

TOWN OF OIL CITY, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

TOWN OF OIL CITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2025

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**TOWN OF OIL CITY
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

The management of the Town of Oil City, Louisiana offers readers of the Town of Oil City, Louisiana's (Town) financial statements this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2025. This management discussion and analysis ("MD&A") is designed to provide an objective analysis of the Town's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of Town finances. It is also intended to provide readers with an analysis of the Town's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Town. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Town's financial activity, identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains othersupplementaryinformation, which is in addition to the basic financial statements themselves.

Government-Wide Financial Statements

Government-wide financial statements are designed by GASB Statement No. 34 to change the way in which governmental financial statements are presented. It now provides readers with a concise "entity-wide" Statement of Net Position and Statement of Activities, which seeks to give the user of the financial statements a broad overview of the Town's financial position and results of operations in a manner similar to private sector businesses.

The statement of net position presents information on all of the Town's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. The difference between the two is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or weakening.

The statement of activities presents information which shows how the government's net position changed during this fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes).

Each of these reports is broken down between governmental activities and business-type activities. Governmental activities normally are those activities that are supported by taxes,

**TOWN OF OIL CITY
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2025**

licenses, permits, fines, and intergovernmental revenues, for example, the police department. Business-type activities are functions that are intended to support their costs through charges for services or fees, such as the Water and Sewer Departments.

Government-wide Financial Analysis

As noted earlier, net position may, overtime, serve as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the Town's assets exceeded its liabilities by \$7,663,131 (net position); this represents an increase of \$496,533 from the last fiscal year. Of this total net asset amount, \$1,083,890 is unrestricted net position. The Town's net position is comprised of \$3,709,281 from governmental activities and \$3,953,850 from business-type activities.

The following is a condensed statement of the Town of Oil City's net position as of December 31, 2025:

	Governmental-Type Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current & Other Assets	\$ 1,523,598	\$ 1,548,295	\$ 356,020	\$ 332,379	\$ 1,879,618	\$ 1,880,674
Capital Assets (net)	2,274,201	2,430,334	5,556,009	5,665,008	7,830,210	8,095,342
Total Assets	<u>\$ 3,797,799</u>	<u>\$ 3,978,629</u>	<u>\$ 5,912,029</u>	<u>\$ 5,997,387</u>	<u>\$ 9,709,828</u>	<u>\$ 9,976,016</u>
Liabilities						
Other Liabilities	\$ 88,518	\$ 528,368	\$ 758,919	\$ 932,914	\$ 847,437	\$ 1,461,282
Long-Term Liability	-	-	1,199,260	1,348,136	1,199,260	1,348,136
Total Liabilities	<u>\$ 88,518</u>	<u>\$ 528,368</u>	<u>\$ 1,958,179</u>	<u>\$ 2,281,050</u>	<u>\$ 2,046,697</u>	<u>\$ 2,809,418</u>
Deferred Inflows of Resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Position						
Invested In Capital Assets, Net	\$ 2,274,201	\$ 2,430,334	\$ 4,217,749	\$ 4,441,577	\$ 6,491,950	\$ 6,871,911
Restricted For Debt Service			\$ 87,291	\$ 89,405	87,291	89,405
Unrestricted	1,435,080	1,019,927	(351,190)	(814,645)	1,083,890	205,282
Total Net Position	<u>\$ 3,709,281</u>	<u>\$ 3,450,261</u>	<u>\$ 3,953,850</u>	<u>\$ 3,716,337</u>	<u>\$ 7,663,131</u>	<u>\$ 7,166,598</u>

By far the largest portion of the Town's net position, \$6,491,950 reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, town infrastructure, etc.) less any related debt used to acquire those assets still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

The Town has accumulated \$60,590 restricted for customer deposits and \$26,701 in restricted deposits for debt reserves.

The balance of \$1,083,890 is unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.

**TOWN OF OIL CITY
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2025
Continued**

The Town has a total outstanding debt of \$1,338,260, which was used to finance some of the \$7,830,210 capital assets. Total liabilities of \$2,046,697 are equal to 27% of the total net position.

The following is a summary of the statement of activities:

	Governmental-Type Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenue						
Program Revenue	\$ 132,425	\$ 48,519	\$ 698,519	\$ 852,134	\$ 830,944	\$ 900,653
Grants and Contributions	477,838	4,790	273,957	-	751,795	4,790
General Revenue & Transfers	504,138	525,098	56,878	228,099	561,016	753,197
Total Revenue	<u>\$ 1,114,401</u>	<u>\$ 578,407</u>	<u>\$ 1,029,354</u>	<u>\$ 1,080,233</u>	<u>\$ 2,143,755</u>	<u>\$ 1,658,640</u>
Expenses						
General Government	\$ 601,964	\$ 755,824			\$ 601,964	\$ 755,824
Water & Sewer Utilities	253,417	-	791,841	1,134,176	1,045,258	1,134,176
Total Expenses	<u>\$ 855,381</u>	<u>\$ 755,824</u>	<u>\$ 791,841</u>	<u>\$ 1,134,176</u>	<u>\$ 1,647,222</u>	<u>\$ 1,890,000</u>
Increase (Decrease) in Net Position	259,020	(177,417)	237,513	(53,943)	496,533	(231,360)
Net Position, Beginning	\$ 3,450,261	\$ 3,627,678	\$ 3,716,337	\$ 3,770,280	\$ 7,166,598	\$ 7,397,958
Net Position, Ending	<u>\$ 3,709,281</u>	<u>\$ 3,450,261</u>	<u>\$ 3,953,850</u>	<u>\$ 3,716,337</u>	<u>\$ 7,663,131</u>	<u>\$ 7,166,598</u>

Governmental Activities

The governmental activities of the Town include General Government and Public Safety, in that revenues normally associated with municipal operations, (e.g., property tax, franchise fees, license fees, fines, and operating grants) are sufficient for the funding of these activities.

Business-type Activities

The business-type activities of the Town are those that charge a fee to customers for the services provided. The Town has two business-type activities, which are accounted for in enterprise funds. The Town uses enterprise funds to account for the revenues and expenses related to the provision of water and sewer services.

TOWN OF OIL CITY
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2025
Continued

The following is a summary of the business-type activities of the Town:

	Operating Revenue Net of Purchases	Operating Expenses	Net Income (Loss) From Operations
Year ended December 31, 2024	852,134	1,134,176	\$ (282,042)
Year ended December 31, 2025	972,476	791,841	180,635
Increase (Decrease) Between Years	\$ 120,342	\$ (342,335)	\$ 462,677

Fund Financial Statements - Governmental Funds

The fund financial statements provide more detailed information about the Town's most significant funds - not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for a particular purpose.

