

TOWN OF OIL CITY, LOUISIANA

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Release Date 11/19/98

FINANCIAL STATEMENTS

December 31, 1998

SMITH POOR KADMONOWICZ L.L.P.
Certified Public Accountants
Baton Rouge, Louisiana

TOWN OF OIL CITY, LOUISIANA

FINANCIAL STATEMENTS

December 31, 1998

TOWN OF OIL CITY, LOUISIANA

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose financial statements of the Town of Old City, Louisiana, as of and for the year ended December 31, 1998, 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 those general purpose financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures About Year 2000 Issues*, requires disclosure of certain matters regarding the year 2000 issue. The Town of Old City has included such disclosure in Note 10. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient evidence exists to support the Town of Old City's disclosures with respect to the year 2000 issue made in Note 10. Further, we do not provide assurance that the Town of Old City is or will be year 2000 ready, that the Town of Old City's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Town of Old City does business will be year 2000 ready.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures, the general purpose financial statements referred above present fairly, in all material respects, the financial position of the Town of Old City, Louisiana, as of December 31, 1998, 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 19, 1999, on our consideration of the Town of Old City, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Expenditures paid the Mayor and the Aldermen on page 12 is presented for the purpose of additional analysis and is not a part of the general purpose financial statements of the Town of Old 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.

Certified Public Accountants

April 19, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS

TOWN OF ONE-CITY, LOUISIANA

Consolidated Balance Sheet - All Fund Types and Account Groups
December 31, 2019

| Group | Governmental Fund Types | | Amount | | Total Governmental Debt | |
|---|-------------------------|-----------------|---------------|------------------|-------------------------|------------------|
| | General | Special Revenue | Current Fund | Capital Fund | 1995 | 1997 |
| Cash | \$ 11,200 | \$ 28,424 | \$ - | \$ - | \$ 11,200 | \$ 28,424 |
| Investments, at cost | 210,291 | 178,140 | - | - | 288,728 | 881,528 |
| Receivables (net where applicable, of allowance for uncollectibles) | 30,829 | 30,899 | - | - | 30,919 | 30,846 |
| Due from other funds | 34,640 | 1,823 | - | - | 16,268 | 14,735 |
| Payable to other funds | 418 | - | - | - | 490 | 490 |
| Fixed assets - at cost | - | - | 3,115,478 | - | 3,115,478 | 3,115,478 |
| Total assets | <u>357,368</u> | <u>499,366</u> | <u>-</u> | <u>3,115,478</u> | <u>4,124,172</u> | <u>4,089,466</u> |
| Liabilities | | | | | | |
| Accounts payable | 4,000 | 16,794 | - | - | 21,714 | 7,212 |
| Due to other funds | 3,518 | 11,841 | 1,622 | - | 15,248 | 24,730 |
| Total liabilities | <u>7,518</u> | <u>28,635</u> | <u>1,622</u> | <u>-</u> | <u>36,962</u> | <u>31,942</u> |
| Reserve for general fund assets | - | - | - | 3,115,478 | 3,115,478 | 3,115,478 |
| Fund balance - other | - | - | - | - | - | - |
| Reserve for debt service | - | - | 11,420 | - | 11,420 | 11,420 |
| Unassigned, unexpended | 25,118 | 450,136 | - | - | 275,248 | 455,244 |
| Total fund equity | <u>53,136</u> | <u>461,136</u> | <u>11,420</u> | <u>-</u> | <u>3,193,416</u> | <u>3,479,301</u> |
| Total liabilities and fund equity | <u>151,654</u> | <u>491,135</u> | <u>11,420</u> | <u>3,115,478</u> | <u>4,124,172</u> | <u>4,089,466</u> |

