



# Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

September 1, 2022

Louisiana Legislative Auditor  
P O Box 94397  
Baton Rouge, Louisiana 70804-9397

Re: Town of Oil City - ID #2302  
Annual Financial Report - December 31, 2019

I have revised the report for the above referenced entity. The report has been revised to transfer grant proceeds and grant expenditures of \$11,400 from the Proprietary Fund Type to the Capital Projects Fund.

Sincerely,

*Marsha O. Millican, APAC*

Marsha O. Millican, APAC

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**TOWN OF OIL CITY, LOUISIANA**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

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

# 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

### **Report on the Financial Statements**

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 of Town of Oil City, Louisiana (the Town), as of and for the year ended December 31, 2019, and the related notes to the financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate

discretely presented component unit, each major fund, and the aggregate remaining fund information of Town of Oil City, Louisiana, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

Accounting principles generally accepted in the United States of America require that the budgetary information on pages 30-31 be presented to supplement the basic financial statements. Such information is required by the Governmental Accounting Standards Board who considers it to be an essential part of the 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 Information***

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Mayor and Aldermen's Compensation on page 32, the Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head on page 33, and Component Unit information on pages 34-35 are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The Town of Oil City has not presented management's discussion and analysis that the Governmental Accounting Standard's Board has determined is necessary to supplement, although not required to be a part of the basic financial statements.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my reported dated June 29, 2021 on my consideration of Town of Oil City, Louisiana's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of 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 Town of Oil City, Louisiana's internal control over financial reporting and compliance.

*Marsha O. Millhean*

Certified Public Accountant

June 29, 2021

**TOWN OF OIL CITY, LOUISIANA**

Statement of Net Position

December 31, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Lakeview Cemetery
<b><u>Assets</u></b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 72,976	\$ 35,239	\$ 108,215	\$ 19,054
Investments, at cost	638,309	10,365	648,674	133,423
Receivables (net of allowance account)	77,440	69,492	146,932	-
Prepaid expenses	10,952	7,305	18,257	-
Total current assets	<u>799,677</u>	<u>122,401</u>	<u>922,078</u>	<u>152,477</u>
<b>Noncurrent assets:</b>				
Restricted assets:				
Cash and Cash equivalents	-	56,690	56,690	-
Due from other funds	216,691	-	216,691	-
Capital projects in progress	11,400	-	11,400	-
Capital assets, net of accumulated depreciation	3,087,307	3,482,553	6,569,860	43,809
Total noncurrent assets	<u>3,315,398</u>	<u>3,539,243</u>	<u>6,854,641</u>	<u>43,809</u>
Total assets	<u>4,115,075</u>	<u>3,661,644</u>	<u>7,776,719</u>	<u>196,286</u>
Deferred Outflows of Resources	-	-	-	-
<b><u>Liabilities</u></b>				
<b>Current Liabilities:</b>				
Accounts payable	41,010	55,278	96,288	-
Construction payable	-	54,313	54,313	-
Payroll taxes payable	18,456	-	18,456	-
Due to other funds	46,964	169,728	216,692	-
Certificates of indebtedness due in one year	-	25,000	25,000	-
Accrued salaries	7,301	2,767	10,068	-
Total current liabilities	<u>113,731</u>	<u>307,086</u>	<u>420,817</u>	<u>-</u>
<b>Noncurrent liabilities:</b>				
Certificates of indebtedness-due after one year	-	265,000	265,000	-
Drinking water loan payable	-	902,861	902,861	-
Deposits	-	56,690	56,690	-
Total noncurrent liabilities	<u>-</u>	<u>1,224,551</u>	<u>1,224,551</u>	<u>-</u>
Total liabilities	<u>113,731</u>	<u>1,531,637</u>	<u>1,645,368</u>	<u>-</u>
Deferred Inflows of Resources	-	-	-	-
<b><u>Net Position</u></b>				
Invested in capital assets, net of related debt	3,087,307	2,289,692	5,376,999	43,809
Unrestricted	914,037	(159,685)	754,352	152,477
Total net position	<u>\$ 4,001,344</u>	<u>\$ 2,130,007</u>	<u>\$ 6,131,351</u>	<u>\$ 196,286</u>

