

TOWN OF OIL CITY, LOUISIANA

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

**MARSHA O. MILLICAN
A PROFESSIONAL ACCOUNTING CORPORATION
SHREVEPORT, LOUISIANA**

TOWN OF OIL CITY, LOUISIANA

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TOWN OF OIL CITY, LOUISIANA

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Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

INDEPENDENT AUDITOR'S REPORT

The Honorable James T. Sims, Mayor
And Members of the Board of Aldermen
Town of Oil City, Louisiana

Opinion

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information and major fund of Town of Oil City, Louisiana (the Town), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Town as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my 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 and the *Louisiana Governmental Audit Guide*. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Town of Oil City and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town's basic financial statements. The schedule of compensation, benefits and other payments to agency head, justice system funding schedule – collecting/dispersing entity, and component unit financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated August 23, 2022 on my consideration of Town of Oil City's internal control over financial reporting and on my tests of its compliance with certain provisions of law, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Marsha D. Millican

Certified Public Accountant
August 23, 2022

TOWN OF OIL CITY, LOUISIANA

Statement of Net Position

December 31, 2020

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit Lakeview Cemetery
<u>Assets</u>				
Current Assets:				
Cash and cash equivalents	\$ 55,490	\$ 70,912	\$ 126,402	\$ 13,287
Investments, at cost	560,760	-	560,760	135,444
Receivables (net of allowance account)	88,804	66,909	155,713	-
Prepaid expenses	10,957	7,325	18,282	-
Total current assets	716,011	145,146	861,157	148,731
Noncurrent assets:				
Restricted assets:				
Cash and Cash equivalents	-	59,010	59,010	-
Due from other funds	198,691	-	198,691	-
Capital projects in progress	15,800	-	15,800	-
Capital assets, net of accumulated depreciation	2,953,803	3,609,705	6,563,508	-
Total noncurrent assets	3,168,294	3,668,715	6,837,009	-
Total assets	3,884,305	3,813,861	7,698,166	148,731
Deferred Outflows of Resources	-	-	-	-
<u>Liabilities</u>				
Current Liabilities:				
Accounts payable	37,526	26,501	64,027	-
Construction payable	-	94,650	94,650	-
Payroll taxes payable	9,421	9,910	19,331	-
Due to other funds	36,963	161,728	198,691	-
Certificates of indebtedness due in one year	-	25,000	25,000	-
Accrued salaries	6,212	2,889	9,101	-
Total current liabilities	90,122	320,678	410,800	-
Noncurrent liabilities:				
Certificates of indebtedness-due after one year	-	240,000	240,000	-
Drinking water loan payable	-	1,003,445	1,003,445	-
Deposits	-	59,010	59,010	-
Total noncurrent liabilities	-	1,302,455	1,302,455	-
Total liabilities	90,122	1,623,133	1,713,255	-
Deferred Inflows of Resources	-	-	-	-
<u>Net Position</u>				
Invested in capital assets, net of related debt	2,953,803	3,609,705	6,563,508	42,925
Unrestricted	840,380	(1,418,977)	(578,597)	148,731
Total net position	\$ 3,794,183	\$ 2,190,728	\$ 5,984,911	\$ 191,656

The notes to the financial statements are an integral part of this statement.

TOWN OF OIL CITY, LOUISIANA

Statement of Activities

For the Year Ended December 31, 2020

Functions	Program Revenues				Net (Expense) Revenue and Changes in Net position			
	Expenses	Charges for Services	Operating	Capital	Primary Government			Component Unit
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental Activities:								
General government	\$ 936,257	\$ -	\$ -	\$ 29,142	\$ (907,115)	\$ -	\$ (907,115)	\$ -
Total governmental activities	936,257	-	-	29,142	(907,115)	-	(907,115)	-
Business-type Activities:								
Water	443,767	548,289	-	-	-	104,522	104,522	-
Total Primary Government	1,380,024	548,289	-	29,142	(907,115)	104,522	(802,593)	-
Component Unit								
Lakeview Cemetery	\$ (10,481)	\$ 3,830	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (6,651)
General Revenues:								
					387,396	-	387,396	-
					25,186	-	25,186	-
					13,210	713	13,923	2,021
					20,117	-	20,117	-
					7,350	-	7,350	-
					104,245	-	104,245	-
					-	34,146	34,146	-
					51,106	-	51,106	-
					12,686	-	12,686	-
					78,660	(78,660)	-	-
					699,956	(43,801)	656,155	2,021
					(207,159)	60,721	(146,438)	(4,630)
					4,001,342	2,130,007	6,131,349	196,286
					\$ 3,794,183	\$ 2,190,728	\$ 5,984,911	\$ 191,656

The notes to the financial statements are an integral part of this statement.

