

TOWN OF STONEWALL, LOUISIANA

Annual Financial Statements

June 30, 2023

Town of Stonewall, Louisiana

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INDEPENDENT AUDITOR'S REPORT

The Honorable Kenneth Kaffka, Mayor
and the Members of the Town Council
of the Town of Stonewall, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Town of Stonewall, Louisiana, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Town of Stonewall, Louisiana, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Stonewall, Louisiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibility of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Stonewall, Louisiana's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Stonewall, Louisiana's basic financial statements. The supplementary information, listed in the table of contents as Other Supplemental Information, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2023, on our consideration of the Town of Stonewall, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering the Town of Stonewall, Louisiana's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated December 6, 2023, on the results of our state-wide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's state-wide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

Dees Gardner, Certified Public Accountants, LLC

Mansfield, Louisiana.
December 6, 2023

REQUIRED SUPPLEMENTAL INFORMATION (PART I)

TOWN OF STONEWALL, LOUISIANA
Management's Discussion and Analysis
June 30, 2023

As management of the Town of Stonewall, Louisiana, we offer the readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Stonewall as of and for the year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the Town's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

Financial Highlights

The Town experienced an increase in its net position of \$2,009,349 (32.21%) during the fiscal year ended June 30, 2023, compared to an increase of \$656,796 (11.65%) the prior year. At June 30, 2023, the assets of the Town exceeded its liabilities by \$8,248,159 compared to prior year's ending net position of \$6,238,810, restated.

The Town's total revenues increased \$917,830 or 54.40% to \$2,605,112 for fiscal year ended June 30, 2023 from \$1,687,282 as of June 30, 2022. The increase is primarily due to several capital grants received during the year.

The Town's total expenses decreased \$434,723 or 42.19% to \$595,763 for fiscal year ended June 30, 2023 from \$1,030,486 as of June 30, 2022.

At June 30, 2023, the Town's governmental funds reported an ending fund balance of \$4,362,865, an increase of \$1,179,965 or 37.07% from the prior year fund balance of \$3,182,900.

Overview of the Financial Statements

This Management's Discussion and Analysis document introduces the Town of Stonewall's basic financial statements. The basic financial statements include two kinds of financial statements that present different views of the Town—the **Government-wide Financial Statements** and the **Fund Financial Statements**. These financial statements also include the **Notes to the Financial Statements** that explain some of the information in the financial statements and provide additional detail. This report also contains additional required supplementary information—a budgetary schedule—in addition to the basic financial statements and other supplementary information for analysis. These components are described below:

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 government-wide financial statements include two statements:

The *statement of net position* presents information on all the Town of Stonewall's assets and liabilities, with the difference between the two reported as *net position*. Overtime increases or decreases in net position 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 Town of Stonewall's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of 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.

Both the government-wide financial statements distinguish functions of the Town that are principally supported by taxes, licenses, and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through

user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, public works, parks and recreation and economic development. The Town does not have any business-type activities. The Government-Wide financial statements are presented in the last column of the basic financial statements in this report.

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town 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 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, outflows, and balances of spendable resources. Such information may be useful in evaluating a government's near-term financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources at the end of the fiscal year.

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 governmental funds financial statements are presented in the first column of the basic financial statements in this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the fund financial statements.

Other Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. The Town of Stonewall adopts an annual budget for the general fund. A budgetary comparison statement is provided for the general fund to demonstrate budgetary compliance.

Other Supplementary Information

The schedule of compensation, benefits and other payments to agency head or chief executive officer is presented to fulfill the requirements of Louisiana Revised Statute 24:513(A)(3). The Justice System funding reporting schedule is presented to fulfill the requirements of Louisiana Revised Statute 24:515.2.

Financial Analysis of Government-wide Activities

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's net position totaled \$8,248,159 at June 30, 2023.

The portion of the Town's net position of \$3,862,940 (46.83%) at June 30, 2023, reflects its investment in capital assets (e.g. land, buildings, improvements and equipment); less any related debt used to acquire those assets that is still outstanding, compared to \$3,035,539 (48.66%) as of

June 30, 2022. The Town uses these capital assets to provide services to the citizens of the Town; consequently, these assets are not available for future spending.

The remaining portion of the Town's net position, \$4,385,219 (53.17%) and \$3,203,271 (51.34%) as of June 30, 2023 and 2022 (restated), respectively, is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors at the discretion of the mayor and councilmen. \$3,644,024 (83.10%) of the unrestricted net position of the Town consists of cash, demand deposits, and certificates of deposit compared to \$3,101,148 (96.81%) for the prior year (restated).