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, 2019

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	
<b>Primary Government:</b>								
<b>Governmental Activities:</b>								
General government	\$ 1,133,535	\$ -	\$ -	\$ 11,400	\$ (1,122,135)	\$ -	\$ (1,122,135)	\$ -
Total governmental activities	1,133,535	-	-	11,400	(1,122,135)	-	(1,122,135)	-
<b>Business-type Activities:</b>								
Water	597,105	607,702	-	22,800	-	10,597	10,597	-
<b>Total Primary Government</b>	<b>1,730,640</b>	<b>607,702</b>	<b>-</b>	<b>34,200</b>	<b>(1,122,135)</b>	<b>10,597</b>	<b>(1,111,538)</b>	<b>-</b>
<b>Component Unit</b>								
Lakeview Cemetery	\$ (6,386)	\$ 2,700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,686)
<b>General Revenues:</b>								
					423,159	-	423,159	-
					29,264	-	29,264	-
					11,525	814	12,339	300
					18,000	-	18,000	-
					13,820	-	13,820	-
					110,252	-	110,252	-
					-	328,681	328,681	-
					-	-	-	700
					23,747	-	23,747	-
					209,041	(209,041)	-	-
					838,808	120,454	959,262	1,000
					(283,327)	131,051	(152,276)	(2,686)
					4,284,671	1,998,956	6,283,627	198,972
					\$ 4,001,344	\$ 2,130,007	\$ 6,131,351	\$ 196,286

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

**TOWN OF OIL CITY, LOUISIANA**

Balance Sheet - Governmental Funds  
December 31, 2019

	General Fund	Special Revenue Fund	Capital Project Fund	Total Governmental Funds
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 12,048	\$ 60,928	\$ -	\$ 72,976
Investments, at cost	143,482	494,827	-	638,309
Receivables (net, where applicable, of allowances for uncollectible accounts)	19,862	57,578	-	77,440
Capital Projects in Progress	-	-	11,400	11,400
Prepaid expenses	10,952	-	-	10,952
Due from other funds	125,841	90,850	-	216,691
<b>Total assets</b>	<b>\$ 312,185</b>	<b>\$ 704,183</b>	<b>\$ 11,400</b>	<b>\$ 1,027,768</b>
<b><u>Liabilities and Fund Balances</u></b>				
<b><u>Liabilities</u></b>				
Accounts payable	22,474	18,536	-	41,010
Payroll taxes payable	18,456	-	-	18,456
Accrued salaries	7,301	-	-	7,301
Due to other funds	-	46,964	-	46,964
<b>Total liabilities</b>	<b>48,231</b>	<b>65,500</b>	<b>-</b>	<b>113,731</b>
<b><u>Fund balances</u></b>				
<b>Nonspendable</b>				
Prepaid expenses	10,952	-	-	10,952
Assigned	-	-	11,400	11,400
Unassigned	253,002	638,683	-	891,685
<b>Total fund balances</b>	<b>263,954</b>	<b>638,683</b>	<b>11,400</b>	<b>914,037</b>
<b>Total liabilities and fund balances</b>	<b>\$ 312,185</b>	<b>\$ 704,183</b>	<b>\$ 11,400</b>	<b>\$ 1,027,768</b>

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, 2019

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Fund Balances - total governmental funds	\$ 914,037
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>3,087,307</u>
Net position of governmental activities	<u>\$ 4,001,344</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, 2019

	General Fund	Special Revenue Fund	Capital Project Fund	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 150,904	\$ 272,255	\$ -	\$ 423,159
Licenses and permits	29,264	-	-	29,264
Intergovernmental:				
State supplemental pay	18,000	-	-	18,000
Grants:				-
Federal	-	-	11,400	11,400
State	-	-	-	-
Fines and fees	110,252	-	-	110,252
Interest	2,418	9,107	-	11,525
Rent	13,820	-	-	13,820
Miscellaneous	18,707	5,040	-	23,747
Total Revenues	<u>343,365</u>	<u>286,402</u>	<u>11,400</u>	<u>641,167</u>
<b>Expenditures:</b>				
Current operating:				
General government	524,104	147,514	-	671,618
Law enforcement	191,152	-	-	191,152
Sanitation	-	30,000	-	30,000
Capital outlays	-	48,263	-	48,263
Total expenditures	<u>715,256</u>	<u>225,777</u>	<u>-</u>	<u>941,033</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(371,891)</u>	<u>60,625</u>	<u>11,400</u>	<u>(299,866)</u>
Other Financing Sources:				
Insurance loss recovery	-	-	-	-
Operating transfers in	360,935	5,000	-	365,935
Operating transfers out	(12,532)	(144,362)	-	(156,894)
Total other financing sources	<u>348,403</u>	<u>(139,362)</u>	<u>-</u>	<u>209,041</u>
Net change in fund balance	(23,488)	(78,737)	11,400	(90,825)
Fund Balances, Beginning of Year	<u>287,442</u>	<u>717,420</u>	<u>-</u>	<u>1,004,862</u>
Fund Balances, End of Year	<u>\$ 263,954</u>	<u>\$ 638,683</u>	<u>\$ 11,400</u>	<u>\$ 914,037</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, 2019

