

1999
10/13/99

TOWN OF ST. JOSEPH, LOUISIANA

**General Purpose Financial Statements
With Independent Auditors' Report
As of and for the Year Ended June 30, 1999
With Supplemental Information Schedules**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 OCT 13 1999

TOWN OF ST. JOSEPH, LOUISIANA

TABLE OF CONTENTS

	<u>PAGE</u>
SECTION I - GENERAL PURPOSE FINANCIAL STATEMENTS	1
INDEPENDENT AUDITORS' REPORT	2-3
Combined Balance Sheet - All Fund Types and Account Groups	4-5
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types	6
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	7
Comparative Statement of Revenues, Expenses and Changes in Retained Earnings Proprietary Fund Type	8
Comparative Statement of Cash Flows - Proprietary Fund Type	9
Notes to the Financial Statements	10-19
SECTION II - SUPPLEMENTAL INFORMATION SCHEDULES	20
General Fund	21
Balance Sheet	22
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	23
Statement of Expenditures Compared to Budget (GAAP Basis)	24
Enterprise Fund	25
Comparative Balance Sheet	26
Comparative Statement of Revenues, Expenses and Changes in Retained Earnings Proprietary Fund Type	27
Comparative Statement of Operating Expenses	28
Schedule of Compensation Paid Aldermen	29

SECTION III - COMPLIANCE/INTERNAL CONTROL	30
REPORT ON COMPLIANCE/INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	31-32
SECTION IV - SCHEDULE OF FINDINGS AND QUESTIONED COSTS	33
Schedule of Findings and Questioned Costs	34
Summary of Schedule of Prior Findings	35
SECTION V - RESPONSE	36
Town of St. Joseph Response to Internal Control Issues	37

SECTION I – GENERAL PURPOSE FINANCIAL STATEMENTS

SWITZER, HOPKINS & MANGE
Certified Public Accountants

DENNIS R. SWITZER, CPA
H. MYLES HOPKINS, CPA
SUSAN L. MANGE, CPA
ROXANNE B. JAMES, CPA
JOHN M. JONES, CPA 1921 - 1983

INDEPENDENT AUDITORS' REPORT

**Honorable Whitfield Jones, Mayor
and Members of the Board of Aldermen
Town of St. Joseph, Louisiana**

We have audited the accompanying general purpose financial statements of the Town of St. Joseph, Louisiana, as of June 30, 1999 and for the year then ended as listed in the table of contents. These general purpose financial statements are the responsibility of Town of St. Joseph, Louisiana'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 *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. 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 in the first paragraph present fairly, in all material respects, the financial position of Town of St. Joseph, Louisiana, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules 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 and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

**Honorable Whitfield Jones, Mayor
and Members of the Board of Aldermen
Page Two**

In accordance with *Government Auditing Standards*, we have also issued a report dated September 17 1999, on our consideration of the Town of St. Joseph, Louisiana's internal control structure and on its compliance with laws and regulations.

**Ferriday, Louisiana
September 17, 1999**

Switzer, Hopkins & Manger

TOWN OF ST. JOSEPH, LOUISIANA
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 June 30, 1999

	<u>Governmental Fund Types</u>		<u>Proprietary Fund Type</u>		<u>Account Groups</u>			<u>Totals</u>	
	<u>General</u>	<u>Debt Service</u>	<u>Enterprise</u>	<u>General Fixed Assets</u>	<u>Long-Term Debt</u>	<u>1999</u>	<u>(Memorandum Only)</u>	<u>1998</u>	
ASSETS AND OTHER DEBITS									
Cash	\$ 190,928	\$ -	\$ 258,261	\$ -	\$ -	\$ 449,189	\$ 486,162		
Certificate of deposit	-	-	146,879	-	-	146,879	134,463		
Receivables, (net, of allowance for uncollectables) -									
Utility customers (Note 1)	923	-	21,238	-	-	22,161	21,408		
Others	-	-	2,621	-	-	2,621	2,328		
Restricted assets (Note 1):									
Cash	-	-	49,014	-	-	49,014	44,958		
General fixed assets	-	-	-	934,196	-	934,196	845,924		
Utility plant and equipment (Note 3)	-	-	3,363,765	-	-	3,363,765	3,338,292		
Accumulated Depreciation (Note 3)	-	-	(1,760,928)	-	-	(1,760,928)	(1,667,914)		
Investment in jointly owned gas line (Note 8)	-	-	65,403	-	-	65,403	52,177		
Amount to be provided for retirement of general long-term debt	-	-	-	-	81,112	81,112	87,198		
Total assets	\$ 191,851	\$ -	\$ 2,146,253	\$ 934,196	\$ 81,112	\$ 3,353,412	\$ 3,334,996		

The accompanying notes are an integral part of these statements.