TOWN OF OIL CITY, LOUISIANA

Condensed Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types Year Ended December 31, 1998

| | Governmental Fund Types | | | Totals (All Governmental Funds) | |
|--|-------------------------|------------------------------|-------------------|------------------------------------|-------------------|
| | General | Special Revenues Funds | Debt Service | (All Governmental Funds) | |
| | | | | 1998 | 1997 |
| Revenues: | | | | | |
| Taxes | \$ 91,717 | \$ 128,348 | \$ - | \$ 128,348 | \$ 128,049 |
| Licenses and permits | 38,898 | - | - | 38,898 | 38,089 |
| Intergovernmental | 19,719 | - | - | 19,719 | 9,484 |
| Grant funds | - | 64,941 | - | 64,941 | 58,488 |
| Fees | 38,679 | - | - | 38,679 | 85,166 |
| Service charges | - | 41,588 | - | 41,588 | 48,768 |
| Interest | 17,997 | 89,948 | 67 | 108,012 | 91,597 |
| Miscellaneous | 2,192 | 142 | - | 2,334 | 2,879 |
| Total revenues | 348,399 | 281,187 | 67 | 629,653 | 487,399 |
| Expenditures: | | | | | |
| Current operating: | | | | | |
| Administrative | 48,079 | - | - | 48,079 | 46,765 |
| Law enforcement | 78,618 | - | - | 78,618 | 85,261 |
| Sanitation | 16,484 | 83,386 | - | 99,870 | 89,770 |
| Utilities | - | 31,881 | - | 31,881 | 32,473 |
| Grant expenses | - | 88,431 | - | 88,431 | 50,234 |
| Capital projects | - | 341,311 | - | 341,311 | 31,780 |
| Total expenditures | 163,181 | 311,215 | - | 474,396 | 341,853 |
| Excess (deficiency) of revenues over expenditures | 4,211 | (29,228) | 67 | (24,950) | 145,454 |
| Fund balance at beginning of year | 747,946 | 478,408 | (1,662) | 1,224,692 | 719,238 |
| Fund balance at end of year | \$ 752,157 | \$ 449,180 | \$ (1,595) | \$ 1,200,742 | \$ 864,692 |

TOWN OF OIL-CITY, LOUISIANA

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget (GAAP Basis) and Actual - General and Special Revenue Funds
Year Ended December 31, 1988

| | General Fund | | Variance- Favorable (Unfavorable) |
|--------------------------------------|-------------------|-------------------|---|
| | Budget | Actual | |
| Revenues: | | | |
| Taxes | \$ 47,210 | \$ 50,717 | \$ 3,507 |
| Licenses and permits | 37,995 | 38,000 | 105 |
| Intergovernmental | 11,050 | 12,325 | 1,275 |
| Grant funds | | | |
| Fines | 52,000 | 50,670 | (1,330) |
| Service charges | | | |
| Interest | 30,000 | 31,000 | 1,000 |
| Miscellaneous | 3,280 | 3,127 | (1,153) |
| Total revenues | <u>184,535</u> | <u>185,539</u> | <u>1,004</u> |
| Expenditures: | | | |
| Current: | | | |
| Administration | 48,854 | 49,870 | (1,016) |
| Law enforcement | 77,740 | 78,820 | (1,080) |
| Sanitation | 14,985 | 16,454 | (1,469) |
| Utilities | - | - | - |
| Debt expense | - | - | - |
| Capital projects | - | - | - |
| Total expenditures | <u>141,579</u> | <u>145,144</u> | <u>3,565</u> |
| Excess of revenues over expenditures | 42,956 | 40,395 | 2,561 |
| Fund balance at beginning of year | 507,508 | 507,508 | - |
| Fund balance at end of year | <u>\$ 550,464</u> | <u>\$ 547,903</u> | <u>\$ 2,561</u> |

See accompanying notes to financial statements.