TOWN OF OIL CITY, LOUISIANA

Balance Sheet - Governmental Funds
December 31, 2020

	General Fund	Special Revenue Fund	Capital Project Fund	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 12,249	\$ 43,241	\$ -	\$ 55,490
Investments, at cost	118,230	442,530	-	560,760
Receivables (net, where applicable, of allowances for uncollectible accounts)	19,914	68,890	-	88,804
Capital projects in progress			15,800	15,800
Prepaid expenses	10,957	-	-	10,957
Due from other funds	107,841	90,850	-	198,691
Total assets	\$ 269,191	\$ 645,511	\$ 15,800	\$ 930,502
<u>Liabilities and Fund Balances</u>				
<u>Liabilities</u>				
Accounts payable	17,796	19,730	-	37,526
Payroll taxes payable	9,421	-	-	9,421
Accrued salaries	6,212	-	-	6,212
Due to other funds	-	36,963	-	36,963
Total liabilities	33,429	56,693	-	90,122
<u>Fund balances</u>				
Nonspendable				
Prepaid expenses	10,957	-	-	10,957
Assigned	-	-	15,800	15,800
Unassigned	224,805	588,818	-	813,623
Total fund balances	235,762	588,818	15,800	840,380
Total liabilities and fund balances	\$ 269,191	\$ 645,511	\$ 15,800	\$ 930,502

The notes to the financial statements are an integral part of this statement.

TOWN OF OIL CITY, LOUISIANA

Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Position of
Governmental Activities on the Statement of Net Position
Year Ended December 31, 2020

Fund Balances - total governmental funds	\$ 840,380
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 the funds:	<u>2,953,803</u>
Net position of governmental activities	<u>\$ 3,794,183</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF OIL CITY, LOUISIANA

Statement of Revenues, Expenditures and Changes in Fund Balance -
For the Year Ended December 31, 2020

	General Fund	Special Revenue Fund	Capital Project Fund	Total Governmental Funds
Revenues:				
Taxes	\$ 164,767	\$ 222,629	\$ -	\$ 387,396
Licenses and permits	25,186	-	-	25,186
Intergovernmental:				
State supplemental pay	20,117	-	-	20,117
Grants:				-
Federal	-	-	4,400	4,400
State	-	20,342	-	20,342
Fines and fees	104,245	-	-	104,245
Interest	5,122	8,088	-	13,210
Rent	7,350	-	-	7,350
Miscellaneous	3,827	8,859	-	12,686
Total Revenues	<u>330,614</u>	<u>259,918</u>	<u>4,400</u>	<u>594,932</u>
Expenditures:				
Current operating:				
General government	432,051	117,955	-	550,006
Law enforcement	121,304	-	-	121,304
Sanitation	-	30,000	-	30,000
Capital outlays	-	97,043	-	97,043
Total expenditures	<u>553,355</u>	<u>244,998</u>	<u>-</u>	<u>798,353</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(222,741)</u>	<u>14,920</u>	<u>4,400</u>	<u>(203,421)</u>
Other Financing Sources:				
Insurance loss recovery	-	51,106	-	51,106
Operating transfers in	247,218	-	-	247,218
Operating transfers out	(52,667)	(115,891)	-	(168,558)
Total other financing sources	<u>194,551</u>	<u>(64,785)</u>	<u>-</u>	<u>129,766</u>
Net change in fund balance	(28,190)	(49,865)	4,400	(73,655)
Fund Balances, Beginning of Year	<u>263,952</u>	<u>638,683</u>	<u>11,400</u>	<u>914,035</u>
Fund Balances, End of Year	<u>\$ 235,762</u>	<u>\$ 588,818</u>	<u>\$ 15,800</u>	<u>\$ 840,380</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF OIL CITY, LOUISIANA

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental
Funds to the Governmental Activities in the Statement of Activities
Year Ended December 31, 2020

Net change in fund balances - total governmental funds	\$	(73,655)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$230,547) exceeds capital outlay (\$97,043) in the current period.		
		(133,504)
Other transactions affecting fixed assets		<u>-</u>
Change in net position of governmental activities.	\$	<u>(207,159)</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF OIL CITY, LOUISIANA

Statement of Net Position
 Proprietary Fund
 December 31, 2020

<u>Assets</u>	
Current assets:	
Cash and cash equivalents	\$ 70,912
Customer receivables	66,909
Prepaid expenses	7,325
Total current assets	<u>145,146</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	59,010
Investments	-
Due from other funds	-
Property, plant and equipment, (net)	3,609,705
Total noncurrent assets	<u>3,668,715</u>
Total assets	<u>3,813,861</u>
Deferred outflows of resources	<u>-</u>
<u>Liabilities</u>	
Current liabilities (payable from current assets):	
Accounts payable	26,501
Payroll taxes payable	9,910
Construction payable	94,650
Current portion of certificates of indebtedness	25,000
Accrued salaries	2,889
Due to other funds	161,728
Total Current liabilities (payable from current assets)	<u>320,678</u>
Current liabilities (payable from restricted assets):	
Customer deposits	59,010
Long term liabilities	
Certificates of indebtedness payable	240,000
Drinking water loan payable	1,003,445
Total liabilities	<u>1,623,133</u>
Deferred inflows of resources	<u>-</u>
<u>Net Position</u>	
Invested in capital assets, net of related debt	3,609,705
Unrestricted	(1,418,977)
Total net position	<u>\$ 2,190,728</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF OIL CITY, LOUISIANA