TOWN OF ST. JOSEPH, LOUISIANA
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 June 30, 1999

	<u>Governmental Fund Types</u>		<u>Proprietary Fund Type</u>		<u>Account Groups</u>			<u>Totals</u>	
	<u>General</u>	<u>Debt Service</u>	<u>Enterprise</u>	<u>General</u>	<u>Fixed Assets</u>	<u>Long-Term Debt</u>	<u>1999</u>	<u>(Memorandum Only)</u>	<u>1998</u>
LIABILITIES, EQUITY AND AND OTHER CREDITS									
Liabilities:									
Accounts payable	\$ 4,995	-	\$ 11,161	-	-	-	\$ 16,156	\$ 12,958	
Accrued payroll	3,439	-	4,386	-	-	-	7,825	7,674	
Note payable	-	-	-	81,112	-	-	81,112	87,198	
Payable from restricted assets:									
Customers' deposits	-	-	<u>49,014</u>	-	-	-	<u>49,014</u>	<u>44,958</u>	
Total Liabilities	<u>8,434</u>	<u>-</u>	<u>64,561</u>	<u>81,112</u>	<u>-</u>	<u>-</u>	<u>154,107</u>	<u>152,788</u>	
Fund Equity:									
Contributed capital	-	-	2,565,985	-	-	-	2,565,985	2,565,985	
Investment in general fixed assets	-	-	-	934,196	-	-	934,196	845,924	
Retained earnings -									
Unreserved (deficit)	-	-	(484,293)	-	-	-	(484,293)	(443,992)	
Fund balances -									
Unreserved -	<u>183,417</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>183,417</u>	<u>224,291</u>	
Undesignated	<u>183,417</u>	<u>-</u>	<u>2,081,692</u>	<u>-</u>	<u>934,196</u>	<u>-</u>	<u>3,199,305</u>	<u>3,192,208</u>	
Total fund equity	<u>\$ 191,851</u>	<u>\$ -</u>	<u>\$ 2,146,253</u>	<u>\$ 81,112</u>	<u>\$ 934,196</u>	<u>\$ -</u>	<u>\$ 3,353,412</u>	<u>\$ 3,344,996</u>	

The accompanying notes are an integral part of these statements.

TOWN OF ST. JOSEPH, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999

	<u>General</u>	<u>Debt Service</u>	<u>Totals (Memorandum Only)</u>	
			<u>1999</u>	<u>1998</u>
Revenues:				
Taxes	\$ 179,508	\$ -	\$ 179,508	\$ 134,575
Licenses and permits	48,046	-	48,046	45,996
Intergovernmental	10,402	-	10,402	-
Fines	900	-	900	1,108
Garbage fees	11,232	-	11,232	32,755
Federal grant	17,468	-	17,468	
Miscellaneous	36,886	13,034	49,920	57,599
Total revenues	<u>304,442</u>	<u>13,034</u>	<u>317,476</u>	<u>272,033</u>
Expenditures:				
Current -				
General government	64,323	-	64,323	66,432
Streets and sanitation	64,841	-	64,841	56,605
Public safety -				
Police	67,005	-	67,005	59,539
Fire	11,679	-	11,679	15,363
Capital outlay	42,468	-	42,468	-
Principal retirement	-	6,086	6,086	5,618
Interest paid	-	6,948	6,948	7,416
Total expenditures	<u>250,316</u>	<u>13,034</u>	<u>263,350</u>	<u>210,973</u>
Excess of revenues over expenditures	54,126	-	54,126	61,060
Other financing sources:				
Operating transfers (out)	<u>(95,000)</u>	<u>-</u>	<u>(95,000)</u>	<u>(2,742)</u>
Excess of revenues and other sources over expenditures and other uses	(40,874)	-	(40,874)	58,318
Fund balance, beginning	<u>224,291</u>	<u>-</u>	<u>224,291</u>	<u>165,973</u>
Fund balances, ending	<u>\$ 183,417</u>	<u>\$ -</u>	<u>\$ 183,417</u>	<u>\$ 224,291</u>

The accompanying notes are an integral part of these statements.