The Town currently maintains two individual governmental fund types. The fund type includes the General fund and the Sales tax fund. Information is presented separately in the Governmental Funds Balance Sheet (Statement C) and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances (Statements E) for the General Fund and the Sales tax fund. The General Fund is considered to be a major fund.

The Town adopts an annual budget for the General Fund and the Special Revenue fund. A statement of revenues, expenditures, and changes in fund balance is presented in the Required Supplemental Information Schedules 1 and 2, which compares actual revenues and expenditures to the original budget and amended budget figures.

Financial Analysis of the Town's Governmental Funds

The Town of Oil City's governmental fund (General Fund) reported an ending fund balance of \$920,411, which is an increase of \$546,465 from the prior year. The \$920,411 ending fund balance is unreserved.

Fund Financial Statements - Proprietary Funds

The Town maintains two proprietary funds. Proprietary funds are used to report the same functions as business-type activities. The Town uses enterprise funds (the first type of proprietary fund) to account for its Water Operations. These enterprise funds report the same functions presented as business-type activities in the government-wide financial statements.

**TOWN OF OIL CITY
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2025
Continued**

Financial Analysis of the Town's Proprietary Fund

The Town's proprietary funds show an increase in ending retained earnings of \$237,513. The 2025 operating loss of the Utility fund of \$55,476 represents a decrease in revenue of \$207,143 and a decrease in expenses of \$336,171 from 2024 figures.

Financial statements of enterprise funds are presented on the same basis of accounting as in both the governmental-wide financial statements and the individual fund statements. All comments and analysis made under business-type activities apply to these funds.

General Fund Budgetary Highlights

The Town adopted an original budget for the General Fund and the Sales Tax fund and an amended budget for the year. For the General fund, actual expenditures and other uses were under budgeted expenditures and other uses by \$15,473. For the Sales tax fund, budgeted expenditures and other uses exceeded actual expenditures and other uses by \$37,682.

Capital Asset and Debt Administration

The total investment in net capital assets as of December 31, 2025 is \$7,830,210.

Capital assets of \$66,035 were purchased or constructed in fiscal 2025 for business type activities. There was no capital assets purchased or constructed in fiscal 2025 for government type activities.

Current Financial Factors

The Town is trying to get its policies and procedures back in place with the current administration.

Requests for Information

This financial report is designed to provide a general overview of the Town of Oil City's finances for all with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Town Clerk, 202 Allen St, Oil City, Louisiana 71061.

JUDY MONCRIEF CPA LLC

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INDEPENDENT AUDITOR'S REPORT

Mayor and Board of Aldermen
Town of Oil City
Oil City, Louisiana

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, and the aggregate remaining fund information of the Town of Oil City, Louisiana ("Town"), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our 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, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2025, 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.

Basis for Opinions

We conducted our 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 of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Town of Oil City, Louisiana, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that

that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Oil City, Louisiana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Oil City, Louisiana's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The schedule of compensation paid to elected officials, the schedule of compensation, benefits and other payments to agency head, and schedule of insurance are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare basis financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the management's discussion and analysis and budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 26, 2026, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Judy Moncrief CPA LLC
Shreveport, Louisiana
June 26, 2026

TOWN OF OIL CITY, LOUISIANA
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Lakeview Cemetery
ASSETS				
Current Assets:				
Cash and Equivalents (Note 2)	\$ 530,698	\$ 180,120	\$ 710,818	\$ 26,035
Investments, At Cost (Note 2)	329,078	10,943	340,021	125,000
Receivables (Net of Allowances) (Note 4)	99,015	71,208	170,223	
Prepaid Expenses	9,686	6,458	16,144	
Total Current Assets	968,477	268,729	1,237,206	151,035
Noncurrent Assets:				
Restricted Assets:				
Cash and Cash Equivalents		87,291	87,291	
Due From Other Funds (Note 5)	555,121		555,121	
Capital Assets, Net of Accumulated Depreciation (Note 7)	2,274,201	5,556,009	7,830,210	38,505
Total Noncurrent Assets	2,829,322	5,643,300	8,472,622	38,505
Total Assets	\$ 3,797,799	\$ 5,912,029	\$ 9,709,828	\$ 189,540
LIABILITIES				
Current Liabilities:				
Accounts and Other Payables	\$ 35,192	\$ 41,170	\$ 76,362	\$ -
Payroll Taxes Payable	16,363	-	16,363	-
Due to Other Funds (Note 5)	36,963	518,159	555,122	-
Current Loans and Bonds Due in One Year (Note 9)		139,000	139,000	-
Accrued Salaries			-	-
Total Current Liabilities	88,518	698,329	786,847	-
Noncurrent Liabilities:				
Certificates of Indebtness Due After One Year (Note 9)		100,000	100,000	
Water Revenue Bond Payable (Note 10)		1,099,260	1,099,260	
Deposits		60,590	60,590	
Total Noncurrent Liabilities	-	1,259,850	1,259,850	-
Total Liabilities	88,518	1,958,179	2,046,697	-
Deferred Inflows of Resources	0	0	0	0
NET POSITION				
Invested in Capital Assets, Net of Related Debt	2,274,201	4,217,749	6,491,950	38,505
Restricted For Debt Service		87,291	87,291	-
Unrestricted	1,435,080	(351,190)	1,083,890	151,035
Total Net Position	3,709,281	3,953,850	7,663,131	189,540

The accompanying notes are an integral part of these financial statements.

TOWN OF OIL CITY, LOUISIANA
STATEMENT OF ACTIVITIES FOR THE YEAR ENDING
DECEMBER 31, 2025

		Program Revenues		Net (Expenses) Revenues and Changes of Primary Government			Component
	Expense	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Unit
Governmental Activities:							
General Government	\$ 445,832	\$ 22,162	\$ 477,838	\$ -	\$ 54,168	\$ 54,168	
Sewer	253,417	\$ 110,263			(143,154)	(143,154)	
Depreciation (Note 7)	156,132				(156,132)	(156,132)	
Total Governmental Activities	855,381	132,425	477,838	-	(245,118)	-	-
Business-Type Activities:							
Water	791,841	698,519	22,993	250,964		180,635	180,635
Total Business-Type Activities	791,841	698,519	22,993	250,964	-	180,635	-
Total Primary Government	1,647,222	830,944	500,831	250,964	(245,118)	180,635	(64,483)
Component Unit:							
Lakeview Cemetery	\$ 4,525	\$ 10,181	\$ -	\$ -	\$ -	\$ -	\$ (5,656)
General Revenues:							
Taxes					\$ 427,534	\$ -	\$ 427,534
Licenses and Permits					49,009		49,009
Investment Earnings					25,669	428	26,097
Loan Forgiveness						13,207	13,207
Other General Revenues					45,169	-	45,169
Transfers - Net					(43,243)	43,243	-
Total General Revenues and Transfers					504,138	56,878	561,016
Change in Net Position					259,020	237,513	496,533
Net Position - Beginning					3,450,261	3,716,337	7,166,598
Net Position - Ending					3,709,281	3,953,850	7,663,131

The accompanying notes are an integral part of these financial statements.