Statement of Revenues, Expenses and Changes in Fund Net Position
 Proprietary Fund
 For the Year Ended 12/31/2020

	Business-type Activities Enterprise Fund Water Fund
Operating revenues:	
Charges for services	\$ 548,289
Total operating revenues	<u>548,289</u>
Operating expenses:	
Personal services	178,032
Repairs and maintenance	32,940
Supplies and materials	18,219
Chemicals	27,571
Depreciation	116,559
Insurance	29,959
Utilities	17,806
Other	1,648
Total operating expenses	<u>422,734</u>
Operating income	<u>125,555</u>
Non-operating revenues:	
Interest income	713
Interest expense	(21,033)
Drinking water loan fund forgiveness	34,146
Total non-operating revenues	<u>13,826</u>
Net income before contributions and transfers	139,381
Transfers:	
Transfers in	-
Transfers out	(78,660)
Change in net position	<u>60,721</u>
Total net position - beginning	<u>2,130,007</u>
Total net position - ending	<u><u>\$ 2,190,728</u></u>

The notes to the financial statements are an integral part of this statement.

TOWN OF OIL CITY, LOUISIANA

Statement of Cash Flows
 Proprietary Fund
 For the Year Ended December 31, 2020

	Business-type Activities Enterprise Fund
	Water Fund
Cash Flows from Operating Activities:	
Receipts from customers and users	\$ 550,872
Payments to suppliers	(290,283)
Net Cash Used by Operating Activities	<u>260,589</u>
Cash Flows from Noncapital Financing Activities:	
Transfers to other funds	(78,660)
Net Cash Provided by Noncapital Financing Activities	<u>(78,660)</u>
Cash Flows from Capital and Related Financing Activities:	
Proceeds from drinking water loan fund	134,730
Principal paid on debt	(25,000)
Interest paid on certificates of indebtedness	(21,033)
Acquisition and construction of capital assets	(243,711)
Net Cash Provided by Capital and Related Financing Activities	<u>(155,014)</u>
Cash Flows from Investing Activities:	
Net change in investments	10,365
Interest received	713
Net Cash Provided by Investing Activities	<u>11,078</u>
Net Increase (Decrease) in Cash and Cash Equivalents:	37,993
Cash and Cash Equivalents, Beginning of Year (including restricted cash of \$56,690)	<u>91,929</u>
Cash and Cash Equivalents, End of Year (including restricted cash of \$59,010)	<u>\$ 129,922</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF OIL CITY, LOUISIANA

Statement of Cash Flows
 Proprietary Fund
 For the Year Ended December 31, 2020

	Business-type Activities Enterprise Fund	
	Water Fund	
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities :		
Operating income	\$	121,155
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation expense		116,559
Increase in customer deposits		2,320
Decrease in accounts receivable		2,583
Decrease in other receivables		-
Increase in prepaid expenses		(20)
Decrease in accounts payable		(18,867)
Increase in construction cost payable		40,337
Increase in accrued salaries		122
Decrease in due to other funds		(8,000)
Decrease in due from other funds		-
Total adjustments		135,034
Net Cash Provided (Used) by Operating Activities	\$	256,189

The notes to the financial statements are an integral part of this statement.

TOWN OF OIL CITY, LOUISIANA

Notes to Financial Statements
December 31, 2020

INTRODUCTION

The Town of Oil City, Louisiana (Town) was incorporated in 1945 under the provisions of the Lawrason Act. The Town is located in Caddo Parish in Northwest Louisiana.

The Town operates under the Mayor-Board of Aldermen form of government. Elected officials of the Town consist of the mayor and five (5) aldermen who are each elected to four-year terms. The affairs of the Town are conducted and managed by the mayor and the board of aldermen.

The accompanying financial statements of the Town have been 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.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under the provisions of this Statement, 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. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes and set rates or or issue bonded debt.

1. Summary of Significant Accounting Policies:

The accounting and reporting framework and the more significant accounting policies of the Town are described as follows:

Reporting Entity -

In evaluating the Town as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the Town may be financially accountable and, as such, should be included within the Town's financial statements. The Town (primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) is a potential for the organization to provide specific financial burdens on the Town. the primary government 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. The Town has oversight of other component units that are discretely presented in a separate column in the government-wide financial statements.

Discretely Presented Component Units

Lakeview Memorial Gardens

The Town, by ordinance, formed a cemetery board and transferred operation of the Lakeview Memorial Gardens. All members of the cemetery board are appointed by the mayor and board of aldermen of the Town of Oil City. The cemetery is governed by the State Laws Governing Cemetery Boards, R.S. 8:451-467 and Act 417 of 1974., which regulate setting up Trust Funds for Perpetual Care.

Basis of Presentation

The accompanying basic financial statements of the Town have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Town's basic financial statements consist of government-wide financial statements, a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Fund Accounting

The Town uses funds to maintain its financial records during the year. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

The funds of the Town are classified into two categories: governmental and proprietary.

Governmental Funds:

Governmental funds account for all or most of the Town's general activities. These funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between the governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources, which may be used to finance future periods programs or operations. The following are the Town's governmental funds.

