

TOWN OF OIL CITY, LOUISIANA
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

MARSHA O. MILLICAN
A PROFESSIONAL ACCOUNTING CORPORATION
SHREVEPORT, LOUISIANA

TOWN OF OIL CITY, LOUISIANA

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Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

INDEPENDENT AUDITOR'S REPORT

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

Opinion

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Oil City, Louisiana (the Town), as of and for the year ended December 31, 2022, 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 my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Town as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Town of Oil City, Louisiana and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 29 through 31 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. My opinion on the basic financial statements is not affected by this missing information.

Other Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town's basic financial statements. The schedule of mayor and aldermen compensation, the schedule of compensation, benefits and other payments to agency head, the justice system funding schedule – collecting/disbursing entity, and the component unit financial statements on pages 32 through 36 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated January 29, 2024 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 law, regulations, contracts, and grant agreements, and other matters. The

purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor, I have issued a report, dated January 29, 2024 on the results of my statewide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's statewide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.



Certified Public Accountant
January 29, 2024

TOWN OF OIL CITY, LOUISIANA

Statement of Net Position

December 31, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Lakeview Cemetery
<u>Assets</u>				
Current Assets:				
Cash and cash equivalents	\$ 465,256	\$ 194,150	\$ 659,406	\$ 10,901
Investments, at cost	404,678	-	404,678	137,380
Receivables (net of allowance account)	86,741	67,662	154,403	-
Prepaid expenses	17,233	10,212	27,445	-
Total current assets	<u>973,908</u>	<u>272,024</u>	<u>1,245,932</u>	<u>148,281</u>
Noncurrent assets:				
Restricted assets:				
Cash and Cash equivalents	-	60,320	60,320	-
Due from other funds	198,691	-	198,691	-
Capital assets, net of accumulated depreciation	2,765,690	5,507,274	8,272,964	41,157
Total noncurrent assets	<u>2,964,381</u>	<u>5,567,594</u>	<u>8,531,975</u>	<u>41,157</u>
Total assets	<u>3,938,289</u>	<u>5,839,618</u>	<u>9,777,907</u>	<u>189,438</u>
Deferred Outflows of Resources	-	-	-	-
<u>Liabilities</u>				
Current Liabilities:				
Accounts payable	41,349	96,026	137,375	-
Unearned revenue	359,049	-	54,313	-
Payroll taxes payable	99,715	54,944	154,659	-
Due to other funds	36,963	161,728	198,691	-
Certificates of indebtedness due in one year	-	25,000	25,000	-
Accrued salaries	4,508	2,927	7,435	-
Total current liabilities	<u>541,584</u>	<u>340,625</u>	<u>882,209</u>	<u>-</u>
Noncurrent liabilities:				
Certificates of indebtedness-due after one year	-	190,000	190,000	-
Drinking water loan payable	-	1,204,524	1,204,524	-
Deposits	-	60,320	60,320	-
Total noncurrent liabilities	<u>-</u>	<u>1,454,844</u>	<u>1,454,844</u>	<u>-</u>
Total liabilities	<u>541,584</u>	<u>1,795,469</u>	<u>2,337,053</u>	<u>-</u>
Deferred Inflows of Resources	-	-	-	-
<u>Net Position</u>				
Invested in capital assets, net of related debt	2,765,690	4,087,750	6,853,440	41,157
Unrestricted	631,015	(43,601)	587,414	148,281
Total net position	<u>\$ 3,396,705</u>	<u>\$ 4,044,149</u>	<u>\$ 7,440,854</u>	<u>\$ 189,438</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, 2022

Functions	Program Revenues				Net (Expense) Revenue and Changes in Net position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental Activities:								
General government	\$ 1,065,571	\$ 170,804	\$ 12,026	\$ 2,229	\$ (880,512)	\$ -	\$ (880,512)	\$ -
Total governmental activities	1,065,571	170,804	12,026	2,229	(880,512)	-	(880,512)	-
Business-type Activities:								
Water	873,939	722,652	-	1,553,835	-	1,402,548	1,402,548	-
Total Primary Government	1,939,510	893,456	12,026	1,556,064	(880,512)	1,402,548	522,036	-
Component Unit								
Lakeview Cemetery	\$ (6,767)	\$ 7,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 983
General Revenues:								
					579,846	-	579,846	-
					21,456	-	21,456	-
					8,015	2,015	10,030	707
					19,617	-	19,617	-
					-	37,687	37,687	-
					29,195	-	29,195	845
					(389,114)	389,114	-	-
					269,015	428,816	697,831	1,552
					(611,497)	1,831,364	1,219,867	2,535
					4,008,202	2,212,785	6,220,987	186,903
						\$ 4,044,149	\$ 7,440,854	\$ 189,438

