



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

February 17, 2014

CITY OF OAKDALE

Current and past payroll processing clerks for the City of Oakdale allegedly used city funds to pay fringe benefits they should have paid themselves, such as dental and retirement benefits, a report released Monday by Legislative Auditor Daryl Purpera's office said.

The audit, conducted by Royce T. Scimemi, a certified public accountant in Oberlin, did not say how many clerks may have engaged in the practice or how much was paid improperly by city funds for the benefits.

While the audit for the fiscal year 2013 was being conducted, the payroll clerk at the time was questioned and admitted to paying fringe benefits with city funds.

The audit report said Oakdale police officers have made arrests and are conducting an investigation, and the Allen Parish district attorney's office and Purpera have been notified. In their response to the report, Oakdale officials said that the "responsible payroll personnel have been terminated and criminal charges have been filed. Tighter internal controls and oversight over the payroll processing will be initiated by the city clerk."

Scimemi's report for the state auditor contained a total of nine findings, three more than last year. Another finding as of June 30, 2013, says that when the fiscal year ended, the city owed federal and state payroll taxes for the first six months of 2013, but did not say how much. The report said that "significant penalties will be assessed for failure to file and pay" the taxes.

The report cited a "lack of available funds" as the reason for the non-payment. It also pointed out that customer utility meter deposits have been used to pay the city's operating expenses.

At the end of the 2013 fiscal year, the report said, Oakdale had a deficit of \$751,061 in its unassigned fund balance for the general fund. Auditors said the city "continues to maintain a weak financial position" but is working to improve its condition.

The report said the city spent \$134,673 for playground equipment, three police vehicles and extrication equipment without taking at least three telephone or facsimile bids since all of the individual items were valued at less than \$30,000. State law requires at least three telephone or fax bids for items under \$30,000.

The city also purchased another \$196,443 in playground equipment and firefighting equipment – all worth more than \$30,000 each -- without soliciting public bids. For individual items valued at



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more than \$30,000, state bid law requires items to be advertised for bid and the lowest responsive bid be taken.

Some of the other findings in the report include:

- Oakdale officials have inappropriately levied and collected two property taxes of 1.77 mills and 2.86 mills to make debt service payments on sewer bonds that were paid off a decade ago. “Since the bonds associated with these millages were paid, the city should have ceased levying those tax millages,” the report said.
- The City of Oakdale was authorized by voters to collect a property tax sufficient to make payments on general obligation bonds issued in 2003, but “to date, the city has not levied and collected” them and has used other funds to service those bonds.
- The city is delaying payments on its credit card accounts; as a result finance charges and late fees are being assessed.

For more information, contact:

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On Twitter: Current, past Oakdale payroll clerks allegedly used city funds to pay fringe benefits they should have paid themselves.