TOWN OF ST. JOSEPH, LOUISIANA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 1999

	<u>-----1998-----</u>			(Memorandum)
	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>	<u>Only) 1998 Actual</u>
Revenues:				
Taxes	\$ 172,800	\$ 179,508	\$ 6,708	\$ 134,575
Licenses and permits	43,100	48,046	4,946	45,996
Intergovernmental	10,500	10,402	(98)	
Fines	700	900	200	1,108
Garbage fees	35,000	11,232	(23,768)	32,755
State grant	-	17,468	17,468	
Miscellaneous	<u>30,000</u>	<u>36,886</u>	<u>6,886</u>	<u>44,565</u>
Total revenues	<u>292,100</u>	<u>304,442</u>	<u>12,342</u>	<u>258,999</u>
Expenditures:				
General government	118,668	106,791	11,877	66,432
Streets and sanitation	82,600	64,841	17,759	56,605
Public safety -				
Police	75,600	67,005	8,595	59,539
Fire	<u>8,300</u>	<u>11,679</u>	<u>(3,379)</u>	<u>15,363</u>
Total expenditures	<u>285,168</u>	<u>250,316</u>	<u>34,852</u>	<u>197,939</u>
Excess of revenues over expenditures	6,932	54,126	47,194	61,060
Other financing sources:				
Operating transfers in (out)	<u>50,000</u>	<u>(95,000)</u>	<u>(145,000)</u>	<u>(2,742)</u>
Excess of revenues and other sources over expenditures	56,932	(40,874)	(97,806)	58,318
Fund balance, beginning	<u>224,291</u>	<u>224,291</u>	<u>-</u>	<u>165,973</u>
Fund balances, ending	<u>\$ 281,223</u>	<u>\$ 183,417</u>	<u>\$ (97,806)</u>	<u>\$ 224,291</u>

The accompanying notes are an integral part of these statements.

TOWN OF ST. JOSEPH, LOUISIANA
ENTERPRISE FUND
UTILITY FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS PROPRIETARY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 1999

	<u>1999</u>	(Memorandu Only) <u>1998</u>
Operating revenues:		
Charges for services:		
Gas sales	\$ 185,472	\$ 208,776
Water sales	137,931	105,157
Sewer sales	19,224	19,524
Delinquent charges	7,246	6,085
Miscellaneous revenues	7,642	13,644
Total operating revenues	<u>357,515</u>	<u>353,186</u>
 Operating expenses:		
Gas department expenses	207,608	216,344
Water department expenses	112,908	105,636
Sewer department expenses	13,147	11,643
General and administrative expenses	194,749	167,349
Total operating expenses	<u>528,412</u>	<u>500,972</u>
 Operating (loss)	<u>(170,897)</u>	<u>(147,786)</u>
 Nonoperating revenues:		
Income from jointly owned gas line	13,226	33,465
Interest earned	22,370	14,370
Total nonoperating revenue	<u>35,596</u>	<u>47,835</u>
 (Loss) before operating transfers	<u>(135,301)</u>	<u>(99,951)</u>
 Operating transfers:		
Transfers from general fund	<u>95,000</u>	<u>2,742</u>
 Net (loss)	<u>(40,301)</u>	<u>(97,209)</u>
 Retained earnings, beginning (deficit)	<u>(443,992)</u>	<u>(346,783)</u>
 Retained earnings, ending (deficit)	<u>\$ (484,293)</u>	<u>\$ (443,992)</u>

The accompanying notes are an integral part of these statements.

TOWN OF ST. JOSEPH, LOUISIANA
ENTERPRISE FUND
UTILITY FUND

COMPARATIVE STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 1999

	<u>1999</u>	(Memorandu Only) <u>1998</u>
<u>Cash flows from operating activities:</u>		
Cash received from customers	\$ 354,991	\$ 353,257
Cash paid to suppliers for goods and services	(331,043)	(315,308)
Cash payments to employees for services	<u>(102,162)</u>	<u>(94,796)</u>
Net cash provided by operating activities	<u>(78,214)</u>	<u>(56,847)</u>
<u>Cash flows from non-capital financing activities:</u>		
Operating transfers from general fund	95,000	2,742
Increase in customer deposits	<u>4,056</u>	<u>7,139</u>
Net cash provided by non-capital financing activities	<u>99,056</u>	<u>9,881</u>
<u>Cash flows from capital and related financing activities</u>		
Acquisition of capital assets	<u>(25,473)</u>	<u>-</u>
<u>Cash flows from investing activities</u>		
Interest received	<u>22,077</u>	<u>14,263</u>
Net increase (decrease) in cash	17,446	(32,703)
Cash at beginning of year	<u>436,708</u>	<u>469,411</u>
Cash at end of year	<u>\$ 454,154</u>	<u>\$ 436,708</u>
Reconciliation of operating loss to cash provided by operating activities:		
Operating (loss)	(170,897)	(147,786)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	93,014	90,134
(Increase) decrease in:		
Accounts receivable	(2,524)	71
Increase (decrease) in:		
Accounts payable	2,225	(944)
Accrued payroll	<u>(32)</u>	<u>1,678</u>
Net cash provided by operating activities	<u>\$ (78,214)</u>	<u>\$ (56,847)</u>

The accompanying notes are an integral part of these statements.

