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**TOWN OF STONEWALL
Stonewall, Louisiana**

**Annual Financial Statements
With Accountant's Compilation Report
and Agreed-Upon Procedures Report
As of and for the Year Ended
June 30, 2004
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 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 10-27-04

MARY JO FINLEY, CPA, INC.
A PROFESSIONAL CORPORATION

TOWN OF STONEWALL
Stonewall, Louisiana

TOWN OF STONEWALL
Stonewall, Louisiana

General Purpose Financial Statements
With Accountant's Compilation Report
and Agreed-Upon Procedures Report
As of and for the Year Ended June 30, 2004

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Public Accountants

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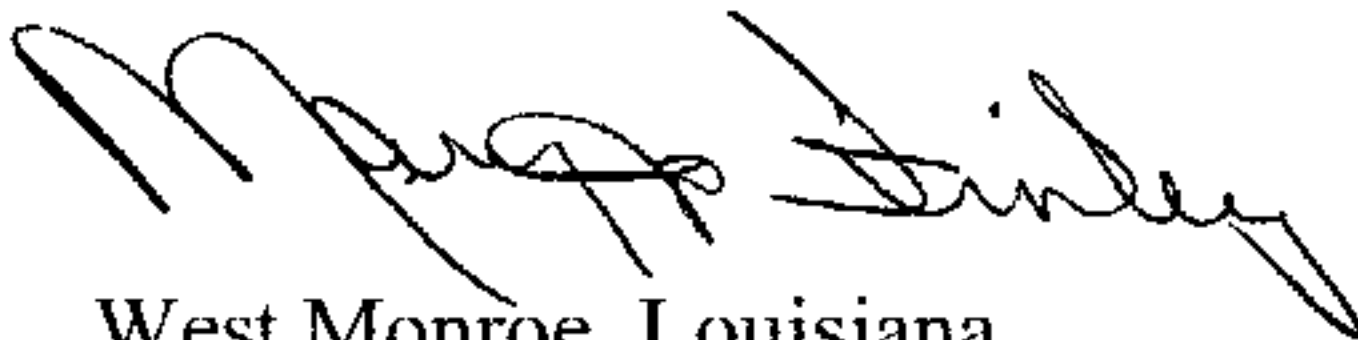
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Accountant's Compilation Report

MAYOR AND BOARD OF ALDERMEN
TOWN OF STONEWALL
Stonewall, Louisiana

I have compiled the accompanying basic financial statements, as listed in the foregoing table of contents, of the Town of Stonewall as of June 30, 2004, and for the year then ended, in accordance with standards established by *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any form of assurance on them.



West Monroe, Louisiana
October 8, 2004

REQUIRED SUPPLEMENTARY INFORMATION
PART I

TOWN OF STONEWALL
Stonewall, Louisiana

Management's Discussion and Analysis
June 30, 2004

Management's discussion and analysis (MD&A) is a required element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their statement No. 34. Its purpose is to provide an overview of the financial activities of the town based on currently known facts, decisions and conditions.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the Town of Stonewall's basic financial statements. The annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (Government-wide Financial Statements) provide information about the financial activities as a whole and illustrate a longer-term view of the town's finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund (Fund Financial Statements) tell how these services were financed in the short term as well as what remains for future spending. Fund Financial Statements also report the operations in more detail than the Government-Wide Financial Statements by providing information about the most significant funds. This report also contains other supplementary information in addition to the basic financial statements themselves. Comparative data for the prior year is only available on a limited basis. However, all applicable tables will present comparative data in fiscal year 2005.

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

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

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of 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 (for example, earned, but unused, sick leave).

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 of Stonewall, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Town of Stonewall has one governmental fund.

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

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

The Town of Stonewall adopts an annual appropriated budget for the general fund. A budgetary comparison statement is provided for the major fund to demonstrate compliance with this budget.

