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GENERAL PURPOSE FINANCIAL STATEMENTS

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TOWN OF ST. GABRIEL

St. Gabriel, Louisiana

Release Date ~~FEB 26 1997~~

TOWN OF ST. GABRIEL, LOUISIANA
GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1996

TOWN OF ST. GABRIEL, LOUISIANA

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of the Board of Aldermen,
Town of St. Gabriel, Louisiana

We have audited the accompanying general-purpose financial statements of the **TOWN OF ST. GABRIEL LOUISIANA**, as of and for the year ended June 30, 1996, as listed in the table of contents. These general-purpose financial statements are the responsibility of the **TOWN OF ST. GABRIEL**'s management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Governmental 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 general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the **TOWN OF ST. GABRIEL, LOUISIANA**, as of June 30, 1996, and for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The schedules and statistical information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the **TOWN OF ST. GABRIEL, LOUISIANA**. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued reports dated October 11, 1996, on our consideration of **TOWN OF ST. GABRIEL, LOUISIANA**'s internal control structure and its compliance with laws and regulations.

Town of St. Gabriel

The financial statements for the ten months ended June 30, 1995, were taken from that financial report in which we expressed an unqualified opinion on the general purpose and individual fund financial statements of the Town of St. Gabriel, Louisiana.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
October 11, 1996, except as to Note 9,
to which the date is December 27, 1996.

TOWN OF ST. GABRIEL, LOUISIANA

COMBINED BALANCE SHEET - GENERAL FUND AND ACCOUNT GROUPS

June 30, 1996

	<u>General</u>	<u>Account Groups</u>		<u>Totals</u>	
		<u>General Fixed Assets</u>	<u>General Long-term Debt</u>	<u>Memorandum Only 1996</u>	<u>1995</u>
ASSETS					
Cash and cash equivalent	\$ 12,182	\$ -	\$ -	\$ 12,182	\$ 123,413
Fee receivable	40,017	-	-	40,017	-
Other receivable	372	-	-	372	372
General fixed assets	-	616,861	-	616,861	490,493
Amount to be provided for retirement of general long-term debt	-	-	127,326	127,326	126,341
Total assets	\$ 52,571	\$ 616,861	\$ 127,326	\$ 796,758	\$ 740,619
LIABILITIES					
Accounts payable	\$ 108,240	\$ -	\$ -	\$ 108,240	\$ 86,060
Payroll and payroll related payables	31,950	-	-	31,950	26,091
Long-term leases payable	-	-	127,326	127,326	126,341
Total liabilities	140,190	-	127,326	267,516	238,492
FUND EQUITY					
Investment in general fixed assets	-	616,861	-	616,861	490,493
Fund balance (deficit):					
Undesignated	(87,619)	-	-	(87,619)	11,634
Total fund equity (deficit)	(87,619)	616,861	-	529,242	502,127
Total liabilities and fund equity	\$ 52,571	\$ 616,861	\$ 127,326	\$ 796,758	\$ 740,619

Notes on Exhibit C are an integral part of this statement.

TOWN OF ST. GABRIEL, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND

For the year ended June 30, 1996

	1996			1995
	Budget	Actual	Variance	Actual
REVENUES				
Taxes	\$ 707,100	\$ 733,134	\$ 26,034	\$ 578,878
Intergovernmental	239,900	274,223	34,323	121,013
Licenses and permits	91,120	79,520	(11,600)	63,730
Fines	98,250	105,393	7,143	29,186
Other	10,200	10,861	661	21,361
Total revenues	<u>1,146,570</u>	<u>1,203,131</u>	<u>56,561</u>	<u>814,168</u>
EXPENDITURES				
General government	587,315	547,179	40,136	529,200
Public safety	372,545	403,581	(31,036)	202,488
Streets and sanitation	411,469	427,107	(15,638)	209,426
Total expenditures	<u>1,371,329</u>	<u>1,377,867</u>	<u>(6,538)</u>	<u>941,114</u>
Excess of expenditures over revenues	(224,759)	(174,736)	50,023	(126,946)
OTHER FINANCING SOURCE				
Proceeds from debt issuance	213,250	75,483	(137,767)	138,580
Excess of revenues and other financing sources over expenditures	(11,509)	(99,253)	(87,744)	11,634
FUND BALANCE (DEFICIT)				
Beginning of year	<u>11,634</u>	<u>11,634</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ 125</u>	<u>\$ (87,619)</u>	<u>\$ (87,744)</u>	<u>\$ 11,634</u>

Notes on Exhibit C are an integral part of this statement.

TOWN OF ST. GABRIEL, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement presentation

The financial statements of the Town of St. Gabriel, Louisiana (the Town) have been prepared in conformity with generally accepted accounting principles 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 more significant accounting policies of the government are described below.

The Town was incorporated August 26, 1994 and is a political subdivision of the State of Louisiana. The Town enacts ordinances, sets policies and established programs in such fields as public safety, streets and sanitation.

Reporting entity

For financial reporting purposes, the Town includes all funds and account groups that are controlled by or dependent on the Town's executive or legislative branches (the Mayor or the Board of Aldermen, respectively). Control by or dependence on the Town is determined on the basis of budget adoption, taxing authority, outstanding debts secured by revenues or general obligations of the Town, obligations of the Town to finance any deficits that may occur, or receipt of significant subsidies from the Town.

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 expenses during the reporting period. Actual results could differ from those estimates.

Fund accounting

The Town uses funds and account groups 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 or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The Town uses one governmental fund type, the general fund. The general fund is used to account for all activities of the general government not required to be accounted for in some other fund.

The Town has account groups to provide accountability for the Town's fixed assets and general long-term debt.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of accounting

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Governmental funds are maintained on the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become available (collectible within the current period) and measurable (amount can be determined). Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

The modified accrual basis of accounting as applied to the major sources of revenue is as follows:

Ad valorem taxes are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, and become due on December 31 of each year.

Federal/State aid and grants are recorded as revenue when the Town is entitled to the funds, generally corresponding to when grant related costs are incurred by the Town.

Cash and cash equivalent

Cash for the Town includes the operating cash account and the capital outlay cash account. Cash equivalents are certificates of deposit with an original maturity of three months or less. *There are no cash equivalents at June 30, 1996.*

General fixed assets

General fixed assets are not capitalized in the fund used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in the governmental fund, and the related assets are reported in the general fixed assets account group. Property acquired through donations is recorded at its estimated fair market value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are expensed. Improvements are capitalized.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government.