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Net change in fund balances - total governmental funds	\$	(90,825)
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 (\$230,965) exceeds capital outlay (\$38,463) in the current period.		(192,502)
Other transactions affecting fixed assets		<u>-</u>
Change in net position of governmental activities.	\$	<u>(283,327)</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, 2019

<u>Assets</u>	
<b>Current assets:</b>	
Cash and cash equivalents	\$ 35,239
Customer receivables	69,492
Prepaid expenses	7,305
Total current assets	<u>112,036</u>
<b>Noncurrent assets:</b>	
Restricted assets:	
Cash and cash equivalents	56,690
Investments	10,365
Due from other funds	-
Property, plant and equipment, (net)	3,482,553
Total noncurrent assets	<u>3,549,608</u>
Total assets	<u>3,661,644</u>
<b>Deferred outflows of resources</b>	<u>-</u>
<u>Liabilities</u>	
<b>Current liabilities (payable from current assets):</b>	
Accounts payable	55,278
Construction Payable	54,313
Current portion of certificates of indebtedness	25,000
Accrued salaries	2,767
Due to other funds	169,728
Total Current liabilities (payable from current assets)	<u>307,086</u>
<b>Current liabilities (payable from restricted assets):</b>	
Customer deposits	56,690
<b>Long term liabilities</b>	
Certificates of indebtedness payable	265,000
Drinking water loan payable	902,861
Total liabilities	<u>1,531,637</u>
<b>Deferred inflows of resources</b>	<u>-</u>
<u>Net Position</u>	
Invested in capital assets, net of related debt	2,289,692
Unrestricted	(159,685)
Total net position	<u>\$ 2,130,007</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 12/31/2019

	Business-type Activities Enterprise Fund Water Fund
<b>Operating revenues:</b>	
Charges for services	\$ 607,702
Total operating revenues	607,702
<b>Operating expenses:</b>	
Personal services	261,394
Repairs and maintenance	22,352
Supplies and materials	16,121
Chemicals	29,367
Depreciation	89,211
Insurance	62,283
Utilities	21,282
Hazard waste spill/clean up	68,864
Other	9,206
Total operating expenses	580,080
Operating income	27,622
<b>Non-operating revenues:</b>	
Interest income	814
Interest expense	(17,025)
Drinking water loan fund forgiveness	328,681
Total non-operating revenues	312,470
Net income before contributions and transfers	340,092
<b>Transfers:</b>	
Transfers in	-
Transfers out	(209,041)
<b>Change in net position</b>	<b>131,051</b>
<b>Total net position - beginning</b>	<b>1,998,956</b>
<b>Total net position - ending</b>	<b>\$ 2,130,007</b>

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, 2019

	Business-type Activities Enterprise Fund Water Fund
<b>Cash Flows from Operating Activities:</b>	
Receipts from customers and users	\$ 601,286
Payments to suppliers	(375,977)
Net Cash Used by Operating Activities	<u>225,309</u>
<b>Cash Flows from Noncapital Financing Activities:</b>	
Transfers to other funds	(209,041)
Net Cash Provided by Noncapital Financing Activities	<u>(209,041)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Proceeds from drinking water loan fund	1,231,542
Principal paid on certificates of indebtedness	(25,000)
Interest paid on certificates of indebtedness	(17,025)
Acquisition and construction of capital assets	(1,313,015)
Net Cash Provided by Capital and Related Financing Activities	<u>(123,498)</u>
<b>Cash Flows from Investing Activities:</b>	
Net change in investments	97,418
Interest received	814
Net Cash Provided by Investing Activities	<u>98,232</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents:</b>	(8,998)
<b>Cash and Cash Equivalents, Beginning of Year (including restricted cash of \$54,935)</b>	<u>100,927</u>
<b>Cash and Cash Equivalents, End of Year (including restricted cash of \$56,690)</b>	<u>\$ 91,929</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, 2019

