</u>

**OTHER REPORTS**

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 14-02, 14-03, 14-08, and 14-10 to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as 14-04, 14-05, 14-07, and 14-09.

### **Town of St. Joseph's Response to Findings**

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

### **Purpose of this Report**

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

*Heard, McElroy & Vestal, LLC*

Shreveport, Louisiana



# HEARD, McELROY, & VESTAL

L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

December 29, 2014

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

Independent Auditor's Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of St. Joseph as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 29, 2014.

## Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as 14-01 and 14-06 to be material weaknesses.

TOWN OF ST. JOSEPH, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014

**Part I. Summary of Audit Results**

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

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

**14-01 - Inadequate Internal Control over Financial Reporting**

**Finding:**

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

**Recommendation:**

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

**14-02 - Segregation of Duties**

**Finding:**

A good system of internal control provides for a proper segregation of the accounting functions. Due to limited personnel the Town does not have the proper segregation of duties over cash receipts and disbursements, accounts receivable, and accounts payable. This lack of separation of duties increases the potential for material misstatements and/or misappropriation of assets to occur and not be detected in a timely manner. Proper segregation is not always possible in a small organization, but limited segregation to the extent possible can and should be implemented to reduce the risk of errors or fraud.

**Recommendation:**

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

#### **14-03 – Personnel Files**

**Finding:**

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

**Recommendation:**

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

#### **14-04 - Failure to Comply with the Local Government Budget Act (LGBA)**

**Finding:**

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

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

**Recommendation:**

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

#### **14-05 - Payroll Tax Returns Filed and Paid Late**

**Finding:**

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

**Recommendation:**

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

#### **14-06 - Proper Use of Public Funds**

**Finding:**

The Town donated approximately \$3,000 to various charitable or private organizations, such as sports programs, etc. without cooperative endeavor agreements. This appears to be a violation of the state statute that prohibits public bodies from giving taxpayer funds. The Town should consult with its attorney.

**Recommendation:**

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

#### **14-07 - Bid Law**

**Finding:**

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

**Recommendation:**

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

#### **14-08 - Disbursement Documentation**

**Finding:**

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

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

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

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

**Recommendation:**

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

#### **14-09 - Notification of Public Meetings**

**Finding:**

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

**Recommendations:**

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

#### **14-10 - Utility Fund Accounting**

##### **Finding:**

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

##### **Recommendations:**

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

TOWN OF ST. JOSEPH, LOUISIANA  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2014

**13-01 - Inadequate Internal Control over Financial Reporting**

**Finding:**

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

**Recommendation:**

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

**Status:**

Finding repeated at 14-01.

**13-02 - Segregation of Duties**

**Finding:**

A good system of internal control provides for a proper segregation of the accounting functions. Due to limited personnel the Town does not have the proper segregation of duties over cash receipts and disbursements, accounts receivable, and accounts payable. This lack of separation of duties increases the potential for material misstatements and/or misappropriation of assets to occur and not be detected in a timely manner. Proper segregation is not always possible in a small organization, but limited segregation to the extent possible can and should be implemented to reduce the risk of errors or fraud.

**Recommendation:**

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

**Status:**

Finding repeated at 14-02.

### **13-03 – Personnel Files**

**Finding:**

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

**Recommendation:**

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

**Status:**

Finding repeated at 14-03.

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

**Finding:**

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

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

**Recommendation:**

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

**Status:**

Finding repeated at 14-04.

### **13-05 - Payroll Tax Returns Filed and Paid Late**

**Finding:**

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

**Recommendation:**

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

**Status:**

Finding repeated at 14-05.

### **13-06 - Proper Use of Public Funds**

**Finding:**

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

**Recommendation:**

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

**Status:**

Finding repeated at 14-06.

### **13-07 - Bid Law**

**Finding:**

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

**Recommendation:**

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

**Status:**

Finding repeated at 14-07.

### **13-08 - Expense Reports**

**Finding:**

- (a) The Mayor had charges of \$525 on the Town's credit card during the year that were personal in nature. These charges were repaid; however use of the Town's credit card is not allowed under state law.
- (b) The Town should establish a written policy for expense reimbursement. Expense reimbursements were not made timely which resulted in a credit balance (amount due back to Town) not being repaid timely; it was repaid. The credit resulted due to an advance being received by the Mayor for the business trip.

**Recommendation:**

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



**Status:**

Resolved.

**13-09 - Disbursement Documentation**

**Finding:**

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

- (a) During our review of certain credit card purchases we noted four occasions where the credit card slips were not signed by the user. Also during our review we noted that the majority of the credit card purchase slips lacked a description of what was purchased. These primarily related to a local convenience store.
- (b) It was also noted that meals that were charged to the Town's credit card were not supported by a receipt. These meals were accounted for on the Mayor's expense report but proper supporting documentation was not attached as noted.
- (c) The Town purchased rock several times during the year. The Town had the invoices for those purchases but did not maintain the delivery tickets which would provide documentation of where the rock was delivered and who signed for receipt of the rock.
- (d) The Town has purchase orders (PO) that are used for certain items; however the purchase order system isn't very properly used. The purchase order should have a more detailed description and include the cost when available and then the PO should be matched with the supporting invoice when received.

**Recommendation:**

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

**Status:**

Finding repeated at 14-08.

**13-10 - Notification of Public Meetings**

**Finding:**

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

**Recommendation:**

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

**Status:**

Finding repeated at 14-09.

**13-11 - Late Filing of Audit Report**

**Finding:**

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

**Status:**

Resolved.

**13-12 - Utility Fund Accounting**

**Finding:**

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

**Recommendations:**

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

**Status:**

Finding repeated at 14-10.

**13-13 - Risk Management**

**Finding:**

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

**Recommendation:**

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

**Status:**

Resolved.

TOWN OF ST. JOSEPH, LOUISIANA  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2014  
MANAGEMENT'S REPOSSES

14-01 – Inadequate Internal Control over Financial Reporting

Response:

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

14-02 – Segregation of Duties

Response:

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

14-03- Personnel Files

Response:

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

14-04 – Failure to Comply with the Local Government Budget Act (LGBA)

Response:

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

14-05 – Payroll Tax Returns Files and Paid Late

**Response:**

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

**14-06 – Proper Use of Public Funds**

**Response:**

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

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

**14-07 – Bid Law**

**Response:**

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

**14-08 – Disbursement Documentation**

**Response:**

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

**14-09 – Notification of Public Meeting**

**Response:**

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

**14-10 – Utility Fund Accounting**

**Response:**

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

**General comment:**

As the audit for 2013 was not submitted until June 30, 2014, the comments from 2013 could not be addressed until after June 2014 and thus, were repeated in 2014.