**TOWN OF ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

INTRODUCTION

1. The Town of St. Joseph, Louisiana was incorporated under provisions of the Lawrason Act as a Village in 1901.
2. The purpose of the municipality is to provide utility services, public safety (police and fire), streets, sanitation and general administrative services.
3. The Board of Aldermen consists of five elective members and they are paid \$125 per month.
4. The Town is located in the eastern central portion of Tensas Parish, Louisiana. Tensas Parish is located in Northeast Louisiana.
5. The population of St. Joseph, Louisiana is 1,579 persons.
6. The Town of St. Joseph, Louisiana has ten full time employees and two part time employees.
7. The Town of St. Joseph, Louisiana has approximately 700 utility customers.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the Town of St. Joseph, Louisiana have been prepared in conformity with generally accepted accounting principles (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.

B. REPORTING ENTITY

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

**TOWN OF ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

GASB Statement No. 14 established criteria for determining which component units should be considered part of the Town of St. Joseph, Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

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

As required by generally accepted accounting principles, these financial statements present the Town of St. Joseph, Louisiana (the primary government) and its component units. There are no component units included in the accompanying financial statements as either blended with the municipality funds or discretely presented.

C. FUND ACCOUNTING

The municipality 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 relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group 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.

Funds of the municipality are classified into two categories: governmental and proprietary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

**TOWN OF ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Governmental Funds

Governmental funds are used to account for all or most of the municipality's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long term debt. Governmental funds include:

1. **General Fund**—the general operating fund of the municipality and accounts for all financial resources, except those required to be accounted for in other funds.
2. **Debt Service funds**—account for transactions relating to resources retained and used for the payment of principal and interest on those long term obligations recorded in the general long term obligations account group.

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

1. **Enterprise funds**—account for operations (a) where the intent of the governing body is that the costs (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 appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

General Fixed Assets and Long Term Debt

The accounting and reporting treatment applied to the property, plant and equipment and long-term liabilities associated with a fund are determined by its measurement focus.

All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets.

**TOWN OF ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group and are recorded as expenditures in the governmental fund types when purchased. The Town has elected to not capitalize public domain (“infrastructure”) fixed assets consisting of certain improvements other than buildings, including roads, bridges, sidewalks and drainage improvements. No depreciation has been provided on general fixed assets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

All proprietary funds are accounted for on a cost of services or “capital maintenance” measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets.

Depreciation of all exhaustible fixed assets used in the proprietary fund is charged as an expense against their operations. Depreciation has been provided over the estimated useful lives using the straight-line method as follows:

Gas lines	40 years
Water lines and plant	30 to 40 years
Sewer lines	40 years
Vehicles and equipment	3 to 10 years

All fixed assets are stated a historical cost.

D. BASIS OF ACCOUNTING

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

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts and sales taxes are considered “measurable” when in the hands of collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due.

**TOWN OF ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when earned and their expenses are recognized when incurred. Bad debts are recognized when they become uncollectable.

E. BUDGETS AND BUDGETARY ACCOUNTING

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

1. The Town prepares a proposed budget and submits it to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year. The Town approves a budget for the general fund only.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through the passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer to 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.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

F. INVENTORIES

Inventories or material and supplies are valued at lower of cost or market.

**TOWN OF ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

G. AMOUNTS DUE FROM OTHER FUNDS

Amounts reflected as due from other funds represent short-term operating loans and are considered “available spendable resources”.

H. ALLOWANCE FOR UNCOLLECTABLE ACCOUNTS

Allowance for uncollectable accounts receivable at June 30, 1999 is \$2,500.

I. RESTRICTED ASSETS

Certain assets of the Town of St. Joseph, Louisiana have been restricted for customers’ deposits and these assets total \$49,014.

J. TOTAL COLUMNS ON COMBINED STATEMENTS - OVERVIEW

Total columns on the combined statements – overview 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. Interfund eliminations have not been made in the aggregation of this data.

K. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the municipality may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

L. FUND EQUITY

Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, or other funds when such resources are restricted for the acquisition or construction of capital assets. Contributed capital is amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources.

**TOWN OF ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 2 – CHANGES IN GENERAL FIXED ASSETS ACCOUNT GROUP

A summary of changes in general fixed assets follows:

	Balance July 1, <u>1998</u>	<u>Additions</u>	<u>Deletions</u>	Balance July 30, <u>1999</u>
Land	\$ 40,605	\$ 25,000	\$ -	\$ 65,605
Buildings	410,552	-	-	410,552
Other improvements	158,074	-	-	158,074
Equipment	<u>236,693</u>	<u>63,272</u>	-	<u>299,965</u>
TOTAL	<u>\$ 845,924</u>	<u>\$ 88,212</u>	<u>-</u>	<u>\$ 934,196</u>

NOTE 3 – PROPRIETARY FUND PROPERTY, PLANT AND EQUIPMENT

A summary of proprietary fund's plant and equipment at June 30, 1999 follows:

Gas system	\$ 730,463
Water system	1,381,929
Sewer system	1,113,633
Vehicles and equipment	119,504
Office equipment	10,349
Land	<u>7,887</u>
Total	3,363,765
Less: accumulated depreciation	<u>(1,760,928)</u>
Net	<u>\$ 1,602,837</u>

NOTE 4 – AD VALOREM TAXES

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 and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1, of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

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

For the year ended June 30, 1999 taxes of 6.57 mills were levied on property with assessed valuations totaling \$3,434,443 and were dedicated to general corporate purposes.