A summary of the Statement of Net Position is below:

Assets:	June 30, 2023	Restated June 30, 2022	% Change
	Cash and cash equivalents	\$ 3,111,650	\$ 2,569,829
Investments	532,374	531,319	0.2%
Accounts receivable	737,373	77,034	857.2%
Utility deposits	55	55	0.0%
Prepaid expenses	27,551	18,148	51.8%
Lease revenue receivable	184,042	186,624	-1.4%
Capital assets, net	3,862,940	3,035,539	27.3%
Total Assets	8,455,985	6,418,548	31.7%
Liabilities:			
Accounts, salaries and other payables	46,138	13,485	242.1%
Deferred inflows of resources	161,688	166,253	-2.7%
Total liabilities and deferred inflows of resources	207,826	179,738	15.6%
Net Position:			
Net investment in capital assets	3,862,940	3,035,539	27.3%
Unrestricted	4,385,219	3,203,271	36.9%
Total Net Position	\$ 8,248,159	\$ 6,238,810	32.2%

Changes in net position

The Town's net position increased by \$2,009,349 (32.21%) during the year ended June 30, 2023, compared to an increase of \$656,796 (11.65%) in 2022. General revenues increased by \$26,336 or 2.56% during the year ended June 30, 2023. Program revenues increased by \$891,494 or 135.23% during the year ended June 30, 2023 primarily due to an increase in capital grants.

\$271,128 (10.41%) of the Town's total revenues were derived through charges for services during 2023 compared to \$263,206 (15.60%) for the prior year. During the year ended June 30, 2023, the Town received \$896,202 in capital grants and \$383,419 in operating grants representing 34.40% and 14.72% of total revenues respectively, compared to \$12,630 (0.75%) and \$383,419 (22.72%) for the prior year. During the year ended year ended June 30, 2023, \$1,054,363 (40.47%) was derived from general revenues including sales taxes, franchise taxes, and interest compared to \$1,028,027 (60.93%) during 2022. The net effect of the increase in revenue is \$917,830 or 54.40%.

The expenses were down \$434,723 or 42.19%. The decrease in expenses was primarily due to a subrecipient grant disbursement in the prior year for \$169,850. The principal expenses were for general and administrative \$310,412 (52.10%), public works \$219,575 (36.86%), and parks and recreation \$63,781 (10.71%).

A summary of the Statement of Activities is presented below:

	For the year ended June 30, 2023	For the year ended June 30, 2022	%
			Change
Revenue			
Program revenues:			
Charges for services	\$ 271,128	\$ 263,206	3.01%
Operating grants	383,419	383,419	0.00%
Capital grants	896,202	12,630	6995.82%
General revenues:			
Sales tax	733,635	675,754	8.57%
Franchise tax	261,236	240,717	8.52%
Other general revenue	56,388	107,912	-47.75%
Interest	3,104	3,644	-14.82%
Total revenues	<u>2,605,112</u>	<u>1,687,282</u>	<u>54.40%</u>
Expenses			
General and administrative	310,412	572,455	-45.78%
Public safety	431	980	-56.02%
Public works	219,575	397,438	-44.75%
Parks and recreation	63,781	57,459	11.00%
Economic Development	1,564	2,154	-27.39%
Total expenses	<u>595,763</u>	<u>1,030,486</u>	<u>-42.19%</u>
Increase (decrease) in net position	2,009,349	656,796	
Net position beginning of year	6,238,810	5,637,087	
Net position adjustment	-	(55,073)	
Net position end of year	<u>\$ 8,248,159</u>	<u>\$ 6,238,810</u>	32.21%

Financial Analysis of the Governmental Funds

The Town 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. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2023, the General Fund's fund balance of \$4,362,865 shows an increase of \$1,179,965 (37.07%) in comparison to a fund balance of \$3,182,900 at June 30, 2022.

General Fund Budgetary Highlights

Formal budgetary integration is employed as a management control device during the fiscal year. The budget policy of the Town complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA – R.S. 39:1301 et seq.). Actual revenues (including other financing sources) were more than budgeted revenues. Total expenditures were less than budgeted expenditures.

Capital Asset and Debt Administration

Capital assets. The Town of Stonewall's investment in capital assets for its governmental activities as of June 30, 2023, totaled \$3,862,940 (net of accumulated depreciation of \$2,133,563). This investment includes land, buildings, furniture, equipment, and infrastructure. The town spent \$1,081,254 for capital outlays in the fund financial statements. This included new furniture and equipment for town hall and public works projects. Depreciation expense was \$244,516.

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

Economic Factors and Next Year's Budget

For the fiscal year ending June 30, 2024, the following factors were considered when the budget was prepared:

- Revenues are expected to decrease in the subsequent year due to a decrease in grant revenues.
- Expenditures are expected to remain steady year over year.

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.

BASIC FINANCIAL STATEMENTS

TOWN OF STONEWALL, LOUISIANA
GOVERNMENTAL FUNDS BALANCE SHEET / STATEMENT OF NET POSITION
June 30, 2023

	Governmental Funds		Government-wide
	Financial Statements		Statements
	<u>Balance Sheet</u>		<u>Statement of</u>
	General Fund	Adjustments	<u>Net Position</u>
ASSETS			
Cash and cash equivalents	\$ 3,111,650	\$ -	\$ 3,111,650
Investments	532,374	-	532,374
Accounts receivable	737,373	-	737,373
Lease revenue receivable	-	184,042	184,042
Prepaid expenses	27,551	-	27,551
Deposits	55	-	55
Capital assets, net (see note 4)	-	3,862,940	3,862,940
TOTAL ASSETS	<u>4,409,003</u>	<u>4,046,982</u>	<u>8,455,985</u>
LIABILITIES			
Accounts, salaries and other payables	\$ 46,138	-	46,138
TOTAL LIABILITIES	<u>46,138</u>	<u>-</u>	<u>46,138</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred lease income	-	161,688	161,688
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>161,688</u>	<u>161,688</u>
FUND BALANCE/NET POSITION			
Fund Balances:			
Nonspendable	27,606	(27,606)	-
Unassigned	4,335,259	(4,335,259)	-
TOTAL FUND BALANCES	<u>4,362,865</u>	<u>(4,362,865)</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 4,409,003</u>	<u>(4,201,177)</u>	
Net Position:			
Net investment in capital assets		3,862,940	3,862,940
Unrestricted		4,385,219	4,385,219
TOTAL NET POSITION		<u>\$ -</u>	<u>\$ 8,248,159</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

