

**TOWN OF STONEWALL, LOUISIANA**

**Annual Financial Statements**

**June 30, 2017**

# TOWN OF STONEWALL, LOUISIANA

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# Dees Gardner, Certified Public Accountants, LLC

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Charles Waldon, Mayor  
and the Members of the Town Council  
Town of Stonewall, Louisiana

We have audited the accompanying financial statements of the governmental activities and the general fund of the Town of Stonewall, Louisiana, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Audit Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

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 general fund of the Town of Stonewall, Louisiana, as of June 30, 2017, 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.

## **Other Matters**

### *Required and Other Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, listed as required supplementary information (Part I) in the table of contents, 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 the 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Stonewall's basic financial statements. The budgetary comparison schedule listed as required supplementary information (part II) in the table of contents as required by the Governmental Accounting Standards Board and the schedule of compensation, benefits and other payments to agency head or chief executive officer listed as other supplemental information in the table of contents as required by Louisiana Revised Statute 24:513(A)(3), are presented for purposes of additional analysis and are not required parts of the basic financial statements. The budgetary comparison statement and the schedule of compensation, benefits and other payments to agency head or chief executive officer are the responsibility of management and were 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 18, 2017, 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 that 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.

In accordance with the requirements of the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, we have issued a report dated December 18, 2017 on the results of those procedures and management's response on pages 35 through 45.

*Dees Gardner, CPAs, LLC*

Mansfield, Louisiana  
December 18, 2017

REQUIRED SUPPLEMENTAL INFORMATION (PART I)

TOWN OF STONEWALL, LOUISIANA  
**Management's Discussion and Analysis**

June 30, 2017

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, 2017. 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 \$348,655 (9.92%) during the fiscal year ended June 30, 2017, compared to an increase of \$240,314 (7.34%) the prior year. At June 30, 2017, the assets of the Town exceeded its liabilities by \$3,863,262 compared to prior year's ending net position of \$3,514,607.

The Town's total revenues increased \$16,324 or 1.79% to \$927,777 for fiscal year ended June 30, 2017 from \$911,453 in June 30, 2016. This is due to an increase in sales tax revenue and charges for services.

As of the close of the fiscal year, the Town's governmental funds reported an ending fund balance of \$1,284,2386, a decrease of \$60,068 from the \$1,344,306 fund balance for the prior year.

### **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 of 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 can be found immediately following this discussion and analysis.

### ***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. In particular, 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 can be found immediately following the government-wide financial statements.

### **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).

## 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 \$3,863,262 at June 30, 2017.

The portion of the Town's net position of \$2,579,024 (66.76%) at June 30, 2017, 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 \$2,170,301 (61.75%) as of June 30, 2016. 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, \$1,284,238 (33.24%) and \$1,344,306 (38.25%) as of June 30, 2017 and 2016, 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. \$1,262,894 (98.34%) of the unrestricted net position of the Town consists of cash, demand deposits, and certificates of deposit compared to \$1,545,800 (114.99%) for the prior year.

A summary of the Statement of Net Position is below:

	June 30, 2017	June 30, 2016
<b>ASSETS</b>		
Cash and cash equivalents	\$ 742,775	\$ 1,545,800
Investments	520,119	-
Accounts receivable	39,950	47,987
Utility deposits	55	55
Prepaid expenses	29,556	30,324
Capital assets (net of accumulated depreciation)	2,579,024	2,170,301
<b>TOTAL ASSETS</b>	<b>\$ 3,911,479</b>	<b>\$ 3,794,467</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 48,217	\$ 279,860
<b>TOTAL LIABILITIES</b>	<b>\$ 48,217</b>	<b>\$ 279,860</b>
<b>NET POSITION</b>		
Net investment in capital assets	\$ 2,579,024	\$ 2,170,301
Unrestricted	1,284,238	1,344,306
<b>TOTAL NET POSITION</b>	<b>\$ 3,863,262</b>	<b>\$ 3,514,607</b>

**Changes in net position**

The Town's net position increased by \$348,655 (9.92%) during the year ended June 30, 2017, compared to an increase of \$240,314 (7.34%) in 2016. General revenue decreased by \$4,628 and program revenue increased by \$20,952 due primarily to an increase in capital grants.