Total taxes levied were \$22,550.

**TOWN OF ST. JOSEPH, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 5 – PENSION PLAN

Substantially all employees of the Town of St. Joseph are members of the Municipal Employees Retirement System of Louisiana, a multiple employer, public employee retirement system controlled and administered by a separate board of trustees.

All full time employees are members of the system. Employer contributions were 3.75% of actual payroll during the year ended June 30, 1999 and employees' contributions were 5% of payroll. 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 of St. Joseph does not guarantee the pension benefits.

The town contributed \$6,931 during the year and employees contributed \$9,053.

NOTE 6 – CASH AND CASH EQUIVALENTS

Under state law, the city may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At June 30, 1999, the town had cash and cash equivalents according to the bank's balances totaling \$685,877 as follows:

Demand deposits	\$ 526,206
Time deposits	<u>159,671</u>
Total	<u>\$ 685,877</u>

Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the 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) at June 30, 1999 are secured as follows:

Federal deposit insurance	\$ 300,000
Pledged securities	<u>385,877</u>
Total	<u>\$ 685,877</u>

NOTE 7 – OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

The Town does not accrue unpaid vacation pay or sick pay in its financial statements. The Town's policy concerning compensation for unpaid vacation pay is that upon termination of an employee, vacation days not previously used by the employee are not reimbursed. The policy concerning sick pay is that each case is considered on a case by case basis.

**TOWN OF ST. JOSEPH, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 8 – OTHER INVESTMENTS – ENTERPRISE FUND

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 at the equity value of the investment. The annual net income is added to the investment and cash withdrawals and net losses are deducted from the investment value.

**TOWNS OF ST. JOSEPH AND NEWELLTON, LOUISIANA
 Jointly Owned Gas Pipe Line
 Balance Sheet
 June 30, 1999**

ASSETS

Cash	\$ 160,149
Accounts receivable	<u>19,528</u>
Total assets	<u>179,677</u>

LIABILITIES AND TOWNS' EQUITY

Accounts payable	\$ <u>48,871</u>
Towns equity	
Town of Newellton, Louisiana	65,403
Town of St. Joseph, Louisiana	<u>65,043</u>
Total towns' equity	<u>130,806</u>
Total liabilities and towns equity	<u>\$ 179,677</u>

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

NOTE 9 – CHANGES IN LONG-TERM DEBT

The following is a summary of note transactions of the Town of St. Joseph for the year ended June 30, 1999:

Note payable at June 30, 1998	\$ 87,198
Principal retired	<u>(6,086)</u>
Note payable at June 30, 1999	<u>\$ 81,112</u>

**TOWN OF ST. JOSEPH, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 9 – CHANGES IN LONG-TERM DEBT- CONTINUED

Note payable consisted of a note to a commercial bank for the payment of a loan on a medical office. Liability is a \$81,112 note at 8% payable in quarterly installments of \$3,259.

The annual requirements to amortize the debt outstanding as of June 30, 1999 is as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2000	\$ 6,545	\$ 6,489	\$ 13,034
June 30, 2001	7,069	5,965	13,034
June 30, 2002	7,634	5,400	13,034
June 30, 2003	8,245	4,789	13,034
June 30, 2004	8,905	4,129	13,034
Thereafter	<u>42,714</u>	<u>8,802</u>	<u>51,516</u>
Total	<u>\$ 81,112</u>	<u>\$ 35,574</u>	<u>\$ 116,686</u>

NOTE 10 – THE YEAR 2000 ISSUE

The Year 2000 Issue is a result of shortcomings in many electronic data processing systems and other equipment that may adversely affect operations in the year 1999 and beyond if date sensitive coding is not corrected. The Town is aware of the year 2000 issue and is currently assessing all of its systems.

SECTION II – SUPPLEMENTAL INFORMATION SCHEDULES

GENERAL FUND

To account for resources traditionally associated with governments that are not required to be accounted for in another fund.