TOWN OF STONEWALL, LOUISIANA

**RECONCILIATION OF FUND BALANCE ON THE BALANCE SHEET
FOR GOVERNMENTAL FUNDS TO THE NET POSITION OF GOVERNMENTAL
ACTIVITIES ON THE STATEMENT OF NET POSITION**

June 30, 2023

Fund Balance - Governmental Fund	\$	4,362,865
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets and right-of-use assets for equipment used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		3,862,940
Certain deferred outflows are reported in the governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Deferred lease revenue		(161,688)
Long-term right-of-use asset lease receivables are not current financial resources and, therefore, are not reported in the fund financials.		184,042
 Total Net Position of Government Activities	 \$	 <u><u>8,248,159</u></u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

TOWN OF STONEWALL, LOUISIANA

STATEMENT C

STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE / STATEMENT OF ACTIVITIES

For the year ended June 30, 2023

	Governmental Funds Financial Statements		Government-wide Statements
	Statement of Revenues Expenditures and Changes in Fund Balance		Statement of Activities
	General Fund	Adjustments	
EXPENDITURES/EXPENSES			
General Government	\$ 273,011	\$ -	\$ 273,011
Public safety	431	-	431
Public works	55,255	-	55,255
Economic development	1,564	-	1,564
Parks and recreation	20,986	-	20,986
Capital outlays	1,081,254	(1,081,254)	-
Depreciation	-	244,516	244,516
TOTAL EXPENDITURES/EXPENSES	<u>1,432,501</u>	<u>(836,738)</u>	<u>595,763</u>
PROGRAM REVENUES			
Charges for services:			
Licenses, permits, fines, and fees	224,587	-	224,587
Lease and rental fees	44,558	1,983	46,541
Intergovernmental:			
Operating grants and contributions	383,419	-	383,419
Capital grants and contributions	896,202	-	896,202
TOTAL PROGRAM REVENUES	<u>1,548,766</u>	<u>1,983</u>	<u>1,550,749</u>
NET PROGRAM EXPENSE	<u>116,265</u>	<u>838,721</u>	<u>954,986</u>
GENERAL REVENUES			
Sales taxes	733,635	-	733,635
Franchise taxes	261,236	-	261,236
Investment earnings	3,104	-	3,104
Miscellaneous	56,461	-	56,461
TOTAL GENERAL REVENUES	<u>1,054,436</u>	<u>-</u>	<u>1,054,436</u>
NET CHANGE IN FUND BALANCE/ CHANGE IN NET POSITION	1,170,701	838,721	2,009,422
OTHER FINANCING SOURCES(USES)			
Sale of assets/Gain (loss) on sale of assets	9,264	(9,337)	(73)
TOTAL OTHER FINANCING SOURCES(USES)	<u>9,264</u>	<u>(9,337)</u>	<u>(73)</u>
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES(USES)/CHANGE IN NET ASSETS	1,179,965	829,384	2,009,349
FUND BALANCE / NET POSITION			
Beginning of the year (Restated)	3,182,900		6,238,810
End of the year	<u>\$ 4,362,865</u>		<u>\$ 8,248,159</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

TOWN OF STONEWALL, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
For the year ended June 30, 2023

Net change in Fund Balance - Governmental Fund \$ 1,179,965

Governmental funds report capital outlays as expenditures. However in the Statement of Activities, the cost of the assets are capitalized and allocated over their estimated useful lives and reported as depreciation expense. Therefore, capital expenditures are not recorded in the statement of activities.

Capital outlays	1,081,254
Depreciation and amortization	(244,516)

In the Statement of Activities, the gain on the disposal of fixed assets is reported; whereas, in the governmental funds, the proceeds from the disposal increase financial resources.

Proceeds from disposal of fixed assets	(9,264)
Gain (Loss) on disposal of fixed assets	(73)

Some revenues reported in the statement of activities do not provide current financial resources and, thus, are not reported in the governmental funds.

Difference in lease revenue recognized (\$4,565) and lease revenue collected (\$2,582)	1,983
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Net change in Net Position **\$ 2,009,349**

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF STONEWALL
NOTES TO THE FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2023

INTRODUCTION

The Town of Stonewall, Louisiana (*The Town*) was incorporated on July 12, 1972, under the provisions of the Lawrason Act. The Town operates under the Mayor-Council form of government and provides the following services as authorized by the Act: public works: streets; parks and recreation and general services. The Town is located in the northwest Louisiana parish of Desoto and has a population of 2,300, more or less. The Town employs five.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. This report includes all funds that are controlled by or dependent on the Town's Executive and Legislative Branches (The Mayor and Town Council).