General Fund - The General Fund is the primary 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. The Special Revenue Fund accounts for the collection of sales and property taxes and fees.

Capital Project Fund (LCDBG Fund) - The Capital Project Fund accounts for all financial resources used for the acquisition or construction of projects primarily financed by a Community Development Block Grant.

Enterprise Funds:

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town's enterprise fund is:

Utility Fund- The Utility fund is used to account for the provision of water and sewer services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

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 (GWFS)

The statement of net position and the statement of activities display information about the Town and its component unit. These statements include all the financial activities of the Town. Information contained in these statements reflects the "economic resources" measurement focus and the accrual basis of accounting. Governmental activities, which are normally supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with requirements of GASB Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment of the Town's activities is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the revenues and expenses associated with a distinct functional activity. The Town does not allocate indirect expenses to functions in the statement of activities. Program revenues reduce the cost of the function to be financed from the Town's general revenues. Program revenues included in the statement of activities are (1) derived directly from charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function, (2) operating grants and contributions, and (3) capital grants and contributions. For identifying to which function program revenue pertains, the determining factor for charges for services is which functions the revenues are restricted. Revenues not classified as program revenues are presented as general revenues, which include ad valorem taxes, sales taxes, franchise taxes, interest, and other items not properly included in program revenues.

Fund Financial Statements (FFS)

The fund financial statements report financial information by major and nonmajor funds. The emphasis of fund financial statements is on major governmental funds, each of which is displayed in a separate column. A fund is considered major if it is the primary fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least ten percent (10%) of the corresponding total for all funds of that category or type.
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least five percent (5%) of the corresponding total for all government and enterprise funds combined.
- c. The Town's management believes that the fund is particularly important to the financial statement users.

The Town considers the General Fund, the Special Revenue fund, and the Water Fund to be "major funds".

Governmental Fund Financial Statements - The amounts reflected in the governmental fund financial statements are accounted for using the "current financial resources" measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the on the balance sheet. When the "current financial resources" measurement focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. Furthermore, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt are reported as an other financing source and repayment of long-term debt is reported as expenditure. 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 a government-wide view of the Town's operations.

The amounts reflected in the governmental fund financial statements use the modified accrual basis of accounting. 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 pay liabilities of the current period. The Town considers all revenues available if they are collectible within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred.

The governmental funds use the following practices in recording revenues and expenditures:

Sales tax revenues are recorded in the period in which the underlying exchange has occurred.

Fines, forfeitures and fees are recognized in the period they are collected by the Town.

Interest earnings on deposits are recorded when credited to the Town.

Ad valorem taxes are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are generally collected in December of the year assessed and January and February of the ensuing year.

Revenue from federal and state grants is recognized when all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when resources are required to be used or the year when use is first permitted; matching requirements, in which the Town must provide local resources to be used for a specified purpose; and expenditure requirements, in which resources are provided to the Town on a reimbursement basis.

The revenues susceptible to accrual are sales taxes, property taxes, franchise taxes, grants and charges for services. Substantially all other revenues, including fines, permits, and license revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Expenditures are generally recognized under the modified accrual basis when a liability is incurred.

Salaries and related benefits are recorded when employee services are provided to the Town.

Purchases of various operating supplies are recorded as expenditures in the accounting period in which they are purchased.

Commitments under construction contracts are recognized as expenditures when carried by the contractor.

Purchases of capital assets in the governmental funds are recorded as expenditures when purchased. Governmental fund capital assets are reported at cost, net of accumulated depreciation, only in the government-wide financial statements.

Transfers between funds that are not expected to be repaid, sales of assets, proceeds from the sale of bonds, capitalized leases, compensation for the loss of assets, and the proceeds from accrued interest on the sale of bonds are accounted for as other financing sources (uses) in the statement of revenues, expenditures, and changes in fund balance. These other financing sources (uses) are recognized at the time the underlying events occur.

Proprietary Fund Financial Statements - The financial statements of the proprietary fund are reported using the "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows.

The amounts reflected in the proprietary fund financial statements use the accrual basis of accounting. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund equity is classified as net assets.

Cash and Cash Equivalents and Investments

Cash and cash equivalents include cash on hand, amounts in demand deposits and short term, highly liquid investments with original maturities of 90 days or less when purchased. Investments are interest-bearing time deposits with original maturity dates in excess of 90 days when purchased. Investments are stated at cost, which approximates market value.

The Town's investments comply with Louisiana Statutes (I.S.A R.S. 33:2955). 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 U.S. 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. In addition, local Louisiana governments are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana which operates a local government investment pool.

Receivables

In the government-wide financial statement, receivables consist of all revenues earned at year-end and not yet received. Major receivables for the governmental activities include water fees, franchise taxes, sales and use taxes, interest, and property tax revenues. Receivables for the proprietary fund consist of charges for customer services and interest. The Town uses the allowance method to account for bad debts for property taxes and customer water service receivables. Under this method, an estimate is made of the expected bad debts included in the year-end receivables. The

provision for bad debts is recorded as a current expenditure with a corresponding increase to the allowance for doubtful accounts. Accounts receivable are reported in the financial statements net of the allowance account. Subsequent charge-offs or recoveries of specific accounts respectively decrease or increase the allowance account.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2020 are recorded as prepaid expenses.