TOWN OF ST. JOSEPH, LOUISIANA
GENERAL FUND

BALANCE SHEET
YEAR ENDED JUNE 30, 1999

<u>ASSETS</u>	<u>1999</u>	(Memorandum Only) <u>1998</u>
Cash	\$ 190,928	\$ 228,875
Receivables - garbage fees	<u>923</u>	<u>2,694</u>
Total assets	<u>191,851</u>	<u>231,569</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	4,995	4,022
Accrued payroll	<u>3,439</u>	<u>3,256</u>
Total liabilities	<u>8,434</u>	<u>7,278</u>
 Fund balance-unreserved	 <u>183,417</u>	 <u>224,291</u>
 Total liabilities and fund balance	 <u>\$ 191,851</u>	 <u>\$ 231,569</u>

The accompanying notes are an integral part of these statements.

TOWN OF ST. JOSEPH, LOUISIANA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 1999

	1999			(Memorandum)
	<u>Budget</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>	Only) 1998 <u>Actual</u>
Revenues:				
Taxes				
Ad valorem	\$ 21,500	\$ 22,550	\$ 1,050	\$ 22,473
Sales taxes	80,000	80,961	961	78,589
Video poker	2,600	4,006	1,406	-
Garbage taxes	45,000	45,695	695	-
Franchise	23,700	26,296	2,596	23,115
Total taxes	172,800	179,508	6,708	124,177
Intergovernmental	10,500	10,402	(98)	10,398
Licenses and permits	43,100	48,046	4,946	45,996
Fines	700	900	200	1,108
Garbage fees	35,000	11,232	(23,768)	32,755
Federal grant	-	17,468	17,468	-
Miscellaneous	30,000	36,886	6,886	44,565
Total revenues	292,100	304,442	12,342	258,999
Expenditures:				
General government	118,668	106,791	11,877	66,432
Street and sanitation	82,600	64,841	17,759	56,605
Public safety -				
Police	75,600	67,005	8,595	59,539
Fire	8,300	11,679	(3,379)	15,363
Total expenditures	285,168	250,316	34,852	197,939
Excess of revenues over expenditures	6,932	54,126	47,194	61,060
Other financing sources:				
Operating transfers in (out)	50,000	(95,000)	(145,000)	(2,742)
Excess of revenues and other sources over expenditures	56,932	(40,874)	(97,806)	58,318
Fund balance, beginning	224,291	224,291	-	165,973
Fund balance, ending	\$ 281,223	\$ 183,417	\$ (97,806)	\$ 224,291

The accompanying notes are an integral part of these statements.

TOWN OF ST. JOSEPH, LOUISIANA
GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
YEAR ENDED JUNE 30, 1999

	<u>-----1999-----</u>		Variance - Favorable <u>(Unfavorable)</u>	(Memorandum)
	<u>Budget</u>	<u>Actual</u>		Only) 1998 <u>Actual</u>
General government				
Aldermen fees	\$ 7,500	\$ 7,500	\$ -	\$ 7,375
Community house	2,500	4,687	(2,187)	2,746
Insurance	38,000	34,655	3,345	29,518
Office expense	800	3,393	(2,593)	3,175
Payroll taxes and retirement	8,400	9,922	(1,522)	8,309
Miscellaneous	19,000	4,166	14,834	15,309
Capital outlay	42,468	42,468	-	-
Total general government	<u>118,668</u>	<u>106,791</u>	<u>11,877</u>	<u>66,432</u>
Streets and Sanitation				
Salaries	27,000	26,737	263	26,034
Supplies	1,600	4,953	(3,353)	2,704
Truck expense	1,000	-	1,000	-
Repairs	22,000	6,380	15,620	3,654
Utilities	19,500	16,707	2,793	18,385
Other	11,500	10,064	1,436	5,828
Total streets and sanitation	<u>82,600</u>	<u>64,841</u>	<u>17,759</u>	<u>56,605</u>
Public safety - police				
Salaries	52,000	53,080	(1,080)	48,821
Gas and oil	6,000	2,465	3,535	3,449
Repairs	4,000	873	3,127	2,020
Miscellaneous	13,600	10,587	3,013	5,249
Total public safety - police	<u>75,600</u>	<u>67,005</u>	<u>8,595</u>	<u>59,539</u>
Public safety - fire				
Truck expenses	1,200	4,205	(3,005)	4,490
Telephone	1,100	1,207	(107)	1,230
Utilities	1,000	1,251	(251)	1,276
Supplies	5,000	5,016	(16)	8,367
Total public safety - fire	<u>8,300</u>	<u>11,679</u>	<u>(3,379)</u>	<u>15,363</u>
Total expenditures	<u>\$ 285,168</u>	<u>\$ 250,316</u>	<u>\$ 34,852</u>	<u>\$ 197,939</u>

The accompanying notes are an integral part of these statements.

ENTERPRISE FUND

Utility Fund – To account for the provision of water, gas, sewer and sanitation services to residents of the Town and some residents of the Parish. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, maintenance, financing and related debt service, and billings and collections.