The primary government (Town of Stonewall) is required to consider 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. There were no entities that were determined to be component units of the Town of Stonewall.

B. Basis of Presentation

The Town of Stonewall's financial statements are 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. The Town's reporting entity applies all relevant Government Accounting Standards Board (GASB) pronouncements.

C. Fund Accounting

The Town uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Town functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Government 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. The emphasis of fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category and
- b. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

The Town reports the following governmental fund:

- The *General Fund* is the municipality's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Fund is always reported as major governmental fund in governmental fund statements.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities)

TOWN OF STONEWALL
NOTES TO THE FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

report information on all of the activities of the Town. The government-wide statement of net position is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The government-wide statement of activities reports both the gross and net cost of each of the Town's functions (public safety, public works, parks, and recreation, etc.). The functions are also supported by general government revenues (sales and franchise taxes, occupational license fees, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues and operating and capital grants. Program revenues must be directly associated with the function (police, building and grounds, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants. The net costs by function are normally covered by general revenues. Taxes and other items not properly included among program revenues are reported as *general revenues*.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus. 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 balance 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 is then reconciled, through adjustment, to the government-wide view of the Town's operations.

The amounts reflected in the governmental fund financial statements use the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Sales taxes, franchise taxes, grant revenues, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Fines, permits, and license revenues are considered to be measurable and available only when cash is received by the government.

Cash and Investments

Cash includes cash on hand, amounts in demand deposits, and interest-bearing demand deposits. Under state law the Town may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Town may invest in United States bonds, treasury notes and bills, government-backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. These are classified as investments if their original maturities exceed approximately 90 days. All investments are recorded at fair value based on quoted market prices.

Prepaid Expenses

Prepaid items consist of insurance paid in the current year for the next period.

Capital Assets

All capital assets, other than land, are depreciated using the straight-line method based on the following:

<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

TOWN OF STONEWALL
NOTES TO THE FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

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 acquisition value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. In connection with implementation of GASB No. 34, the Town established a threshold of \$1,000 for capitalization of depreciable assets.

Capital assets are reported in the government-wide financial statements but not in the fund financial statements. Depreciation of all exhaustible capital assets is reported as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. 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.

Compensated Absences

The Town has the following policy relating to vacation and sick leave:

A full-time employee, after completing one year of continuous employment from the date of hire, is eligible for forty hours vacation with pay. An employee, upon completion of two years continuous employment from the date of hire is eligible for eighty hours of vacation with pay. Upon completion of eight years of continuous employment, the employee is eligible for three weeks of vacation with pay. No vacation leave is carried over from one year to the next.

Each employee is granted five days sick leave with pay annually with an extension of up to ten days if approved by the Mayor. Any extra sick days for long-term illness must be approved by the Town council. A maximum carry-over of five days is permissible.

The Town's recognition and measurement criteria for compensated absences follow:

The unused vacation leave is not carried over at year end, thus, there is no accrued liability for compensated absences. Sick leave is not accrued. At June 30, 2023, there are no accumulated or vested benefits relating to vacation and sick leave. The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the General Fund when leave is actually taken.

Sales and Use Taxes

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.

Estimates

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

Net Position and Fund Equity

Net Position. In the government-wide financial statements, fund equity (the difference between assets and liabilities) is classified as net position and reported in three components:

- a. *Net investment in capital assets*—Consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

TOWN OF STONEWALL
NOTES TO THE FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

- b. *Restricted net position*—Net position is considered restricted if the use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the Town's bonds. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
- c. *Unrestricted net position*—Consists of all other net position that does not meet the definition of the above two components and is available for general use by the Town.

The Town of Stonewall's policy is to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance, In accordance with GASB 54, the Town classifies fund balances in governmental funds as follows:

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts can be spent. The classifications used in the governmental fund financial statements are as follows:

- a. *Nonspendable*: Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The Town has classified deposits and prepaid items as being Nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- b. *Restricted*: Amounts that can be spent only for specific purposes because of the Town's charter or codes, state or federal laws, or externally imposed conditions by grantors or creditors. The Town did not have any restricted resources as of June 30, 2023.
- c. *Committed*: Amounts that can be used only for specific purposes determined by a formal action by Town Council ordinance or resolution. The Town did not have any committed resources as of June 30, 2023.
- d. *Assigned*: Amounts that are designated by the Mayor for a specific purpose but are not spendable until a budget ordinance is passed by Town Council. The Town did not have any assigned resources as of June 30, 2023.
- e. *Unassigned*: All amounts not included in other spendable classifications.

The Town would typically use Restricted fund balance first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

NOTE 2. CASH AND INVESTMENTS

Cash: At June 30, 2023, the Town has cash (book balances) in demand deposits totaling \$3,111,650. These deposits are stated at cost, which approximates market.

Investments: At June 30, 2023, the Town has investments in certificates of deposit with maturities of one year or less totaling \$532,374.

The cash and investments of the Town of Stonewall are subject to the following risks:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. 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 or exceed 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. Louisiana Revised Statute 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 bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Town's name.