TOWN OF OIL CITY, LOUISIANA
BALANCE SHEET - GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2025

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and Equivalents	\$ 453,894	\$ 76,804	\$ 530,698
Investments, At Cost	195,834	133,244	329,078
Receivables (Net of Allowances)	22,356	76,659	99,015
Prepaid Expenses	9,686		9,686
Due From Other Funds	281,820	273,301	555,121
TOTAL ASSETS	\$ 963,590	\$ 560,008	\$ 1,523,598
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts, and Other Payables	\$ 20,313	\$ 8,376	\$ 28,689
Accrued Salaries	6,503		6,503
Payroll Taxes Payable	16,363		16,363
Due to Other Funds	-	36,963	36,963
Total Liabilities	43,179	45,339	88,518
Deferred Inflows of Resources	0	0	0
Fund Balances:			
Nonspendable			
Prepaid Expenses	9,686	-	9,686
Assigned			-
Unassigned	910,725	514,669	1,425,394
Total Fund Balances	920,411	514,669	1,435,080
TOTAL LIABILITIES AND FUND BALANCES	\$ 963,590	\$ 560,008	\$ 1,523,598

The accompanying notes are an integral part of these financial statements.

TOWN OF OIL CITY, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE FINANCIAL STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2025

Amounts Reported for Governmental Activities in the
Statement of Net Position are Difference Because:

Fund Balances - Total Governmental Funds (Statement C)	\$ 1,435,080
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Capital Assets Used in Governmental Activities are Not
Financial Resources and, Therefore, are Not Reported in
The Governmental Funds:

Governmental Capital Assets	\$ 8,035,248	
Less Accumulated Depreciation	(5,761,047)	2,274,201

Net Position of Governmental Activities (Statement A)	\$ 3,709,281
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The accompanying notes are an integral part of these financial statements.

TOWN OF OIL CITY, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDING DECEMBER 31, 2025

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Taxes	\$ 236,039	\$ 191,495	\$ 427,534
Sewer Revenue		110,263	110,263
Licenses and Permits	49,009		49,009
Intergovernmental Revenues:			
State Supplemental Pay	4,800		4,800
Grants	467,516		467,516
Donations	10,322		10,322
Fines and Forfeitures	22,162		22,162
Use of Money and Interest Earnings	22,673	2,996	25,669
Other Revenues	40,369		40,369
Total Revenues	<u>\$ 852,890</u>	<u>\$ 304,754</u>	<u>\$ 1,157,644</u>
EXPENDITURES			
General Government	\$ 348,896	\$ 78,017	\$ 426,913
Public Safety	96,936		96,936
Sanitation		175,400	175,400
Capital Outlay			-
Total Expenditures	<u>445,832</u>	<u>253,417</u>	<u>699,249</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures:	407,058	51,337	458,395
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	139,406		139,406
Operating Transfers Out		(182,649)	(182,649)
Total Other Financing Sources (Uses)	<u>139,406</u>	<u>(182,649)</u>	<u>(43,243)</u>
Net Change in Fund Balance	546,464	(131,312)	415,152
Fund Balance - Beginning of Year	373,947	645,981	1,019,928
Fund Balance - Ending	<u>\$ 920,411</u>	<u>\$ 514,669</u>	<u>\$ 1,435,080</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF OIL CITY, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS,
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING DECEMBER 31,2025

Amounts Reported for Governmental Activities in the
Statement of Activities are Difference Because:

Net Change in Fund Balances - Total Governmental Funds (Statement E)	\$ 415,152
--	------------

Governmental Funds Report Capital Outlays as Expenditures. However, In the Statement of Activities, the Costs of Those Assets is Allocated Over Their Estimated Useful Lives and Reported as Depreciation Expense. This is the Amount by Which Capital Outlay (\$0) Less Depreciation (\$162,026) in the Current Period.	(156,132)
--	-----------

Nonallocation Method of Accounting for Prepayments Used in Fund Statements (Prepayment Does Not Provide Expendable Financial Resources)	-
--	---

Expenses Reported in the Statement of Activities That Do Not Require The Use of Current Financial Resources and Not Reported as Expenditures In Governmental Funds	-
--	--

Change in Net Position of Governmental Activities (Statement B)	\$ 259,020
---	--

The accompanying notes are an integral part of these financial statements.

TOWN OF OIL CITY, LOUISIANA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
AS OF DECEMBER 31, 2025

	2025	2024
ASSETS		
Current Assets:		
Cash and Equivalents	\$ 180,120	\$ 166,984
Investments	10,943	-
Customer Receivables	71,208	63,538
Prepaid Expenses	6,458	12,452
Total Current Assets	<u>268,729</u>	<u>242,974</u>
Restricted Assets:		
Cash and Equivalents	87,291	89,405
Non-Current Assets:		
Net Capital Assets	5,556,009	5,665,008
Total Non-Current Assets	<u>5,556,009</u>	<u>5,665,008</u>
TOTAL ASSETS	<u><u>5,912,029</u></u>	<u><u>5,997,387</u></u>
LIABILITIES		
Current Liabilities:		
Accounts, Salaries, and Other Payables	\$ 39,417	\$ 268,721
Accrued Salaries	1,753	-
Payroll Taxes Payable	-	48,034
Certificates of Indebtness - Current	30,000	30,000
Water Revenue Bonds - Current	109,000	68,000
Due to Other Funds	518,159	518,159
Total Current Liabilities	<u>698,329</u>	<u>932,914</u>
Current Liabilities Payable from Restricted Assets	60,590	62,705
Non-Current Liabilities		
Certificates of Indebtness - Long Term	100,000	130,000
Water Revenue Bonds - Long Term	1,099,260	1,155,431
Total Non-Current Liabilities	<u>1,199,260</u>	<u>1,285,431</u>
Total Liabilities	<u><u>1,958,179</u></u>	<u><u>2,281,050</u></u>
NET POSITION		
Net Investment in Capital Assets	4,217,749	4,441,577
Restricted For Debt Service	87,291	89,405
Unrestricted	(351,190)	(814,645)
TOTAL NET POSITION	<u><u>\$ 3,953,850</u></u>	<u><u>\$ 3,716,337</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF OIL CITY, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDING DECEMBER 31, 2025