Interfund Balances (Due from/to Other Funds)

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and service type transactions are classified as "due to and due from other funds". These receivables and payables are classified as due from/to other funds in the fund financial statements.

Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the government-wide statement of net assets.

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without the expectation of repayment, the transaction is reported as a transfer and is treated as a source of income by the recipient fund and as an expenditure by the providing fund.

Capital Assets

Capital assets which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, lighting, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair value at the date of donation. The Town maintains a threshold level of \$1,500 or more for capitalizing assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

In accordance with GASB Statement No. 34, because of the costs involved in retroactively capitalizing infrastructure, the Town has elected an exception for local governments with annual revenues of less than \$10 million and will prospectively capitalize infrastructure from the date of implementation of GASB Statement 34 forward and will not retroactively capitalize infrastructure. The Town does not capitalize historical treasures or works of art.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives depending upon the expected durability of the particular asset:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	20-40 years
Equipment	5-20 years
Water and Sewer Improvements	40 years

Refundable Deposits

The Water and Sewer Fund of the Town requires customers to place a deposit before service is rendered. These monies are considered restricted and are held until the customer discontinues service.

Deferred Revenues

Deferred revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the Town receives resources before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria have been met or the Town has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Compensated Absences

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

Vacation - Employees are entitled to 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 lapse as of December 31 each year and 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 is recognized as current-year expenditure in the governmental funds, when leave is actually taken.

Restricted Assets

The Enterprise Fund restricts customer deposits. These amounts have been restricted by contractual agreement as security for services provided by the Town to the water customers. Upon termination of service, the town is required to refund the deposits to the customer.

Fund Equity

In the government-wide financial statements equity is classified as net position and reported in three components:

- a. Invested in capital assets, net of related debt - consist of capital assets including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to acquisition, construction, or improvement of those assets.
- b. Restricted net position - consists of net position with constraints placed on the use by external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - consists of all other assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

In the event that the Town, for the same function or purpose, receives restricted and unrestricted monies, the policy is to first apply restricted resources when an expenditure is incurred.

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved (portions of fund equity not available for appropriation or are legally restricted by outside parties for a specified purpose) or unreserved, with unreserved segregated between designated (portions of fund balance which represents management's plans which are subject to change) and undesignated. Proprietary fund equity is classified the same as in the government-wide financial statements.

Statements of Cash Flows

For the purposes of the statement of cash flows, the Town considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

Interfund Transactions

Quasi-external transactions, if any, 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 to expenditures in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as operating transfers.

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.

Property taxes levied for the current year are recognized as revenues, even though a portion is collectible in the period subsequent to the levy, when levied in the government-wide financial statements and are recognized to the extent that they result in current financial resources in the fund financial statements.

Property Tax Calendar

Assessment date	January 1, 2020
Levy date	Not later than June 1, 2020
Tax bills mailed	November 15, 2020
Total taxes are due	December 31, 2020
Penalties and interest are added	January 1, 2021
Lien date	No set policy
Tax sale - delinquent property	No set policy

The Caddo Parish Tax Assessor establishes assessed values each year on a uniform basis at the following ratio in fair market value:

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 the financial statements and the reported amounts of revenues, expenditures, and expenses during the reported period. Actual results could differ from those estimates.

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; injuries to employees and natural disasters. The Town carries commercial insurance for the risk of loss, including automobile liability, general liability, property damage, workers compensation, errors and omissions, and surety bonds. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

2. *Cash and Cash Equivalents and Investments:*

Cash and Cash Equivalents:

At December 31, 2020, the Town had cash and cash equivalents (book balances) totaling \$198,699 as follows:

Cash on hand	\$ 375
Demand deposits	198,324
Total	<u>\$ 198,699</u>

Investments:

At December 31, 2020, the Town had investments (book balances) totaling \$696,204 as follows:

Time deposits	<u>\$ 696,204</u>
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Book deposits in financial institutions at December 31, 2020 totaled \$894,903.

These deposits with financial institutions are stated at cost, which approximates market value. 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 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 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.

The cash equivalents and investments of the Town 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 Town will not be able to recover its deposits. At year end, the Town had bank balances of \$931,384, which were protected by \$727,719 of federal depository insurance, and deposits of \$203,665 were secured by securities held in the Town's name. (Category 3)

Interest Rate Risk: The Town's certificates of deposit have maturities of eighteen months or less which limits exposure to fair value losses arising from rising interest rates.

Credit Risk: The Town's investments comply with Louisiana Statutes LSA R.S. 33:2955. 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.

3. Property Taxes:

For the year ended December 31, 2020, taxes of 20.17 mills were levied on property with assessed valuation totaling \$4,144,659 and were dedicated as follows:

Sewerage and streets	14.12 mills
General fund operations	6.05 mills

Town taxes levied were \$92,011.