Depreciation has not been provided on general fixed assets, nor has interest been capitalized.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated absences

All full time employees of the Town are entitled to annual personal leave with pay. Employees are able to accrue personal leave up to a total of 90 days. Only permanent and probationary status employees earn personal leave. Temporary and emergency employees do not earn personal leave.

Budget policy and budgetary accounting

A proposed budget is prepared and submitted to the Mayor and Board of Aldermen prior to the beginning of each fiscal year. A budget summary and notice of a public hearing is published with the public hearing being conducted prior to the commencement of the budget year.

The annual operating budget, prepared on the modified accrual basis, covers all governmental activities anticipated by the Town. At the end of the fiscal year, unexpended appropriations automatically lapse. Once adopted, the Mayor is able to transfer part or all of any appropriation within a department of a fund; however the authority for other amendments resides with the Board of Aldermen.

Total columns on combined statements

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTE 2 - CASH AND CASH EQUIVALENT

The Town may invest in United States bonds, treasury notes, or certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the State of Louisiana or other qualifying federally insured investments.

At year end, the Town's cash balances totaled \$12,182 and the related bank balances were \$14,381. The bank balances at year end were secured by federal depository insurance. The Town did not have any cash equivalents at June 30, 1996.

NOTE 3 - AD VALOREM TAXES

For the year ended June 30, 1996, taxes of 7.0 mills were levied for general government purposes on property with assessed valuations totaling \$79,987,630. Total taxes levied were \$567,273.

NOTE 3 - AD VALOREM TAXES (CONTINUED)

Property tax millage rates are adopted in the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before December 31 of the current year, and become delinquent thereafter.

Ad valorem taxes of \$454,843 were collected by the Town from seven property owners during the year ended June 30, 1996. Tax collections from three of the seven taxpayers amounted to \$386,529.

NOTE 4 - FIXED ASSETS

General fixed assets

A summary of changes in general fixed assets for the year ended June 30, 1996, is as follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>End of Year</u>
Land and buildings	\$ 298,967	\$ 24,774	\$ 323,741
Vehicles	95,465	67,000	162,465
Equipment	<u>96,061</u>	<u>34,594</u>	<u>130,655</u>
Totals	<u>\$ 490,493</u>	<u>\$ 126,368</u>	<u>\$ 616,861</u>

NOTE 5 - LONG-TERM DEBT

Debt outstanding

The following is a summary of long-term debt transactions of the Town for the year ended June 30, 1996:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Retired</u>	<u>End of Year</u>
Capital leases payable	<u>\$ 126,341</u>	<u>\$ 69,230</u>	<u>\$ 68,245</u>	<u>\$ 127,326</u>

Capital leases debt payable at June 30, 1996, is comprised of the following:

7% lease payable, secured by lawn equipment, payable in monthly installments of \$1,122, including interest, maturing February 1997.	\$ 8,726
16% lease payable, secured by equipment payable in monthly installments of \$1,400, including interest, maturing April 1997.	14,228
9% lease payable, secured by equipment, payable in monthly installments of \$1,256, including interest, maturing April 1997.	12,060
6.9% lease payable, secured by 3 vehicles, payable in quarterly installments of \$5,017, including interest, maturing February 1998.	33,833

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Debt outstanding (continued)

6.0% lease payable, secured by equipment, payable in monthly installments of \$70, including interest, maturing February 1998.	2,053
19.4% lease payable, secured by equipment, payable in monthly installments of \$96, including interest, maturing May 1998.	1,901
6.5% lease payable, secured by equipment, payable in monthly installments of \$1,580, including interest, maturing July 1999.	<u>54,525</u>
	<u>\$ 127,326</u>

Future minimum lease payments under capital leases for each of the five years succeeding June 30, 1996, are as follows:

<u>Year</u>	<u>Amount</u>
1997	\$ 72,219
1998	34,348
1999	19,179
2000	<u>1,580</u>
Total	<u>\$ 127,326</u>

NOTE 6 - RETIREMENT PLANS

The employees of the Town are covered under the Federal Insurance Contributions Act (Social Security). The Town's Contributions were \$28,536 and taxable payroll was \$651,790 for the year ended June 30, 1996.

Qualifying policemen of the Town are members in the Municipal Police Employees' Retirement System and contributed 7.5% of their wages through payroll withholdings for the year ended June 30, 1996. The Town contributed an additional 9% of the employees' wages that totaled \$15,430 for the year ended June 30, 1996. The amounts are paid to the Retirement System which is responsible for administering the plan.

NOTE 7 - COMPENSATION TO GOVERNING BODY

The Town compensated its Mayor and members of the Board of Aldermen as follows:

Mayor	
George Grace	\$ 30,000
Board of Aldermen	
Warren Berthelot	7,200
Melvin Hasten, Sr.	7,200
Lionel Johnson	7,200
Leroy Alfred	7,200
Alexander Wright	<u>7,200</u>
	<u>\$ 66,000</u>

NOTE 8 - FUND DEFICIT

The General Fund has a fund deficit as of June 30, 1996. Subsequent to June 30, 1996, additional taxes were authorized (See Note 9) that will permit the General Fund to eliminate the accumulated deficit.

NOTE 9 - SUBSEQUENT EVENTS

Indebtedness

On August 19, 1996, the Town issued certificates of indebtedness in the amount of \$250,000. The loans have a 6% interest rate and mature on March 1, 1997.

Dedicated Revenues

On July 20, 1996, the citizens of the Town authorized the resolutions for the implementation of dedicated ad valorem and sales taxes, as follows:

Ad Valorem Tax

A 5 mill ad valorem tax for ten years commencing 1996 and ending 2005. The tax is dedicated for public improvements including, but not limited to, sewer and waste water facilities, water and fire protections, streets, sidewalks, bridges, drainage and other capital expenditures, including operating and maintenance costs related thereto.

Sales and Use Tax

A one percent sales and use tax dedicated for public purposes, including, but not limited to, sewer and wastewater facilities, water and fire protection, streets, sidewalks, bridges and drainage and other capital expenditures, including operating and maintenance costs related thereto.