	Business-type Activities Enterprise Fund
	Water Fund
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities :	
Operating income	\$ 27,622
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation expense	89,211
Increase in customer deposits	1,755
Increase in accounts receivable	(6,416)
Decrease in other receivables	7,685
Decrease in prepaid expenses	3,928
Decrease in accounts payable	(31,279)
Increase in construction cost payable	54,313
Decrease in accrued salaries	(177)
Increase in due to other funds	78,667
Decrease in due from other funds	-
Total adjustments	197,687
Net Cash Provided (Used) by Operating Activities	\$ 225,309

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

TOWN OF OIL CITY, LOUISIANA

Notes to Financial Statements

December 31, 2019

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**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 governmental 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, including 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 represents the accumulated expendable resources, which may be used to finance future period 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 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 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 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 sewer 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, 2019 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:



Description	Estimated Lives
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, 2019
Levy date	Not later than June 1, 2019
Tax bills mailed	November 15, 2019
Total taxes are due	December 31, 2019
Penalties and interest are added	January 1, 2020
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, 2019, the Town had cash and cash equivalents (book balances) totaling \$183,959 as follows:

Cash on hand	\$ 375
Demand deposits	183,584
Total	<u>\$ 183,959</u>

*Investments:*

At December 31, 2019, the Town had investments (book balances) totaling \$782,097 as follows:

Time deposits	<u>\$ 782,097</u>
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Deposits in financial institutions at December 31, 2019 totaled \$735,977.

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 \$735,977, which were protected by \$330,917 of federal depository insurance, and deposits of \$405,060 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, 2019, taxes of 20.17 mills were levied on property with assessed valuation totaling \$4,118,595 and were dedicated as follows:

Sewerage and streets	14.12 mills
General fund operations	6.05 mills

Town taxes levied were \$88,350.

**4. Receivables:**

As of December 31, 2019, receivables consisted of the following:

	General Fund	Sales Tax Fund	Water Fund	Total
Property taxes	\$ -	\$ 46,617	\$ -	\$ 46,617
Sales tax	-	10,961	-	10,961
Franchise taxes	19,862	-	-	19,862
Service charge	-	-	69,492	69,492
Less allowance for uncollectible	-	-	-	-
	<u>\$ 19,862</u>	<u>\$ 57,578</u>	<u>\$ 69,492</u>	<u>\$ 146,932</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 2019 are as follows:

	Amount
General Fund - Due from other funds	\$ 125,841
Special Revenue - Due from other funds	90,850
Special Revenue - Due to other funds	(46,963)
Water & Sewer Fund - Due to other funds	<u>(169,728)</u>
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	\$ 348,403
Special Revenue Fund	(139,362)
Water Fund	<u>(209,041)</u>
Total	<u>\$ -</u>

## 6 Capital Assets:

Capital assets and depreciation activity as of and for the year ended December 31, 2019 were as follows:

	Balance January 1, 2019	Additions	Balance December 31, 2019
<b>Governmental activities:</b>			
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	2,584,218	5,283	2,589,501
Improvements	4,132,598	-	4,132,598
Equipment	610,422	33,180	643,602
Total capital assets being depreciated	7,327,238	38,463	7,365,701
Less accumulated depreciation for:			
Buildings and structures	1,683,964	88,256	1,772,220
Improvements	2,167,476	107,592	2,275,068
Equipment	527,077	35,117	562,194
Total accumulated depreciation	4,378,517	230,965	4,609,482
Total capital assets, net	<u>\$3,279,809</u>	<u>\$ (192,502)</u>	<u>\$ 3,087,307</u>
<b>Business-type activities</b>			
Capital assets not being depreciated:			
Land	\$ 150,276	\$ -	\$ 150,276
Construction in Progress	-	28,930	28,930
Total capital assets not being depreciated	<u>\$ 150,276</u>	<u>\$ 28,930</u>	<u>\$ 179,206</u>
Capital assets being depreciated:			
Buildings and structures	147,724	-	147,724
Equipment	437,240	-	437,240
Water system	2,049,662	1,284,086	3,333,748
Total capital assets being depreciated	<u>2,634,626</u>	<u>1,284,086</u>	<u>3,918,712</u>
Total accumulated depreciation	<u>(526,154)</u>	<u>(89,211)</u>	<u>(615,365)</u>
Total capital assets, net	<u>\$2,258,748</u>	<u>\$1,223,805</u>	<u>\$ 3,482,553</u>

