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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, 1996

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Stonewall, Louisiana

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Accountant's Compilation Report

MAYOR AND BOARD OF ALDERMEN
TOWN OF STONEWALL
Stonewall, Louisiana

I have compiled the accompanying general purpose financial statements, as listed in the foregoing table of contents, of the Town of Stonewall as of June 30, 1996, 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
August 30, 1996

**GENERAL PURPOSE FINANCIAL STATEMENTS
(OVERVIEW)**

TOWN OF STONEWALL
Stonewall, Louisiana
ALL FUND TYPES AND ACCOUNT GROUPS

Combined Balance Sheet, June 30, 1996

	GOVERNMENTAL FUND TYPE - GENERAL FUND	ACCOUNT GROUP - GENERAL FIXED ASSETS	TOTAL (MEMORANDUM ONLY)
ASSETS			
Cash and cash equivalents	\$236,369		\$236,369
Accounts receivable - franchise taxes	3,620		3,620
Utility deposits	55		55
Prepaid expenditures	4,563		4,563
Land, buildings, and equipment		\$111,797	111,797
TOTAL ASSETS	<u>\$244,607</u>	<u>\$111,797</u>	<u>\$356,404</u>
LIABILITIES AND FUND EQUITY			
Accounts payable	\$802		\$802
Fund Equity:			
Investment in general fixed assets		\$111,797	111,797
Fund balance - unreserved - undesignated	243,805		243,805
Total Fund Equity	<u>243,805</u>	<u>111,797</u>	<u>355,602</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$244,607</u>	<u>\$111,797</u>	<u>\$356,404</u>

See accompanying notes and accountant's compilation report.

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, 1996

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Taxes:			
Sales	\$41,000	\$52,269	\$11,269
Franchise	20,800	27,708	6,908
Occupational licenses	20,000	25,719	5,719
Intergovernmental:			
State funds:			
State grant	25,000	25,000	
Tobacco tax	6,000	6,786	786
Use of money and property	5,500	7,230	1,730
Other revenues		569	569
Total revenues	<u>118,300</u>	<u>145,281</u>	<u>26,981</u>
EXPENDITURES			
General government:			
Current:			
Operating services	102,600	64,759	37,841
Materials and supplies	10,200	9,552	648
Travel and other	4,000	2,739	1,261
Capital outlay	1,500	1,481	19
Total expenditures	<u>118,300</u>	<u>78,531</u>	<u>39,769</u>
EXCESS OF REVENUES OVER EXPENDITURES	NONE	66,750	66,750
FUND BALANCE AT BEGINNING OF YEAR	NONE	<u>177,055</u>	<u>177,055</u>
FUND BALANCE AT END OF YEAR	<u>NONE</u>	<u>\$243,805</u>	<u>\$243,805</u>

See accompanying notes and accountant's compilation report.

TOWN OF STONEWALL
Stonewall, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 1996

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, 1998.

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 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 town 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 town.
2. Organizations for which the town does not appoint a voting majority but are fiscally dependent on the town.

TOWN OF STONEWALL

Stonewall, Louisiana

Notes to the Financial Statements (Continued)

3. Organizations for which the reporting entity's 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. FUND ACCOUNTING

The town uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fixed assets and general long-term debt) that are not recorded in the "funds" because they do not directly affect net expendable available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

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 a governmental fund type (General Fund). The General Fund is the general operating fund of the town and is used to account for all of its financial activities.

C. FIXED ASSETS AND LONG-TERM DEBT

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in the General Fund.

TOWN OF STONEWALL

Stonewall, Louisiana

Notes to the Financial Statements (Continued)

All purchased fixed assets are valued at cost where historical costs are available and estimated cost where no historical records are available. Approximately 5 per cent of fixed assets are valued at estimated historical costs based on the actual costs of like items, while the remaining 95 per cent are based on actual historical costs. Public domain (infrastructure) general fixed assets consisting of roads, bridges, drainage, parking lots, etc. are not capitalized, as these assets are immovable and of value only to the town. No depreciation has been provided on general fixed assets. There are no general long-term obligations at June 30, 1996.

D. BASIS OF ACCOUNTING

The financial and reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for reporting all governmental fund types. 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 be used to pay liabilities of the current period. The town uses the following practices in recognizing and reporting revenues and expenditures:

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.

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

Based on the above criteria, taxes and intergovernmental revenues are treated as susceptible to accrual.

Expenditures

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

E. BUDGET PRACTICES

A preliminary budget for the ensuing year is prepared by the clerk in May. 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 April or May 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.

