

**TOWN OF OIL CITY, LOUISIANA**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

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

# TOWN OF OIL CITY, LOUISIANA

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# TOWN OF OIL CITY, LOUISIANA

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# Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

## Independent Auditor's Report

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

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

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Town of Oil City, Louisiana, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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***Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Town of Oil City, Louisiana, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

Accounting principles generally accepted in the United States of America require that the budgetary information on pages 30-31 be presented to supplement the basic financial statements. Such information is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, I have also issued my report dated June 11, 2019, on my consideration of Town of Oil City, Louisiana's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contract and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Oil City, Louisiana's internal control over financial reporting and compliance.

*Marsha O. Milliean*

Certified Public Accountant

June 11, 2019

**TOWN OF OIL CITY, LOUISIANA**

Statement of Net Position  
December 31, 2018

	<b>Primary Government</b>			<b>Component</b>
	Governmental	Business-type	Total	Unit
	Activities	Activities		Lakeview Cemetery
<u>Assets</u>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 160,397	\$ 45,992	\$ 206,389	\$ 23,439
Investments, at cost	712,571	107,782	820,353	130,840
Receivables (net of allowance account)	70,348	70,761	141,109	-
Prepaid expenses	5,533	11,233	16,766	-
Total current assets	<u>948,849</u>	<u>235,768</u>	<u>1,184,617</u>	<u>154,279</u>
<b>Noncurrent assets:</b>				
Restricted assets:				
Cash and cash equivalents	-	54,935	54,935	-
Due from other funds	138,024	-	138,024	-
Capital assets, net of accumulated depreciation	3,279,809	2,258,749	5,538,558	44,693
Total noncurrent assets	<u>3,417,833</u>	<u>2,313,684</u>	<u>5,731,517</u>	<u>44,693</u>
Total assets	<u>4,366,682</u>	<u>2,549,452</u>	<u>6,916,134</u>	<u>198,972</u>
Deferred Outflow of resources	-	-	-	-
<u>Liabilities</u>				
<b>Current liabilities:</b>				
Accounts payable	8,337	86,557	94,894	-
Payroll taxes payable	22,304	-	22,304	-
Due to other funds	46,964	91,060	138,024	-
Certificates of Indebtness p due in one year	-	25,000	25,000	-
Accrued salaries	4,406	2,944	7,350	-
Total current liabilities	<u>82,011</u>	<u>205,561</u>	<u>287,572</u>	<u>-</u>
<b>Noncurrent liabilities:</b>				
Certificates of Indebtedness - due after one year	-	290,000	290,000	-
Deposits	-	54,935	54,935	-
Total liabilities	<u>82,011</u>	<u>550,496</u>	<u>632,507</u>	<u>-</u>
Deferred inflows of resources	-	-	-	-
<u>Net Position</u>				
Invested in capital assets, net of related debt	3,279,809	1,943,749	5,223,558	44,693
Unrestricted	1,004,862	55,207	1,060,069	154,279
Total net position	<u>\$ 4,284,671</u>	<u>\$ 1,998,956</u>	<u>\$ 6,283,627</u>	<u>\$ 198,972</u>

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

TOWN OF OIL CITY, LOUISIANA

Statement of Activities  
For the Year Ended December 31, 2018

Functions	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Unit
<b>Primary Government:</b>								
<b>Governmental Activities:</b>								
General government	\$ 1,009,785	\$ 142,044	\$ -	\$ -	\$ (867,741)	\$ -	\$ (867,741)	\$ -
Total governmental activities	1,009,785	142,044	-	-	(867,741)	-	(867,741)	-
<b>Business-type Activities:</b>								
Water	991,424	492,815	-	43,359	-	(455,250)	(455,250)	-
<b>Total Primary Government</b>	<b>\$ 2,001,209</b>	<b>\$ 634,859</b>	<b>\$ -</b>	<b>\$ 43,359</b>	<b>\$ (867,741)</b>	<b>\$ (455,250)</b>	<b>\$ (1,322,991)</b>	<b>\$ -</b>
<b>Component Unit:</b>								
Lakeview Cemetery	\$ (8,399)	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,399)
<b>General Revenues:</b>								
					419,089	-	419,089	-
					25,879	-	25,879	-
					7,751	2,027	9,778	794
					18,000	-	18,000	-
					13,649	-	13,649	-
					-	-	-	275
					46,113	-	46,113	175
					(180,181)	180,181	-	-
					350,300	182,208	532,508	1,244
					(517,441)	(273,042)	(790,483)	(4,155)
					4,802,112	2,271,998	7,074,110	203,127
					\$ 4,284,671	\$ 1,998,956	\$ 6,283,627	\$ 198,972