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.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town of Stonewall's performance.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, assets of the Town of Stonewall exceeded liabilities by \$689,383. Approximately 52% of the Town of Stonewall's net assets reflects its investment in capital assets (e.g., equipment), less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending.

The balance in unrestricted net assets is affected by two factors: 1) resources expended, over time, by the Town of Stonewall to acquire capital assets from sources other than internally generated funds (i.e., debt), and 2) required depreciation on assets being included in the statement of net assets for the first time.

Financial Analysis of the Government's Funds

As noted earlier, the Town of Stonewall uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2004, the General Fund unreserved, undesignated fund balance of \$383,739 showed a decrease of \$30,331 over June 30, 2003.

General Fund Budgetary Highlights

Difference between expenditures of the original budget and the final budget were due primarily to an increase in personal services and related benefits.

Capital Asset and Debt Administration

Capital assets. The Town of Stonewall's investment in capital assets for its governmental activities as of June 30, 2004, amounts to \$358,384 (net of accumulated depreciation). This investment includes land, buildings, furniture and equipment. The increase in capital assets for the year was \$66,488.

Long-term debt. The Town of Stonewall has no debt outstanding.

Requests for Information

This financial report is designed to provide a general overview of the Town of Stonewall's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Stonewall, P.O. Box 92, Stonewall, LA 71078.



October 8, 2004

BASIC FINANCIAL STATEMENTS

TOWN OF STONEWALL
Stonewall, LouisianaSTATEMENT OF NET ASSETS
June 30, 2004**ASSETS**

Cash and cash equivalents	\$352,073
Accounts receivable	24,672
Utility deposits	55
Prepaid expenses	6,939
Capital assets (net of accumulated depreciation)	<u>358,384</u>
TOTAL ASSETS	<u>\$742,123</u>

LIABILITIES

Accounts payable	\$7,140
Deferred revenue - assessor prepaid rent	<u>45,600</u>
TOTAL LIABILITIES	52,740

NET ASSETS

Invested in capital assets, net of related debt	358,384
Unrestricted	<u>330,999</u>
TOTAL NET ASSETS	<u>\$689,383</u>

The accompanying notes are an integral part of this statement.

TOWN OF STONEWALL
Stonewall, Louisiana

STATEMENT OF ACTIVITIES
GOVERNMENTAL FUND
For the Year Ended June 30, 2004

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
	EXPENSES	CHARGES FOR SERVICES	
Governmental activities:			
General government:			
Administrative	\$107,322		(\$107,322)
Other general government	18,762		(18,762)
Public safety	81,265	\$64,545	\$13,204 (3,516)
Public works	105,924		41,650 (64,274)
Culture and recreation	20,890		(20,890)
Economic development	295		(295)
Total Governmental Activities	<u>\$334,458</u>	<u>\$64,545</u>	<u>\$54,854</u> <u>(\$215,059)</u>
General revenues:			
Taxes:			
Franchise			\$44,406
Sales taxes levied for general purposes			112,181
Occupational license			49,810
Interest and investment earnings			8,135
Miscellaneous			7,321
Total general revenues and special items			<u>221,853</u>
Changes in net assets			6,794
Net assets at beginning of year			<u>682,589</u>
Net assets at end of year			<u>\$689,383</u>

The accompanying notes are an integral part of this statement.

TOWN OF STONEWALL
Stonewall, Louisiana
GOVERNMENTAL FUNDS

Balance Sheet, June 30, 2004

ASSETS

Cash and cash equivalents	\$352,073
Receivables	24,672
Utility deposits	55
Prepaid expenditures	<u>6,939</u>
TOTAL ASSETS	<u>\$383,739</u>

LIABILITIES AND FUND EQUITY

Liabilities - Accounts payable	\$7,140
Deferred revenue - assessor rent	45,600
Fund Equity - fund balances - unreserved - undesignated	<u>330,999</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$383,739</u>

The accompanying notes are an integral part of this statement.