<b>Component Unit</b>	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
<b>Capital assets not being depreciated:</b>				
Land	\$ 30,775	\$ -	\$ -	\$ 30,775
Total capital assets not being depreciated	30,775	-	-	30,775
<b>Capital assets being depreciated:</b>				
Improvements	17,675	-	-	17,675
Accumulated Depreciation	(3,757)	(884)	-	(4,641)
Total capital assets being depreciated	13,918	(884)	-	13,034
Total capital assets, net	\$ 44,693	\$ (884)	\$ -	\$ 43,809

**7. *Commitments and Contingencies:***

Lawsuits

There are no pending lawsuits against the Town at December 31, 2019.

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 \$18,000 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, 2018	\$ 315,000
Principal payments	(25,000)
Balance, December 31, 2019	<u>\$ 290,000</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>
2020	\$ 25,000	\$ 16,150	\$ 41,150
2021	25,000	15,025	40,025
2022	25,000	13,650	38,650
2023	25,000	12,150	37,150
2024	25,000	10,675	35,675
2025 and after	165,000	24,375	189,375
Total	<u>\$ 290,000</u>	<u>\$ 92,025</u>	<u>\$ 382,025</u>

**10. DEQ 2019 Revenue Bonds:**

On February 5, 2019, the District approved bonds of \$3,075,900 for the purpose of improvements to its water and sewer system. Net draws on the loan were \$1,231,542. The loan bears interest at 1.95%. Forgiveness for the year ended December 31, 2019 totaled \$328,681. The loan does not have any stated repayment terms. The balance of the loan at December 31, 2019 was \$902,861.

**11. Subsequent Events:**

Management has evaluated subsequent events through June 29, 2021, the date the financial statements were available to be issued, and determined no additional disclosures are warranted.

On March 13, 2020, a national emergency was declared relating to the COVID-19 virus. As of the date of this report, the pandemic is ongoing. The extent of the impact of COVID-19 virus on our operations and employees cannot be predicted. The future effects of this issue are unknown.



**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, 2019

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>				
Taxes	\$ 178,600	\$ 123,574	\$ 150,904	\$ 27,330
Licenses and Permits	25,500	30,399	29,264	(1,135)
Fines and Fees	100,000	108,358	110,252	1,894
Intergovernmental	24,000	18,000	18,000	-
Grants	-	1,894	-	(1,894)
Miscellaneous	18,800	20,267	34,945	14,678
<b>Total Revenues</b>	<b>346,900</b>	<b>302,492</b>	<b>343,365</b>	<b>40,873</b>
<b>Expenditures:</b>				
General Government	548,633	481,913	524,104	(42,191)
Law Enforcement	250,094	239,391	191,152	48,239
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<b>798,727</b>	<b>721,304</b>	<b>715,256</b>	<b>6,048</b>
Net Change in Fund Balances before Other Financing Sources	(451,827)	(418,812)	(371,891)	46,921
Other Financing Sources				
Operating transfers in	457,857	329,357	360,935	31,578
Operating transfers out	-	-	(12,532)	(12,532)
<b>Net Change in Fund Balance</b>	<b>6,030</b>	<b>(89,455)</b>	<b>(23,488)</b>	<b>65,967</b>
<b>Fund Balances, Beginning</b>	<b>287,442</b>	<b>287,442</b>	<b>287,442</b>	<b>-</b>
<b>Fund Balances, Ending</b>	<b>\$ 293,472</b>	<b>\$ 197,987</b>	<b>\$ 263,954</b>	<b>\$ 65,967</b>