TOWN OF STONEWALL
NOTES TO THE FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2023

NOTE 2. CASH AND INVESTMENTS (continued)

At June 30, 2023, the Town had collected bank balances totaling \$3,649,173. These deposits are secured from risk by \$846,253 of federal deposit insurance. The remaining balance of \$2,802,920 is secured by pledged securities with a market value of \$4,319,354 held by the custodial banks in the name of the Town.

Interest Rate Risk: This is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of any investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the Town's certificates of deposit have maturities of one year or less which limits exposure to fair value losses arising from rising interest rates.

NOTE 3. RECEIVABLES

Substantially all receivables are considered to be fully collectible and no allowance for uncollectibles is used. The Town's receivables of \$77,034 at June 30, 2023, are as follows:

Franchise tax	\$	43,735
Sales Tax		55,002
Licenses		15,153
Grants Receivable		623,470
Other		13
Total	\$	<u>737,373</u>

NOTE 4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the ended June 30, 2023, for the Town is as follows:

	Balance 6/30/2022	Increases	Reclassifications/ Decreases	Balance 6/30/2023
Capital assets, not being depreciated				
Land	\$ 252,633	\$ -	\$ -	\$ 252,633
Total capital assets, not being depreciated	<u>\$ 252,633</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 252,633</u>
Capital assets being depreciated				
Buildings	\$ 895,232	\$ 239,958	\$ -	\$ 1,135,190
Equipment and furniture	328,145	99,639	(15,682)	412,102
Heavy Machinery	79,756	-	-	79,756
Improvements	3,085,996	222,835	-	3,308,831
Vehicles	63,189	26,916	-	90,105
Construction in progress	225,981	703,974	(212,068)	717,887
Total capital assets being depreciated	<u>4,678,298</u>	<u>1,293,322</u>	<u>(227,750)</u>	<u>5,743,870</u>
Less accumulated depreciation for				
General government	435,660	37,401	-	473,061
Public Safety	26,370	-	-	26,370
Culture and recreation	266,372	42,795	(3,186)	305,981
Public Works	1,166,990	164,320	(3,159)	1,328,151
Total accumulated depreciation	<u>1,895,392</u>	<u>244,516</u>	<u>(6,345)</u>	<u>2,133,563</u>
Total Capital assets, net	<u>\$ 3,035,539</u>	<u>\$ 1,048,806</u>	<u>\$ (221,405)</u>	<u>\$ 3,862,940</u>

Depreciation expense of \$244,516 for the year ended June 30, 2023, was charged to the following governmental functions:

General government	\$	37,401
Public works		164,320
Culture and recreation		42,795
	\$	<u>244,516</u>

TOWN OF STONEWALL
NOTES TO THE FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2023

NOTE 5. PENSION PLAN

All employees of the Town are members of the Social Security System. The Town does not guarantee the benefits granted by the Social Security System. The Town also provides an up to three percent matching contribution to employees through a retirement benefit plan. The Town's expense for the year ended June 30, 2023, is \$1,040.

NOTE 6. LITIGATION AND CLAIMS

At June 30, 2023, the Town of Stonewall was involved in litigation concerning one matter which, in the estimation of the legal advisor of the Town of Stonewall, an estimate of ultimate resolution of the suit cannot be made. However, it is the opinion of legal counsel that an unfavorable outcome is unlikely in the pending lawsuit.

NOTE 7. RISK MANAGEMENT

The Town is exposed to various risks 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 automobiles, 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.

NOTE 8. LEASES

The Town adopted GASB 87 during the year ended June 30, 2022. A lease receivable and a deferred inflow of resources is recognized at the commencement of any lease of Town assets exceeding one year in term with a calculated lease receivable exceeding \$1,000. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. Lease revenue is recognized from the deferred inflow of resources in a systematic and rational manner over the term of the lease.

In November 2013, the Town entered into a lease agreement with the Louisiana Coalition for Accessible and Sustainable Healthcare (LaCASH) to lease the surface use of land at 160 Stonecreek Drive, Stonewall, Louisiana for forty-five years at a monthly base rental of \$625, increasing annually 3%. LaCASH designed and constructed a building at its sole cost, responsibility, and liability for the purpose of providing healthcare services to the residents of Stonewall and the surrounding area. The Town recognized deferred rental income of \$4,565 for the year end June 30, 2023, from this contract. Principal on the receivable was reduced by \$2,582 and interest income of \$7,061 was recognized.

The changes in lease receivable and deferred inflows for June 30, 2023, are as follows:

	Lease Receivable	Deferred Inflows
Beginning balances, restated	\$ 186,624	\$ 166,253
Principal received	(2,582)	-
Income recognized	-	(4,565)
Ending balances	\$ 184,042	\$ 161,688

TOWN OF STONEWALL
NOTES TO THE FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2023

NOTE 8. LEASES (continued)

The future minimum lease receivable payments, interest, and deferred inflows recognized under this lease is as follows:

Year ending	Principal	Interest	Total	Revenue recognized from Inflows
2024	\$ 2,674	\$ 7,256	\$ 9,930	\$ 4,565
2025-2029	14,866	39,418	54,284	22,827
2030-2034	17,705	45,225	62,930	22,827
2035-2039	21,085	51,867	72,952	22,826
2040-2044	25,111	59,459	84,570	22,826
2045-2049	29,906	68,134	98,040	22,826
2050-2054	35,617	78,039	113,656	22,826
2055-2059	37,078	77,547	114,625	20,163
Totals	<u>\$ 184,042</u>	<u>\$ 426,945</u>	<u>\$ 610,987</u>	<u>\$ 161,686</u>