NOTE 9 - SUBSEQUENT EVENTS (CONTINUED)

Dedicated Revenues (Continued)

Sales and Use Tax (Continued)

The collection of the sales and use tax has been challenged by nine individual taxpayers of the Town. The basis for the challenge concerns the application of the *state limitation for sales and use tax to municipalities relative to the combined rate being utilized by Iberville Parish*. While the Town is of the opinion that the one percent sales and use tax is collectible irrespective of the Iberville Parish's tax, such determination is subject to judicial review and subsequent appeals. Accordingly, collections related to those taxpayers are being held in escrow pending resolution.

Police Department

In September 1996, the Board of Aldermen voted to abolish the Police Department and to contract with the Iberville Parish Sheriff's Office to handle municipal law enforcement for one year. The Police Chief has sought judicial relief to prevent the abolishment of the Police Department. This matter is in the initial stage of judicial review. The Town has not entered into a contract with the Iberville Parish Sheriff.

SCHEDULES
(Supplementary Financial Information)

TOWN OF ST. GABRIEL, LOUISIANA

SCHEDULE OF REVENUES - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND

For the year ended June 30, 1996

	1996			1995
	Budget	Actual	Variance	Actual
REVENUES				
Taxes:				
Ad valorem	\$ 567,000	\$ 567,273	\$ 273	\$ 554,904
Franchise	110,000	135,800	25,800	23,974
Telephone	23,000	22,876	(124)	-
Cable TV	7,100	7,185	85	-
Licenses and permits	91,120	79,520	(11,600)	63,730
Intergovernmental:				
Iberville Parish Police Jury	153,500	157,535	4,035	88,280
State of Louisiana	31,200	25,000	(6,200)	25,000
Federal	25,500	35,415	9,915	-
Contractual services	-	15,470	15,470	-
Tobacco	19,200	23,943	4,743	4,789
Beer	5,000	3,149	(1,851)	2,754
Video draw poker	5,500	13,711	8,211	190
Recreation	-	4,439	4,439	-
Fines	98,250	105,393	7,143	29,186
Other:				
Lease and royalty	2,200	2,063	(137)	1,416
Interest	3,000	2,418	(582)	1,238
Miscellaneous	5,000	1,941	(3,059)	18,707
Total revenues	<u>\$ 1,146,570</u>	<u>\$ 1,203,131</u>	<u>\$ 56,561</u>	<u>\$ 814,168</u>

TOWN OF ST. GABRIEL, LOUISIANA
SCHEDULE OF DEPARTMENTAL EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND

For the year ended June 30, 1996

	1996			1995
	Budget	Actual	Variance	Actual
GENERAL GOVERNMENT				
Salaries	\$ 168,100	\$ 175,977	\$ (7,877)	\$ 141,389
Payroll taxes	12,600	21,088	(8,488)	12,430
Travel	1,500	1,252	248	281
Fixed asset acquisitions	17,000	19,674	(2,674)	96,274
Accounting	27,000	21,245	5,755	12,062
Dues & subscriptions	7,400	7,706	(306)	5,319
Entertainment	2,000	2,470	(470)	13,752
Consultants	10,000	9,200	800	390
Contract labor	23,000	21,619	1,381	23,436
Election	500	12,829	(12,329)	421
Insurance	13,000	1,146	11,854	6,798
Legal	35,000	33,451	1,549	47,004
Building maintenance	60,000	41,954	18,046	99,720
Municipal code book	5,000	10,691	(5,691)	130
Office supplies	11,000	10,312	688	12,581
Printing	-	-	-	111
Publishing	2,000	1,673	327	8,396
Telephone	18,545	19,665	(1,120)	10,262
Utilities	11,200	2,975	8,225	9,991
Recreation	52,600	49,824	2,776	4,475
Debt service	20,070	20,070	-	7,109
Other	89,800	62,358	27,442	16,869
Total general government	<u>587,315</u>	<u>547,179</u>	<u>40,136</u>	<u>529,200</u>
PUBLIC SAFETY				
Police:				
Salaries	235,000	243,926	(8,926)	99,945
Payroll taxes	7,950	8,172	(222)	2,162
Police retirement	15,320	15,430	(110)	4,760
Travel	1,000	-	1,000	1,468
Clothing	2,400	1,701	699	5,009
Training	2,000	305	1,695	278
Drug testing	500	642	(142)	523
General fixed assets	5,000	26,625	(21,625)	38,563
Vehicle fuel	20,450	19,776	674	7,861
Vehicle insurance	2,400	1,644	756	610
Vehicle maintenance	27,250	24,559	2,691	8,199
Jail house	500	100	400	1,050
Field supplies	5,000	3,672	1,328	7,638
Printing	6,400	4,989	1,411	8,066
Debt service	2,000	1,795	205	95
Other	7,300	14,776	(7,476)	-
Total police	<u>340,470</u>	<u>368,112</u>	<u>(27,642)</u>	<u>186,227</u>

	1996			1995
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
Fire:				
Salaries	\$ 26,900	\$ 28,000	\$ (1,100)	\$ 12,923
Payroll taxes	450	406	44	172
Municipal retirement	2,725	2,523	202	689
Fixed asset acquisitions	1,500	1,585	(85)	1,661
Office supplies	-	-	-	816
Other	<u>500</u>	<u>2,955</u>	<u>(2,455)</u>	<u>-</u>
 Total fire	 <u>32,075</u>	 <u>35,469</u>	 <u>(3,394)</u>	 <u>16,261</u>
 Total public safety	 <u>372,545</u>	 <u>403,581</u>	 <u>(31,036)</u>	 <u>202,488</u>
 STREETS AND SANITATION				
Salaries	186,985	183,250	3,735	69,378
Payroll taxes	14,775	13,966	809	4,767
Fixed asset acquisitions	67,000	78,674	(11,674)	90,995
Vehicle insurance	6,500	6,492	8	4,325
Equipment maintenance	15,000	13,429	1,571	13,040
Street maintenance	-	7,850	(7,850)	-
Utilities	41,880	41,600	280	6,486
Vehicle fuel	8,600	6,770	1,830	-
Equipment rental	2,500	4,998	(2,498)	4,045
Supplies	5,000	-	5,000	6,589
Debt service	62,729	59,749	2,980	9,801
Other	<u>500</u>	<u>10,329</u>	<u>(9,829)</u>	<u>-</u>
 Total streets and sanitation	 <u>411,469</u>	 <u>427,107</u>	 <u>(15,638)</u>	 <u>209,426</u>
 Total expenditures	 <u>\$ 1,371,329</u>	 <u>\$ 1,377,867</u>	 <u>\$ (6,538)</u>	 <u>\$ 941,114</u>