\$128,120 (13.81%) of the Town's total revenues was derived through charges for services during 2017 compared to \$142,222 (15.6%) for the prior year. The Town received \$97,091 (10.46%) and \$62,037 (6.81%) of its total revenues through program grants and contributions during 2017 and 2016, respectively. \$702,556 (75.73%) was derived from general revenues including sales taxes, franchise taxes, occupational license, rent, and interest compared to \$707,194 (77.59%) during 2016. The net effect of the *increase* in revenue is \$16,324 or 1.79%.

The expenses were down \$92,017 or 13.71%. The principal expenses were for general and administrative \$208,947 (36.08%), public safety \$199,439 (34.44%), and public works \$127,607 (22.03%).

A summary of the Statement of Activities is below:

	For the year ended <u>June 30, 2017</u>	For the year ended <u>June 30, 2016</u>
<b>Revenue</b>		
Program revenues:		
Charges for services	\$ 128,120	\$ 142,222
Grants, operations	657	6,925
Grants, capital	96,434	55,112
General revenues:		
Sales tax	402,663	387,949
Franchise tax	178,266	176,060
License & permits	108,149	109,902
Other general revenue	21,776	33,953
Interest	2,726	2,347
Gain on sale of assets	(11,014)	(3,017)
Total revenues	<u>927,777</u>	<u>911,453</u>
<b>Expenses</b>		
General and administrative	208,947	236,633
Public safety	199,439	249,994
Public works	127,607	134,847
Parks and recreation	41,005	46,763
Economic Development	2,124	2,902
Total expenses	<u>579,122</u>	<u>671,139</u>
Increase (decrease) in net position	348,655	240,314
Net position beginning of year	<u>3,514,607</u>	<u>3,274,293</u>
Net position end of year	<u>\$ 3,863,262</u>	<u>\$ 3,514,607</u>

## **Financial Analysis of the Governmental Funds**

As noted earlier, the Town of Stonewall uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financing requirements. In particular, 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, 2017, the General Fund's fund balance of \$1,284,238 shows a decrease of \$60,068 (4.47%) in comparison to \$1,344,306 at June 30, 2016.

## **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.). Budgeted revenues were less than actual revenues by \$63,391. Total expenditures were less than budgeted expenditures by \$162,142. The Town amended the budget once during the period ended June 30, 2017.

## **Capital Asset and Debt Administration**

**Capital assets** The Town of Stonewall's investment in capital assets for its governmental activities as of June 30, 2017, totaled \$2,579,024 (net of accumulated depreciation of \$1,097,569). This investment includes land, buildings, furniture, equipment and infrastructure. The town expensed \$573,183 for capital outlays which included a copier and occupational tax software for general government, street drainage improvements for public works, a lightbar for public safety, and a new sign and roof for the community center and walking trail, parking lot, and handicap swing at the park for parks and recreation. Three police cars were sold during the year. Depreciation expense was \$147,227. The net increase in capital assets for the year was \$425,953.

**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, 2018, the following factors were considered when the budget was prepared:

- General revenues will remain consistent with the prior year.
- There will be no police fines with the disbandment of the police department in September, 2018.
- The Town does not expect to receive significant grant monies
- Other expenditures, excluding public safety, are expected to remain steady with the prior 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

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

**TOWN OF STONEWALL, LOUISIANA**  
**STATEMENT OF NET POSITION**

June 30, 2017

		GOVERNMENTAL ACTIVITIES
<b>ASSETS</b>		
Cash and cash equivalents	\$	742,775
Investments		520,119
Accounts receivable		39,950
Prepaid expenses		29,556
Deposits		55
Capital assets, net of depreciation		2,579,024
TOTAL ASSETS	\$	3,911,479
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	\$	47,533
Payroll liabilities		684
Total current liabilities		48,217
TOTAL LIABILITIES	\$	48,217
<b>NET POSITION</b>		
Net investment in capital assets	\$	2,579,024
Unrestricted		1,284,238
TOTAL NET POSITION	\$	3,863,262

The accompanying notes are an integral part of the financial statements.