| Special Revenue Funds | | | Totals (Minimums Only) | | |
|-----------------------|-------------------|---|------------------------|-------------------|---|
| Budget | Actual | Variance- Favorable (Unfavorable) | Budget | Actual | Variance- Favorable (Unfavorable) |
| \$ 128,977 | \$ 128,358 | \$ 619 | \$ 178,458 | \$ 180,143 | \$ 1,685 |
| - | - | - | 37,995 | 38,098 | 103 |
| - | - | - | 11,058 | 12,723 | 1,665 |
| 84,841 | 84,843 | - | 84,843 | 84,843 | - |
| - | - | - | 32,008 | 30,670 | (1,338) |
| 33,900 | 41,506 | 7,606 | 33,500 | 41,506 | 8,006 |
| 18,800 | 18,008 | (792) | 28,000 | 31,043 | 3,043 |
| <u>138</u> | <u>142</u> | <u>4</u> | <u>3,458</u> | <u>3,202</u> | <u>(256)</u> |
| <u>246,636</u> | <u>259,105</u> | <u>12,469</u> | <u>788,488</u> | <u>801,508</u> | <u>13,020</u> |
| - | - | - | 48,924 | 49,028 | 104 |
| - | - | - | 73,798 | 73,608 | (190) |
| 81,233 | 88,194 | 6,961 | 99,328 | 104,088 | 4,760 |
| 31,856 | 33,153 | 1,297 | 30,856 | 31,153 | 297 |
| 59,881 | 58,433 | (1,448) | 59,183 | 58,183 | (1,000) |
| <u>121,233</u> | <u>131,153</u> | <u>9,920</u> | <u>131,333</u> | <u>131,333</u> | <u>-</u> |
| <u>781,872</u> | <u>813,152</u> | <u>31,280</u> | <u>444,626</u> | <u>451,518</u> | <u>6,892</u> |
| <u>196,343</u> | <u>188,230</u> | <u>(8,113)</u> | <u>186,343</u> | <u>184,618</u> | <u>(1,725)</u> |
| <u>438,486</u> | <u>478,408</u> | <u>40,000</u> | <u>628,354</u> | <u>626,354</u> | <u>(2,000)</u> |
| <u>\$ 421,847</u> | <u>\$ 428,178</u> | <u>\$ 6,331</u> | <u>\$ 728,428</u> | <u>\$ 733,126</u> | <u>\$ 4,698</u> |

TOWN OF OIL CITY, LOUISIANA

Notes to Financial Statements

December 31, 1994

The Town of Oil City was incorporated in 1948 under the provisions of the Louisiana Act. The Town operates under the Mayor-Board of Aldermen form of government.

2. 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. The Town's accounting policy applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Such accounting and reporting procedures also conform to the requirements of Louisiana revised statutes 24:517 and to the guidelines 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 dependency 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 revenues are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the manner by which spending activities are restricted. The following funds and group of accounts are used by the Town:

ENVIRONMENTAL 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 governmental funds.

TOWN OF OIL CITY, LOUISIANA

Notes to Financial Statements

December 31, 1998

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 certain financial resources measurement focus. With this measurement focus, only current assets and current liabilities pertain and are included on the balance sheet. Operating statements of these funds present income (i.e., revenues and other financing sources) and decrease (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 measurable or ascertainable (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. Fees, grants 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 these 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 review or amend the budget at the discretion during legally prescribed sessions. Management may amend the budget only below the department level. Sales tax fund was amended November 3, 1998. The general fund and sales tax fund will both be amended at the May 18, 1999 Board of Aldermen meeting.
6. The Town utilizes formal budgetary integration as a management control device for all funds.

TOWN OF OHL CITY, LOUISIANA

Notes to Financial Statements
December 31, 1998

1. Summary of Significant Accounting Policies (Continued):

- 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.
- Inventory** - Inventory of supplies in the Proprietary Fund is not material and is charged to operations as purchased.
- Bad Debt** - Uncollectible amounts under the all revenues less receivables are recognized when 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 all revenues items was \$1,500 and \$0,314 at December 31, 1998 and 1997, respectively.

1. 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.

1. Compensated Absences - The Town of Ohl 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 unused leave privileges, computed in accordance with GASB Codification Section 608, is recognized as a current-year expenditure in the governmental funds, when leave is actually taken.

1. Fund Equity

Reserves - Reserves represent those portions of fund equity as appropriate for expenditures or legally restricted for a specific future use.