SPECIAL INDEPENDENT AUDITORS' REPORTS



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED ON AN AUDIT
OF GENERAL-PURPOSE FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and
Members of the Board of Aldermen,
Town of St. Gabriel, Louisiana

We have audited the general-purpose financial statements of the **TOWN OF ST. GABRIEL, LOUISIANA**, as of and for the year ended June 30, 1996, and have issued our report thereon dated October 11, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *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 of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the **TOWN OF ST. GABRIEL, LOUISIANA**, is the responsibility of the **TOWN OF ST. GABRIEL, LOUISIANA's** management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the **TOWN OF ST. GABRIEL, LOUISIANA's** compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general-purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed the following instances of noncompliance that are required to be reported herein under *Government Auditing Standards* for which the ultimate resolution cannot presently be determined. Accordingly, no provision for any liability that may result has been recognized in the **TOWN OF ST. GABRIEL LOUISIANA's** 1996 financial statements.

Budget

Condition: The Town ended the fiscal year ending June 30, 1996, with a fund deficit in the general fund.

Recommendation: The Town should monitor revenues and expenses to avoid a fund deficit.

Response: The Town has authorized (1) the hiring of a Director of Finance to handle financial administration, and (2) subsequent to year end, additional revenues have been authorized by the Town's voters. The 1997 operating budget is to be amended to eliminate the deficit.

We considered this instance of noncompliance in forming our opinion on whether the **TOWN OF ST. GABRIEL, LOUISIANA's** June 30, 1996, general-purpose financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated October 11, 1996, on those general-purpose financial statements.

This report is intended for the information of management, the Board of Aldermen, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
October 11, 1996



**INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF GENERAL-PURPOSE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

The Honorable Mayor and
Members of the Board of Alderman,
Town of St. Gabriel, Louisiana

We have audited the general-purpose financial statements of the **TOWN OF ST. GABRIEL, LOUISIANA**, as of and for the year ended June 30, 1996, and have issued our report thereon dated October 11, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *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 general-purpose financial statements are free of material misstatement.

The management of the **TOWN OF ST. GABRIEL, LOUISIANA**, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general-purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the **TOWN OF ST. GABRIEL, LOUISIANA**, for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general-purpose financial statements.

SEGREGATION OF DUTIES

Observation: There is not sufficient segregation of duties to have effective internal control. The findings result from the small size of the Town which is served by a limited accounting system. These limitations allow no opportunity for meaningful segregation of duties.

Recommendation: No action recommended.

Management response: We concur with the findings.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe the reportable condition described above is not a material weakness.

This report is intended for the information of management of the organization and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
October 11, 1996



**INDEPENDENT AUDITORS' REPORT ON SYSTEMS SURVEY
AND COMPLIANCE QUESTIONNAIRE**

The Honorable Mayor and
Members of the Board of Aldermen,
Town of St. Gabriel, Louisiana

We have audited the general-purpose financial statements of the **TOWN OF ST. GABRIEL, LOUISIANA**, as of and for the year ended June 30, 1996, and have issued our report thereon dated October 11, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *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 general-purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the **TOWN OF ST. GABRIEL, LOUISIANA**, is the responsibility of the **TOWN OF ST. GABRIEL, LOUISIANA's** management. As part of our obtaining reasonable assurance about whether the general-purpose financial statements are free of material misstatements, we tested the **TOWN OF ST. GABRIEL, LOUISIANA's** responses to the system survey and compliance questionnaire concerning certain provisions of laws and regulations. However, our objective is not to provide an opinion on overall compliance with such provisions.

The results of our tests indicate that, with respect of the items tested, the **TOWN OF ST. GABRIEL, LOUISIANA**, complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the **TOWN OF ST. GABRIEL, LOUISIANA** had not complied in all material respects with those provision.

This report is intended for the information of management, the Board of Aldermen, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

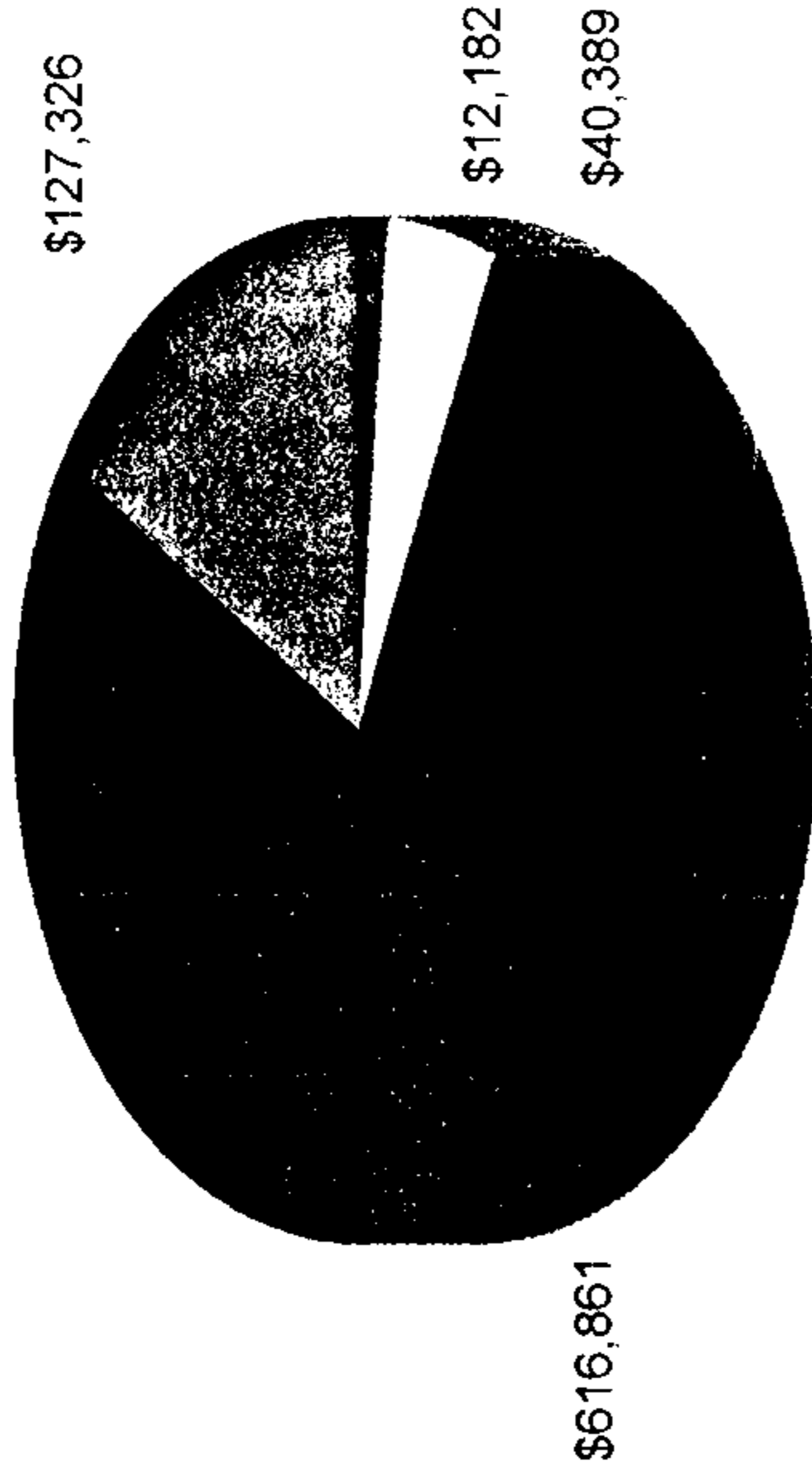
Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
October 11, 1996