4. Receivables:

As of December 31, 2020, receivables consisted of the following:

	General Fund	Sales Tax Fund	Water Fund	Total
Property taxes	\$ -	\$ 64,042	\$ -	\$ 64,042
Sales tax	-	4,848	-	4,848
Franchise taxes	19,914	-	-	19,914
Service charge	-	-	66,909	66,909
Less allowance for uncollectible	-	-	-	-
	<u>\$ 19,914</u>	<u>\$ 68,890</u>	<u>\$ 66,909</u>	<u>\$ 155,713</u>

5. Due From/To Other Funds and Operating Transfers:

Amounts due from and to other funds as reported in the fund financial statements at December, 31 2020 are as follows:

	Amount
General Fund - Due from other funds	\$ 107,841
Special Revenue - Due from other funds	90,850
Special Revenue - Due to other funds	(36,963)
Water & Sewer Fund - Due to other funds	(161,728)
Total	<u>\$ -</u>

In the ordinary course of business, the Town routinely transfers resources between its funds. Transfers are used to (1) move revenues from the fund required by statute or budget to collect them to the fund required by statute or budget to expend them, and (2) use unrestricted revenues to finance various programs accounted for in other funds in accordance with budgetary authorization.

Net Transfers	Amount
General Fund	\$ 194,551
Special Revenue Fund	(115,891)
Water Fund	(78,660)
Total	<u>\$ -</u>

6 Capital Assets:

Capital assets and depreciation activity as of and for the year ended December 31, 2020 were as follows:

	Balance January 1, 2020	Additions	Balance December 31, 2020
Governmental activities:			
Capital assets not being depreciated:			
Land	\$ 239,448	\$ -	\$ 239,448
Construction in Progress	91,640	-	91,640
Total capital assets not being depreciated	331,088	-	331,088
Capital assets being depreciated:			
Buildings and structures	2,589,501	72,043	2,661,544
Improvements	4,132,598	-	4,132,598
Equipment	643,602	25,000	668,602
Total capital assets being depreciated	7,365,701	97,043	7,462,744
Less accumulated depreciation for:			
Buildings and structures	1,772,220	90,991	1,863,211
Improvements	2,275,068	107,297	2,382,365
Equipment	562,194	32,259	594,453
Total accumulated depreciation	4,609,482	230,547	4,840,029
Total capital assets, net	<u>\$3,087,307</u>	<u>\$ (133,504)</u>	<u>\$ 2,953,803</u>
Business-type activities			
Capital assets not being depreciated:			
Land	\$ 150,276	\$ -	\$ 150,276
Construction in Progress	28,930	221,871	250,801
Total capital assets not being depreciated	<u>\$ 179,206</u>	<u>\$ 221,871</u>	<u>\$ 401,077</u>
Capital assets being depreciated:			
Buildings and structures	147,724	-	147,724
Equipment	437,240	-	437,240
Water system	3,333,748	21,840	3,355,588
Total capital assets being depreciated	<u>3,918,712</u>	<u>21,840</u>	<u>3,940,552</u>
Total accumulated depreciation	<u>(615,365)</u>	<u>(116,559)</u>	<u>(731,924)</u>
Total capital assets, net	<u>\$3,482,553</u>	<u>\$ 127,152</u>	<u>\$ 3,609,705</u>

Component Unit	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
Capital assets not being depreciated:				
Land	\$ 30,775	\$ -	\$ -	\$ 30,775
Total capital assets not being depreciated	<u>30,775</u>	<u>-</u>	<u>-</u>	<u>30,775</u>
Capital assets being depreciated:				
Improvements	17,675	-	-	17,675
Accumulated Depreciation	<u>(4,641)</u>	<u>(884)</u>	<u>-</u>	<u>(5,525)</u>
Total capital assets being depreciated	<u>13,034</u>	<u>(884)</u>	<u>-</u>	<u>12,150</u>
Total capital assets, net	<u>\$ 43,809</u>	<u>\$ (884)</u>	<u>\$ -</u>	<u>\$ 42,925</u>

7. *Commitments and Contingencies:*

Lawsuits

There are no pending lawsuits against the Town at December 31, 2020.

Grant Audit

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 reimbursements that may arise as the result of these audits is not believed to be material.

8. *On-Behalf Payments:*

Police employees received a total of \$20,117 in police supplemental pay from the State of Louisiana. The Town is responsible for withholding taxes from these employees and paying the Town's matching portion of social security taxes for the amount of supplemental pay received. The Town must recognize this supplemental pay received by the employees as revenues and expenditures. The revenue is reported in the general fund under intergovernmental revenues and the expenditure is reported in the law enforcement expenditures.

9. Certificates of Indebtedness:

Balance, December 31, 2019	\$ 290,000
Principal payments	(25,000)
Balance, December 31, 2020	<u>\$ 265,000</u>

On January 28, 2014, the Town issued certificates of indebtedness for the Utility Fund in the amount of \$400,000. The certificates are payable as follows, including interest of \$118,075.