	2025	2024
Operating Revenues		
Charges for Services -		
Water and Sewer Sales	\$ 698,519	\$ 852,134
Other Income		53,528
Total Operating Revenue	<u>698,519</u>	<u>905,662</u>
Operating Expenses		
Salaries	81,860	161,879
Water Purchases	331,123	430,006
Insurance	38,917	67,548
Maintenance and Repairs	30,058	124,101
Miscellaneous Expenses	28,675	24,506
Bad Debts	11,939	62,626
Office Expense	30,167	39,050
Materials and Supplies	24,409	9,473
Utilities	1,813	3,163
Depreciation	175,034	167,814
Total Operating Expenses	<u>753,995</u>	<u>1,090,166</u>
Operating Income (Loss)	(55,476)	(184,504)
Nonoperating Revenues (Expenses)		
Interest Earnings	428	54
Interest Expenses	(36,727)	(44,010)
Grant Proceeds	272,838	-
Drinking Water Loan Fund Forgiveness	13,207	32,651
Total Nonoperating Revenues (Expenses)	<u>249,746</u>	<u>(11,305)</u>
Income Before Contributions and Transfers	194,270	(195,809)
State and Local Grants	-	-
Transfers In	43,243	141,866
Transfers Out	-	-
Change in Net Position	<u>237,513</u>	<u>(53,943)</u>
Total Net Position - Beginning	<u>3,716,337</u>	<u>3,770,280</u>
Total Net Position - Ending	<u><u>3,953,850</u></u>	<u><u>3,716,337</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF OIL CITY, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDING DECEMBER 31, 2025

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities		
Receipts from Customers and Users	\$ 688,734	\$ 848,798
Other Receipts	-	53,528
Payments to Suppliers	(486,424)	(723,539)
Payments to Employees	(128,141)	(153,626)
	<u>74,169</u>	<u>25,161</u>
Cash Flows from Noncapital Financing Activities		
Transfer from Other Funds	43,243	141,866
Advances from Other Funds	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>43,243</u>	<u>141,866</u>
Cash Flows from Capital and Related Financing Activities		
Purchases of Capital Assets	\$ (285,811)	\$ (163,255)
Proceeds from Drinking Water Loan Fund	66,036	130,604
Debt Forgiveness	(13,207)	
State and Local Grants	273,957	-
Principal Paid on Capital Debt	(98,000)	(90,000)
Interest Paid on Capital Debt	(36,727)	(44,010)
Net Cash Provided (Used) by Capital and and Related Financing Activities	<u>(93,752)</u>	<u>(166,661)</u>
Cash Flows from Investing Activities		
Net Deposits to Restricted Assets	-	(26,701)
Purchase of Investments	(10,943)	
Interest and Dividends Received	428	54
Net Cash Provided by Investing Activities	<u>(10,515)</u>	<u>(26,647)</u>
Net Increase (Decrease) in Cash and Equivalents	13,145	(26,281)
Cash and Equivalents - Beginning of Year	<u>166,984</u>	<u>193,265</u>
Cash and Equivalents - Ending of Year	<u><u>\$ 180,129</u></u>	<u><u>\$ 166,984</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF OIL CITY, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDING DECEMBER 31, 2025
(CONTINUED)

	<u>2025</u>	<u>2024</u>
Reconciliation of Operating Income to Net Cash Provided (Used)		
by Operating Activities		
Operating Income	\$ (57,533)	\$ (184,504)
Depreciation	175,034	167,814
Bad Debts		62,626
(Increase) Decrease in Accounts Receivable	(7,670)	(2,566)
(Increase) Decrease in Prepaid Expenses	5,994	(1,122)
Increase (Decrease) in Customer Deposits	(2,115)	(770)
Increase (Decrease) in Accounts Payable	(11,232)	(24,570)
Increase (Decrease) in Payroll Taxes Payable	(28,309)	8,253
Net Cash Provided by Operating Activities	<u>\$ 74,169</u>	<u>\$ 25,161</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF OIL CITY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING DECEMBER 31, 2025**

INTRODUCTION

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Oil City (Town)'s financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). 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 charges, or issue bonded debt.

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. As the municipal governing authority, for reporting purposes, the Town is considered a separate financial reporting entity. The Town (primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) is a potential for the organization to provide specific financial burdens on the Town. The primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town has oversight of the other component units that are discretely presented in a separate column in the government-wide financial statements.

These notes are an integral part of these financial statements.

TOWN OF OIL CITY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING DECEMBER 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Discretely Presented Component Units

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

Basis of Presentation

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

Fund Accounting

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

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

Governmental Funds

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

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

Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The Special Revenue Fund accounts for the collection of sales and property taxes, fees, and sewer revenue.

These notes are an integral part of these financial statements.

TOWN OF OIL CITY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING DECEMBER 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Government-Wide and Fund Financial Statements

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 the 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 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 are 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

These notes are an integral part of these financial statements.

TOWN OF OIL CITY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING DECEMBER 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

include portions of a fund or summarize more than one fund to capture the revenues and expenses associated with a distinct functional activity. Program revenues reduce the cost of the function to be financed from the Town's general revenues. Program revenues include 1) charge to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. 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 non-major 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 debt are reported as an other financing source and repayment of long-term debt is reported as expenditures. 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 adjustments, 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. Expenditures are recorded when the related fund liability is incurred.

These notes are an integral part of these financial statements.

TOWN OF OIL CITY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING DECEMBER 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 attached 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 15th of each year. Ad valorem taxes become delinquent if not paid by December 31st. 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.

These notes are an integral part of these financial statements.

TOWN OF OIL CITY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING DECEMBER 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 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 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 from the date of acquisition. Investments are interest-bearing time deposits with original maturity dates in excess of 90 days when purchased. Investments are stated at costs, 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 and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

These notes are an integral part of these financial statements.

TOWN OF OIL CITY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING DECEMBER 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide financial statements.

Restricted Assets

Restricted assets include cash and cash investments in the Proprietary funds which are restricted to their use. These restrictions are principally related to requirements of utility meter deposits. It is the Town's policy to use restricted assets before unrestricted assets for their intended purposes.

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, and similar items), are reported in the applicable governmental or business-type activities columns in the government- wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$1,500 or more for capitalizing capital 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.

These notes are an integral part of these financial statements.

TOWN OF OIL CITY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING DECEMBER 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 No. 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 of forty years for water and sewer system and lines, twenty to forty years for buildings and improvements, and five to twenty years for equipment.