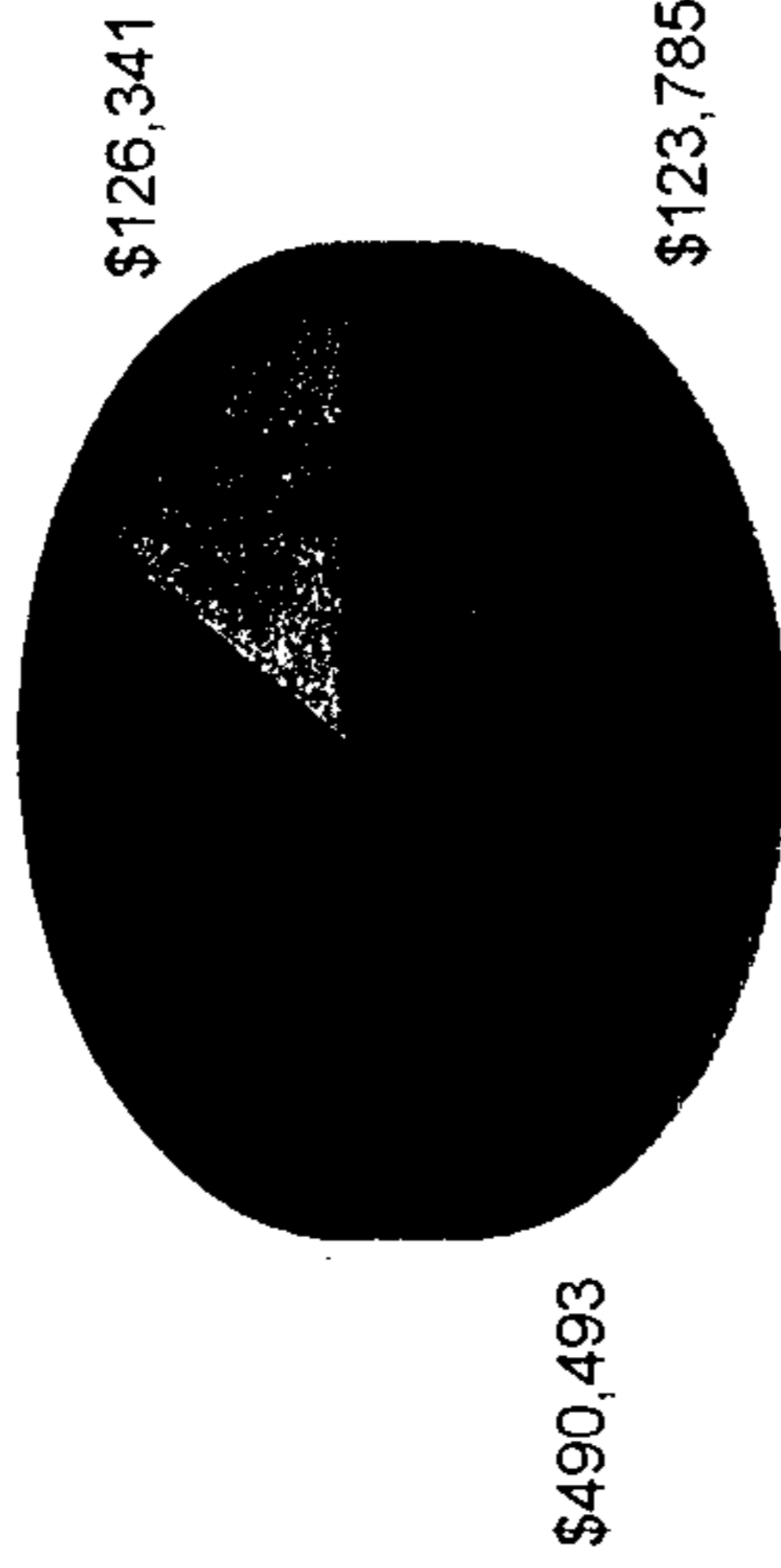
STATISTICAL INFORMATION

TOWN OF ST. GABRIEL, LOUISIANA

ASSETS



JUNE 30, 1996



JUNE 30, 1995