**TOWN OF STONEWALL, LOUISIANA**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2017

Governmental Activities	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
					Governmental Activities
General government					
Administration	\$ 179,242	\$ 1,645	\$ 657	\$ -	\$ (176,940)
Building and grounds	29,705	21,980	-	3,230	(4,495)
Public safety-police	199,439	103,642	-	-	(95,797)
Public works- streets	127,607	853	-	76,288	(50,466)
Economic development	2,124	-	-	-	(2,124)
Parks and recreation	41,005	-	-	16,916	(24,089)
<b>Total Governmental Activities</b>	<b>\$ 579,122</b>	<b>\$ 128,120</b>	<b>\$ 657</b>	<b>\$ 96,434</b>	<b>(353,911)</b>
General Revenues:					
					402,663
Sales tax					178,266
Franchise taxes					108,149
Licenses and permits					2,726
Investment earnings					21,776
Other general revenue					(11,014)
Gain/(Loss) on sale of assets					<u>702,566</u>
Total General Revenues					
					348,655
Change in Net Position					
					<u>3,514,607</u>
Net Position Beginning					
					<u>\$ 3,863,262</u>
Net Position Ending					

The accompanying notes are an integral part of the financial statements.

## FUND FINANCIAL STATEMENTS

**TOWN OF STONEWALL, LOUISIANA**  
**BALANCE SHEET, GOVERNMENTAL FUND**  
June 30, 2017

		General Fund
<b>ASSETS</b>		
Cash and cash equivalents	\$	742,775
Investments		520,119
Accounts receivable		39,950
Prepaid expenses		29,556
Deposits		55
 TOTAL ASSETS	 \$	 <u><u>1,332,455</u></u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	\$	47,533
Payroll liabilities		684
Total Liabilities		<u>48,217</u>
Fund Balances:		
Nonspendable		29,611
Unassigned		1,254,627
Total Fund Balances		<u>1,284,238</u>
 TOTAL LIABILITIES AND FUND BALANCES	 \$	 <u><u>1,332,455</u></u>

**Reconciliation of Fund Balance of Governmental Funds to the Governmental Activities  
in the Statement of Net Position**

Fund Balance of Governmental Funds	\$	1,284,238
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore are not reported in funds

Add capital assets	\$	3,676,593	
Less accumulated depreciation		(1,097,569)	2,579,024
Net Position of Governmental Activities, Statement A	\$		<u>3,863,262</u>

The accompanying notes are an integral part of the financial statements.

**TOWN OF STONEWALL, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUND**

For the Year Ended June 30, 2017

	General Fund
<b>Revenues</b>	
Sales taxes	\$ 402,663
Franchise taxes	178,266
Intergovernmental revenue	
State grants	17,000
Federal grant	76,288
Licenses and permits	130,982
Charges for services	1,645
Fines and forfeitures	103,642
Interest income	2,726
Donations	3,803
Other	21,776
Total Revenues	938,791
<b>Expenditures</b>	
Current:	
General government	180,395
Public safety-Police	186,396
Public works- Streets and right of ways	39,976
Economic development	2,124
Parks and recreation	23,004
Capital outlays	573,183
Total Expenditures	1,005,078
Net Change in Fund Balance before Other Financing Source	(66,287)
Other Financing Source	
Sale of assets	6,219
Total Other Financing Source	6,219
Net Change in Fund Balance	(60,068)
<b>Fund balance, beginning of year</b>	1,344,306
<b>Fund balance, end of year</b>	\$ 1,284,238

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Funds to the Statement of Activities**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund Balance--governmental funds	\$ (60,068)
Governmental funds report capital outlays as expenditures and the sales price of assets as revenue. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense and gain or loss on disposition of assets is recorded.	
Sale proceeds for assets (\$6,219) and loss on sale of assets (\$11,014)	(17,233)
Capital Outlays (\$573,183) less depreciation expense (\$147,227)	425,956
Change in Net Position, Statement of Activities	\$ 348,655

The accompanying notes are an integral part of the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

**TOWN OF STONEWALL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
As of and For the Year Ended June 30, 2017

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## **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 safety-police; sanitation; public improvements; culture and recreation and general services. The Town is located in the northwest Louisiana parish of DeSoto and has a population of 1,800, more or less. The Town employs seven.

## **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 Board of Aldermen).

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 accounting principles generally accepted in the United States of America (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. GAAP as applicable to governments also conforms to the requirements of Louisiana R.S. 24:517 and the guides set forth in the *Louisiana Municipal Audit and Accounting Guide* and to the industry guide, *Audits of State and Local Government Units*, published by the American Institute of Certified Public Accountants.

### **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 the total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds, or management believes that the fund is particularly important to the financial statement users. The municipality 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.

**TOWN OF STONEWALL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
As of and For the Year Ended June 30, 2017

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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) 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 and cash equivalents include 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. The Town does not currently have any certificates or time deposits that exceed approximately 90 days.