TOWN OF STONEWALL
Stonewall, LouisianaReconciliation of Governmental Funds
Balance Sheet to the Statement of Net Assets

For the Year Ended June 30, 2004

Total Fund Balances at June 30, 2004 - Governmental Funds (Statement C)		<u>\$330,999</u>
Cost of capital assets at June 30, 2004	\$544,797	
Less: Accumulated depreciation as of June 30, 2004	<u>(186,413)</u>	<u>358,384</u>
Net Assets at June 30, 2004		<u>\$689,383</u>

The accompanying notes are an integral part of this statement.

TOWN OF STONEWALL
Stonewall, Louisiana
GOVERNMENTAL FUND TYPE - GENERAL FUND

Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget
(GAAP Basis) and Actual
For the Year Ended June 30, 2004

REVENUES

Taxes:

Sales	\$112,181
Franchise	44,406
Occupational licenses	49,810
Fines and forfeitures	64,545
Intergovernmental:	
Federal Grant	13,204
State grants	41,650
Use of money and property	8,135
Other revenues	7,321
Total revenues	<u>341,252</u>

EXPENDITURES

Current:

General government:	
Administrative	95,379
Other general government	18,762
Public safety	72,963
Public works	100,953
Culture and recreation	16,743
Economic development	295
Capital outlay	66,488
Total expenditures	<u>371,583</u>

EXCESS (Deficiency) OF REVENUES

OVER EXPENDITURES (30,331)

FUND BALANCE AT BEGINNING OF YEAR

361,330

FUND BALANCE AT END OF YEAR

\$330,999

See accompanying notes and accountant's compilation report.

TOWN OF STONEWALL
Stonewall, Louisiana

Reconciliation of Governmental Funds
Statement of Revenue, Expenditures, and Changes
in Fund Balances to the Statement of Activities

For the Year Ended June 30, 2004

Total net change in fund balances - governmental funds (Statement E)	(\$30,331)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation for the period	<u>37,125</u>
Change in net assets of governmental activities (Statement B)	<u><u>\$6,794</u></u>

The accompanying notes are an integral part of this statement.

TOWN OF STONEWALL
Stonewall, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Stonewall was incorporated, as authorized by Louisiana Revised Statute §33:321, on July 12, 1972. The town is governed by the mayor-board of aldermen form of government. The mayor and aldermen serve four-year terms that expire on June 30, 2004.

The accompanying financial statements of the Town of Stonewall have been prepared in conformity with U.S. 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.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. Certain of the significant changes in the Statement include the following:

For the first time the financial statements include:

A Management Discussion and Analysis (MD&A) section providing an analysis of the town’s overall financial position and results of operations.

Financial statements prepared using full accrual accounting for all of the town’s activities.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

A. REPORTING ENTITY

As the governing authority of the town, for reporting purposes, the Town of Stonewall is considered a separate financial reporting entity. The financial reporting entity 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 primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Town of Stonewall for

TOWN OF STONEWALL

Stonewall, Louisiana

Notes to the Financial Statements (Continued)

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 police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
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.

Based on the previous criteria, the town has determined that there are no component units that are part of the reporting entity.

B. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE STATEMENTS

The town's basic financial statements include both government-wide (reporting the town as a whole) and fund financial statements (reporting the town's major fund). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. All activities of the town are classified as governmental.

The Statement of Net Assets (Statement A) and the Statement of Activities (Statement B) display information about the reporting government as a whole. These statements include all the financial activities of the town.

In the Statement of Net Assets, governmental activities are presented on a consolidated basis and are presented on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term obligations. Net assets are reported in three parts; invested in capital assets, net of any related debt; restricted net assets; and unrestricted net assets. The town first uses restricted resources to finance qualifying activities.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized

TOWN OF STONEWALL

Stonewall, Louisiana

Notes to the Financial Statements (Continued)

when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues - Program revenues included in the Statement of Activities (Statement B) are derived directly from parties outside the town's taxpayers or citizenry. Program revenues reduce the cost of the function to be financed from the town's general revenues.