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 25,000	\$ 15,025	\$ 40,025
2022	25,000	13,650	38,650
2023	25,000	12,150	37,150
2024	30,000	10,500	40,500
2025	30,000	8,700	38,700
2026 and after	130,000	16,200	146,200
Total	<u>\$ 265,000</u>	<u>\$ 76,225</u>	<u>\$ 341,225</u>

10. DEQ 2019 Revenue Bonds:

On February 5, 2019, the Town approved bonds of \$3,075,900 for the purpose of improvements to its water and sewer system. Total draws on the loan were \$1,402,272. The loan bears interest at 1.95%. Forgiveness for the year ended December 31, 2020 totaled \$34,146. The loan does not have any stated repayment terms. The balance of the loan at December 31, 2020 was \$1,003,445.

11. Community Development Block Grant:

On September 17, 2018, the Town was awarded a Community Development Block Grant in the amount of \$300,000. Expenditures under this grant totaled \$11,400 for the year ended December 31, 2019 and \$4,400 for the year ended December 31, 2020. These expenditures have been recorded on the Statement of Net Position and the Balance Sheet of the Governmental Funds as Capital projects in progress.

12. Subsequent Events:

Management has evaluated subsequent events through August 22, 2022, the date the financial statements were available to be issued, and determined no additional disclosures are warranted.

TOWN OF OIL CITY, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2020

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 154,700	\$ 155,834	\$ 164,767	\$ 8,933
Licenses and Permits	32,500	25,600	25,186	(414)
Fines and Fees	110,000	132,000	104,245	(27,755)
Intergovernmental	24,000	16,000	20,117	4,117
Grants	-	945	-	(945)
Miscellaneous	18,800	11,540	16,299	4,759
Total Revenues	340,000	341,919	330,614	(11,305)
Expenditures:				
General Government	496,443	548,633	432,051	116,582
Law Enforcement	237,150	250,094	121,304	128,790
Capital Outlay	-	-	-	-
Total Expenditures	733,593	798,727	553,355	245,372
Net Change in Fund Balances before Other Financing Sources	(393,593)	(456,808)	(222,741)	234,067
Other Financing Sources				
Operating transfers in	124,583	267,083	247,218	19,865
Operating transfers out	-	-	(52,667)	(52,667)
Net Change in Fund Balance	(269,010)	(189,725)	(28,190)	161,535
Fund Balances, Beginning	263,952	263,952	263,952	-
Fund Balances, Ending	\$ (5,058)	\$ 74,227	\$ 235,762	\$ 161,535

TOWN OF OIL CITY, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Special Revenue Fund
For the Year Ended December 31, 2020

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 246,000	\$ 232,000	\$ 222,629	\$ (9,371)
Licenses and Permits	-	-	-	-
Service Charges	50,000	15,000	-	(15,000)
Grants	108,763	105,263	71,448	(33,815)
Intergovernmental	-	-	-	-
Miscellaneous	3,300	2,627	16,947	14,320
Total Revenues	<u>408,063</u>	<u>354,890</u>	<u>311,024</u>	<u>(43,866)</u>
Expenditures:				
General Government	265,945	256,951	117,955	138,996
Sanitation	30,000	30,000	30,000	-
Sewer	10,000	46,442	-	46,442
Capital Outlay	-	-	97,043	(97,043)
Total Expenditures	<u>305,945</u>	<u>333,393</u>	<u>244,998</u>	<u>88,395</u>
Net Change in Fund Balances before Other Financing Sources	102,118	21,497	66,026	44,529
Other Financing Sources				
Operating Transfers In	-	-	-	-
Operating Transfers Out	(64,000)	(100,417)	(115,891)	(15,474)
Net Change in Fund Balance	38,118	(78,920)	(49,865)	29,055
Fund Balances, Beginning	<u>638,683</u>	<u>638,683</u>	<u>638,683</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 676,801</u>	<u>\$ 559,763</u>	<u>\$ 588,818</u>	<u>\$ 29,055</u>

TOWN OF OIL CITY, LOUISIANA

Schedule of Mayor and Aldermen's Compensation
For the Year Ended December 31, 2020

The schedule of compensation paid to the mayor and the aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the mayor and aldermen is included in the general government expenditures of the General Fund. During 2020 the following amounts were paid to the Mayor and Aldermen:

Honorable James Sims, Mayor's Salary	\$25,459
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Aldermen per diem:

James Clifton	\$ -
Cynthia Barkschat	1,500
Donald Jackson	1,650
Levi Jones	1,050
Maquilla Frieson	1,650
Omelia Steward	-
	<u>5,850</u>
	<u>\$31,309</u>

TOWN OF OIL CITY, LOUISIANA

Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended December 31, 2020

Agency Head: Honorable James Sims, Mayor

Salary	<u>\$ 25,459</u>
Payroll Taxes	<u>\$ 1,947</u>
Car Allowance	<u>\$ 1,800</u>
Reimbursements	<u>\$ 469</u>

TOWN OF OIL CITY, LOUISIANA

Discretely Presented Component Unit -
Statement of Net Position
December 31, 2020