**TOWN OF STONEWALL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
As of and For the Year Ended June 30, 2017

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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 over the following useful lives:

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

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. 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. 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 more than forty hours may be carried over from one year to the next without the Mayor's permission.

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 vacation leave is accrued as a liability as the benefits are earned by the employees. Sick leave is not accrued. At June 30, 2017, 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.

**TOWN OF STONEWALL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
As of and For the Year Ended June 30, 2017

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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.

**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.
- 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, 2017.
- 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, 2017.
- 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, 2017.
- 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.

**TOWN OF STONEWALL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
As of and For the Year Ended June 30, 2017

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**NOTE 2. CASH AND INVESTMENTS**

*Cash:*

At June 30, 2017, the Town has cash and cash equivalents (book balances) in demand deposits totaling \$742,775. These deposits are stated at cost, which approximates market.

*Investments:*

At June 30, 2017, the Town has investments in certificates of deposit totaling \$520,119. These are all being held for a period of one year or less.

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.

At June 30, 2017, the Town had collected bank balances of totaling \$1,253,585. These deposits are secured from risk by \$636,088 of federal deposit insurance. The remaining balance of \$617,497 is secured by pledged securities 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 \$39,950 at June 30, 2017, are as follows:

Franchise tax	\$ 39,450
Other	500
Total	<u>\$ 39,950</u>

**TOWN OF STONEWALL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
As of and For the Year Ended June 30, 2017

**NOTE 4. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the ended June 30, 2017, for the Town is as follows:

	Balance 6/30/2016	Increases	Reclassifications/ Decreases	Balance 6/30/2017
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	\$ 691,935	\$ 13,970	\$ -	\$ 705,905
Equipment and furniture	152,158	8,841	(7,405)	153,594
Heavy Machinery	32,815	-	-	32,815
Improvements	1,867,889	548,652	-	2,416,541
Vehicles	135,385	1,720	(22,000)	115,105
Total capital assets being depreciated	<u>2,880,182</u>	<u>573,183</u>	<u>(29,405)</u>	<u>3,423,960</u>
Less accumulated depreciation for				
General government	254,337	28,552	(4,730)	278,159
Public Safety	117,235	13,043	(7,442)	122,836
Culture and recreation	132,050	18,001	-	150,051
Public Works	458,892	87,631	-	546,523
Total accumulated depreciation	<u>962,514</u>	<u>147,227</u>	<u>(12,172)</u>	<u>1,097,569</u>
Total Capital assets being depreciated net \$	<u>2,170,301</u>	<u>\$ 425,956</u>	<u>\$ (17,233)</u>	<u>\$ 2,579,024</u>

Depreciation expense of \$147,227 for the year ended June 30, 2017, was charged to the following governmental functions:

General government	\$ 28,552
Public safety	13,043
Public works	87,631
Culture and recreation	18,001
	<u>\$ 147,227</u>

**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 year end June 30, 2017, is \$1,472.

**NOTE 6. LITIGATION AND CLAIMS**

The Town of Stonewall is not involved in any litigation at June 30, 2017, nor is it aware of any unasserted claims.

**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.

**TOWN OF STONEWALL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
As of and For the Year Ended June 30, 2017

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**NOTE 8. COOPERATIVE ENDEAVOR AGREEMENTS**

In May, 2005, the Town entered into a cooperative endeavor agreement with the DeSoto Parish School Board to lease unused school property for twenty-five years to the Town. The Town currently utilizes the property to house DeSoto Fire District No. 3 and the park. Lease expense was prepaid for 5 years until 2020.

In August, 2013, the Town entered into a cooperative endeavor agreement with the DeSoto Parish Clerk of Court to provide, at no cost to the Clerk of Court, a satellite office. The Town pays all utilities except for phone and internet.

In November, 2014, the Town entered into a cooperative endeavor agreement with the DeSoto Parish Tax Assessor to provide, at no other additional costs to the Assessor, a satellite office. The Town pays all utilities except for phone and internet.

**NOTE 9. RELATED PARTY TRANSACTIONS**

Procedures, observations, and inquiries did not disclose any material related party transactions for this fiscal year ended June 30, 2017.