Allocation of Indirect Expenses - The town reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function. Depreciation on buildings is assigned to the "general administration" function due to the fact that buildings serve multiple purposes.

C. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The financial transactions of the town are reported in individual funds in the fund financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Fund financial statements report detailed information about the town. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

A fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. 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 providing 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 only governmental and fiduciary funds. The governmental and fiduciary fund types used by the town are described as follows:

Governmental Fund Type

General Fund - The General Fund, as provided by Louisiana Revised Statute 13:781, is the principal fund of the town and is used to account for the operations of the town's office. The various fees and charges due to the town's office are accounted for in this fund. General operating expenditures are paid from this fund.

D. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

1. Accrual:

Governmental type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The town considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

TOWN OF STONEWALL
 Stonewall, Louisiana
 Notes to the Financial Statements (Continued)

Revenues

Sales and use tax revenues are recorded in the month collected.

Intergovernmental revenues are recorded when the town is entitled to the funds. The state tobacco tax is received quarterly.

Interest income, on demand and time deposits, is recorded when the interest has been earned and the amount is determinable.

Substantially all other revenues are recorded when they become available to the town.

Expenditures

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

E. CASH AND CASH EQUIVALENTS

Under state law, the town 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, 2004, the town has cash and cash equivalents (book balances) totaling \$352,073.

Demand deposits	\$135,216
Time deposits	<u>216,857</u>
Total	<u><u>\$352,073</u></u>

These deposits are stated at cost, which approximates market. 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 are secured as follows:

Bank Balances	<u>\$355,068</u>
Federal deposit insurance	\$338,211
Pledged securities (uncollateralized)	<u>310,852</u>
Total	<u><u>\$649,063</u></u>

Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the town, they are considered uncollateralized (Category 3) under the provisions of GASB Codification C20.106; however, Louisiana Revised Statute

TOWN OF STONEWALL

Stonewall, Louisiana

Notes to the Financial Statements (Continued)

39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the town that the fiscal agent has failed to pay deposited funds upon demand.

F. CAPITAL ASSETS

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

Capital assets are reported in the government-wide financial statements but not in the fund financial statements. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes by the town, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	20 - 40 years
Furniture and fixtures	5 - 10 years
Vehicles	5 - 15 years
Equipment	5 - 20 years

In June 1999, the Governmental Accounting Standards Board issued Statement No. 34 which required the inclusion of infrastructure assets used in governmental activities in the basic financial statements retroactively reported back to 1982. An exception exists for local governments with annual revenues of less than \$10 million. As a result of this exception, the town has elected not to report its governmental infrastructure retroactively.

G. SALES AND USE TAX

The Town of Stonewall has a one per cent sales and use tax approved by the voters on May 23, 1988, for an indefinite period. The tax, after all necessary costs for collection and administration, is authorized to be used by the governing authority of the Town of Stonewall on behalf of the town and its residents for any lawful corporate purpose for which any funds of the town may be expended.

TOWN OF STONEWALL
 Stonewall, Louisiana
 Notes to the Financial Statements (Continued)

H. RISK MANAGEMENT

The town is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the town maintains commercial insurance policies covering his automobile, professional liability and surety bond coverage. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended June 30, 2004.

2. RECEIVABLES

The General Fund receivables of \$24,672 at June 30, 2004, are as follows:

Rural development grant	\$21,733
Franchise Tax	1,299
Fines	<u>1,640</u>
Total	<u><u>\$24,672</u></u>

3. CHANGES IN GENERAL FIXED ASSETS

The following presents changes in capital assets:

	<u>Balance at July 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2004</u>
Capital assets not being depreciated:				
Land	\$77,000			\$77,000
Construction in progress		\$53,333		53,333
Total capital assets not being depreciated	<u>77,000</u>	<u>53,333</u>	NONE	<u>130,333</u>
Capital assets being depreciated:				
Building and improvements	281,001			281,001
Equipment and furniture	104,071	12,528	(\$2,050)	114,549
Infrastructure		18,914		18,914
Total assets being depreciated	<u>385,072</u>	<u>31,442</u>	<u>(2,050)</u>	<u>414,464</u>
Total accumulated depreciation	158,786	29,363	(1,736)	186,413
Total capital assets being depreciated, net	226,286	2,079	(314)	228,051
Total capital assets net	<u><u>\$303,286</u></u>	<u><u>\$55,412</u></u>	<u><u>(\$314)</u></u>	<u><u>\$358,384</u></u>

TOWN OF STONEWALL

Stonewall, Louisiana

Notes to the Financial Statements (Continued)

4. PENSION PLAN

The employees of the town are members of the Social Security System. In addition to the employee contributions withheld at 7.65 per cent of gross salary, the town contributes an equal amount to the Social Security System. The town does not guarantee the benefits granted by the Social Security System.

5. LITIGATION AND CLAIMS

The Town of Stonewall is not involved in any litigation at June 30, 2004, nor is it aware of any unasserted claims.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

TOWN OF STONEWALL
Stonewall, Louisiana
GOVERNMENTAL FUND TYPE - GENERAL FUND

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Taxes:			
Sales	\$95,000	\$112,181	\$17,181
Franchise	46,000	44,406	(1,594)
Occupational licenses	31,000	49,810	18,810
Fines and forfeitures	40,000	64,545	24,545
Intergovernmental:			
Federal Grant	21,000	13,204	(7,796)
State grants	30,000	41,650	11,650
Use of money and property	9,950	8,135	(1,815)
Other revenues	19,666	7,321	(12,345)
Total revenues	<u>292,616</u>	<u>341,252</u>	<u>48,636</u>
EXPENDITURES			
Current:			
General government:			
Administrative	101,140	95,379	5,761
Other general government	27,750	18,762	8,988
Public safety	70,990	72,963	(1,973)
Public works	156,000	100,953	55,047
Culture and recreation	22,278	16,743	5,535
Economic development	1,500	295	1,205
Capital outlay	68,400	66,488	1,912
Total expenditures	<u>448,058</u>	<u>371,583</u>	<u>76,475</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(155,442)	(30,331)	125,111
FUND BALANCE AT BEGINNING OF YEAR	<u>155,442</u>	<u>361,330</u>	<u>205,888</u>
FUND BALANCE AT END OF YEAR	<u>NONE</u>	<u>\$330,999</u>	<u>\$330,999</u>

See accompanying note to budgetary comparison schedule.

TOWN OF STONEWALL
Stonewall, Louisiana

NOTE TO BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2004

A preliminary budget for the ensuing year is prepared by the clerk in June. The proposed budget is reviewed by the mayor and the board of aldermen and made available to the public. The budget is then adopted during the regular June meeting. The proposed budget for the General Fund is prepared on the modified accrual basis of accounting. The budget is established and controlled by the mayor and the board of aldermen at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. All changes in the budget must be approved by the mayor and the board of aldermen. The town does not use encumbrance accounting in its accounting system.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments.

**AGREED-UPON PROCEDURES
PART III**

**Independent Accountant's Report on Applying
Agreed-Upon Procedures**

The following independent accountant's report on applying agreed upon procedures is presented in compliance with the requirements of the *Louisiana Governmental Audit Guide* and the *Louisiana Attestation Questionnaire*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

**Independent Accountant's Report
on Applying Agreed-Upon Procedures**

MAYOR AND BOARD OF ALDERMEN
TOWN OF STONEWALL
Stonewall, Louisiana

I have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of Town of Stonewall and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Town of Stonewall's compliance with certain laws and regulations during the year ended June 30, 2004, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

One expenditure was made during the year for materials and supplies exceeding \$20,000 and no expenditures were made for public works exceeding \$100,000. I examined documentation which indicated that this expenditures had been properly advertised and accepted in accordance with the provisions of LSA-RS 38:2211-2251.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided me with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

TOWN OF STONEWALL
Independent Accountant's Report on
Applying Agreed-Upon Procedures
June 30, 2004

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management.