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 services.

Unearned Revenues

Unearned 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 unearned 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 31st 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 expenditures in the governmental funds, when leave is actually taken.

These notes are an integral part of these financial statements.

TOWN OF OIL CITY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING DECEMBER 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Comparative Data/Reclassifications

Comparative total data for the prior year have been presented only for enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Statement of Cash Flows

For the purpose 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.

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 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, 2025
Levy date	Not later than June 1, 2025
Tax bills mailed	November 15, 2025
Total taxes are due	December 31, 2025
Penalties and interest are added	January 1, 2025
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

These notes are an integral part of these financial statements.

TOWN OF OIL CITY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING DECEMBER 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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 reporting period. Actual results could differ from the 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; and injuries to employees. To handle such risk of loss, the town maintains commercial insurance policies covering its vehicles, professional liability, and surety bond coverage. No claims were paid on any of the policies which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended December 31, 2025.

Fund Balance and Fund Equity

In the governmental fund financial statements, fund balances are classified as follows:

Non-spendable - amounts that are not in spendable form (such as prepaids) or are required to be maintained intact.

Restricted - amounts constrained to specific purposes by their providers (such as granters, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed - amounts constrained to specific purpose by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint.

Assigned - amounts the government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned - amounts that are available for any purpose; positive amounts are reported only in the general fund.

The governing body establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balances is established by the governing body through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

These notes are an integral part of these financial statements.

TOWN OF OIL CITY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING DECEMBER 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Equity

In the government wide statements, net position is displayed in three components:

- a. Net investment in capital assets - Consists 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 and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use, either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

Proprietary fund equity is classified in the same manner as in the government-wide statements. In the fund financial statements, governmental fund equity is classified as fund balance.

Bad Debts

The Town uses the direct charge-off method of accounting for uncollectible ad valorem taxes and water system receivables. Although the method is not in accordance with generally accepted accounting principles, the overall effect on the financial statements is immaterial.

Postretirement Benefits

The Town provides post-retirement benefits to its eligible police employees.

Deferred Outflows and Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

Stewardship, Compliance, And Accountability

Budget Information - During the November or December meeting, the Mayor and Town Council prepare a proposed operating budget for the fiscal year commencing the following January 1st. The operating budget includes proposed expenditures and expenses and the means of financing them. During the December meeting, the budget is legally enacted through passage of an ordinance. The public is invited to attend all meetings. The Town clerk is authorized to transfer budgeted amounts

These notes are an integral part of these financial statements.

TOWN OF OIL CITY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING DECEMBER 31, 2025

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents:

At December 31, 2025, the Town has cash and cash equivalents (book balances) totaling \$710,818 which comprises \$375 cash on hand and \$710,443 of demand deposits.

Investments:

At December 31, 2025, the Town has investments (book balances) totaling \$340,021 consisting of time deposits.

Book deposits in financial institutions at December 31, 2025 totaled \$1,138,336.

These deposits are stated at cost, which approximates market. 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.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, R.S. 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 party shall be deemed to be held in the Town's name.

Restricted Cash Assets: Restricted Cash Deposits of \$87,291 consist of \$60,590 held for customer deposits and \$26,701 held for debt reserves.

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 has bank balances of \$1,141,654, which were protected by \$983,121 of federal depository insurance, and deposits of \$244,821 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 values 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.

These notes are an integral part of these financial statements.

TOWN OF OIL CITY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING DECEMBER 31, 2025

NOTE 3 - PROPERTY TAXES

For the year ended December 31, 2025, taxes of 21.85 mills were levied on property with assessed valuation totaling \$4,883,594 and were dedicated as follows: Sewerage and Street – 14.40 mills, General Fund Operations – 7.45 mills. Total taxes were \$73,375.

NOTE 4 - RECEIVABLES

The receivables of \$170,223 at December 31, 2025, are as follows:

Class of Receivable	General Fund	Sales Tax Fund	Water Fund	Total
Sales and Use Taxes	\$ -	\$ 3,463	\$ -	\$ 3,463
Franchises Fees	22,356			22,356
Property Taxes		73,196		73,196
Service Charges			71,208	71,208
Total	<u>\$ 22,356</u>	<u>\$ 76,659</u>	<u>\$ 71,208</u>	<u>\$ 170,223</u>

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Amounts due from and to other funds as reported in the fund financial statements at December 31, 2025 are:

Fund	Due From	Due To
General Fund		\$ 555,121
Special Revenue Fund	36,963	
Water & Sewer Fund	518,158	
Total	<u>\$555,121</u>	<u>\$ 555,121</u>

In the ordinary course of business, the Town routinely transfers resources between its funds. Transfers are used to (1) move revenue 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.

NOTE 6 - ON BEHALF PAYMENTS FOR SALARIES

The Town recognizes general fund revenues and expenses supplemental pay made by the State of Louisiana to the Town's police employees. For the year ended December 31, 2025, the town's police chief and officers received \$4,800 in police supplemental pay from the State of Louisiana, Department of Public Safety and Corrections.

These notes are an integral part of these financial statements.

TOWN OF OIL CITY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING DECEMBER 31, 2025

NOTE 7 - CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2025, was as follows:

	Beginning Balance	Adjustment	Increases	Decreases	Ending Balance
Governmental Activities:					
Capital Assets, Not Being Depreciated					
Land	\$ 239,449				239,449
Construction in Progress	-	-	-		-
Total Capital Assets Not Being Depreciated	239,449	-	-	-	239,449
Buildings	2,663,944				2,663,944
Improvements Other Than Buildings	4,375,188				4,375,188
Equipment	756,667				756,667
Total Capital Assets Being Depreciated	7,795,799	-	-	-	7,795,799
Accumulated Depreciation	5,604,915		156,132		5,761,047
Total Capital Assets Being Depreciated (Net)	\$ 2,190,884	\$ -	\$ (156,132)	\$ -	\$ 2,034,752
Business-Type Activities:					
Capital Assets Not Being Depreciated					
Land	\$ 5,000	\$ -	\$ -	\$ -	\$ 5,000
Construction in Progress	-				-
Total Capital Assets Not Being Depreciated	5,000	-	-	-	5,000
Capital Assets Being Depreciated					
Buildings and Structures	147,724				147,724
Equipment	415,882				415,882
Water System	6,400,342		66,035		6,466,377
Total Capital Assets Being Depreciated	6,963,948	-	66,035	-	7,029,983
Accumulated Depreciation	1,303,940		175,034		1,478,974
Total Capital Assets Being Depreciated (Net)	\$ 5,660,008	\$ -	\$ (108,999)	\$ -	\$ 5,551,009
Component Unit:					
Capital Assets Not Being Depreciated					
Land	\$ 30,775	\$ -	\$ -	\$ -	\$ 30,775
Total Capital Assets Not Being Depreciated	30,775	-	-	-	30,775
Capital Assets Being Depreciated					
Improvements	17,675				17,675
Total Capital Assets Being Depreciated	17,675	-	-	-	17,675
Accumulated Depreciation	8,177		884		9,061
Total Capital Assets Being Depreciated (Net)	\$ 9,498	\$ -	\$ (884)	\$ -	\$ 8,614

These notes are an integral part of these financial statements.