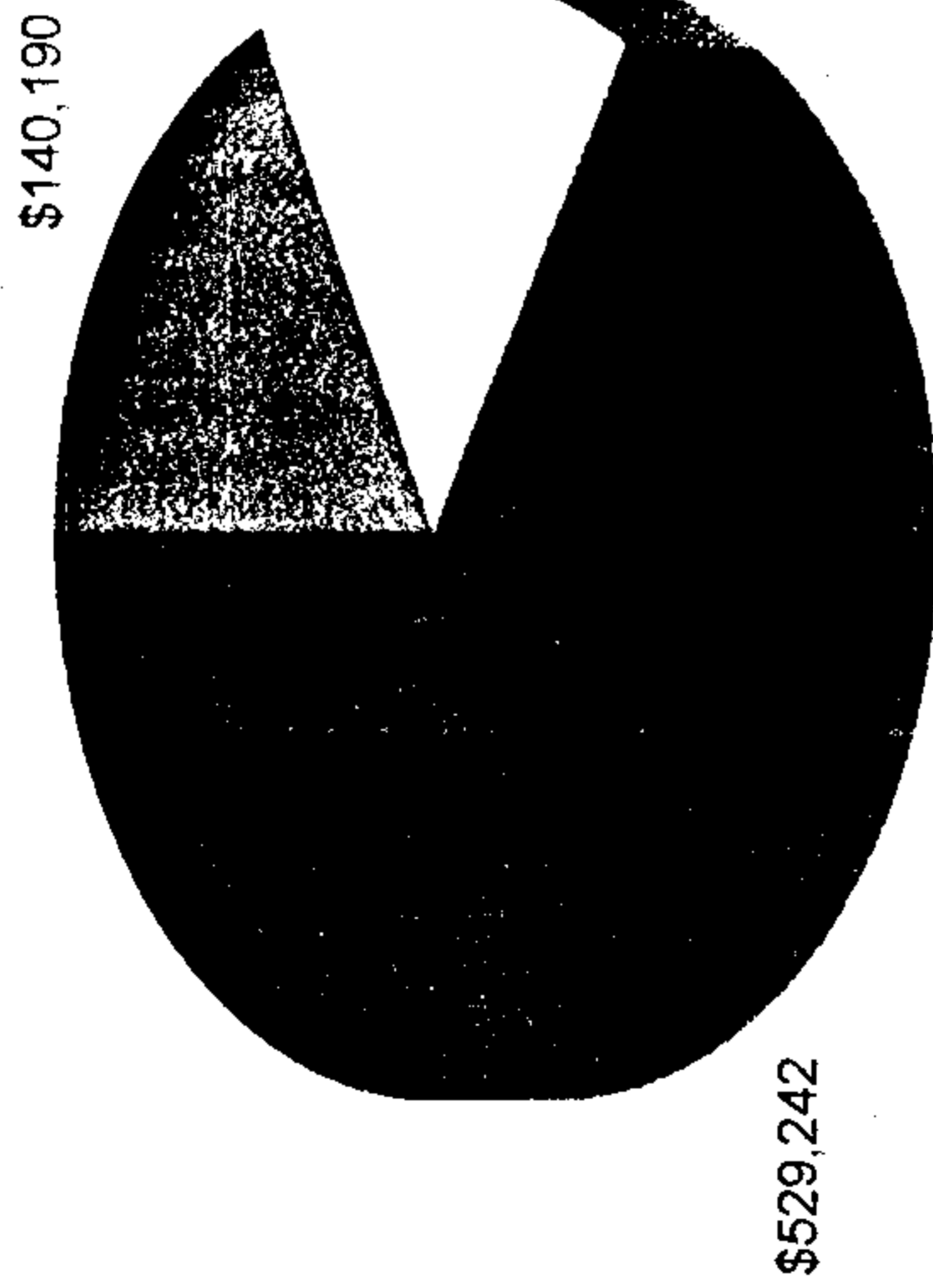
■ CASH & CASH EQUIVALENT	RECEIVABLES
■ GENERAL FIXED ASSETS	■ AMT PROVIDED FOR GLTD

