

OTHER REPORTS

TOWN OF OIL CITY, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups
December 31, 1996

	Governmental Fund Types			Account Group	Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	General Fixed Assets	1996	1995
ASSETS						
Cash	\$ 144,452	\$ 73,837	\$ 7,926	\$ -	\$ 226,215	\$ 319,204
Investments, at cost	152,218	326,733	-	-	478,951	246,227
Receivables (net where applicable, of allowances for uncollectibles)	7,940	16,360	-	-	24,300	26,768
Due from other funds	-	9,815	-	-	9,815	11,780
Refundable deposits	410	-	-	-	410	410
Restricted cash	-	-	-	-	-	20,000
Fixed assets - at cost	-	-	-	3,067,886	3,067,886	3,053,518
Total assets	<u>\$ 305,020</u>	<u>\$ 426,745</u>	<u>\$ 7,926</u>	<u>\$ 3,067,886</u>	<u>\$ 3,807,577</u>	<u>\$ 3,677,907</u>
LIABILITIES						
Accounts payable	\$ 2,258	\$ 8,380	\$ -	\$ -	\$ 10,638	\$ 11,873
Due to other funds	-	-	9,815	-	9,815	11,780
Total liabilities	<u>2,258</u>	<u>8,380</u>	<u>9,815</u>	<u>-</u>	<u>20,453</u>	<u>23,653</u>
FUND EQUITY						
Investment in general fixed assets	-	-	-	3,067,886	3,067,886	3,053,518
Fund balances (deficit):						
Reserved for debt service	-	-	(1,889)	-	(1,889)	(2,092)
Unreserved - undesignated	302,762	418,365	-	-	721,127	602,828
Total fund equity	<u>302,762</u>	<u>418,365</u>	<u>(1,889)</u>	<u>3,067,886</u>	<u>3,787,124</u>	<u>3,654,254</u>
Total liabilities and fund equity	<u>\$ 305,020</u>	<u>\$ 426,745</u>	<u>\$ 7,926</u>	<u>\$ 3,067,886</u>	<u>\$ 3,807,577</u>	<u>\$ 3,677,907</u>

See accompanying notes to financial statements.

TOWN OF OIL CITY, LOUISIANA

Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - All Governmental Fund Types Year Ended December 31, 1996

	Governmental Fund Types			Totals (Memorandum Only)	
	General	Special Revenue Funds	Debt Service	1996	1995
Revenues:					
Taxes	\$ 46,111	\$ 135,767	\$ -	\$ 181,878	\$ 170,834
Licenses and permits	43,584	-	-	43,584	37,048
Intergovernmental	11,166	-	-	11,166	11,607
Grant funds	-	-	-	-	25,000
Fines	78,666	-	-	78,666	83,541
Service charges	-	43,362	-	43,362	42,542
Interest	7,874	11,791	203	19,868	11,891
Miscellaneous	2,435	198	-	2,633	4,339
Total revenues	189,836	191,118	203	381,157	386,802
Expenditures:					
Current operating:					
Administrative	47,118	-	-	47,118	40,355
Law enforcement	67,338	-	-	67,338	80,562
Sanitation	12,585	69,882	-	82,467	87,999
Utilities	-	30,476	-	30,476	30,873
Grant expenses	-	20,888	-	20,888	17,157
Debt service:					
Principal retirement	-	-	-	-	21,000
Interest and fiscal charges	-	-	-	-	1,050
Capital projects	-	14,368	-	14,368	14,013
Total expenditures	127,041	135,614	-	262,655	293,009
Excess (deficiency) of revenues over expenditures	62,795	55,504	203	118,502	93,793
Fund balance at beginning of year	239,967	362,861	(2,092)	600,736	506,943
Fund balance at end of year	\$ 302,762	\$ 418,365	\$ (1,889)	\$ 719,238	\$ 600,736

See the accompanying notes to financial statements.