TOWN OF OIL CITY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING DECEMBER 31, 2025

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Lawsuits - There are no pending lawsuits against the Town at December 31, 2025.

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.

NOTE 9 - CERTIFICATES OF INDEBTEDNESS

On January 28, 2014, the Town issued certificates of indebtedness for the Utility Fund in the amount of \$400,000. Principal payments on the certificates are \$30,000 for the year ending December 31, 2025. The certificates are payable as follows, including interest of \$24,920.

Year Ending	Principal Payments	Interest Payments	Total
December 31, 2026	30,000	6,900	36,900
December 31, 2027	30,000	5,120	35,120
December 31, 2028	35,000	3,150	38,150
December 31, 2029	35,000	1,050	36,050
Thereafter	-	-	-
	<u>\$130,000</u>	<u>\$ 16,220</u>	<u>\$146,220</u>

NOTE 10 - DEQ 2019 REVENUE BONDS

On February 5, 2019, the Town approved bonds of \$3,075,900 for the purpose of improvements to its water and sewer system. Total draws on the bonds are \$1,991,334. The bonds bears interest at 1.95 percent, payable semi-annually on February 1 and August 1 of each year, commencing August 1, 2019. Forgiveness for the year ended December 31, 2025 totaled \$13,207. The balance of the loan at December 31, 2025 is \$1,208,260, of which \$109,000 is current. The bond matures in twenty (20) installments of principal, payable annually on each February 1 as follows:

	Percentage of Principal	Principal Payments
December 31, 2026	6.074%	109,000
December 31, 2027	6.625%	100,000
December 31, 2028	7.269%	91,000
December 31, 2029	8.031%	82,000
December 31, 2030	8.946%	75,000
Thereafter	63.055%	751,260
	<u>100.000%</u>	<u>\$ 1,208,260</u>

These notes are an integral part of these financial statements.

**TOWN OF OIL CITY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING DECEMBER 31, 2025**

NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS

Municipal Police Employees' Retirement System (MPERS)

Plan Description

MPERS was established by and the benefit provisions are authorized within Act 189 of 1973 and amended by Louisiana Revised Statutes 11:2211 - 11:2233. Participants should refer to appropriate statutes for more complete information.

Membership is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, provided he or she does not have to pay social security and providing he or she meets statutory criteria. MPERS issues an annual publicly available financial report that includes financial statements and required supplementary information for the System, which can be obtained at www.lampers.org or www.la.state.la.us.

Benefits Provided

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Retirement

Membership Prior to January 1, 2013

A member is eligible for regular retirement after he has been a member of MPERS and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years of creditable service and is age 55. A member is eligible for early retirement after he has been a member of MPERS for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are 3.33% of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service to not exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 40% to 60% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives benefits equal to 10% of the member's average final compensation or \$200 per month, whichever is greater.

Membership Commencing January 1, 2013

Membership eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non-Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of MPERS and has 25 years of creditable service at any age or has 12 years creditable service at age 55. Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of MPERS and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of

These notes are an integral part of these financial statements.

TOWN OF OIL CITY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING DECEMBER 31, 2025

NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS - Continued

creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of MPERS for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non-Hazardous Duty sub plans, the benefit rates are 3% (generally) and 2.5%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 25% to 55% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives 10% of average final compensation or \$200 per month whichever is greater. If deceased member had less than 10 years of service, beneficiary will receive a refund of employee contributions only.

Cost-of-Living Adjustments

The Board of Trustees is authorized to provide annual cost-of-living adjustments (COLA) computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost-of-living adjustment until they reach retirement age.

A COLA may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by the actuary.

Deferred Retirement Option Plan (DROP)

A member is eligible to elect to enter DROP when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in MPERS is terminated. At the entry date into DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is 36 months or less. If employment is terminated after the three-year period, the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into MPERS shall resume and upon later termination, he shall receive additional retirement benefits based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percent

These notes are an integral part of these financial statements.

TOWN OF OIL CITY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING DECEMBER 31, 2025

NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS - Continued

point below the percentage rate of return of MPERS' investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on MPERS' investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account.

If the member elects a money market investment return, the funds are transferred to a government money market account and earn interest at the money market rate.

Initial Benefit Option Plan

In 1999, the State Legislature authorized MPERS to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefits, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on the same criteria as DROP.

Contribution

Contributions for all members are actuarially determined as required by state law but cannot be less than 9 % of the employees' earnable compensation excluding overtime but including state supplemental pay.

For the year ended June 30, 2025, the employer and employee contribution rates for all members hired prior to January 1, 2013, and both Hazardous and Non-Hazardous Duty members hired after January 1, 2013, were 31.25% and 10%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 36.425% and 7.5%, respectively.

No contributions to the pension plan were made during the year ending December 31, 2025 and no net pension liability exists at year end.

NOTE 12 - STATE OF LOUISIANA FACILITY PLANNING AND CONTROL GRANT

During the year ended December 31, 2025, the Town was awarded a grant in the amount of \$382,423 for improvements.

NOTE 14 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 26, 2026. This date represents the date the financial statements were available to be issued.

These notes are an integral part of these financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF OIL CITY, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDING DECEMBER 31,2025

	Budgeted Amounts			Favorable
	Original	Final	Actual Budgetary Basis	(Unfavorable) Variance
REVENUES				
Taxes	\$ 84,359	\$ 87,300	\$ 119,012	\$ 31,712
Licenses and Permits	35,125	33,000	49,009	16,009
Franchise Fees	100,000	100,000	114,831	14,831
Fines and Forfeitures	125,000	25,000	22,162	(2,838)
Donations			10,322	10,322
Intergovernmental Revenues:				
State Supplemental Pay			4,800	4,800
Local Grants	21,561	-		-
State Grants	2,500	2,500	108,467	105,967
Use of Money and Interest Earnings	7,450	7,200	22,673	15,473
Miscellaneous	20,000	20,000	40,369	20,369
Total Revenues	395,995	275,000	491,645	216,645
EXPENDITURES				
General Government	214,700	400,000	418,378	(18,378)
Public Safety	221,750	100,000	96,936	3,064
Capital Outlay				-
Total Expenditures	436,450	500,000	515,314	(15,314)
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(40,455)	(225,000)	(23,669)	201,331
OTHER FINANCING SOURCES (USES)				
Operating Transfer In	45,000	174,450	139,406	(35,044)
Operating Transfer Out				-
Total Other Financing Sources (Uses)	45,000	174,450	139,406	(35,044)
Net Change in Fund Balance	4,545	(50,550)	115,737	166,287
Total Net Position - Beginning	373,947	373,947	373,947	-
Prior Period Adjustment	-	-	-	-
Total Net Position - Ending	\$ 378,492	\$ 323,397	\$ 489,684	\$ 166,287

Notes to the Schedule

(1) Explanation of material variances - overbudgeted general government.