NOTE 9. RESTATEMENT

The lease described in Note 8 hereinabove was reanalyzed in the current period, resulting in a change in GASB 87 calculations. Beginning balances for the following balance sheet accounts were adjusted to reflect the revised calculations:

	Activities
Net Position, June 30, 2022, as previously reported	\$ 6,293,883
Correction of a GASB 87 Estimate	
Lease receivable	(433,292)
Deferred inflows - leases	378,219
Total Net Position, June 30, 2022, Restated	<u>\$ 6,238,810</u>

NOTE 10. PAYMENTS TO COUNCIL MEMBERS

		Per Diem	Travel	Total
Don Crosslin	Councilman	\$ 1,200	\$ 68	\$ 1,268
Margaret Dickerson	Councilwoman	1,000	-	1,000
Brandon Garsee	Councilman	1,200	-	1,200
Eric Runge	Councilman	1,200	-	1,200
Robert Baker	Councilman	1,100	-	1,100
	Totals	<u>\$ 5,700</u>	<u>\$ 68</u>	<u>\$ 5,768</u>

NOTE 11. SUBSEQUENT EVENTS

Management has performed an evaluation of the Town's activities through December 6, 2023, and has concluded that there are no significant events requiring recognition or disclosure through the date and time these financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

TOWN OF STONEWALL, LOUISIANA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the year ended June 30, 2023

	Budgeted Amounts		Actual	Final budget variance positive (negative)
	Original	Final		
REVENUES				
Licenses, permits, fines, and fees	\$ 218,600	\$ 218,600	\$ 224,587	\$ 5,987
Lease and rental fees	40,000	40,000	44,558	4,558
Grants and contributions	887,419	887,419	1,279,621	392,202
Sales taxes	625,000	625,000	733,635	108,635
Franchise taxes	229,000	229,000	261,236	32,236
Investment earnings	3,000	3,000	3,104	104
Miscellaneous	19,200	19,200	65,725	46,525
TOTAL REVENUES	<u>2,022,219</u>	<u>2,022,219</u>	<u>2,612,466</u>	<u>590,247</u>
EXPENDITURES				
General Government	367,070	367,070	273,011	94,059
Public safety	-	-	431	(431)
Public works	131,000	131,000	55,255	75,745
Economic development	6,000	6,000	1,564	4,436
Parks and recreation	28,500	28,500	20,986	7,514
Capital outlays	1,527,000	1,527,000	1,081,254	445,746
TOTAL EXPENDITURES	<u>2,059,570</u>	<u>2,059,570</u>	<u>1,432,501</u>	<u>627,069</u>
NET CHANGE IN FUND BALANCE				
	(37,351)	(37,351)	1,179,965	1,217,316
FUND BALANCE				
Beginning of the year	3,182,900	3,182,900	3,182,900	-
End of the year	<u>\$ 3,145,549</u>	<u>\$ 3,145,549</u>	<u>\$ 4,362,865</u>	<u>\$ 1,217,316</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

TOWN OF STONEWALL
NOTES TO THE BUDGETARY COMPARISON SCHEDULE

As of and for the year ended June 30, 2023

Budgetary Information

The proposed budget for June 30, 2023, fiscal year was adopted June 14, 2022, after being introduced by the Mayor and made available for public inspection at the town hall of Stonewall, Louisiana. The Town of Stonewall's budget is prepared in accordance with accounting principles generally accepted in the United States of America. Budgets for most governmental funds are adopted annually on the modified cash basis of accounting. The budget was amended three times during the year.

The Budgetary Comparison Schedule presents comparisons of the original and final legally adopted budget with the actual data.

Through the budget, the Town allocates its resources and establishes its priorities. The annual budget assures the efficient and effective uses of the Town's economic resources. It establishes the foundation of effective financial planning by providing resource planning, performance measures and controls that permit the evaluation and adjustment of the Town's performance.

The following is the budget process of the Town:

The Mayor and Town Clerk prepare a proposed budget and submit the same to the Town Council members no later than fifteen days prior to the beginning of each fiscal year. The proposed budget is reviewed by the Town Council and made available to the public. At least ten days after publication of the call for a public hearing, the Town holds a public hearing on the proposed budget in order to receive comments from citizens. Changes are made to the proposed budget based on the public hearing and the desires of the Town Council as a whole. The budget is then adopted through the passage of an ordinance during the June meeting.

During the year, the Council receives monthly budget comparison statements, which are used as tools to control the operations of the Town. The Town Clerk presents necessary budget amendments to the board when she determines that actual operations are differing materially from those anticipated in the original budget. The Town Council in regular session reviews the proposed amendments, makes necessary changes, and formally adopts the amendments. The budget was amended three times during the year. The Mayor and Town Council must approve all changes in the budget. The Town does not use encumbrance accounting in its accounting system.