TOWN OF OIL CITY, LOUISIANA

Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual - General and Special Revenue Funds Year Ended December 31, 1996

	General Fund		
	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:			
Taxes	\$ 41,850	\$ 46,111	\$ 4,261
Licenses and permits	33,105	43,584	10,479
Intergovernmental	11,600	11,166	(434)
Grant funds	-	-	-
Fines	65,000	78,666	13,666
Service charges	-	-	-
Interest	5,000	7,874	2,874
Miscellaneous	2,840	2,435	(405)
Total revenues	<u>159,395</u>	<u>189,836</u>	<u>30,441</u>
Expenditures:			
Current:			
Administrative	47,449	47,118	331
Law enforcement	86,080	67,338	18,742
Sanitation	13,635	12,585	1,050
Utilities	-	-	-
Grant expenses	-	-	-
Capital projects	-	-	-
Total expenditures	<u>147,164</u>	<u>127,041</u>	<u>20,123</u>
Excess of revenues over expenditures	<u>12,231</u>	<u>62,795</u>	<u>50,564</u>
Fund balance at beginning of year	<u>239,967</u>	<u>239,967</u>	<u>-</u>
Fund balance at end of year	<u>\$ 252,198</u>	<u>\$ 302,762</u>	<u>\$ 50,564</u>

See accompanying notes to financial statements.

<u>Special Revenue Fund</u>			<u>Totals (Memorandum Only)</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
\$ 138,000	\$ 135,767	\$ (2,233)	\$ 179,850	\$ 181,878	\$ 2,028
-	-	-	33,105	43,584	10,479
-	-	-	11,600	11,166	(434)
25,000	-	(25,000)	25,000	-	(25,000)
-	-	-	65,000	78,666	13,666
35,500	43,362	7,862	35,500	43,362	7,862
5,000	11,791	6,791	10,000	19,665	9,665
-	198	198	2,840	2,633	(207)
<u>203,500</u>	<u>191,118</u>	<u>(12,382)</u>	<u>362,895</u>	<u>380,954</u>	<u>18,059</u>
-	-	-	47,449	47,118	331
-	-	-	86,080	67,338	18,742
57,845	69,882	(12,037)	71,480	82,467	(10,987)
32,000	30,476	1,524	32,000	30,476	1,524
20,000	20,888	(888)	20,000	20,888	(888)
85,000	14,368	70,632	85,000	14,368	70,632
<u>194,845</u>	<u>135,614</u>	<u>59,231</u>	<u>342,009</u>	<u>262,655</u>	<u>79,354</u>
8,655	55,504	46,849	20,886	118,299	97,413
<u>362,861</u>	<u>362,861</u>	<u>-</u>	<u>602,828</u>	<u>602,828</u>	<u>-</u>
<u>\$ 371,516</u>	<u>\$ 418,365</u>	<u>\$ 46,849</u>	<u>\$ 623,714</u>	<u>\$ 721,127</u>	<u>\$ 97,413</u>

TOWN OF OIL CITY, LOUISIANA

Notes to Financial Statements
December 31, 1996

The Town of Oil City was incorporated in 1945 under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Aldermen form of government.

1. Summary of Significant Accounting Policies

The accounting and reporting policies of the Town of Oil City conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana revised statutes 24:517 and to the guides set forth in the "Louisiana Municipal Audit and Accounting Guide."

The following is a summary of certain significant accounting policies:

- A. **Reporting Entity** - This report includes all funds and account groups which are controlled by or dependent on the Town's Executive and Legislative Branches (the Mayor and Board of Aldermen). Control by or dependence on the Town was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.
- B. **Fund Accounting** - The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following funds and group of accounts are used by the Town:

Governmental Funds

General Fund - The General Fund is the general operating fund of the Town. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt including principal, interest, and related costs.

Capital Projects Fund - The Capital Projects Fund accounts for all financial resources used for the acquisition or construction of major capital facilities.

General Fixed Assets and General Long-term Debt Account Groups

General Fixed Assets - The General Fixed Assets Account Group is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets.

General Long-term Debt - The General Long-term Debt Account Group is used to account for long-term liabilities to be financed from government funds.

TOWN OF OIL CITY, LOUISIANA

Notes to Financial Statements
December 31, 1996

1. Summary of Significant Accounting Policies (Continued)

F. Investment Securities - Investment securities are stated at cost, adjusting for amortization of premiums and accretion of discounts computed using the interest method. Management intends to hold such investments to maturity.