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

TOWN OF OIL CITY, LOUISIANA

Balance Sheet - Governmental Funds  
December 31, 2018

	General Fund	Special Revenue Fund	Capital Project Fund	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 18,810	\$ 141,587	\$ -	\$ 160,397
Investments, at cost	157,442	555,129	-	712,571
Receivables (net, where applicable, of allowances for uncollectible accounts)	20,975	49,373	-	70,348
Prepaid expenses	5,533	-	-	5,533
Due from other funds	118,537	19,487	-	138,024
Total assets	<u>\$ 321,297</u>	<u>\$ 765,576</u>	<u>\$ -</u>	<u>\$ 1,086,873</u>
<u>Liabilities and Fund Balances</u>				
<u>Liabilities</u>				
Accounts payable	7,145	1,192	-	8,337
Payroll taxes payable	22,304	-	-	22,304
Accrued salaries	4,406	-	-	4,406
Due to other funds	-	46,964	-	46,964
Total liabilities	<u>33,855</u>	<u>48,156</u>	<u>-</u>	<u>82,011</u>
<u>Fund balances</u>				
Nonspendable		-	-	-
Prepaid expenses	5,533	-	-	5,533
Assigned	-	717,420	-	717,420
Unassigned	281,909	-	-	281,909
Total fund balances	<u>287,442</u>	<u>717,420</u>	<u>-</u>	<u>1,004,862</u>
Total liabilities and fund balances	<u>\$ 321,297</u>	<u>\$ 765,576</u>	<u>\$ -</u>	<u>\$ 1,086,873</u>

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

TOWN OF OIL CITY, LOUISIANA

Reconciliation of Fund Balances on the Balance Sheet  
for Governmental Funds to the Net Position of  
Governmental Activities on the Statement of Net Position  
December 31, 2018

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Fund balances - total governmental funds	\$	1,004,862
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		<u>3,279,809</u>
Net position of governmental activities	\$	<u><u>4,284,671</u></u>

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

**TOWN OF OIL CITY, LOUISIANA**

Statement of Revenues, Expenditures, and Changes  
in Fund Balances - Governmental Funds  
For the Year Ended December 31, 2018

	General Fund	Special Revenue Fund	Capital Revenue Fund	Total Governmental Funds
<b>Revenues:</b>				
Taxes	170,832	\$ 248,257	\$ -	\$ 419,089
Licenses and permits	25,879	-	-	25,879
Intergovernmental:				
State supplemental pay	18,000	-	-	18,000
Grants:				
Federal	-	-	-	-
State	-	-	-	-
Fines and fees	91,302	-	-	91,302
Service charges	-	50,742	-	50,742
Interest	400	7,351	-	7,751
Rent	13,649	-	-	13,649
Miscellaneous	24,342	21,771	-	46,113
Total revenues	<u>344,404</u>	<u>328,121</u>	<u>-</u>	<u>672,525</u>
<b>Expenditures:</b>				
Current operating:				
General government	413,565	93,379	-	506,944
Law enforcement	195,758	-	-	195,758
Sanitation	-	30,000	-	30,000
Sewer	-	45,032	-	45,032
Capital outlays	-	53,598	-	53,598
Total expenditures	<u>609,323</u>	<u>222,009</u>	<u>-</u>	<u>831,332</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(264,919)</u>	<u>106,112</u>	<u>-</u>	<u>(158,807)</u>
Other financing sources (uses):				
Insurance loss recovery	-	-	-	-
Operating transfers in	146,324	-	-	146,324
Operating transfers out	(58,818)	(267,687)	-	(326,505)
Total other financing sources	<u>87,506</u>	<u>(267,687)</u>	<u>-</u>	<u>(180,181)</u>
Net change in fund balance	(177,413)	(161,575)	-	(338,988)
Fund balance at beginning year	464,855	878,995	-	1,343,850
Fund balance at end of year	<u>\$ 287,442</u>	<u>\$ 717,420</u>	<u>\$ -</u>	<u>\$ 1,004,862</u>

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

TOWN OF OIL CITY, LOUISIANA

Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental  
Funds to the Governmental Activities in the Statement of Activities  
For the Year Ended December 31, 2018

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Net change in fund balances - total governmental funds	\$	(338,988)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$232,051) exceeds capital outlay (\$53,598) in the current period		(178,453)
Other transactions affecting fixed assets		<u>-</u>
Change in net position of government activities.	\$	<u>(517,441)</u>