**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, 2019

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>				
Taxes	\$ 285,000	\$ 214,677	\$ 272,255	\$ 57,578
Licenses and Permits	-	-	-	-
Service Charges	50,000	-	-	-
Intergovernmental	-	-	-	-
Miscellaneous	18,163	16,224	14,147	(2,077)
<b>Total Revenues</b>	<b>353,163</b>	<b>230,901</b>	<b>286,402</b>	<b>55,501</b>
<b>Expenditures:</b>				
General Government	182,683	237,367	147,514	89,853
Sanitation	30,000	30,000	30,000	-
Sewer	15,000	-	-	-
Capital Outlay	-	-	48,263	(48,263)
<b>Total Expenditures</b>	<b>227,683</b>	<b>267,367</b>	<b>225,777</b>	<b>41,590</b>
Net Change in Fund Balances before Other Financing Sources	125,480	(36,466)	60,625	97,091
Other Financing Sources				
Operating Transfers In	-	-	5,000	5,000
Operating Transfers Out	(71,928)	(115,814)	(144,362)	(28,548)
<b>Net Change in Fund Balance</b>	<b>53,552</b>	<b>(152,280)</b>	<b>(78,737)</b>	<b>73,543</b>
<b>Fund Balances, Beginning</b>	<b>717,420</b>	<b>717,420</b>	<b>717,420</b>	<b>-</b>
<b>Fund Balances, Ending</b>	<b>\$ 770,972</b>	<b>\$ 565,140</b>	<b>\$ 638,683</b>	<b>\$ 73,543</b>

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2019

<u>FEDERAL GRANTS OR/ PROGRAM TITLE*</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>EXPENDITURES</u>
Environmental Protection Agency Passed through the Louisiana Department of Health			
Drinking Water Revolving Loan Fund*	66.468	\$ 2,350,000	\$ 1,258,702
U.S Housing and Urban Development Passed through Louisiana Division of Administration Community Development Block Grant	14.228	300,000	11,400
Total		<u>\$ 2,650,000</u>	<u>\$ 1,270,102</u>

\*Indicates Major Program

**TOWN OF OIL CITY, LOUISIANA**

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2019

Note1 - General

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal spending of Town of Oil City (the Town) and is presented on the accrual basis of accounting. This information is presented in accordance with the requirements of *Title 2, U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

The Town did not pass through any of its federal awards to a subrecipient during the fiscal year, not did it expend any federal awards in the form of noncash assistance.

The Town had elected not to use the 10 percent de minimis indirect cost rate as allowed under the uniform guidance.

**TOWN OF OIL CITY, LOUISIANA**

Schedule of Mayor and Aldermen's Compensation  
For the Year Ended December 31, 2019

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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 2019 the following amounts were paid to the Mayor and Aldermen:

Honorable James Sims, Mayor's Salary	\$25,443
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Aldermen per diem:

James Clifton	\$ -
Cynthia Barkschat	2,250
Donnie Jackson	2,100
Omelia Steward	1,350
Maquilla Frieson	1,500
Teddy Barton	150
	<hr/>
	7,350
	<hr/>
	<u>\$32,793</u>

**TOWN OF OIL CITY, LOUISIANA**

Schedule of Compensation, Benefits, and Other Payments  
to Agency Head  
For the Year Ended December 31, 2019

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Agency Head: Honorable James Sims, Mayor	
Salary	<u>\$ 25,433</u>
Payroll Taxes	<u>\$ 1,946</u>
Car Allowance	<u>\$ 1,800</u>
Reimbursements	<u>\$ 1,104</u>

**TOWN OF OIL CITY, LOUISIANA**

Discretely Presented Component Unit -  
Statement of Net Position  
December 31, 2019

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	<u>Lakeview Cemetery</u>
<u>Assets</u>	
<b>Current assets:</b>	
Cash	\$ 19,054
Investments, at cost	133,423
Receivables (net, where applicable, of allowances for uncollectible accounts)	<u>          -</u>
Total current assets	<u>152,477</u>
<b>Noncurrent assets:</b>	
Property, plant and equipment (net of accumulated depreciation)	<u>43,809</u>
Total assets	<u>196,286</u>
<u>Net Position</u>	
Invested in capital assets, net of related debt	43,809
Unrestricted	<u>152,477</u>
Total net position	<u><u>\$ 196,286</u></u>

**TOWN OF OIL CITY, LOUISIANA**

Discretely Presented Component Unit -  
Statement of Activities  
December 31, 2019

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	<u>Lakeview Cemetery</u>
Program Expenses:	
Cemetery operation and maintenance	<u>\$ 6,386</u>
Program Revenues:	
Operating contributions	<u>700</u>
Net Revenues	(5,686)
General Revenues:	
Lot sales	2,700
Interest	<u>300</u>
Total General Revenues	3,000
Change in Net Position	(2,686)
Net position, beginning of year	<u>198,972</u>
Net position, end of year	<u><u>\$ 196,286</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, 2019, and related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated June 29, 2021.