Designated fund balances - Designated fund balances represent amounts planned for future use of financial resources.

1. Interfund Transactions

Cost-oriented 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 accounted as expenditures in the reimbursing fund and as collections of expenditures in the fund that is reimbursed.

TOWN OF OIL CITY, LOUISIANA

Notes to Financial Statements
December 31, 1998

I. Summary of Significant Accounting Policies (Continued):

L. Interfund Transactions (Continued)

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-routing or non-routine payments/transfers of equity are reported as additional 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 Catahoula 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 3, 1998 |
| Levy date | Not later than June 1, 1998 |
| Tax bills mailed | November 15, 1998 |
| Total taxes due date | December 31, 1998 |
| Principal and interest due added | January 8, 1999 |
| Lien date | March 15, 1999 |
| Tax sale - 1997 delinquent property | March 15, 1999 |

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 Catahoula Parish Tax Assessor each year on a uniform basis at the following rates in fair market value:

| | |
|-----------|---|
| 30% | Land |
| 30% | Residential Improvements |
| 15% | Industrial Improvements |
| 10% | Manufactory |
| 15% | Commercial Improvements |
| 30% | Public Service Properties - excluding land |

A re-evaluation of all property is required to be completed no less than every five years. A re-evaluation was completed for the tax sale 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 inclusion would make the statements overly complex and difficult to read.

O. Total Columns on Combined Statements - Total columns on the combined statements are captioned "Miscellaneous 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 nor consolidating. Interfund adjustments have not been made in the preparation of this data.

P. Reclassifications - Certain 1997 amounts were reclassified to conform to 1998 presentation.

TOWN OF OIL CITY, LOUISIANA

Notes to Financial Statements
December 31, 1998

2. Cash and Investments

As December 31, 1998, the carrying amount of the Town's deposits was \$362,896, and the bank balance was \$362,154. The bank balances were covered by federal depository institution insurances and/or collateralized by the pledge of securities as required by law. The Town has a three-party tablescoping agreement between the Town, Citicorp 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:

| | <u>Cash</u> | <u>Investments</u> | <u>Total</u> |
|-----------------------|-------------------|--------------------|-------------------|
| General Fund | \$ 113,904 | \$ 219,141 | \$ 333,045 |
| Special Revenue Funds | 58,452 | 178,447 | 236,899 |
| | <u>\$ 172,356</u> | <u>\$ 397,588</u> | <u>\$ 569,944</u> |

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 counterpart'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 counterpart, or by its trust department or agent but not in the Town's name.

| <u>Description</u> | <u>Category</u> | | | <u>Book Balance</u> | <u>Market Value</u> |
|--|-------------------|-------------|-------------|---------------------|---------------------|
| | <u>1</u> | <u>2</u> | <u>3</u> | | |
| FDIC Insurance - Bank One - DDIA | \$ 64,470 | \$ - | \$ - | \$ 64,470 | \$ 64,470 |
| FDIC Insurance - Bank One - Insured Sweeping | 180,800 | - | - | 180,800 | 180,800 |
| FDIC Insurance - CMA/T | 200,800 | - | - | 200,800 | 180,000 |
| U.S. Treasury/FMMA Notes - Bank One | 368,821 | - | - | 368,821 | 364,149 |
| FIMMA Agency NonMunicipal Bond - CMA/T | 110,415 | - | - | 110,415 | 104,061 |
| Total Cash and Investments | <u>\$ 925,306</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 925,306</u> | <u>\$ 897,480</u> |

Investment pools are under the custody of the City Clerk. Investing is performed in accordance with investment policies developed with State Finance and the City Clerk. Pooled funds may be invested in: (1) direct obligations of the United States government or the payment of which the full faith and credit of the United States government is pledged; (2) certificates of deposits at savings and loan associations and federally insured banks when insured 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, 1998

3. Property Taxes:

For the year ended December 31, 1997, taxes of 14.80 mills were levied on property with assessed valuations totaling \$2,000,000 and were delinquent as follows:

Overages and arrears 34,000 mills

Total taxes levied were \$29,440.