G. Inventories - Inventory of supplies in the Proprietary Fund is not material and is charged to operations as purchased.

H. Bad Debts - Uncollectible amounts due for the ad valorem taxes receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for uncollectible ad valorem taxes was \$1,975 and \$2,200 at December 31, 1996 and 1995, respectively.

I. Property, Plant, and Equipment

General Fixed Assets Account Group

Fixed assets in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain ("infrastructure") general fixed assets, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized along with other general fixed assets. No depreciation has been provided on such assets.

J. Compensated Absences - The Town of Oil City has the following policy relating to vacation and sick leave:

Vacation - five days after one continuous year of service; ten days after two continuous years of service and thereafter. Vacation days must be used in the calendar year of entitlement. Unused days do not accrue.

Sick leave - limited to ten days at full pay. Days must be used within the calendar year and do not accrue.

The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the governmental funds, when leave is actually taken.

K. Fund Equity -

Reserves - Reserves represent those portions of fund equity not appropriable for expenditures or legally serrated for a specific future use.

Designated fund balances - Designated fund balances represent tentative plans for future use of financial resources.

L. Interfund Transactions -

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.



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INDEPENDENT AUDITOR'S REPORT

The Honorable Todd A. Hopkins, Mayor
and the Members of the Board of Aldermen of
The Town of Oil City, Louisiana

We have audited the accompanying general purpose financial statements of the Town of Oil City, Louisiana, as of December 31, 1996, and for the year then ended, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Oil City, Louisiana, as of December 31, 1996, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 25, 1997 on our consideration of the Town of Oil City, Louisiana's internal control structure and a report dated April 25, 1997 on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Compensation paid the Mayor and the Board of Aldermen on page 12 is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements of the Town of Oil City, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Smith Pugh Rabinowitz LLP
Certified Public Accountants

April 25, 1997

TOWN OF OIL CITY, LOUISIANA

Notes to Financial Statements December 31, 1996

2. Cash and Investments

At December 31, 1996, the carrying amount of the Town's deposits was \$705,166, and the bank balance was \$703,482. The bank balances were covered by federal depository insurance and/or collateralized by the pledge of securities as required by law, however, Bank One was under collateralized by \$32,975. The Town has a three-party safekeeping agreement between the Town, Citizens Bank & Trust - Vivian and Bank One, Oil City, Louisiana.

The carrying amount of the Town's deposits of each fund are comprised of the following:

	Cash	Investments	Total
General Fund	\$ 144,452	\$ 152,218	\$ 296,670
Special Revenue Funds	73,837	326,733	400,570
Debt Service Fund	7,926	-	7,926
	\$ 226,215	\$ 478,951	\$ 705,166

The Town's deposits are categorized to give an indication of the level of risk assumed by the Town at year end. Category 1 includes deposits that are insured or registered or for which the securities are held by the Town or its agent in the Town's name. Category 2 includes uninsured and unregistered deposits for which the securities are held by the counterparty's trust department or agent in the Town's name. Category 3 includes uninsured and unregistered deposits for which the securities are held by the counterparty, or by its trust department or agent but not in the Town's name.

Description	Category			Bank Balance	Market Value
	1	2	3		
FDIC Insurance - Bank One	\$ 100,000	\$ -	\$ -	\$ 100,000	\$ 100,000
FDIC Insurance - CB&T	100,000	-	-	100,000	100,000
U.S. Treasury Notes - Bank One	363,126	-	32,975	396,101	363,126
FHLMC - CB&T	107,381	-	-	107,381	303,004
Total Cash and Investments	\$ 670,507	\$ -	\$ 32,975	\$ 703,482	\$ 866,130

Investment pools are under the custody of the City Clerk. Investing is performed in accordance with investment policies complying with State Statutes and the City Charter. Pooled funds may be invested in: (1) direct obligations of the United States government to the payment of which the full faith and credit of the United States government is pledged, (2) certificates of deposit at savings and loan associations and federally insured banks when secured by acceptable collateral, and (3) savings accounts at savings and loan associations and banks, to the extent fully insured.