### 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.

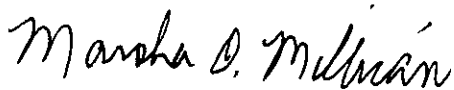
A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiency described in the accompanying schedule of findings to be a significant deficiency, and is described as Finding #2019-1.

### 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of 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

June 29, 2021



# Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

### Report on Compliance for Each Major Federal Program

I have audited Town of Oil City, Louisiana's compliance with the types of compliance requirements described in *OMB Compliance Supplement* that could have a direct and material effect on each of Town of Oil City, Louisiana's major federal programs for the year ended December 31, 2019. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedules of findings and questioned costs.

### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Town of Oil City, Louisiana's major programs based on my audit of the types of compliance requirements referred to above. I conducted my audit in compliance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2, *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as I consider necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination on the Town's compliance.

### Opinion on Each Major Federal Program

In my opinion, Town of Oil City, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2019.

### Report on Internal Control over Compliance

The management of Town of Oil City, Louisiana is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit, I considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance 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, detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guide. Accordingly, this report is not suitable for any other purpose.

*Marsha D. Milhean*

Certified Public Accountant  
June 29, 2021

TOWN OF OIL CITY, LOUISIANA

Corrective Action Taken on Prior Year Findings

Year Ended December 31, 2019

Finding #2018-1:

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

Status:

Unresolved.

Finding #2018-2:

Payroll taxes were not paid on a timely basis for the third and fourth quarters.

Status:

Resolved.

Finding#2018-3:

The Town was not in compliance with the State Budget Law.

Status:

Resolved.

**TOWN OF OIL CITY, LOUISIANA**

Schedule of Findings and Questioned Costs

Year Ended December 31, 2019

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. No instances of noncompliance material to the financial statements of the Town were disclosed.
4. No material weaknesses relating to the audit of the major federal award program are reported.
5. The auditor's report on compliance for the major federal award programs for the Town expresses an unmodified opinion.
6. There are no audit findings relative to the major federal award programs for the Town.
7. The programs tested as major programs included:

<u>CFDA Number</u>	<u>Federal Program</u>
66.468	Drinking Water Revolving Loan Fund

8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Town of Oil City was not determined to be a low risk auditee.

B - Findings- Financial Statement Audit

Finding #2019-1:

Criteria: Effective internal control requires 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.

**TOWN OF OIL CITY, LOUISIANA**

Schedule of Findings and Questioned Costs - (Continued)

Year Ended December 31, 2019

Finding #2019-1 (Continued)

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.

C - Findings and Questioned Costs - Major Federal Program

None.





# Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING STATEWIDE AGREED-UPON PROCEDURES

The Honorable Mayor James Sims  
and Members of the Board of Aldermen  
Town of Oil City, Louisiana

I have performed the procedures enumerated below, which were specified and agreed to by the Mayor and the Board of Aldermen of the Town of Oil City, Louisiana (the Town) to assist the Town in complying with the requirements of the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUP) for the fiscal year ended December 31, 2019. I am required to perform each procedure and report the results, including any exceptions. The Town is responsible for internal controls and compliance with laws and regulations relative to the SAUP and for selecting the criteria and procedures and determining that such criteria and procedures are appropriate for their purposes.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the Board. Consequently, I make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

### ***Written Policies and Procedures***

---

1. I obtained the entity's written policies and procedures and determined whether those written policies and procedures address each of the following financial/business functions (or noted that the entity does not have any written policies and procedures), as applicable:
  - a) ***Budgeting***, including preparing, adopting, monitoring and amending the budget.
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing and approving.
  - d) ***Receipts***, including receiving, recording, and preparing deposits.
  - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.



- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt insurance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

***Procedure Results - No exceptions noted.***

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

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2. I obtained and reviewed the board/committee minutes for the fiscal period, and:

- Determined whether the managing board met (with a quorum) at least monthly, or in a frequency in accordance with board's enabling legislation, charter, or other equivalent document.
- Determined whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

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

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

***Not applicable because of no exceptions in the prior year.***

### ***Bank Reconciliations***

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3. I obtained a listing of the Council's bank accounts from management and management's representation that the listing is complete.
4. Using the listing provided by management, I selected all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than five accounts). For each of the bank accounts selected, I obtained bank statements and reconciliations for all months in the fiscal period and determined whether:
  - Bank reconciliations have been prepared
  - Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
  - If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

*Not applicable because of no exceptions in the prior year.*

### ***Collections***

---

5. I obtained a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.
6. Using the listing provided by management, I selected all of the entity's cash collection locations (if five or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). For each collection location selected:
  - I obtained existing written documentation (e.g. insurance policy, policy manual, job description) and determined whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transactions, or reconciling the related bank account(report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
  - I obtained existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and determined whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash location selected.
  - I selected the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

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

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

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

*Not applicable because of no exceptions in the prior year.*

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

8. I obtained a listing of entity disbursements from management or, alternately, obtained the general ledger and sort/filter for entity disbursements. I obtained management's representation that the listing or general population is complete.
9. Using the disbursement population from #8 above, I randomly selected 30 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. I obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and determined whether the supporting documentation for each transaction demonstrated that:
  - Purchases were initiated using a requisition/purchase order system or an equivalent system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
  - Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
  - Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or an electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.
10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), I noted whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.
11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), I noted whether the person with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

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

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

*Not applicable because of no exceptions in the prior year.*

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

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

15. Using the listing prepared by management, I randomly selected 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year.

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

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

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

- For each transaction, I determined whether the transaction is supported by:

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

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

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

- For each transaction, I compared the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
- For each transaction, I compared the entity's documentation of the business/public purpose to the requirement of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*Not applicable because of no exceptions in the prior year.*

### **Travel and Expense Reimbursement**

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

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

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

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

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

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

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



- I compared the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- I determined whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*Not applicable because of no exceptions in the prior year.*

### Contracts

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

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

- Determined whether is a formal/written contract that supports the services arrangement and the amount paid.
- I compared each contract's detail to the Louisiana Public Bid Law or Procurement Code. I noted whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

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

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

- I determined whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
- I selected the largest payment from each of the five contracts, obtained the supporting invoice, compared the invoice to the contract terms, and noted whether the invoice and related payment complied with the terms and conditions of the contract.
- I obtained/reviewed contract documentation and board minutes and determined whether there is documentation of board approval, if required by policy or law (e.g., Lawrason Act or Home Rule Charter).

*Not applicable because of no exceptions in the prior year.*

## Payroll and Personnel

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22. I obtained a listing of employees (and elected officials, if applicable) with their related salaries, and obtained management's representation that the listing is complete. I randomly selected five employees/officials, obtained their personnel files, and:
- a) Reviewed compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
  - b) Reviewed changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.
23. I obtained attendance and leave records and randomly selected one pay period in which leave has been taken by at least one employee. Within the pay period, I randomly selected 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
- a) Determined whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). [Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.]
  - b) Determined whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
  - c) Determined whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.
24. I obtained from management a list of those employees/officials that terminated during the fiscal period and managements representation that the list is complete. If applicable, I selected the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtained the personnel files for the two employees/officials. I noted whether the termination payments were made in strict accordance with policy and/or contract and approved by management.
25. I obtained supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. I determined whether the employee and employer portions of the payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.
- a) ***Procedure Results - Prior year exceptions corrected; no exceptions noted.***

## Ethics (excluding nonprofits)

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

27. I inquired of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, I reviewed documentation that demonstrates whether management investigate alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. I determined whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

*Not applicable because of no exceptions in the prior year.*

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

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

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

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

*Not applicable because of no exceptions in the prior year.*

***Other***

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31. I inquired of management whether the entity had any misappropriations of public funds or assets. If so, I obtained/reviewed supporting documentation and noted whether the entity had reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

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

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

*Not applicable because of no exceptions in the prior year.*



I was not engaged and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively on the Statewide Agreed-Upon Procedures. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of the Town and the LLA, and is not intended to be, and should not be, used by anyone other than the specified parties.

*Marsha O. Mullein*

Certified Public Accountant

June 29, 2021