TOWN OF ST. JOSEPH, LOUISIANA
ENTERPRISE FUND
UTILITY FUND

COMPARATIVE BALANCE SHEET
 June 30, 1999

		(Memorandum Only)		(Memorandum Only)
	<u>1999</u>		<u>1998</u>	<u>1998</u>
ASSETS				
Current assets:				
Cash	\$ 258,261	\$	257,287	
Certificate of deposit	146,879		134,463	
Accounts receivable:				
Customers-net of allowance for uncollectables	21,238		18,714	
Others	<u>2,621</u>		<u>2,328</u>	
Total current assets	<u>428,999</u>		<u>412,792</u>	
Restricted assets:				
Consumer deposits-cash	<u>49,014</u>		<u>44,958</u>	
Plant & equipment at cost, net of accumulated depreciation (1999 \$1,760,928, 1998-\$1,667,914)	<u>1,602,837</u>		<u>1,670,378</u>	
Other assets:				
Investment in gas pipe line jointly with Town of Newellton, Louisiana recorded at equity value	<u>65,403</u>		<u>52,177</u>	
Total assets	<u>\$ 2,146,253</u>	\$	<u>2,180,305</u>	<u>2,180,305</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Current liabilities				
Accounts payable	\$ 11,161	\$	8,936	
Accrued payroll	<u>4,386</u>		<u>4,418</u>	
Total current liabilities (payable from current assets)	<u>15,547</u>		<u>13,354</u>	
Current liabilities (payable from restricted assets)				
Customer deposits	<u>49,014</u>		<u>44,958</u>	
Total liabilities	<u>64,561</u>		<u>58,312</u>	
Fund equity:				
Contributed capital	2,565,985		2,565,985	
Retained earnings - Unreserved (deficit)	<u>(484,293)</u>		<u>(443,992)</u>	
Total fund equity	<u>2,081,692</u>		<u>2,121,993</u>	
Total liabilities and fund equity	<u>\$ 2,146,253</u>	\$	<u>2,180,305</u>	<u>2,180,305</u>

The accompanying notes are an integral part of these statements.

TOWN OF ST. JOSEPH, LOUISIANA
ENTERPRISE FUND
UTILITY FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS PROPRIETARY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 1999

	<u>1999</u>	(Memorandu Only) <u>1998</u>
Operating revenues:		
Charges for services:		
Gas sales	\$ 185,472	\$ 208,776
Water sales	137,931	105,157
Sewer sales	19,224	19,524
Delinquent charges	7,246	6,085
Miscellaneous revenues	7,642	13,644
Total operating revenues	<u>357,515</u>	<u>353,186</u>
 Operating expenses:		
Gas department expenses	207,608	216,344
Water department expenses	112,908	105,636
Sewer department expenses	13,147	11,643
General and administrative expenses	194,749	167,349
Total operating expenses	<u>528,412</u>	<u>500,972</u>
 Operating (loss)	<u>(170,897)</u>	<u>(147,786)</u>
 Nonoperating revenues:		
Income from jointly owned gas line	13,226	33,465
Interest earned	22,370	14,370
Total nonoperating revenue	<u>35,596</u>	<u>47,835</u>
 (Loss) before operating transfers	<u>(135,301)</u>	<u>(99,951)</u>
 Operating transfers:		
Transfers from general fund	<u>95,000</u>	<u>2,742</u>
 Net (loss)	<u>(40,301)</u>	<u>(97,209)</u>
 Retained earnings, beginning (deficit)	<u>(443,992)</u>	<u>(346,783)</u>
 Retained earnings, ending (deficit)	<u>\$ (484,293)</u>	<u>\$ (443,992)</u>

The accompanying notes are an integral part of these statements.

TOWN OF ST. JOSEPH, LOUISIANA
ENTERPRISE FUND
UTILITY FUND

COMPARATIVE STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED JUNE 30, 1999

	<u>1999</u>	(Memorandum Only) <u>1998</u>
Gas department expenses:		
Salaries and wages	\$ 71,606	\$ 65,405
Materials and supplies	2,504	9,414
Utilities	3,666	3,759
Insurance	-	659
Repairs	7,499	8,621
Gas purchased	116,002	124,547
Truck gas and oil	2,662	2,687
Bad debts	2,674	-
Employee drug testing	995	1,252
Total gas departments	<u>207,608</u>	<u>216,344</u>
Water department expenses:		
Salaries and wages	30,524	31,069
Materials and supplies	59,892	48,057
Repairs	9,191	10,775
Utilities	12,646	14,349
Telephone	655	564
Insurance	-	822
Total water department expenses	<u>112,908</u>	<u>105,636</u>
Sewer department expenses:		
Materials and supplies	6,573	3,272
Utilities	2,318	3,022
Repairs	3,416	4,509
Laboratory tests	840	840
Total sewer department expenses	<u>13,147</u>	<u>11,643</u>
General and administrative expenses:		
Group insurance	16,466	16,240
Retirement	3,729	2,452
Telephone	2,000	2,065
Insurance	18,790	17,382
Rent	3,000	3,000
Computer services	2,537	1,924
Meter readings	5,800	6,000
Advertising	1,652	527
Office expense	1,546	2,617
Dues	633	478
Auditing and legal	6,729	7,373
Travel	4,916	5,399
Payroll taxes	7,787	8,629
Depreciation	93,014	90,134
Garbage collection	12,778	-
Other expenses	13,372	3,129
Total general and administrative expenses	<u>194,749</u>	<u>167,349</u>