ASSETS = \$ 796,758

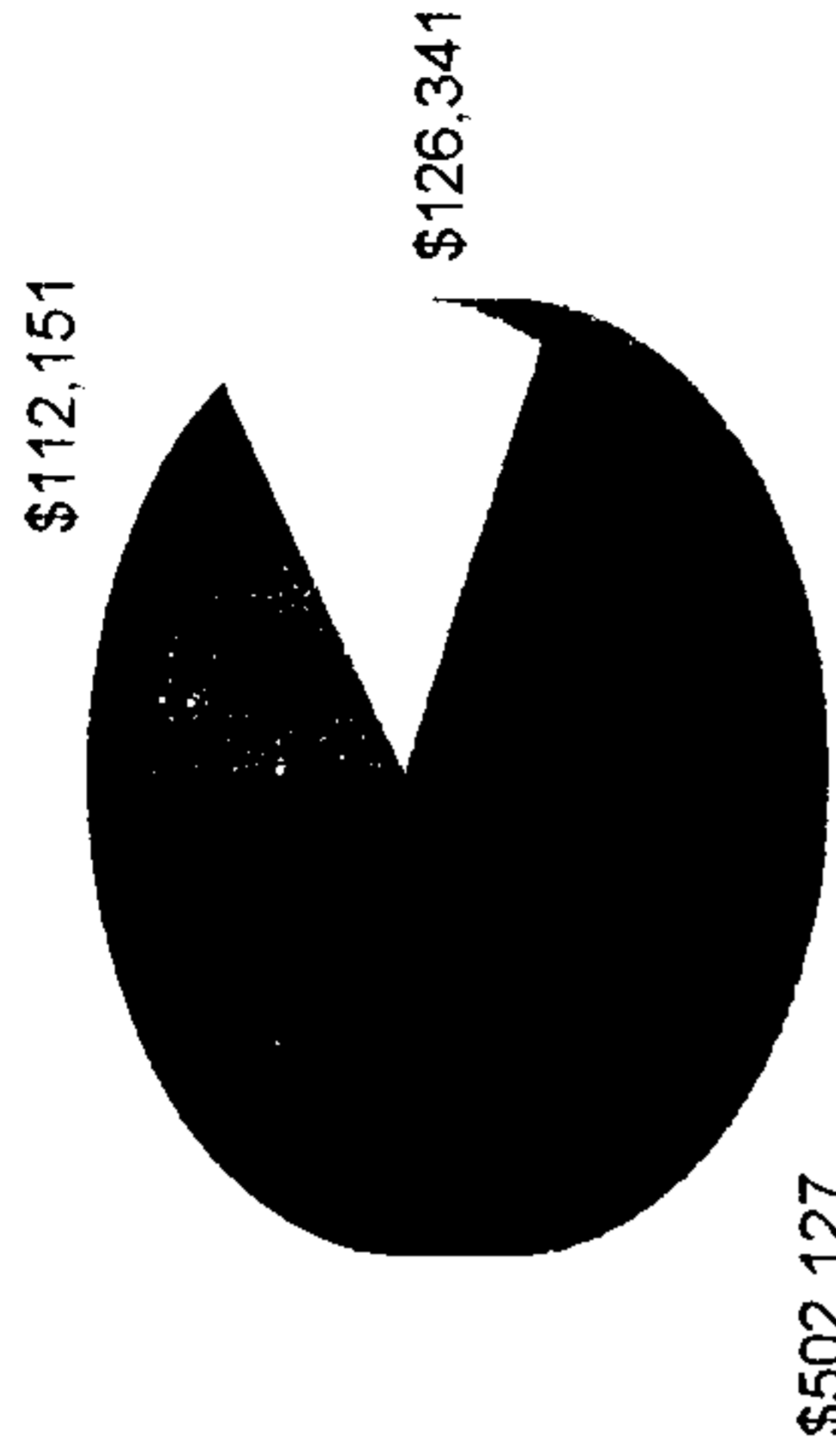
ASSETS = \$740,619

TOWN OF ST. GABRIEL, LOUISIANA

LIABILITIES & FUND EQUITY



JUNE 30, 1996



JUNE 30, 1995

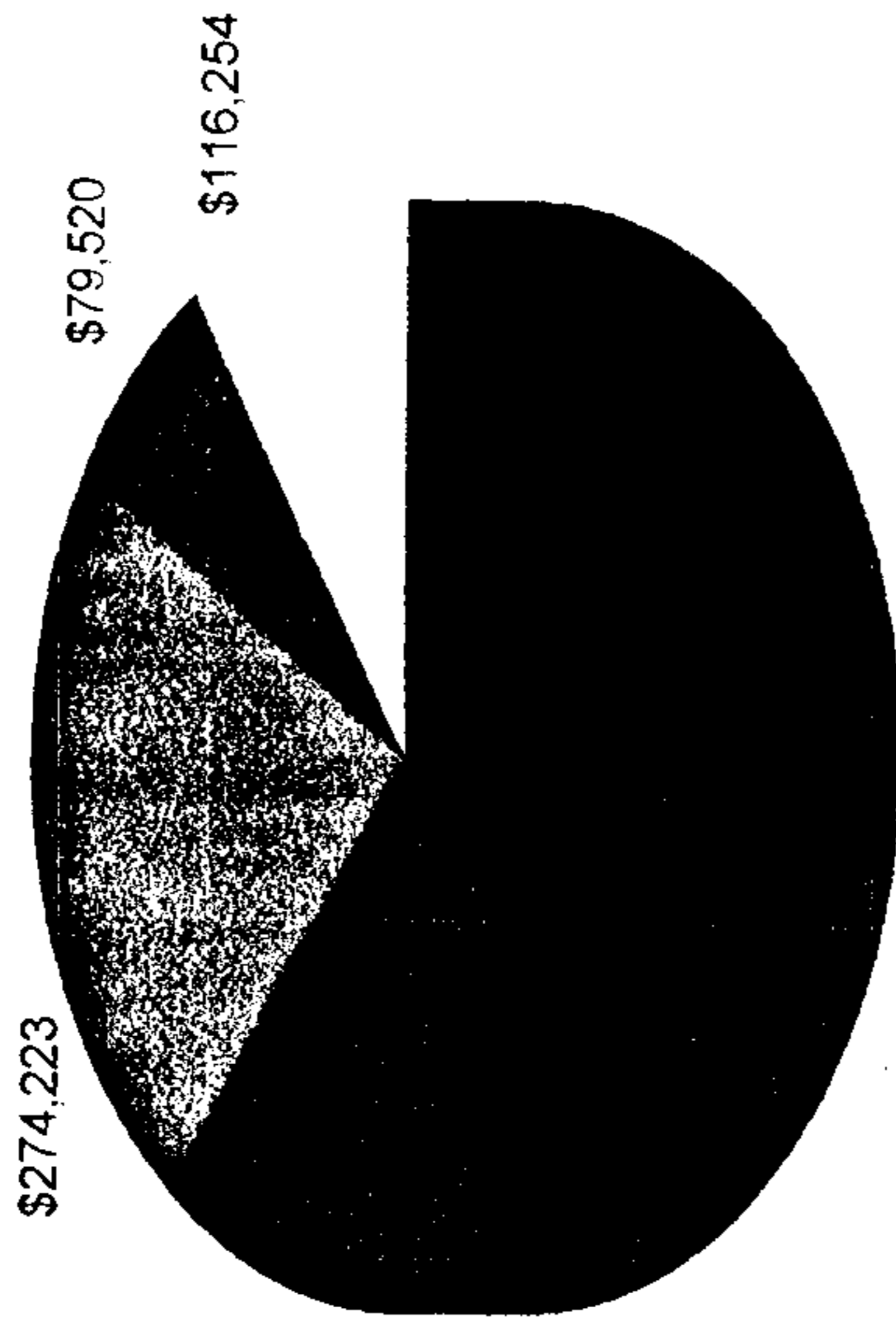
<p>■ OPERATING LIABILITIES</p>	<p>■ LEASES PAYABLE</p>
<p>■ FUND EQUITY</p>	