	<u>Lakeview Cemetery</u>
<u>Assets</u>	
Current assets:	
Cash	\$ 13,287
Investments, at cost	135,444
Receivables (net, where applicable, of allowances for uncollectible accounts)	<u> -</u>
Total current assets	<u>148,731</u>
Noncurrent assets:	
Property, plant and equipment (net of accumulated depreciation)	<u>42,925</u>
Total assets	<u>191,656</u>
<u>Net Position</u>	
Invested in capital assets, net of related debt	42,925
Unrestricted	<u>148,731</u>
Total net position	<u>\$ 191,656</u>

TOWN OF OIL CITY, LOUISIANA

Discretely Presented Component Unit -
Statement of Activities
December 31, 2020

	<u>Lakeview Cemetery</u>
Program Expenses:	
Cemetery operation and maintenance	<u>10,481</u>
Program Revenues:	
Operating contributions	<u>-</u>
Net Revenues	(10,481)
General Revenues:	
Lot sales	3,830
Interest	<u>2,021</u>
Total General Revenues	<u>5,851</u>
Change in Net Position	(4,630)
Net position, beginning of year	<u>196,286</u>
Net position, end of year	<u><u>\$ 191,656</u></u>



Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

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 James T. Simms, Mayor
and Members of the Board of Aldermen
Town of Oil City, Louisiana

I 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 of Town of Oil City, Louisiana as of and for the year ended December 31, 2020, and related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued my report thereon dated August 23, 2022.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Town of Oil City's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town's internal control.

My 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, I identified a certain deficiency in internal control that I consider to be a material weakness.

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 Town's financial statements will not be prevented, or detected on a timely basis.

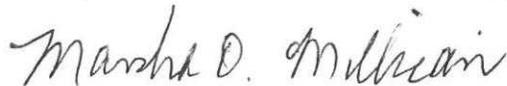
A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiency described in the accompanying schedule of findings to be a significant deficiency, and is described as Finding #2020-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Oil City's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings as Findings #2020-2, #2020-3, and #2020-4.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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 an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statutes, it is issued by the Legislative Auditor as a public document.



Certified Public Accountant
August 23, 2022

TOWN OF OIL CITY, LOUISIANA

Corrective Action Taken on Prior Year Findings

Year Ended December 31, 2020

Finding #2019-1:

The segregation of duties is inadequate to provide effective internal control.

Status:

Unresolved.

TOWN OF OIL CITY, LOUISIANA

Schedule of Findings

Year Ended December 31, 2020

1. The auditor's report expresses an unmodified opinion on the financial statements.
2. One significant deficiency which is considered to be a material weakness in internal control over financial reporting was disclosed during the audit.
3. Three instances of noncompliance material to the financial statements of the Town were disclosed.

Finding #2020-1:

Criteria: Effective internal control requires the segregation of duties.

Condition: The segregation of duties is inadequate to provide effective internal control.

Cause: The condition is due to economic and space limitations.

Effect: Unknown.

Recommendation: Whether or not it would be cost effective to correct a deficiency is not a factor in reporting requirements under accounting standards generally accepted in the United States of America. Because prudent management requires that the potential benefit from an internal control must exceed its costs, it may not be practical to correct all deficiencies reported under accounting standards generally accepted in the United States of America. In this case, both management and the auditor do not believe that correcting the material weakness described above is cost effective or practical, and, accordingly, do not believe that any corrective action is necessary.

Management's Response and Corrective Action Plan - We agree with the finding. We will make every effort to segregate duties whenever possible.

Finding #2020-2:

Criteria: State law requires the Town to file its financial statements with the Legislative Auditor within six months of the year end.

Condition: The Town did not file its financial statements within six months of the year end.

Cause: Unknown.

Effect: The Town cannot receive state funds until the financial statements are filed with the Legislative Auditor.

Recommendation: I recommend the Town file its financial statements with the Legislative Auditor within the time frame required by state law.

Management's Response and Corrective Action Plan - We agree with the finding. We will strive to file the Town's financial statements with the Legislative Auditor within the time frame required by state law.

TOWN OF OIL CITY, LOUISIANA

Schedule of Findings (Continued)

Year Ended December 31, 2020

Finding #2020-3:

Criteria: The Town collects and remits court fees to entities. These costs are due to be remitted to the entities within specific time frames.

Condition: The Town did not remit costs to the entities on a timely basis. The costs for January, 2020 through May, 2020 were remitted on May 31, 2022. The costs for June through December, 2020 were remitted on August 10, 2022.

Cause: Unknown.

Effect: Unknown.

Recommendation: I recommend the Town remit costs to entities on a timely basis.

Management's Response and Corrective Action Plan: We agree with the finding. We will remit costs to entities on a timely basis.

Finding #2020-4:

Criteria: The Internal Revenue Service and the State of Louisiana require payroll taxes to be remitted within a certain time frame.

Condition: The Town did not remit payroll tax returns for the third and fourth quarter of 2020 within the time frame required by Internal Revenue Service and State of Louisiana rules and regulations.

Cause: Unknown.

Effect: The Town did not comply with Internal Revenue Service and State of Louisiana rules and regulations.

Recommendation: I recommend the Town comply with Internal Revenue Service and State of Louisiana rules and regulations.

Management's Response and Corrective Action Plan - We agree with the finding. We will comply with Internal Revenue Service and State of Louisiana rules and regulations in the future.