4. Receivables:

As of December 31, 1998, receivables consisted of the following:

| | General | Special Revenues |
|------------------------------|-----------|---------------------|
| Property taxes | \$ - | \$ 20,630 |
| Less allowance for bad debts | - | (1,500) |
| Filing authority | 10,820 | - |
| Service charges | - | 2,004 |
| | \$ 10,820 | \$ 20,894 |

5. Interfund Receivables, Payables:

A summary of interfund receivables and payables is as follows:

| | Interfund Receivable | Interfund Payable |
|------------------|-------------------------|----------------------|
| General Fund | \$ 14,600 | \$ - |
| Special Revenues | 1,600 | 10,840 |
| Debt Service | - | 1,610 |
| | \$ 16,200 | \$ 12,450 |

6. Changes in Fixed Assets:

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

| | Balance January 1, 1997 | Additions | Disposals | Balance December 31, 1998 |
|--------------------------|-------------------------------|------------|-----------|---------------------------------|
| Land | \$ 40,240 | \$ - | \$ - | \$ 40,240 |
| Buildings and structures | 1,265,364 | - | - | 1,265,364 |
| Improvements | 1,419,272 | 31,850 | - | 1,451,124 |
| Equipment | 400,840 | 17,800 | - | 418,640 |
| Work-in-progress | - | 110,000 | - | 110,000 |
| Total | \$ 3,125,716 | \$ 149,650 | \$ - | \$ 3,275,370 |

TOWN OF OIL CITY, LOUISIANA

Notes to Financial Statements December 31, 1998

7. Fund Deficits

The following individual fund has a deficit in the reserved fund balance at December 31, 1998:

| | Deficit Amount |
|--------------------|-----------------|
| Water service fund | \$ <u>1,625</u> |

8. Commitments and Contingencies

The Town is exposed to various risks of loss related to theft, 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 passers or their representatives. Any liability for an assessment 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.

9. Related Party Transactions

Proceedings, occurrences, and inquiries did not disclose any material related party transactions for the fiscal year ended December 31, 1998.

10. Year 2000 Issues

Year 2000 is an issue arising from computers being programmed in prior years to use only two digits (under the assumption that the first two digits would always be 19) to identify the year when processing date-sensitive information. This method of identifying dates could cause problems with processing information with dates in the year 2000 or later. As a result, the systems that use only two digits to identify dates could process date information in ways that limit its applicability. The effects of the year 2000 is expected to extend beyond systems and any equipment that is dependent on microchip technology.

As stated in Note 1, the Town provides public services, public safety and various other public works to its citizens. The execution of these services generally does not rely upon microchip technology since these services are not automated in nature. However, the effect of the year 2000 issue upon the Town's vendors, utilities, and utility providers from which it obtains services has not been determined. As a result the effect of any of these entities' non-compliance with the year 2000 issue upon the Town has also not been determined.

For the year ended December 31, 1998, The Town of Oil City, Louisiana, incurred no material expenditures concerning the year 2000 issue. No significant loss due to replacement of equipment that is not year 2000 compliant was recognized for the year ended December 31, 1998. As of the date of this audit, the Town has not incurred any replacement costs concerning the year 2000 issue.

SUPPLEMENTARY INFORMATION

TOWN OF OIL CITY, LOUISIANA

Schedule of Mayor's and Aldermen's Compensation For the Year Ended December 31, 1998

During 1998 the following amounts were paid to the Mayor and Town Aldermen:

| | | |
|----------------------------------|----|--------------|
| Todd A. Hopkins - Mayor's Salary | \$ | 2,400 |
| Aldermen - per diem: | | |
| Bobby Hagley | | 600 |
| Dennis Jackson | | 600 |
| James Sims | | 600 |
| John T. Weaver | | 600 |
| Mark Woodbridge | | 600 |
| Total | | <u>600</u> |
| | \$ | <u>3,400</u> |

The current elected officials are as follows:

Office expiration date - December 31, 2000

Mayor:

Todd A. Hopkins

Aldermen:

Bobby Hagley
Dennis Jackson
James Sims
John T. Weaver
Mark Woodbridge

Chief of Police:

Richard Michael Knight

OTHER REPORTS

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Todd A. Hopkins Mays,
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, 1998, and have issued our report thereon dated April 19, 1999 which was qualified because insufficient audit evidence exists to support the Town of Oil City's disclosures with respect to the year 2000 issue. Except as discussed in the preceding sentence, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town of Oil City, Louisiana's, general purpose financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Oil City, Louisiana's internal control over financial reporting 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 over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Town of Oil City, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings as items 9A-1 and 9B-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe some of the reportable conditions described above is a material weakness.

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

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

OTHER SUPPLEMENTARY INFORMATION

TOWN OF OIL CITY, LOUISIANA

SCHEDULE OF AUDIT FINDINGS

December 31, 1988

EXPENSES RELATED TO FINANCIAL STATEMENTS

Findings Related to Internal Control

Finding 85.1:

Condition: During the first six months of the year, the Town's internal controls for collecting fines were inadequate. When tickets are issued by the police department, bond money is collected by a police officer who then issues a receipt to the individual who was given the ticket. The officer gives the money, receipt copy, and ticket copy to the police chief. The police chief then gives the money to the Town Clerk and obtains a receipt. The Town Clerk deposits the funds into the general fund operating account. However, during the audit no evidence was provided that the Town Clerk issued any receipts to the police department acknowledging receipt of approximately \$1,600 in fines.

Recommendation: The Town should develop written documentation for policies and procedures for the collection of fines.

Finding 86.1:

Condition: The Town does not have a set policy establishing tax lien or tax sale dates for delinquent taxes.

Recommendation: The Town should develop policies and procedures for establishing tax lien and tax sale dates. This would strengthen controls over collection of delinquent taxes.

TOWN OF OIL CITY

LA 70501

BY: ERNEST
GAIN

Ernest G. Gain, Jr.
Treasurer

W. H. A. BOGGS, JR.
Chairman



CORRECTIVE ACTION PLAN

April 16, 1989

MEMBER:

BOB BOLEY
DISTRICT 4

BOBBY JACKSON
DISTRICT 2

JAMES LIND
DISTRICT 1

JOHN J. WEAVER
DISTRICT 3

MAK WOOD BRIDG
DISTRICT 5

To: Daniel G. Kyle, CPA
Legislative Auditor, State of Louisiana
P. O. Box 94197
Baton Rouge, LA, 70804-9197

Dear Mr. Kyle:

The Town of Oil City, Louisiana respectfully submits the following corrective action plan for the year ended December 31, 1988 for the Schedule of Findings. The findings are numbered consistently with the numbers assigned in the schedule.

Findings Related to Financial Statements

Finding 98-1:

- | | |
|-----------------|--|
| Recommendation: | The Town should develop written documentation for policies and procedures for the collection of taxes. |
| Action Taken: | The Town instituted with a memo that taxes would be paid through money orders only during after-hours (5:00 p.m. to 8:00 a.m.). Personnel collecting money orders must turn them over to the Town Clerk by the next working day along with a copy of the ticket and receipt issued to the person paying the ticket. The clerk will then issue a receipt of funds to the police department. |

Finding 98-2:

- | | |
|-----------------|--|
| Recommendation: | The Town should develop policies and procedures for establishing tax, fee and tax sale dates. This would strengthen controls over collection of delinquent taxes. |
| Action Taken: | The Town currently has an ordinance on the records that establishes guidelines for the handling of delinquent taxes. Procedures for setting tax fees and tax sale dates will be implemented. |

Sincerely,

Todd A. Hopkins, Mayor

TOWN OF OIL CITY, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

December 31, 1998

PRIOR AUDIT FINDINGS RELATED TO FINANCIAL STATEMENTS

Prior Audit Findings Related to Internal Control

None

Prior Audit Findings Related to Compliance

None