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

**TOWN OF OIL CITY, LOUISIANA**

Statement of Net Position  
Proprietary Fund  
December 31, 2018

<b><u>Assets</u></b>	
<b>Current assets:</b>	
Cash and cash equivalents	\$ 45,992
Customer Receivables	63,076
Other Receivables	7,685
Prepaid expenses	11,233
Total current assets	127,986
<b>Noncurrent assets:</b>	
Restricted assets:	
Cash and cash equivalents	54,935
Investments	107,782
Due from other funds	-
Property, plant and equipment (net)	2,258,749
Total noncurrent assets	2,421,466
Total assets	2,549,452
<b>Deferred outflows of resources</b>	-
<b><u>Liabilities</u></b>	
<b>Current liabilities (payable from current assets):</b>	
Accounts payable	86,557
Current portion of certificates of indebtedness	25,000
Accrued salaries	2,944
Due to other funds	91,060
Total current liabilities (payable from current assets)	205,561
<b>Current liabilities (payable from restricted assets):</b>	
Customer deposits	54,935
<b>Long term liabilities</b>	
Certificates of indebtedness payable	290,000
Total liabilities	550,496
<b>Deferred inflows of resources</b>	-
<b><u>Net Position</u></b>	
Invested in capital assets, net of related debt	1,943,749
Unrestricted	55,207
Total net position	\$ 1,998,956

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

TOWN OF OIL CITY, LOUISIANA

Statement of Revenues, Expenses and  
Changes in Fund Net Position  
Proprietary Fund  
For the Year Ended December 31, 2018

	Business-type Activities Enterprise Fund Water Fund
<b>Operating revenues:</b>	
Charges for services	\$ 492,815
Total operating revenues	<u>492,815</u>
<b>Operating expenses:</b>	
Personal services	192,487
Repairs and maintenance	16,128
Supplies and materials	7,724
Chemicals	59,582
Depreciation	87,030
Insurance	43,574
Utilities	24,211
Hazard waste spill/clean up	395,687
Other	147,288
Total operating expenses	<u>973,711</u>
Operating income	<u>(480,896)</u>
<b>Non-operating revenues:</b>	
Interest income	2,027
Interest expense	(17,713)
Capital contributions	43,359
Total non-operating revenues	<u>27,673</u>
Net income before contributions and transfers	(453,223)
<b>Transfers:</b>	
Transfers in	180,181
Transfers out	-
<b>Change in net position</b>	<u>(273,042)</u>
<b>Total net position - beginning</b>	<u>2,271,998</u>
<b>Total net position - ending</b>	<u>\$ 1,998,956</u>

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

**TOWN OF OIL CITY, LOUISIANA**

Statement of Cash Flows  
 Proprietary Fund  
 For the Year Ended December 31, 2018

	Business-type Activities Enterprise Fund
	Water Fund
<b>Cash Flows from Operating Activities:</b>	
Receipts from customers and users	\$ 493,174
Payments to supplies	(801,812)
Net Cash Used by Operating Activities	(308,638)
<b>Cash Flows from Noncapital Financing Activities:</b>	
Transfers from other funds	180,181
Net Cash Provided by Noncapital Financing Activities	180,181
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Capital grants	43,359
Principal paid on certificates of indebtedness	-
Interest paid on certificates of indebtedness	(17,713)
Acquisition and construction of capital assets	(67,708)
Net Cash Provided by Capital and Related Financing Activities	(42,062)
<b>Cash Flows from Investing Activities:</b>	
Net change in investments	50,613
Interest received	2,027
Net Cash Provided by Investing Activities	52,640
<b>Net Increase (Decrease) in Cash and Cash Equivalents:</b>	(117,879)
<b>Cash and Cash Equivalents, Beginning of Year ( including restricted cash of \$54,815)</b>	218,806
<b>Cash and Cash Equivalents, End of Year (including restricted cash of \$54,935)</b>	\$ 100,927

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

TOWN OF OIL CITY, LOUISIANA

Statement of Cash Flows  
Proprietary Fund  
For the Year Ended December 31, 2018

	Business-type Activities Enterprise Fund
	Water Fund
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating income	\$(480,896)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	87,030
Increase in customer deposits	120
Decrease in accounts receivable	359
Decrease in other receivables	61,739
Decrease in prepaid expenses	8,067
Increase in accounts payable	84,266
Decrease in construction costs payable	(29,582)
Increase in accrued salaries	986
Decrease in due to other funds	(50,689)
Decrease in due from other funds	9,962
Total adjustments	<u>172,258</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (308,638)</u></u>

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

## TOWN OF OIL CITY, LOUISIANA

Notes to the Financial Statements  
December 31, 2018

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### ***Introduction:***

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

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

The accompanying financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to the governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Town's reporting entity applies all relevant Government Accounting Standards Board (GASB) pronouncements. GAAP as applicable to governments also conforms to the requirements of Louisiana R.S. 24:517 and the guides set forth in the *Louisiana Municipal Audit and Accounting Guide* and to the industry guide, *Audits of State and Local Government Units*, published by the American Institute of Certified Public Accountants.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under the provisions of this Statement, the Town is considered a primary government since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes of set rates or charges, or issue bonded debt.