TOWN OF OIL CITY, LOUISIANA

Notes to Financial Statements December 31, 1996

3. Property Taxes

For the year ended December 31, 1996, taxes of 14.00 mills were levied on property with assessed valuations totaling \$2,500,460 and were dedicated as follows:

Sewerage and streets 14.00 mills

Total taxes levied were \$35,006.

4. Receivables

As of December 31, 1996, receivables consisted of the following:

	General	Special Revenue
Property taxes	\$ -	\$ 14,644
Less allowance for bad debts	-	(1,975)
Housing authority	7,940	-
Service charges	-	3,691
	\$ 7,940	\$ 16,360

5. Interfund Receivables, Payables

A summary of interfund receivables and payables is as follows:

	Interfund Receivable	Interfund Payable
Special Revenue	\$ 9,815	\$ -
Debt Service	-	9,815
	\$ 9,815	\$ 9,815

6. Restricted Cash

Restricted cash in the special revenue fund consists of rural development grants received that have not been expended as of December 31, 1995.

7. Changes in Fixed Assets

A summary of changes in general fixed assets is as follows:

	Balance January 1, 1996	Additions	Deletions	Balance December 31, 1996
Land	\$ 40,254	\$ -	\$ -	\$ 40,254
Buildings and structures	1,212,986	-	-	1,212,986
Improvements	1,437,004	-	-	1,437,004
Equipment	363,274	14,368	-	377,642
Total	\$ 3,053,518	\$ 14,368	\$ -	\$ 3,067,886

TOWN OF OIL CITY, LOUISIANA

Notes to Financial Statements
December 31, 1996

8. Fund Deficits

The following individual fund has a deficit in the reserved fund balance at December 31, 1996:

	<u>Deficit Amount</u>
Debt service fund	<u>\$ 1,889</u>

9. Commitments and Contingencies

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

The Town participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Various claims and lawsuits are pending against the Town. In the opinion of management, the potential loss on all claims and lawsuits will not be significant to the Town's financial statements.

10. Related Party Transactions

Procedures, observations, and inquiries did not disclose any material related party transactions for the fiscal year ended December 31, 1996.

TOWN OF OIL CITY, LOUISIANA

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TOWN OF OIL CITY, LOUISIANA

Schedule of Mayor's and Alderman's Compensation
For the Year Ended December 31, 1996

During 1996 the following amounts were paid to the Mayor and Town Alderman:

Todd A. Hopkins - Mayor's Salary		\$	2,400
Aldermen - per diem:			
Becky Bagley	\$	675	
Donnie Jackson		625	
James Sims		625	
John T. Weaver		675	
Mark Woolridge		<u>675</u>	<u>3,275</u>
Total			<u>\$ 5,675</u>

The current elected officials are as follows:

Office expiration date - December 31, 1996

Mayor	Todd A. Hopkins
Aldermen:	Becky Bagley Donnie Jackson James Sims John T. Weaver Mark Wooldidge
Chief of Police:	Richard Michael Knight

TOWN OF OIL CITY, LOUISIANA

Notes to Financial Statements
December 31, 1996

1. Summary of Significant Accounting Policies (Continued)

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

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental revenues. Expenditures are recorded when the related fund liability is incurred.

Those revenues susceptible to accrual are property taxes, franchise taxes, interest revenue and charges for services. Fines, permit and license revenues are not susceptible to accrual because generally they are not measurable until received in cash.

D. Use of Estimates - The preparation of financial statements generally requires 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Budgets and Budgetary Accounting - The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Mayor prepares a proposed budget and submits same to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. The budget ordinance is structured such that revenues are budgeted by source and appropriations are budgeted by department and by principal object of expenditure. The Board of Aldermen may revise or amend the budget at its discretion during legally convened sessions. Management may amend the budget only below the department level. There were no amendments made to the budgets for 1996 and 1995.
6. The Town utilizes formal budgetary integration as a management control device for all funds.



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE OR
BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

The Honorable Todd A. Hopkins, Mayor
and the Members of the Board of Aldermen of
The Town of Oil City, Louisiana

We have audited the general purpose financial statements of the Town of Oil City, Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated April 25, 1997.