TOWN OF OIL CITY, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUND
FOR THE YEAR ENDING DECEMBER 31,2025

	Budgeted Amounts		Favorable (Unfavorable)	
	Original	Final	Actual Budgetary Basis	Variance
REVENUES				
Taxes	\$ 251,000	\$ 250,000	\$ 191,412	\$ (58,588)
Sewer	151,250	151,250	\$ 110,263	(40,987)
Donations				-
Use of Money and Interest Earnings			2,996	2,996
Miscellaneous				-
Total Revenues	402,250	401,250	304,671	(96,579)
EXPENDITURES				
General Government	5,000	5,000	89,337	84,337
Sewer	318,634	318,634	175,400	(143,234)
Capital Outlays				-
Total Expenditures	323,634	323,634	264,737	(58,897)
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	78,616	77,616	39,934	(37,682)
OTHER FINANCING SOURCES (USES)				
Operating Transfer In				-
Operating Transfer Out	(245,000)	(245,000)	(182,649)	62,351
Total Other Financing Sources (Uses)	(245,000)	(245,000)	(182,649)	62,351
Net Change in Fund Balance	(166,384)	(167,384)	(142,715)	24,669
Total Net Position - Beginning	645,981	645,981	645,981	-
Total Net Position - Ending	\$ 479,597	\$ 478,597	\$ 503,266	\$ 24,669

Notes to the Schedule

(2) Explanation of material variances - underbudgeted general government expenditures.

OTHER SUPPLEMENTAL SCHEDULES

**TOWN OF OIL CITY, LOUISIANA
SCHEDULE OF COMPENSATION PAID BOARD MEMBERS
FOR THE YEAR ENDING DECEMBER 31, 2025**

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 the year ended December 31, 2025, the following amounts were paid to the Mayor and Aldermen:

Honorable James Sims, Mayor	\$ 1,136	
Honorable Cheryl Driskell, Mayor	<u>28,846</u>	29,982
Aldermen Per Diem:		
James Clifton	\$ -	
Cynthia Barkschat	2,625	
Donald Jackson	2,625	
Levi Jones	2,100	
Maquilla Frieson	<u>2,100</u>	<u>9,450</u>
Total		<u>\$ 39,432</u>

TOWN OF OIL CITY, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDING DECEMBER 31,2025

Agency Head Name: Honorable James Sims, Mayor
 Honorable Cheryl Driskell, Mayor

Purpose	Driskell	Sims
Salary	\$ 28,846	\$ 1,136
Payroll Taxes	418	87
Benefits - Insurance	0	0
Benefits - Retirement	0	0
Benefits - Other	0	0
Car Allowance	0	0
Vehicle Provided by Government	0	0
Per Diem	0	0
Reimbursements	0	0
Travel	0	0
Registration Fees	0	0
Conference Travel	1,794	0
Continuing Professional Education Fees	0	0
Telephone	0	0
Unvouchered Expenses	0	0
Special Meals	0	0
	<u>\$ 31,058</u>	<u>\$ 1,223</u>

TOWN OF OIL CITY, LOUISIANA
JUSTICE SYSTEM FUNDING SCHEDULE - COLLECTING/DISBURSING ENTITY
AS REQUIRED BY ACT 87 OF THE 2020 REGULAR LEGISLATIVE SESSION
FOR THE YEAR ENDING DECEMBER 31, 2025

	First Six Month Period Ended June 30, 2025	Second Six Month Period Ended December 31, 2025
Cash Presentation		
Beginning Balances of Amounts Collected	\$ -	\$ -
Add:		
Criminal Fines - Other	4,955	17,302
Subtotal Collections	4,955	17,302
Less: Disbursements to Governments & Nonprofits		
Louisiana Supreme Court - Criminal Court Costs and Fees		
Louisiana Judicial College		
State of Louisiana - CMIS Assessment		27
Louisiana Commission on Law Enforcement - Court Costs		76
LDHH-THSCI		130
Total Disbursements to Governments & Nonprofits	-	233
Less: Amounts Retained by Collecting Agency	4,955	17,069
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies	-	-
Payments to 3rd Party Collection/Processing Agencies	-	-
Subtotal Disbursements and Retainage	4,955	17,302
Total Ending Balances Collected But Not Disbursed (Cash on Hand) \$	\$ -	\$ -

**TOWN OF OIL CITY, LOUISIANA
DISCRETELY PRESENTED COMPONENT UNIT
STATEMENT OF NET POSITION
FOR THE YEAR ENDING DECEMBER 31,2025**

	<u>Lakeview Cemetery</u>
ASSETS	
Current Assets:	
Cash	\$ 26,035
Investments, At Cost	125,000
Receivables (Net of Allowances for Uncollectible Accounts)	<u>-</u>
Total Current Assets	151,035
Noncurrent Assets:	
Property, Plant and Equipment (Net of Accumulated Depreciation)	<u>38,505</u>
Total Assets	<u><u>189,540</u></u>
NET POSITION	
Invested in Capital Assets, Net of Related Debt	38,505
Unrestricted	<u>151,035</u>
Total Net Position	<u><u>189,540</u></u>

**TOWN OF OIL CITY, LOUISIANA
DISCRETELY PRESENTED COMPONENT UNIT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING DECEMBER 31,2025**

	<u>Lakeview Cemetery</u>
Program Expenses:	
Cemetery Operation and Maintenance	<u>\$ 10,181</u>
Program Revenues:	
Operating Contributions	<u>750</u>
Net Revenues	(9,431)
General Revenues:	
Lot Sales	4,525
Other	
Interest	<u>4,283</u>
Total General Revenue	<u>8,808</u>
Change in Net Position	(623)
Net Position, Beginning of Year	<u>190,163</u>
Total Net Position	<u><u>189,540</u></u>

OTHER REPORTS

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

Mayor and Board of Aldermen
Town of Oil City
Oil City, Louisiana

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Oil City ("Town") as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 26, 2026.