The accompanying notes are an integral part of these statements.

TOWN OF ST. JOSEPH, LOUISIANA
SCHEDULE OF COMPENSATION PAID ALDERMEN
FOR THE YEAR ENDED JUNE 30, 1999

Jack Grace, Jr.	\$ 1,500
Craig Neurath	1,500
Jimmy Clark	1,500
Thelma Bradford	1,500
Buddy Tindell	<u>1,500</u>
Total	<u>\$ 7,500</u>

SECTION III – COMPLIANCE/INTERNAL CONTROL

SWITZER, HOPKINS & MANGE
Certified Public Accountants

DENNIS R. SWITZER, CPA
H. MYLES HOPKINS, CPA
SUSAN L. MANGE, CPA
ROXANNE B. JAMES, CPA

JOHN M. JONES, CPA 1921 - 1983

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

**Honorable Whitfield Jones, Mayor
and Members of the Board of Aldermen
Town of St. Joseph, Louisiana**

We have audited the general purpose financial statements of Town of St. Joseph, Louisiana as of and for the year ended June 30, 1999, and have issued our report thereon dated September 17, 1999. We have conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Town of St. Joseph, Louisiana's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non compliance 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 object of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of St. Joseph, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Town of St. Joseph, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements.

Honorable Whitfield Jones, Mayor
and Members of the Board of Aldermen
Page Two

99-1 Segregation of Duties

We noted that the Town does not have adequate segregation of duties in accounting in the office. We recommend that an attempt be made to strengthen internal control problems created by having few employees.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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 over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is a material weakness.

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

Ferriday, Louisiana
September 17, 1999

Switzer, Hopkins & Manger

**SECTION IV – SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

**TOWN OF ST. JOSEPH
ST. JOSEPH, LOUISIANA 71366**

**Schedule of Findings and Questioned Costs
Year Ended June 30, 1999**

Summary of Audit Results

- 1. The auditor's report expresses an unqualified opinion on the General Purpose Financial Statements.**
- 2. One reportable condition was disclosed during the audit of the financial statements reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed In Accordance with Government Auditing Standards.**
- 3. No instance of noncompliance certain laws and regulations of the Town of St. Joseph, Louisiana were disclosed during the audit.**

Findings – Financial Statement Audit

Reportable Conditions

99-1 Segregation of Duties

- Condition:** We noted that the Town of St. Joseph, Louisiana does not have adequate segregation of duties.
- Criteria:** To increase internal controls, we recommend adequate segregation of duties.
- Effect:** Because of lack of segregation of duties, internal controls are weakened.
- Recommendation:** We recommend that an attempt be made to strengthen internal control problems created by having few employees.
- Response:** Management indicated that it would not be cost efficient or feasible to increase the number of employees.

**TOWN OF ST. JOSEPH
ST. JOSEPH, LOUISIANA 71366**

**SUMMARY OF SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 1999**

INTERNAL CONTROL FINDINGS

**98-1 Segregation of Duties
(For fiscal year ending June 30, 1998)**

Condition: There is an insufficient segregation of duties to have an effective internal control.

Current status: This finding still applies and is noted in the current audit for the year ending June 30, 1999. (See current finding noted as 99-1). Management indicates that no action can be taken at this time.

SECTION V – RESPONSE

**TOWN OF ST. JOSEPH
ST. JOSEPH, LOUISIANA 71366**

September 27, 1999

**Switzer, Hopkins & Mange
P. O. Box 478
Ferriday, LA 71334**

Dear Mr. Hopkins:

In regard to the segregation of duties internal control problem discussed in our audit for the year ended June 30, 1999, there is nothing that we can do or plan to do about the problem. We have only one or two employees and do not plan to hire any additional employees at this time. There is no way to segregate duties when you have so few employees.

Sincerely,

A handwritten signature in cursive script, appearing to read "Whitfield Jones", written in black ink.

**Whitfield Jones, Mayor
Town of St. Joseph, Louisiana**