F. CASH AND CASH EQUIVALENTS

Under state law, the town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The town may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 1996, the town has cash (book balances) totaling \$236,369.

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

TOWN OF STONEWALL

Stonewall, Louisiana

Notes to the Financial Statements (Continued)

or the pledge of securities owned by the fiscal agent bank. Deposit balances (bank balances) at June 30, 1996, total \$237,554 and are fully secured by federal deposit insurance.

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.

H. TOTAL COLUMN ON THE BALANCE SHEET

The total column on the balance sheet is captioned Memorandum Only (overview) to indicate that it is presented only to facilitate financial analysis. Data in this column does not present 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.

2. CHANGES IN GENERAL FIXED ASSETS

The following presents the changes in general fixed assets for the year ended June 30, 1996:

	Balance at July 1, 1995	Additions	Deletions	Balance at June 30, 1996
Land and buildings	\$100,641			\$100,641
Furniture and equipment	9,675	\$1,481		11,156
Total	<u>\$110,316</u>	<u>\$1,481</u>	<u>NONE</u>	<u>\$111,797</u>

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

3. 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.

4. OPERATING LEASE

The town entered into an operating lease on May 30, 1996 for a copier. Lease payments of \$133 are required for 36 months, beginning in July, 1996. The following is a schedule of future minimum lease payments:

1997	\$1,596
1998	1,596
1999	<u>1,596</u>
TOTAL	<u>\$4,788</u>

5. LITIGATION AND CLAIMS

The town is not involved in any litigation at June 30, 1996, nor is it aware of any unasserted claims.

6. RESTATEMENT OF FUND BALANCE

The June 30, 1995 fund balance of the General Fund has been restated to correct June 30, 1995 time deposit balances:

Fund balance as previously reported	\$174,580
Adjustment	<u>2,475</u>
Fund balance at July 1, 1995, restated	<u>\$177,055</u>

**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 Governmental Audit Guide* and enumerated below, which were agreed upon by the management of the Town of Stonewall and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Town of Stonewall's compliance with certain laws and regulations during the year ended June 30, 1996 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. The sufficiency of the 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 materials and supplies exceeding \$5,000, or public works exceeding \$50,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

A review was made of all disbursement journals for the year. That review did not disclose any expenditures made during the period under examination for materials and supplies exceeding \$5,000 or any expenditures made for public works exceeding \$50,000.

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.

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TOWN OF STONEWALL
Independent Accountant's Report on
Applying Agreed-Upon Procedures
June 30, 1996

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 me with the required list.

4. Determine whether any of the employees included in the listing obtained from management in procedure number 3 above were also included in the listing obtained from management in procedure number 2 above as immediate family members.

None of the employees included on the list of employees provided by management in agreed-upon procedure 3 above appeared on the list provided by management in agreed-upon procedure 2 above.

Budgeting

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

Management provided me with a copy of the original budget. There were 2 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 May 22, 1995 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. The 2 amendments were adopted by the board on February 23, 1996, and June 24, 1996 by a unanimous vote.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or 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 did not fail to meet budgeted amounts by 5% or more, nor did actual expenditures exceed budgeted amounts by 5% or more.

TOWN OF STONEWALL
Independent Accountant's Report on
Applying Agreed-Upon Procedures
June 30, 1996

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and;
- (a) trace payments to supporting documentation as to correct amount and payee;
 - (b) determine if payments were properly coded to the correct fund and general ledger account;
 - (c) determine whether payments received approval from proper authorities.

An examination of six randomly selected disbursements disclosed the following:

- (a) The six selected disbursements were for the proper amount as reflected on supporting documentation and were made to the correct payee.
- (b) All six payments were coded to the correct fund and general ledger account.
- (c) Inspection of documentation supporting each of the six disbursements indicated approvals from the Mayor and the town clerk. Further, the types of disbursements made were included in the town's approved budget.

Meetings

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

While dates for upcoming meetings are published in the minutes of each meeting, no agenda for the meetings are published or posted as required by LSA-RS 42:7. Management stated they were not aware of the requirement that agendas for meetings be posted. I recommend that the agendas for all meetings be posted at town hall at least 24 hours prior to each meeting as required by the referenced statute. The posted notice should also include a notation from the clerk stating the date it is posted.

TOWN OF STONEWALL
Independent Accountant's Report on
Applying Agreed-Upon Procedures
June 30, 1996

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 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, advances, or gifts.

A reading of the minutes of the board for the year indicated no 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.

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 the 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. However, this report is a matter of public record and its distribution is not limited.



West Monroe, Louisiana
August 30, 1996