### ***1. Summary of Significant Accounting Policies:***

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

#### **Reporting Entity -**

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

# TOWN OF OIL CITY, LOUISIANA

Notes to the Financial Statements  
December 31, 2018

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## 1. *Summary of Significant Accounting Policies (Continued):*

### **Reporting Entity - (Continued):**

Discretely Presented Component Units

#### Lakeview Memorial Gardens

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

### **Basis of Presentation**

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

### **Fund Accounting**

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

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

### **Governmental Funds:**

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

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

## TOWN OF OIL CITY, LOUISIANA

Notes to the Financial Statements  
December 31, 2018

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### 1. *Summary of Significant Accounting Policies (Continued):*

#### **Fund Accounting - (Continued):**

**Special Revenue Fund (Sewer Fund)** - The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The Special Revenue Fund accounts for the collection of property taxes and fees. These funds are used to provide sewer service to the citizens of the Town of Oil City.

**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:

**Water Fund** - The Water 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**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

#### **Government-wide Financial Statements (GWFS)**

The statement of net position and the statement of activities display information about the Town and its component unit. These statements include all the financial activities of the Town. Information contained in these statements reflects the "economic resources" measurement focus and the accrual basis of accounting. Governmental activities, which are normally supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from non-

## TOWN OF OIL CITY, LOUISIANA

Notes to the Financial Statements  
December 31, 2018

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### 1. *Summary of Significant Accounting Policies (Continued):*

#### **Measurement Focus, Basis of Accounting and Financial Statement Presentation - (Continued)**

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 are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

#### **Fund Financial Statements (FFS)**

The fund financial statements report financial information by major and nonmajor funds. The emphasis of fund financial statements is on major governmental funds, each of which is displayed in a separate column. A fund is considered major if it is the primary operating 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".

TOWN OF OIL CITY, LOUISIANA

Notes to the Financial Statements  
December 31, 2018

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1. *Summary of Significant Accounting Policies (Continued):*

**Measurement Focus, Basis of Accounting and Financial Statement Presentation - (Continued)**

**Fund Financial Statements (FFS) (Continued)**

*Governmental Fund Financial Statements* - The amounts reflected in the governmental fund financial statements are accounted for using the "current financial resources" measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. When the "current financial resources" measurement focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. Furthermore, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt are reported as an other financing source and repayment of long-term debt is reported as expenditure. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Town's operations.

The amounts reflected in the governmental fund financial statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined; and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers all revenues available if they are collectible within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred.

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

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

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

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

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

Revenue from federal and state grants is recognized when all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when resources are required to be used or the year when use is first permitted; matching

## TOWN OF OIL CITY, LOUISIANA

Notes to the Financial Statements  
December 31, 2018

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**I. *Summary of Significant Accounting Policies (Continued):***

**Measurement Focus, Basis of Accounting and Financial Statement Presentation - (Continued)**

**Fund Financial Statements (FFS) (Continued)**

requirements, in which the Town must provide local resources to be used for a specified purpose; and expenditure requirements, in which resources are provided to the Town on a reimbursement basis.

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

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

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

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

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

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

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

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

# TOWN OF OIL CITY, LOUISIANA

Notes to the Financial Statements  
December 31, 2018

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## **1. Summary of Significant Accounting Policies (Continued):**

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

### **Cash and Cash Equivalents and Investments**

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

The Town's investments comply with Louisiana Statutes (1.SA 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. In addition, local Louisiana governments are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana which operates a local government investment pool.

### **Receivables**

In the government-wide financial statement, receivables consist of all revenues earned at year-end and not yet received. Major receivables for the governmental activities include sewer fees, franchise taxes, sales and use taxes, interest, and property tax revenues. Receivables for the proprietary fund consist of charges for customer services and interest. The Town uses the allowance method to account for bad debts for property taxes and customer water service receivables. Under this method, an estimate is made of the expected bad debts included in the year-end receivables. The provision for bad debts is recorded as a current expenditure with a corresponding increase to the allowance for doubtful accounts. Accounts receivable are reported in the financial statements net of the allowance account. Subsequent charge-offs or recoveries of specific accounts respectively decrease or increase the allowance account.

### **Prepaid Expenses**

Payments made to vendors for services that will benefit periods beyond December 31, 2018 are recorded as prepaid expenses.

TOWN OF OIL CITY, LOUISIANA

Notes to the Financial Statements  
December 31, 2018

1. *Summary of Significant Accounting Policies (Continued):*

**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 to access to additional resources. When resources are provided without the expectation of repayment, the transaction is reported as a transfer and is treated as a source of income by the recipient fund and as an expenditure by the providing fund.