**NOTE 10. PAYMENTS TO COUNCIL MEMBERS**

		Per Diem	Registration Fees	Conference Travel	Total
Margaret Dickerson	Councilwoman	\$ 600	\$ 200	\$ 181	\$ 981
Nicholas Gasper	Councilman	600	-	-	600
Pat Loftus	Councilman	550	-	-	550
Randall Rodgers	Councilman	550	200	154	904
Dot Simmons	Councilwoman	600	200	18	818
Totals		<u>\$ 2,900</u>	<u>\$ 600</u>	<u>\$ 353</u>	<u>\$ 3,853</u>

**NOTE 11. SUBSEQUENT EVENTS**

Management has performed an evaluation of the Town's activities through December 18, 2017, and has concluded that there is one significant events requiring recognition or disclosure through the date and time these financial statements were available to be issued. On September 12, 2017, the Town Council adopted an ordinance abolishing the police department.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

**TOWN OF STONEWALL, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Sales taxes	\$ 300,000	\$ 400,000	\$ 402,663	\$ 2,663
Franchise taxes	180,000	180,000	178,266	(1,734)
Intergovernmental revenue				
State grants	55,000	55,000	17,000	(38,000)
Reimbursements	18,000	18,000	-	(18,000)
Federal grant	-	-	76,288	76,288
License and permits	103,200	103,200	130,982	27,782
Charges for services	2,000	2,000	1,645	(355)
Court fines and forfeitures	100,000	100,000	103,642	3,642
Investment earnings	1,200	1,200	2,726	1,526
Donations	-	-	3,803	3,803
Other revenue	16,000	16,000	21,776	5,776
Total Revenues	<u>775,400</u>	<u>875,400</u>	<u>938,791</u>	<u>63,391</u>
<b>Expenditures</b>				
Current:				
General government administrative	193,270	168,270	150,691	17,579
Other general government	37,950	37,950	29,704	8,246
Public safety	351,300	225,300	186,396	38,904
Public works	39,500	56,500	39,976	16,524
Economic development	5,000	5,000	2,124	2,876
Parks and recreation	28,200	20,200	23,004	(2,804)
Capital outlay	654,000	654,000	573,183	80,817
Total Expenditures	<u>1,309,220</u>	<u>1,167,220</u>	<u>1,005,078</u>	<u>162,142</u>
Net Change in Fund Balance before other financing sources	<u>(533,820)</u>	<u>(291,820)</u>	<u>(66,287)</u>	<u>225,533</u>
Other financing source				
Sale of assets	-	-	6,219	6,219
Total other financing source	<u>-</u>	<u>-</u>	<u>6,219</u>	<u>6,219</u>
Net Change in Fund Balance	(533,820)	(291,820)	(60,068)	231,752
<b>Fund balances, beginning of year</b>	<u>1,344,306</u>	<u>1,344,306</u>	<u>1,344,306</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 810,486</u>	<u>\$ 1,052,486</u>	<u>\$ 1,284,238</u>	<u>\$ 231,752</u>

The accompanying notes are an integral part of the financial statements.

**TOWN OF STONEWALL**  
**NOTES TO THE BUDGETARY COMPARISON SCHEDULE**

As of and For the Year Ended June 30, 2017

**Budgetary Information**

The proposed budget for June 30, 2017, fiscal year was adopted June 14, 2016, 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 once 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 not amended 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 HEADS OR CHIEF EXECUTIVE OFFICER**  
For the Year Ended June 30, 2017

	Charles Waldon Mayor	Tommy Dufrene Police Chief
Salary	16,800	16,800
Benefits-insurance (Medicare)	244	245
Benefits- retirement (Social Security)	1,042	1,048
Benefits - retirement		432
Car allowance		
Dues and memberships		100
Per diem		
Reimbursements		293
Travel		
Registration fees	200.00	
Conference travel		
Continuing professional education fees		
Court pay		100
Cell phone	805	380
Uniforms		394
Total	<u>19,091</u>	<u>19,792</u>

See independent auditor's report.

OTHER REPORTS REQUIRED BY *GOVERNMENT AUDITING*  
*STANDARDS*



# Dees Gardner, Certified Public Accountants, LLC

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Deborah D. Dees, CPA/CFF

122 Jefferson Street

Maura Dees Gardner, CPA, CFE

Mansfield, LA 71052

318-872-3007

## **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 Charles Waldon  
And the Members of the Town Council of  
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, 2017, 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 18, 2017.