LIABILITIES = \$ 267,516
 FUND EQUITY = \$ 529,242

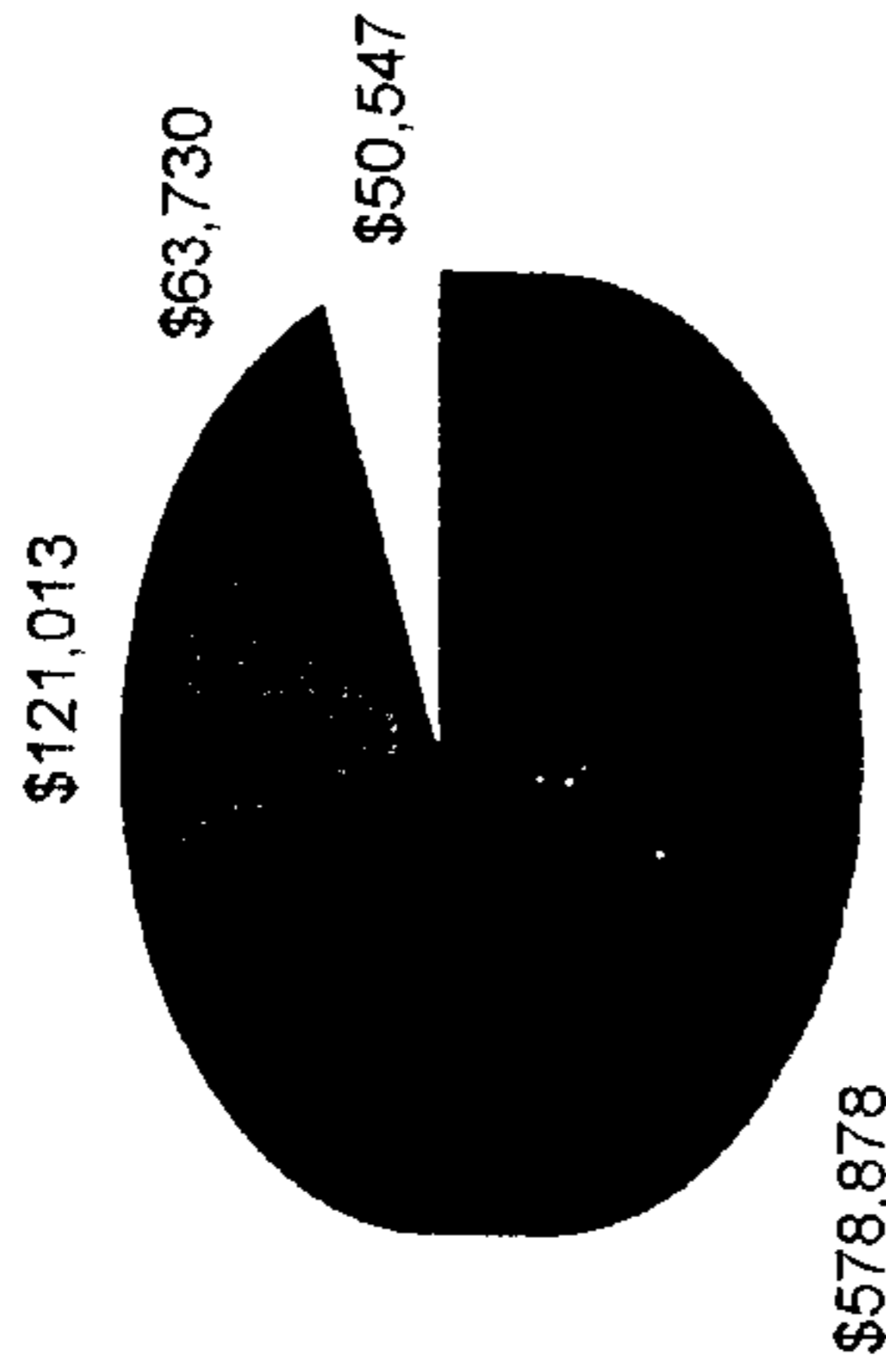
LIABILITIES = \$ 238,492
 FUND EQUITY = \$ 502,127

TOWN OF ST. GABRIEL, LOUISIANA

REVENUES



JUNE 30, 1996



JUNE 30, 1995

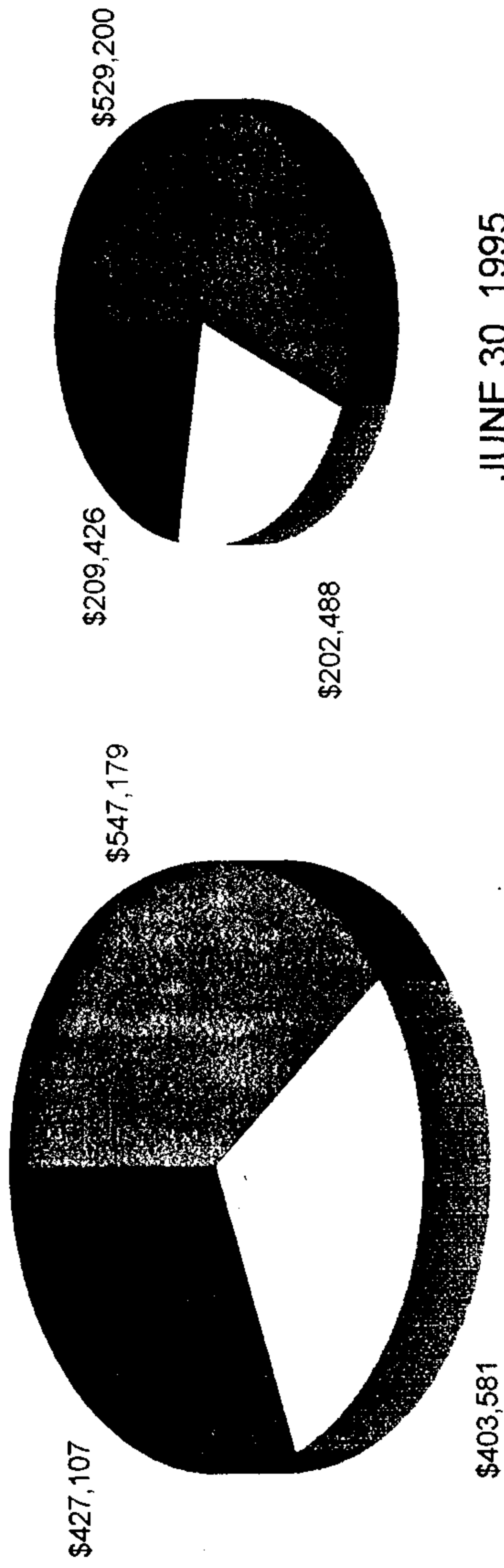
■ TAXES ■ INTERGOVERNMENTAL ■ LICENSES & PERMITS ■ FINES & OTHER

REVENUES = \$ 1,203,131

REVENUES = \$ 814,168

TOWN OF ST. GABRIEL, LOUISIANA

EXPENDITURES



JUNE 30, 1996

JUNE 30, 1995

■ GENERAL GOVERNMENT PUBLIC SAFETY ■ STREETS & SANITATION

EXPENDITURES = \$ 1,377,867

EXPENDITURES = \$ 941,114