**Capital Assets**

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

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

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

Description	Estimated Lives
Buildings	20-40 years
Equipment	5-20 years
Sewer improvements	40 years

TOWN OF OIL CITY, LOUISIANA

Notes to the Financial Statements  
December 31, 2018

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1. *Summary of Significant Accounting Policies (Continued):*

**Refundable Deposits**

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

**Deferred Revenues**

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

**Compensated Absences**

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

*Vacation* - Employees are entitled to five days after one continuous year of service; ten days after two continuous years of service and thereafter. Vacation days must be used in the calendar year of entitlement. Unused days lapse as of December 31 each year and do not accrue.

*Sick leave* - limited to ten days at full pay. Days must be used within the calendar year and do not accrue.

The cost of current leave privileges is recognized as current-year expenditure in the governmental funds, when leave is actually taken.

**Restricted Assets**

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

**Fund Equity**

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

- a. Invested in capital assets, net of related debt - consist of capital assets including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

## TOWN OF OIL CITY, LOUISIANA

Notes to the Financial Statements  
December 31, 2018

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### **1. Summary of Significant Accounting Policies (Continued):**

- b. Restricted net position - consists of net position with constraints placed on the use by external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - consists of all other assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

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

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

#### **Statements of Cash Flows**

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

#### **Interfund Transactions**

Quasi-external transactions, if any, are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions to expenditures in the fund that is reimbursed.

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

#### **Property Taxes**

The Town levies taxes on real and business personal property located within its boundaries. Property taxes are levied by the Town on property values assessed by the Caddo Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

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

TOWN OF OIL CITY, LOUISIANA

Notes to the Financial Statements  
December 31, 2018

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1. *Summary of Significant Accounting Policies (Continued):*

Property Tax Calendar

Assessment date	January 1, 2017
Levy date	Not later than June 1, 2017
Tax bills mailed	November 15, 2017
Total taxes are due	December 31, 2017
Penalties and interest are added	January 1, 2018
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 ratios to fair market value:

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

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Accrual results could differ from those estimates.

**Risk Management**

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

## TOWN OF OIL CITY, LOUISIANA

Notes to the Financial Statements  
December 31, 2018

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### 2. *Cash and Cash Equivalents and Investments:*

#### *Cash and Cash Equivalents:*

At December 31, 2018, the Town had cash and cash equivalents (book balances) totaling \$284,763 as follows:

Cash on hand	\$ 375
Demand deposits	<u>284,388</u>
	<u>\$ 284,763</u>

#### *Investments:*

At December 31, 2018, the Town had investments (book balances) totaling \$951,193 as follows:

Time deposits	<u>\$ 951,193</u>
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Deposits at financial institutions at December 31, 2018 totaled \$1,439,886.

These deposits with financial institutions are stated at cost, which approximates market value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Town's name.

The cash equivalents and investments of the Town are subject to the following risks:

*Custodial Credit Risk:* Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Town will not be able to recover its deposits. At year end, the Town had bank balances of \$1,494,309, which were protected by \$524,212 of federal depository insurance, \$234,302 of national credit union share insurance, and deposits of \$645,795 were secured by securities held in the Town's name. (Category 3)

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

*Credit Risk:* The Town's investments comply with Louisiana Statutes (LSA R.S. 33:2955. Under state law, the Town may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Town may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

**TOWN OF OIL CITY, LOUISIANA**

Notes to the Financial Statements  
December 31, 2018

**3. Property Taxes:**

For the year ended December 31, 2018, taxes of 20.17 mills were levied on property with assessed valuations totaling \$4,024,725 and were dedicated as follows:

Sewerage and streets	14.12 mills
General fund operations	6.05 mills

Town taxes levied were \$86,300.

**4. Receivables:**

As of December 31, 2018, receivables consisted of the following:

	General Fund	Sales Tax Fund	Water Fund	Total
Property taxes	\$ -	\$ 35,042	\$ -	\$ 35,042
Sales tax	-	14,331	-	14,331
Franchise taxes	20,975	-	-	20,975
Other receivable	-	-	7,685	7,685
Service charges	-	-	63,076	63,076
Less allowance for uncollectible	-	-	-	-
	\$ 20,975	\$ 49,373	\$ 70,761	\$ 141,109

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

Amounts due from and to other funds as reported in the fund financial statements at December 31, 2018 are as follows:

	Amount
General Fund	\$ 138,024
Special Revenue Fund	(46,964)
Water Fund	(91,606)
Total	\$ -

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

Net Transfers	Amount
General Fund	\$ 87,506
Special Revenue fund	(267,687)
Water Fund	180,181
	\$ -

**TOWN OF OIL CITY, LOUISIANA**

Notes to the Financial Statements  
December 31, 2018

**6. Capital Assets:**

Capital assets and depreciation activity as of and for the year ended December 31, 2018 for the Town is as follows:

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 158,400	\$ -	\$ -	\$ 158,400
Construction in Progress	16,766	-	-	16,766
Total capital assets not being depreciated	175,166	-	-	175,166
Capital assets being depreciated:				
Buildings and structures	2,542,579	53,598	-	2,596,177
Improvements	4,367,961	-	-	4,367,961
Equipment	519,071	-	-	519,071
Total capital assets being depreciated	7,429,611	53,598	-	7,483,209
Less accumulated depreciation for:				
Buildings and structures	1,597,693	86,273	-	1,683,966
Improvements	2,060,108	107,368	-	2,167,476
Equipment	488,714	38,410	-	527,124
Total accumulated depreciation	4,146,515	232,051	-	4,378,566
Total capital assets, net	<u>\$3,458,262</u>	<u>\$ (178,453)</u>	<u>\$ -</u>	<u>\$ 3,279,809</u>

**TOWN OF OIL CITY, LOUISIANA**

Notes to the Financial Statements

December 31, 2018

**6. Capital Assets (Continued):**

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Construction in Progress	\$ 150,276	\$ -	\$ -	\$ 150,276
Total capital assets not being depreciated	150,276	-	-	150,276
Capital assets being depreciated:				
Buildings and structures	130,374	17,350	-	147,724
Equipment	386,882	50,358	-	437,240
Water system	2,049,662	-	-	2,049,662
Total capital assets being depreciated	2,566,918	67,708	-	2,634,626
Total accumulated depreciation	(439,124)	(87,030)	-	(526,154)
Total capital assets, net	\$ 2,278,070	\$ (19,322)	\$ -	\$ 2,258,749
<b>Component Unit:</b>				
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
Accumulated Depreciation	(2,873)	(884)	-	(3,757)
Total capital assets being depreciated	14,802	(884)	-	13,918
Total capital assets, net	45,577	\$ (884)	\$ -	\$ 44,693

**TOWN OF OIL CITY, LOUISIANA**

Notes to the Financial Statements  
December 31, 2018

**7. Commitments and Contingencies:**

Lawsuits

There are no pending lawsuits against the Town at December 31, 2018.

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

**8. On-Behalf Payments:**

Police employees received a total of 18,000 in police supplemental pay from the State of Louisiana. The Town is responsible for withholding taxes from these employees and paying the Town's matching portion of social security taxes for the amount of supplemental pay received. The Town must recognize this supplemental pay received by the employees as revenues and expenditures. The revenue is reported in the general fund under intergovernmental revenues and the expenditure is reported in law enforcement expenditures.

**9. Certificates of Indebtedness:**

Balance, December 31, 2017	\$ 315,000
Principal payments	-
Balance, December 31, 2018	\$ 315,000

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

Year Ended	Principal	Interest	Total
2019	\$ 25,000	\$ 17,025	\$ 42,025
2020	25,000	16,150	41,150
2021	25,000	15,025	40,025
2022	25,000	13,650	38,650
2023	25,000	12,150	40,025
2024 and after	190,000	33,400	301,200
Total	\$ 315,000	\$ 118,075	\$ 503,075

**9. Subsequent Events:**

Management has evaluated subsequent events through June 11, 2019, the date the financial statements were available to be issued, and determined no additional disclosures are warranted.

**TOWN OF OIL CITY, LOUISIANA**

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual - General Fund  
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 170,574	\$ 184,679	\$ 170,832	\$ (13,847)
Licenses & Permits	18,716	20,400	25,879	5,479
Fines & Fees	127,054	130,000	91,302	(38,698)
Intergovernmental	18,500	19,000	18,000	(1,000)
Grants	160,577	1,971,000	-	(1,971,000)
Miscellaneous	17,411	20,785	38,391	17,606
Total revenues	<u>512,832</u>	<u>2,345,864</u>	<u>344,404</u>	<u>(2,001,460)</u>
<b>Expenditures:</b>				
General government	451,911	583,548	413,565	169,983
Law Enforcement	244,626	239,185	195,758	43,427
Capital Outlay	1,971,000	-	-	-
Total Expenditures	<u>2,667,537</u>	<u>822,733</u>	<u>609,323</u>	<u>213,410</u>
Net Change in Fund Balances before Other Financing Sources	(2,154,705)	1,523,131	(264,919)	(1,788,050)
Other Financing Sources				
Proceeds from borrowing	-	-	-	-
Transfers (to) / from Other Funds	318,986	337,112	87,506	(249,606)
Net Change in Fund Balance	(1,835,719)	1,860,243	(177,413)	(2,037,656)
<b>Fund Balances, Beginning</b>	464,855	464,855	464,855	-
<b>Fund Balances, Ending</b>	<u>\$(1,370,864)</u>	<u>\$ 2,325,098</u>	<u>\$ 287,442</u>	<u>\$(2,037,656)</u>

**TOWN OF OIL CITY, LOUISIANA**

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual - Special Revenue Fund  
For the Year Ended December 31, 2018