We have conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing our audit of the general purpose financial statements of the Town of Oil City, Louisiana, for the year ended December 31, 1996, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

The management of the Town of Oil City, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories: cash and cash equivalents, receivables, property and equipment, payables and accrued liabilities, debt, and fund balance.

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

However, we noted a matter involving the internal control structure and its operation that we have reported to the management of the Town of Oil City, Louisiana, in a separate letter dated April 25, 1997.

This report is intended for the information of Management and the Board of Aldermen. However, this report is a matter of public record, and its distribution is not limited.

Smith Pugh Reliance LLP
Certified Public Accountants

April 25, 1997



SMITH PUGH RABINOWITZ L.L.P. CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
BASED ON AN AUDIT OF GENERAL PURPOSE OR BASIC
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

The Honorable Todd A. Hopkins, Mayor
and the Members of the Board of Aldermen of
The Town of Oil City, Louisiana

We have audited the general purpose financial statements of the Town of Oil City, Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated April 25, 1997.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Town of Oil City, Louisiana is the responsibility of the Town of Oil City, Louisiana's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Town of Oil City's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, the Town of Oil City complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Town of Oil City had not complied, in all material respects, with those provisions.

This report is intended for the information of Management and the Board of Aldermen. However, this report is a matter of public record, and its distribution is not limited.


Certified Public Accountants

April 25, 1997

SUPPLEMENTARY INFORMATION

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TOWN OF OIL CITY, LOUISIANA

FINANCIAL STATEMENTS

December 31, 1996



SMITH PUGH RABINOWITZ L.L.P. CERTIFIED PUBLIC ACCOUNTANTS

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April 25, 1997

The Honorable Todd A. Hopkins, Mayor
and the Members of the Board of Aldermen of
The Town of Oil City, Louisiana

In planning and performing our audit of the general purpose financial statements of the Town of Oil City, Louisiana, for the year ended December 31, 1996, we considered the Town's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. This letter does not affect our reports dated April 25, 1997, on the general purpose financial statements of the Town of Oil City, Louisiana.

Pledged Deposits

We also noted during our audit that the amount of pledged deposits was not adequate to cover the total amount on deposits that exceeded FDIC insurance with Bank One at December 31, 1996.

We recommend that the Town evaluate total deposits at the end of each month to determine if there are adequate pledged deposits.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Town officials, and we will be pleased to discuss them in further detail at your convenience.

Sincerely,

Smith Pugh Rabinowitz L.L.P.
Certified Public Accountants

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TOWN OF OIL CITY, LOUISIANA

Oil City, Louisiana

FINANCIAL STATEMENTS

December 31, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date MAY 21 1997

TOWN OF OIL CITY, LOUISIANA

Notes to Financial Statements
December 31, 1996

1. Summary of Significant Accounting Policies (Continued)

L. Interfund Transactions (Continued)

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

M. Property Taxes - The Town levies taxes on real and business personal property located within its boundaries. Property taxes are levied by the Town on property values assessed by the Caddo Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

Town property tax revenues are recognized when levied to the extent that they result in current receivables.

Property Tax Calendar

Assessment date	January 1, 1996
Levy date	Not later than June 1, 1996
Tax bills mailed	November 15, 1996
Total taxes are due	December 31, 1996
Penalties and interest are added	January 1, 1997
Lien date	No set policy
Tax sale - 1995 delinquent property	No set policy

Property taxes levied for the current year are recognized as revenues, even though a portion is collectible in the period subsequent to the levy. Assessed values are established by the Caddo Parish Tax Assessor each year on a uniform basis at the following ratios to fair market value:

10%	Land
10%	Residential Improvements
15%	Industrial Improvements
15%	Machinery
15%	Commercial Improvements
25%	Public Service Properties - excluding land

A re-evaluation of all property is required to be completed no less than every four years. A re-evaluation was completed for the tax roll of January 1, 1996.

N. Comparative Data - Comparative totals for the prior year have been presented in the accompanying general purpose financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, presentation of prior-year amounts by fund type have not been presented in each of the statements since their inclusions would make the statements unduly complex and difficult to read.

O. Total Columns on Combined Statements - Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.