### 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.

### 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. 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, CPAs, LLC*

Mansfield, Louisiana  
December 18, 2017

**TOWN OF STONEWALL, LOUISIANA**  
Schedule of Findings and Responses  
For the Year ended June 30, 2017

**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, 2017, and have issued our report thereon dated December 18, 2017, 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, 2017, 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, 2017

**2016-01.** Inadequate internal control over the safeguarding of ticket books.

Resolved.

**2016-02.** Inadequate design of controls for the evidence room, other confidential information, and police supplies.

Resolved.



# Dees Gardner, Certified Public Accountants, LLC

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Deborah D. Dees, CPA/CFF

122 Jefferson Street

Maura Dees Gardner, CPA, CFE

Mansfield, LA 71052

318-872-3007

## Independent Accountant's Report On Applying Agreed-Upon Procedures

To the Honorable Charles Waldon, Mayor  
and the Members of the Town Council for  
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 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, 2016 through June 30, 2017. The Town's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

### **Written Policies and Procedures**

---

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget

*Written policies and procedures were obtained and address the functions noted above.*

b) **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.

*Written policies and procedures were obtained and address the functions noted above except as to how vendors are added to the vendor list.*

c) **Disbursements**, including processing, reviewing, and approving

*Written policies and procedures were obtained and address the functions noted above.*

d) **Receipts**, including receiving, recording, and preparing deposits

*Written policies and procedures were obtained and address the functions noted above.*

e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

*Written policies and procedures were obtained and address the functions noted above.*

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

*Written policies and procedures were obtained and address the functions noted above.*

- g) **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, and (5) monitoring card usage

*Written policies and procedures were obtained and address the functions noted above.*

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

*Written policies and procedures were obtained and address the functions noted above.*

- i) **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. Note: Ethics requirements are not applicable to nonprofits.

*Written policies and procedures were obtained and address the functions noted above.*

- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*Written policies and procedures do not address debt service.*

**Management Response:** *Management will review current written procedures and address any noted deficiencies as required. There is currently no debt maintained by the Town. There are no plans in the foreseeable future to take on any debt, but in the event debt is considered, a written policy will be adopted.*

#### **Board (or Finance Committee, if applicable)**

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2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

*The Town Council met with a quorum on a monthly basis.*

Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

*The minutes included monthly budget-to-actual comparisons and referenced discussion on them.*

- b) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

*Non-budgetary financial information was referenced in at least one meeting.*

## **Bank Reconciliations**

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3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

*A listing of client bank accounts from management and management's representation that the listing is complete were obtained.*

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

*Bank statements and reconciliations for all months in the fiscal period were obtained. The reconciliations have been prepared for all months for each of the entities four total accounts.*

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

*Bank statements and reconciliations for all months in the fiscal period were obtained. Evidence of management review is not present.*

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

*No reconciling items outstanding for more than six months were noted.*

**Management Response:** *Management will begin to initial and date reconciliations to clearly demonstrate review has taken place.*

## **Collections**

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5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

*A listing of cash collection locations and management's representation that the listing was complete were obtained.*

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

*In the single collection location for the entity, the person responsible for collecting cash is bonded, not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account. The entity does not utilize a cash register or drawer.*

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

*The highest (dollar) week of cash collections for the selected locations was obtained along with collection documentation, deposit slips, & bank statements. In reviewing the entity's collections, it was noted that deposits were not consistently made within one day of collection.*

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

*In the single collection location for the entity, there is a formal process to reconcile cash collections to the general ledger by revenue source by a person not responsible for cash collections.*

- 7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

*The entity does not have a formal written policy determining completeness of collections by a person who is not responsible for collections but does have a procedure in place.*

**Management Response:** *Management will review its procedures regarding collections and make changes that are practical and warranted. Any changes will take into consideration the staffing limitations of the Town and the limited cash collections handled.*

#### ***Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)***

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- 8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

*A listing of disbursements from management and management's representation that the listing was complete was obtained.*

- 9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

*Examining the supporting documentation for the 25 disbursements selected, evidence was found that purchases were initiated using a requisition/purchase order system or equivalent electronic system.*

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

*No exceptions were noted as a result of this procedure.*

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

*No exceptions were noted as a result of this procedure.*

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

*The entity does not have written documentation prohibiting the person responsible for processing payments from adding vendors to the purchasing/disbursement system, however, current procedures utilized do prohibit the practice. The person responsible for processing payments who adds vendors to the system is an employee of an outside accounting firm and does not have signatory authority.*