The Louisiana Local Government Budget Act provides that "the total proposed expenditures shall not exceed the total of estimated funds available for the ensuing year." The "total estimated funds available" is the sum of the respective estimated fund balances at the beginning of the year and the anticipated revenues for the current year.

The Louisiana Revised Statute 39:1310 requires the operating budget of the general fund to be amended whenever 1) Total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more; 2) Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more; or 3) Actual beginning fund balance, within a fund, fails to meet estimated beginning fund balance by five percent or more and fund balance is being used to fund current year expenditures.

The Town is in compliance with the Louisiana Local Government Budget Act.

OTHER SUPPLEMENTAL INFORMATION

TOWN OF STONEWALL, LOUISIANA

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

For the year ended June 30, 2023

Ken Kaffka, Mayor

Purpose:

Salary	\$	16,800
Benefits- insurance		-
Benefits- retirement		-
Benefits- deferred compensation		-
Benefits- other		1,286
Auto allowance		-
Per diem		-
Reimbursements		20
Travel		181
Registration fees		-
Conferences and seminars		135
Continuing professional education fees		-
Cell phone		-
Unvouchered expenses		-
Special meals		-

Supplemental information.
See the accompanying independent auditor's report.

Justice System Funding Schedule - Collecting/Disbursing Entity
As Required by Act 87 of the 2020 Regular Legislative Session

SCHEDULE 3

Identifying Information		
Entity Name	Town of Stonewall	
LLA Entity ID #	2449	
Date that reporting period ended (mm/dd/yyyy)	June 30, 2023	
Cash Basis Presentation	First Six Month Period Ended 12/31/22	Second Six Month Period Ended 6/30/23
Beginning Balance of Amounts Collected (i.e. cash on hand)	-	-
Add: Collections		
Criminal Fines - Other	1,003	2,292
Subtotal Collections	1,003	2,292
Less: Disbursements To Governments & Nonprofits:		
DeSoto Parish Crime Stoppers, Inc - Criminal Fines - Other	6	8
La. Dept. of Health and Hospitals - Criminal Fines - Other	10	15
42nd Judicial District Indigent Defender Fund - Criminal Fines - Other	23	30
Louisiana Commission on Law Enforcement - Criminal Fines - Other	28	38
Louisiana Supreme Court - Criminal Fines - Other	2	2
North Louisiana Criminalistics Laboratory - Criminal Fines - Other	90	120
Treasurer State of Louisiana - Criminal Fines - Other	3	4
Ware Youth Center - Criminal Fines - Other	22	30
Less: Amounts Retained by Collecting Agency		
Amounts "Self-Disbursed" to Collecting Agency: Criminal Fines - Other	819	2,045
Subtotal Disbursements/Retainage	1,003	2,292
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	-	-

See independent auditor's report.

OTHER REPORTS REQUIRED BY *GOVERNMENT AUDITING
STANDARDS*



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

The Honorable Kenneth Kaffka, Mayor
and the Members of the Town Council
of the Town of Stonewall, Louisiana

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and general fund of the Town of Stonewall, Louisiana as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Stonewall, Louisiana's basic financial statements and have issued our report thereon dated December 6, 2023.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Stonewall, Louisiana's, financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

This report is intended solely for the information and use of the Town of Stonewall management and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited. Under Louisiana Revised Statute 21:513 this report is a public document.

Dees Gardner, Certified Public Accountants, LLC

Mansfield, Louisiana
December 6, 2023

AUDIT FINDINGS

TOWN OF STONEWALL, LOUISIANA
Schedule of Findings and Responses
For the Year ended June 30, 2023

SUMMARY OF AUDITOR'S REPORTS

INDEPENDENT AUDITOR'S REPORT:

We have audited the basic financial statements of Town of Stonewall, Louisiana as of and for the year ended June 30, 2023, and have issued our report thereon dated December 6, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the basic financial statements as of June 30, 2023, resulted in an unmodified opinion.

REPORT ON INTERNAL CONTROL AND COMPLIANCE MATERIAL AND OTHER MATTERS TO THE FINANCIAL STATEMENTS:

Internal Control

Significant Deficiency	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Material Weakness	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Compliance

Compliance Material to Financial Statements	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Other Matters	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

FEDERAL AWARDS

Not applicable

MANAGEMENT LETTER

None.

MANAGEMENT'S CORRECTIVE ACTION PLAN

None.

Part II. Findings relating to the Financial Statements which are required to be reported under *Government Auditing Standards*.

FINDINGS RELATED TO INTERNAL CONTROL

None.

FINDINGS RELATED TO COMPLIANCE

None.

TOWN OF STONEWALL, LOUISIANA
Summary Schedule of Prior Year Findings
For the year ended June 30, 2023

None.



Dees Gardner, Certified Public Accountants, LLC

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Independent Accountant's Report On Applying Agreed-Upon Procedures

To the Honorable Kenneth Kaffka, Mayor,
the members of the Town Council
of the Town of Stonewall, Louisiana
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Town of Stonewall (the Town) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. The Town's management is responsible for those C/C areas identified in the SAUPs.

The Town has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) **Written Policies and Procedures**

- A. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
- i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - ii. **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - iii. **Disbursements**, including processing, reviewing, and approving.
 - iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions.
 - v. **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
 - vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - vii. **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - viii. **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Written policies and procedures of the Town were obtained and were found to address the sections noted above. No exceptions were noted as a result of this procedure.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

No exceptions were noted as a result of this procedure.

- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions were noted as a result of this procedure.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

No exceptions were noted as a result of this procedure.

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Section not applicable to entity.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Section not applicable to entity.

3) Bank Reconciliations

- A. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

A listing of client bank accounts from management and management's representation that the listing is complete were obtained. The main operating account and 4 additional accounts were selected for review.

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

No exceptions were noted as a result of this procedure.

- ii. Bank reconciliations include evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

No exceptions were noted as a result of this procedure.

- iii. Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exceptions were noted as a result of this procedure.

4) Collections (excluding EFTs)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

A listing of deposit sites for the fiscal period and management's representation that the listing is complete were obtained. The only deposit site of the entity was selected.

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

A listing of collection locations and management's representation that the listing is complete was obtained. A random collection location of the entity was selected.

- i. Employees that are responsible for cash collections do not share cash drawers/registers.

Employees do share cash collection drawers, but the entity has compensating controls in place.

- ii. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

No exceptions were noted as a result of this procedure.

- iii. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

No exceptions were noted as a result of this procedure.

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

No exceptions were noted as a result of this procedure.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

No exceptions were noted as a result of this procedure.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3A under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on

the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

- i. Observe that receipts are sequentially pre-numbered.
No exceptions were noted as a result of this procedure.
- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
No exceptions were noted as a result of this procedure.
- iii. Trace the deposit slip total to the actual deposit per the bank statement.
No exceptions were noted as a result of this procedure.
- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
No exceptions were noted as a result of this procedure.
- v. Trace the actual deposit per the bank statement to the general ledger.
No exceptions were noted as a result of this procedure.

5) Non-Payroll Disbursements (exclude card and petty cash purchases, and travel reimbursements)

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
A listing of locations that process payments for the fiscal period and management's representation that the listing is complete were obtained. The only location of the entity was selected.
- B. For each location selected under #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
No exceptions were noted as a result of this procedure.
 - ii. At least two employees are involved in processing and approving payments to vendors.
No exceptions were noted as a result of this procedure.
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
No exceptions were noted as a result of this procedure.
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
No exceptions were noted as a result of this procedure.
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
No exceptions were noted as a result of this procedure.
- C. For each location selected under #5A above, obtain the entity's non-payroll disbursement transaction population and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- i. Observe that the disbursement matched the related original invoice/billing statement.
No exceptions were noted as a result of this procedure.
 - ii. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B, as applicable.
No exceptions were noted as a result of this procedure.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.
No exceptions were noted as a result of this procedure.

6) Credit Cards/Debit Cards/Fuel Cards/P-Cards

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
A listing of active cards for the fiscal period and management's representation that the listing is complete were obtained.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- i. Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
No exceptions were noted as a result of this procedure.
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
No exceptions were noted as a result of this procedure.
- C. Using the monthly statements or combined statements selected under #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.
No exceptions were noted as a result of this procedure.

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of

each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- i. If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exceptions were noted as a result of this procedure.

- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No exceptions were noted as a result of this procedure.

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policies and procedures procedure 1A.

A list of meal participants was not included when receipts showed multiple entrees, however, additional entrees were excluded from reimbursement.

- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions were noted as a result of this procedure.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

A listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period and management's representation that the listing is complete were obtained.

- i. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

No exceptions were noted as a result of this procedure.

- ii. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

No exceptions were noted as a result of this procedure.

- iii. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

No amendments to contracts were noted.

- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions were noted as a result of this procedure.

9) Payroll and Personnel

- A. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

A listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete were obtained. Five employees of the entity were selected for review.

- B. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #9A above, obtain attendance records and leave documentation for the pay period, and:
- i. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
No exceptions were noted as a result of this procedure.
 - ii. Observe that supervisors approved the attendance and leave of the selected employees/officials.
No exceptions were noted as a result of this procedure.
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
No exceptions were noted as a result of this procedure.
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
No exceptions were noted as a result of this procedure.
- C. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
No exceptions were noted as a result of this procedure.
- D. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.
No exceptions were noted as a result of this procedure.

10) Ethics

- A. Using the 5 randomly selected employees/officials from procedure #9A under "Payroll and Personnel" above obtain ethics documentation from management, and:
- i. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year as require by R.S. 42:1170.
No exceptions were noted as a result of this procedure.
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
No exceptions were noted as a result of this procedure.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.
No exceptions were noted as a result of this procedure.

11) Debt Service

- A. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
Section not applicable to entity.

- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Section not applicable to entity.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

No misappropriations reported by entity.

- B. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions were noted as a result of this procedure.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures:

- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
- ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the procedures and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from procedure #9A under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

No exceptions were noted as a result of this procedure.

- B. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

No exceptions were noted as a result of this procedure.

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the agency who have completed the training requirements;
100%.
 - ii. Number of sexual harassment complaints received by the agency;
0.
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
0.
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
0.
 - v. Amount of time it took to resolve each complaint.
0.

We were engaged by the Town to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Dees Gardner, Certified Public Accountants, LLC

Mansfield, LA
December 6, 2023