Budgeting

5. Obtained a copy of the legally adopted budget and all amendments.

Management provided me with a copy of the original budget. There were no amendments to the budget during the year.

6. Trace the budget adoption and amendments to the minute book.

I traced the adoption of the original budget to the minutes of a meeting held on June 10, 2003 which indicated that the budget had been adopted by the Board of Aldermen of the Town of Stonewall by a vote of 5 in favor and none opposed. No amendments were made to the budget during the year.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

I compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues and expenditures for the year did not exceed budgeted amounts by more than 5%.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

(a) trace payments to supporting documentation as to proper amount and payee;

I examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

(b) determine if payments were properly coded to the correct fund and general ledger account; and

All payments were properly coded to the correct fund and general ledger account.

(c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approvals from the Mayor and the town clerk. Further, the types of disbursements made were included in the town's approved budget.

TOWN OF STONEWALL
Independent Accountant's Report on
Applying Agreed-Upon Procedures
June 30, 2004

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

The Town of Stonewall is only required to post a notice of each meeting and the accompanying agenda on the door of the town's office building. Agendas for upcoming meetings are posted at town hall approximately one week prior to the meetings. The minutes of the town meetings are also published.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

I inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advance, or gifts.

A reading of the minutes of the district for the year indicated approval for the payments noted. I also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

The prior year report, dated August 12, 2003, did not include any comments or unresolved matters.

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of Town of Stonewall and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



October 8, 2004

Louisiana Attestation Questionnaire

The accompanying *Louisiana Attestation Questionnaire* has been completed by management and is included in this report as required by the questionnaire.

Mary Jo Finley, CPA, Inc.
116 Professional Drive
West Monroe, LA 71291

Mary Jo Finley, CPA, Inc.,

In connection with your compilation of our financial statements of the Town of Stonewall as of June 30, 2004 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on information available to us as of October 8, 2004.

PUBLIC BID LAW

1. The provisions of the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office have been complied with.

Yes No N/A

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

2. No employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone which would constitute a violation of LSA-RS 42:1101-1124.

Yes No N/A

3. No member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980 under circumstances which would constitute a violation of LSA-RS 42:1119.

Yes No N/A

BUDGETING

4. We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:43.

Yes No N/A

ACCOUNTING AND REPORTING

5. All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [X] No [] N/A []

6. We have filed our annual financial statements in accordance with LSA-RS 24:514, LSA-RS 33:463, and/or LSA-RS 39:92, as applicable.

Yes [X] No [] N/A []

7. We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes [X] No [] N/A []

MEETINGS

8. We have complied with the provisions of the Opening Meetings Law, LSA-RS 42:1-12.

Yes [X] No [] N/A []

DEBT

9. We have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 47:1410.60.

Yes [X] No [] N/A []

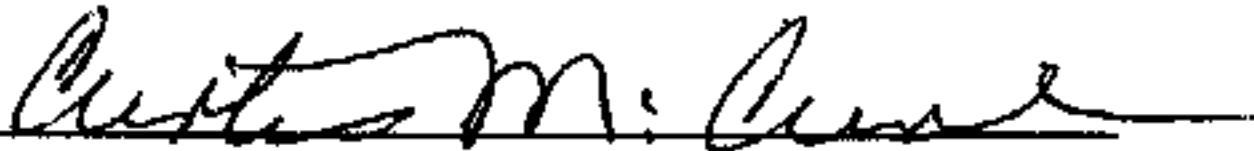
ADVANCES AND BONUSES

10. We have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [X] No [] N/A []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known non-compliance which may occur subsequent to the issuance of your report.

 October 8, 2004
Date