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Taxes	\$ 240,000	\$ 287,695	\$ 248,257	\$ (39,438)
Licenses & Permits	-	-	-	-
Service Charges	50,000	46,789	50,742	3,953
Intergovernmental	-	-	-	-
Miscellaneous	19,063	38,269	29,122	(9,147)
Total revenues	<u>309,063</u>	<u>372,753</u>	<u>328,121</u>	<u>(44,632)</u>
<b>Expenditures:</b>				
General government	156,240	136,228	93,379	42,849
Sanitation	30,000	30,000	30,000	-
Sewer	28,000	33,380	45,032	(11,652)
Capital Outlay	-	51,252	53,598	(2,346)
Total Expenditures	<u>214,240</u>	<u>250,860</u>	<u>222,009</u>	<u>28,851</u>
Net Change in Fund Balances before Other Financing Sources	94,823	121,893	106,112	(15,781)
<b>Other Financing Sources</b>				
Proceeds from borrowing	-	-	-	-
Transfers (to) / from Other Funds	<u>(72,312)</u>	<u>(129,549)</u>	<u>(267,687)</u>	<u>(71,482)</u>
Net Change in Fund Balance	22,511	(7,656)	(161,575)	(87,263)
<b>Fund Balances, Beginning</b>	<u>878,995</u>	<u>878,995</u>	<u>898,995</u>	<u>-</u>
<b>Fund Balances, Ending</b>	<u>\$ 901,506</u>	<u>\$ 871,339</u>	<u>\$ 737,420</u>	<u>\$ (87,263)</u>

**TOWN OF OIL CITY, LOUISIANA**

Schedule of Mayor and Aldermen's Compensation  
For the Year Ended December 31, 2018

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The schedule of compensation paid to the mayor and the aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the mayor and aldermen is included in the general government expenditures of the General Fund. During 2018 the following amounts were paid to the Mayor and Aldermen:

Honorable James Sims, - Mayor's Salary	\$ 23,000
Aldermen per diem:	
James Clifton, Sr.	\$ 1,350
Cynthia Barkschat	2,550
Donnie Jackson	2,400
Omelia Steward	2,400
Teddy Barton	1,650
	<u>10,350</u>
	<u>\$ 33,350</u>

**TOWN OF OIL CITY, LOUISIANA**

Schedule of Compensation, Benefits, and Other Payments  
to Agency Head  
For the Year Ended December 31, 2018

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Agency Head: Honorable James Sims, Mayor

Salary	\$	<u>23,000</u>
Payroll Taxes	\$	<u>3,960</u>
Car Allowance	\$	<u>9,110</u>
Reimbursements	\$	<u>-</u>

TOWN OF OIL CITY, LOUISIANA

Discretely Presented Component Unit -  
Statement of Net Position  
December 31, 2018

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	<u>Lakeview Cemetery</u>
<b><u>Assets</u></b>	
<b>Current assets:</b>	
Cash	\$ 23,439
Investments, at cost	130,840
Receivables (net, where applicable, of allowances for uncollectible accounts)	-
Total current assets	<u>154,279</u>
<b>Noncurrent assets:</b>	
Property, plant and equipment (net of accumulated depreciation)	<u>44,693</u>
Total assets	<u>198,972</u>
<b><u>Net Position</u></b>	
Invested in capital assets, net of related debt	44,693
Unrestricted	<u>154,279</u>
Total net position	<u>\$ 198,972</u>

**TOWN OF OIL CITY, LOUISIANA**

Discretely Presented Component Unit -  
Statement Activities  
For the Year Ended December 31, 2018

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	<b>Lakeview Cemetery</b>
Program Expenses:	
Cemetery operation and maintenance	<u>\$ 8,399</u>
Program Revenues:	
Operating contributions	<u>450</u>
Net Revenues	(7,949)
General Revenues:	
Lot sales	3,000
Interest	<u>794</u>
Total General Revenues	<u>3,794</u>
Change in Net Position	(4,155)
Net position, beginning of year	<u>203,127</u>
Net position, end of year	<u><u>\$ 198,972</u></u>



# Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

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

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of Town of Oil City as of December 31, 2018, and related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued my report thereon dated June 11, 2019.

### Internal Control Over Financial Reporting

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

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, I identified a certain deficiency in internal control that I consider to be a material weakness.

A deficiency in internal control exists when the design or operation 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 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.

A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness and is reported as Finding #2018-1.

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### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Oil City's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are reported in the schedule of findings as Finding #2018-2 and Finding#2018-3.

### Purpose of this Report

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



Certified Public Accountant  
June 11, 2019

**TOWN OF OIL CITY, LOUISIANA**

Corrective Action Taken on Prior Year Findings

For the Year Ended December 31, 2018

FINDING 2017-1

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

STATUS:

Unresolved.