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

*The entity does not have written documentation that requires that the person with signatory authority or the person that makes the final authorizations for disbursements has no responsibility for initiating or recording purchases.*

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

*Entity utilizes electronic check printing and an inquiry of management and a review of documentation indicated that a person with signatory authority does not have system access to print checks.*

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

*The Mayor is the signatory authority and a signature stamp is used. The stamp is used only with the knowledge of the Mayor, but storage of the stamp is in an unlocked drawer. No exceptions noted with storage of signed checks.*

**Management Response:** *Management will review its procedures regarding disbursements and make changes that are practical and warranted. The Mayor will ensure the signature stamp will be stored in a locked drawer with limited access.*

### **Credit Cards/Debit Cards/Fuel Cards/P-Cards**

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14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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 all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards and management's representation that the listing was complete was obtained.*

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

*There were two credit cards active during the fiscal period and both were selected for testing.*

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

*Monthly statements were obtained for the selected cards, and there was evidence that each statement was reviewed and approved by someone other than the authorized card holder.*

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

*Monthly statements were obtained for the selected cards and no finance charges and/or late fees were found.*

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

*All of the reviewed transactions included an original itemized receipt.*

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

*No exceptions were noted as a result of this procedure.*

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

*No exceptions were noted as a result of this procedure.*

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

*No exceptions were noted as a result of this procedure*

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*No exceptions were noted as a result of this procedure.*

### **Travel and Expense Reimbursement**

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

*A listing of all travel and related expense reimbursements by person during the fiscal period was obtained. Management's representation that the listing was complete was obtained.*

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

*The entity's written policies relating to travel and expense reimbursements were obtained and no amounts listed exceeded those amounts established by the U.S. General Services Administration.*

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

*No exceptions were noted as a result of applying this procedure.*

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

*No exceptions were noted as a result of applying this procedure.*

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

*No exceptions were noted as a result of applying this procedure.*

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

*No exceptions were noted as a result of applying this procedure.*

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*No exceptions were noted as a result of applying this procedure.*

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*No exceptions were noted as a result of applying this procedure.*

## **Contracts**

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20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

*A listing of all contracts in effect and management's representation that the listing is complete was obtained.*

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

*No exceptions were noted as a result of applying this procedure.*

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).

*There were no instances of noncompliance noted as a result of applying this procedure.*

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

*There were two instances reviewed wherein the entity did not solicit quotes as a best practice.*

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

*Two of the contracts reviewed were amended; however, the amendments were limited in scope, were not prohibited by the original contract and did not have a material financial impact.*

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

*There were no instances of noncompliance noted as a result of applying this procedure.*

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

*In reviewing the policy of the entity, the Town Council's approval of reviewed contracts would not be required. However in two instances, approval by the Town Council to waive a best practices policy of the entity regarding service contracts over set limits would have been required and was not found.*

**Management Response:** *Management will review our policies regarding payments for services and determine if modifications are required.*

## **Payroll and Personnel**

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22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

*Obtained listing of employees (and elected officials, if applicable) with their related salaries and management's representation that the listing was complete.*

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

*No employment contracts or pay rate structure were noted for the entity.*

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

*No exceptions were noted as a result of applying this procedure.*

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

*Documentation of daily attendance was reviewed for the selected employees.*

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

*No exceptions were noted as a result of applying this procedure.*

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

*No exceptions were noted as a result of applying this procedure.*

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

*No exceptions were noted as a result of applying this procedure.*

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

*No exceptions were noted as a result of applying this procedure*

**Management Response:** Given the current limited number of employees of the Town, the development of a pay structure or the use of employment contracts is not necessary or practical at this time.

### **Ethics (excluding nonprofits)**

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26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

*No exceptions were noted as a result of applying this procedure.*

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

*Management asserted that they have received no allegations during the fiscal period.*

### **Debt Service (excluding nonprofits)**

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28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

*No debt was issued during the fiscal period.*

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

*No debt was maintained during the fiscal period.*

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

*No debt was maintained during the fiscal period.*

### **Other**

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31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*Management has asserted that the entity did not have any misappropriations of public funds or assets.*

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

*The entity maintains a website and has the notice posted there and on its premises.*

33. If the practitioner observes or otherwise identifies any exceptions regarding management’s representations in the procedures above, report the nature of each exception.

*No exceptions were observed or identified regarding management’s representations in the procedures above.*

We were not engaged to and did not conduct an examination or review, 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.

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 18, 2017