Internal Control Over Financial Reporting

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

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 entity's financial statements will not be prevented or detected and corrected 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. We did not identify any deficiencies in internal control that we consider to be significant deficiencies.

Our 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town's financial statements are free of material misstatement, we 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 statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2025-001.

Town's Response to Findings

Town's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Judy Moncrief CPA LLC
Shreveport, Louisiana
June 26, 2026

TOWN OF OIL CITY, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDING DECEMBER 31, 2025

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the general-purpose financial statements of the Town of Oil City.
2. No material weakness in internal control was disclosed during the audit.
3. Three instances of noncompliance material to the financial statements of the Town were disclosed.

2025-001. Underfunded Debt Reserve Requirements

Condition: The Town did not have the required amount set aside for debt reserves according to its bond agreement.

Criteria: Bonds require certain reserves to be set up for sinking fund, reserve fund, and contingency fund.

Cause: Poor financial management in previous years under other management.

Effect: Noncompliance with Louisiana Department of Health bond reserve requirements.

Recommendation: The Town should establish and maintain separate cash accounts for its sinking fund, reserve fund, and contingency fund.

Management's Response and Corrective Action Plan: We agree and have deposited the required sinking fund, reserve fund, and contingency fund on June 26, 2026.

**TOWN OF OIL CITY, LOUISIANA
SUMMARY OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDING DECEMBER 31, 2025**

2024-001. Payroll Taxes and Payroll Returns Not Submitted Timely

Status: Resolved.

2024-002. Underfunded Debt Reserve Requirements

Status: Resolved- see 2025-001.

**TOWN OF OIL CITY
202 ALLEN STREET
OIL CITY, LOUISIANA 71061**

**CORRECTION ACTION PLAN
For the Year Ending December 31, 2025**

Town of Oil City hereby submits the following corrective action plan as referenced in the Findings and Questioned Costs:

2025-001. The Town agrees with the recommendations and intends to implement them immediately.

2025-002. The Town agrees with the recommendations and deposited the required amounts in the bond funds on June 26, 2026.

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Mayor and Board of Aldermen of Town of Oil City and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Town of Oil City (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2025 through December 31, 2025. The Entity's management is responsible for those CIC areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

1) *Written Policies and Procedures*

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ii. ***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.
 - iii. ***Disbursements***, including processing, reviewing, and approving.
 - iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or 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).
 - v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

- vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
 - ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
 - x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
 - xi. ***Information Technology 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.
 - xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.
- Written policies and procedures were obtained. The Town is in compliance with the above policies.***

2) ***Board or Finance Committee***

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions.

 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- The minutes referenced any various financial data nor any monthly budget-to-actual comparisons.***

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

The minutes referenced any negative unassigned fund balance.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

The minutes referenced any updates of progress of resolving audit findings.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

No exceptions noted.

- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and

Bank reconciliations have initials of the accountant reviewing them.

- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exceptions noted.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Obtained a listing of deposit sites and the corresponding collection locations and management's representation that the listing is complete.

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that

- i. Employees responsible for cash collections do not share cash drawers/registers;
No exceptions noted.
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
No exceptions noted.
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
No exceptions noted.
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
No exceptions noted.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
Coverage includes all employees during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and
- i. Observe that receipts are sequentially pre-numbered.
No exceptions noted.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
No exceptions noted.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
No exceptions noted.
 - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
No exceptions noted.
 - v. Trace the actual deposit per the bank statement to the general ledger.
No exceptions noted.

5) Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Obtained a listing of locations that process payments and management's representation that the listing is complete.

- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that

Obtained a listing of all employees involved with non-payroll purchasing and payment functions.

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
No exceptions noted.
- ii. At least two employees are involved in processing and approving payments to vendors;
No exceptions noted.
- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
No exceptions noted.
- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
No exceptions noted.
- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
No exceptions noted.

[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and

Obtained a representation of the disbursement population for the fiscal year and management's assertion that the population is complete.

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

All disbursements matched the related original invoice/billing statement.

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

Three of the five disbursements included evidence of segregation of duties.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

No exceptions noted.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Obtained complete listing of all active credit cards, debit cards, fuel cards, and P-cards and management's representation that the listing is complete.

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and

- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

Observed there is evidence the monthly statement was reviewed and approved, in writing, by someone other than the authorized card holder.

- ii. Observe that finance charges and late fees were not assessed on the selected statements.

Observed finance charges on one selected statement.

- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation

of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

(1) Transactions were supported by an itemized receipt.

(2) Transactions were supported by documentation of business/public purpose

(3) Not Applicable.

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

No exceptions noted.

- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

No exceptions noted.

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

No exceptions noted.

- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

8) Contracts

A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

Not applicable.

- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);

No exceptions noted.

- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

No exceptions noted.

- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Obtained complete listing of employees and management's representation that the listing is complete. Personnel files contain authorized pay rates for the 5 employees selected to test were maintained by management.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

No exceptions noted.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

No exceptions noted.

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

No exceptions noted.

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

No personnel files to observe.

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

Obtained a signed statement from management that stated no employee received a termination payment during the year.

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions noted.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

The Town has a written policy concerning ethics which requires employees to complete one hour of ethics training during the calendar year and maintains the certifications of achievement.

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

No exceptions noted.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

Not applicable.

- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Obtained a listing of bonds outstanding and management's representation that the listing is complete. The randomly selected bond's reserve balance was underfunded compared to what the debt covenant requires.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the

listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

Management has asserted that there were not any misappropriations of funds or assets.

- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Observe that the entity has the notice posted on its premises.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

The accountant overseeing the accounting function backs up the upon each visit to the Town.

- ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

Back up files were provided by the accountant overseeing the accounting function.

- iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Terminated employees have been removed from the active employee list in QuickBooks.

- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267.

The requirements are as follows:

- Hired before June 9, 2020 - completed the training; and
- Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

Cybersecurity training has been documented.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

Observed the sexual harassment training documentation and certifications.

- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Observed the posting of Town's sexual harassment policy and complaint procedures on its website.

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

- i. Number and percentage of public servants in the agency who have completed the training requirements;
- ii. Number of sexual harassment complaints received by the agency;
- iii. Number of complaints which resulted in a finding that sexual harassment occurred;
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- v. Amount of time it took to resolve each complaint.

Management has asserted that there have been no sexual harassment reported for the current year.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those CIC areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those *CIC* areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Judy Moncrief CPA LLC
Shreveport, Louisiana
June 26, 2026