FINDING #2017-2

The Town did not file its financial statements within the time frame required by state law.

STATUS:

Unresolved.

FINDING #2017-3

The Town is not in compliance with the state budget law.

STATUS:

Unresolved.

**TOWN OF OIL CITY, LOUISIANA**

Schedule of Findings

For the Year Ended December 31, 2018

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

FINDING# 2018-1

Criteria: Effective internal control requires segregation of duties.

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

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

Effect: Unknown.

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

Management's Response and Corrective Action Plan:

We agree with the finding. We will make every effort to segregate duties whenever possible.

FINDING# 2018-2:

Criteria: The Internal Revenue Service requires payroll tax liabilities be paid by the due date prescribed by Internal Revenue Regulations.

Condition: The Town did not pay the third and fourth quarter payroll tax returns on a timely basis.

Cause: Unknown.

**TOWN OF OIL CITY, LOUISIANA**

Schedule of Findings

For the Year Ended December 31, 2018

FINDING #2018-2 (CONTINUED)

Effect: The Town incurred penalties and interest for late paying of payroll tax liabilities.

Recommendation: I recommend the Town comply with Internal Revenue Service Regulations.

Management's Response and Corrective Action Plan:

We agree with the finding. We will comply with Internal Revenue Service Regulations in the future.

FINDING# 2018-3:

Criteria: State Law requires the budget be amended whenever actual revenues fail to meet budgeted amounts by 5% or more and when actual expenditures exceed budgeted amounts by 5% or more.

Condition: Although the budget was amended, actual revenues failed to meet budgeted revenues by 5% or more in the General Fund and the Sales Tax Fund.

Cause: Unknown.

Effect: The Town is not in compliance with state law.

Recommendation: I recommend the Town comply with state law.

Management's Response and Corrective Action Plan:

We agree with the finding. We will comply with state law in the future.



# Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

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

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

I have performed the procedures enumerated below, which were agreed to by the Mayor and Members of the Board of Aldermen of Oil City, Louisiana (the Town) and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) the fiscal period January 1, 2018 through December 31, 2018. The District's management is responsible for those control and compliance 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*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I 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.

My procedures and associated findings are enumerated below.

### *Written Policies and Procedures*

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1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories ( if applicable to public funds and the entity's operation):
  - a) **Budgeting**, including preparing, adopting, monitoring and amending the budget.
  - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) **Disbursements**, including processing, reviewing and approving.
  - d) **Receipts/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) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
  - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

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- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt insurance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Procedures Results - I noted no exceptions.

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

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- 2. 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:
  - a) 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.
  - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.
  - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.

Procedures Results - I noted no exceptions.

***Bank Reconciliations***

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- 3. Obtain a listing of client 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 five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Procedure Results - I noted no exceptions.

### ***Collections***

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- 4. 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 sites if less than 5).
- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select on collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger posting to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash unless another employee verifies the reconciliation.
- 6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (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). *Alternately, 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

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequential pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to actual deposit per the bank statement
- d) 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).
- e) Trace the actual deposit per the bank statement to the general ledger.

Procedure Results - I noted no exceptions.

**Non-Payroll Disbursements - General (excluding credit card purchases/payments, travel reimbursements, and petty cash purchases)**

8. 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).
9. For each location selected under #8 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, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making a purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) 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.
  - d) 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.
10. For each location selected under #8 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:
  - a) Observe that the disbursement matched the related original invoice/billing statement.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Procedure Results - I noted no exceptions.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-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.

12. 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:
- a) Observe that there is evidence that the monthly statement of combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 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 (i.e. each card should have 10 transactions subject to testing). 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).

Procedure Results - I noted no exceptions.

#### ***Travel and Travel-Related Expense Reimbursements (excluding card transactions)***

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14. 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, obtain the related expense reimbursement forms/prepaid expense of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U. S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation included the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

Procedure Results - I noted no exceptions.

#### ***Contracts***

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15. 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. *Alternately, 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:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) 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.

Procedure Results - I noted no exceptions.

### ***Payroll and Personnel***

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16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period, For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.
  - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' authorized pay rates in the employee/officials' personnel file.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Procedure Results - I noted the following exception: third and fourth payroll reports were not filed on time.

Management's Response - We will file reports on time.

### ***Ethics***

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Procedure Results - I noted no exceptions.

### ***Debt Service***

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21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. 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.

Procedure Results - I noted no exceptions.

### ***Other***

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23. 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.
24. 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.

Procedure Results - I noted no exceptions.

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

The purpose of this report is solely to describe the scope of testing performed on those controls or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:514, this report is distributed by the LLA as a public document.

A handwritten signature in cursive script that reads "Masha O. Milkman".

Certified Public Accountant

June 11, 2019