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

TOWN OF OIL CITY, LOUISIANA

Balance Sheet - Governmental Funds
December 31, 2022

	General Fund	Special Revenue Fund	Capital Project Fund	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 381,046	\$ 84,210	\$ -	\$ 465,256
Investments, at cost	123,435	281,243	-	404,678
Receivables (net, where applicable, of allowances for uncollectible accounts)	21,755	64,986	-	86,741
Prepaid expenses	15,318	1,915	-	17,233
Due from other funds	107,841	90,850	-	198,691
Total assets	\$ 649,395	\$ 523,204	\$ -	\$ 1,172,599
<u>Liabilities and Fund Balances</u>				
<u>Liabilities</u>				
Accounts payable	\$ 29,278	\$ 12,071	\$ -	\$ 41,349
Payroll taxes payable	99,715	-	-	99,715
Accrued salaries	4,508	-	-	4,508
Unearned revenue	359,049	-	-	359,049
Due to other funds	-	36,963	-	36,963
Total liabilities	492,550	49,034	-	541,584
<u>Fund balances</u>				
<u>Nonspendable</u>				
Prepaid expenses	15,318	1,915	-	17,233
Assigned	-	-	-	-
Unassigned	141,527	472,255	-	613,782
Total fund balances	156,845	474,170	-	631,015
Total liabilities and fund balances	\$ 649,395	\$ 523,204	\$ -	\$ 1,172,599

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

TOWN OF OIL CITY, LOUISIANA

Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Position of
Governmental Activities on the Statement of Net Position
Year Ended December 31, 2022

Fund Balances - total governmental funds	\$ 631,015
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	<u>2,765,690</u>
Net position of governmental activities	<u>\$ 3,396,705</u>

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

TOWN OF OIL CITY, LOUISIANA

Statement of Revenues, Expenditures and Changes in Fund Balance -
For the Year Ended December 31, 2022

	General Fund	Special Revenue Fund	Capital Project Fund	Total Governmental Funds
Revenues:				
Taxes	\$ 187,842	\$ 392,004	\$ -	\$ 579,846
Licenses and permits	21,456	-	-	21,456
Sewer revenue	-	61,112	-	61,112
Intergovernmental:				
State Supplemental Pay	19,617	-	-	19,617
Grants	12,026	-	2,229	14,255
Donations	6,217	-	-	6,217
Fines and Fees	109,692	-	-	109,692
Interest	4,404	3,611	-	8,015
Rent	-	-	-	-
Miscellaneous	11,295	11,683	-	22,978
Total Revenues	<u>372,549</u>	<u>468,410</u>	<u>2,229</u>	<u>843,188</u>
Expenditures:				
Current operating:				
General government	341,665	171,500	-	513,165
Law enforcement	240,123	-	-	240,123
Sanitation	-	116,293	-	116,293
Capital outlays	-	119,394	-	119,394
Total expenditures	<u>581,788</u>	<u>407,187</u>	<u>-</u>	<u>988,975</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(209,239)</u>	<u>61,223</u>	<u>2,229</u>	<u>(145,787)</u>
Other Financing Sources:				
Operating transfers in	128,720	-	-	128,720
Operating transfers out	<u>(89,114)</u>	<u>(128,720)</u>	<u>(300,000)</u>	<u>(517,834)</u>
Total other financing sources	<u>39,606</u>	<u>(128,720)</u>	<u>(300,000)</u>	<u>(389,114)</u>
Net change in fund balance	(169,633)	(67,497)	(297,771)	(534,901)
Fund Balances, Beginning of Year	<u>326,478</u>	<u>541,667</u>	<u>297,771</u>	<u>1,165,916</u>
Fund Balances, End of Year	<u>\$ 156,845</u>	<u>\$ 474,170</u>	<u>\$ -</u>	<u>\$ 631,015</u>

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

TOWN OF OIL CITY, LOUISIANA

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental
Funds to the Governmental Activities in the Statement of Activities
Year Ended December 31, 2022

Net change in fund balances - total governmental funds	\$	(534,901)
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 (\$195,990) exceeds capital outlay (\$119,394) in the current period.		
		(76,596)
Other transactions affecting fixed assets		<u>-</u>
Change in net position of governmental activities.	\$	<u>(611,497)</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, 2022

<u>Assets</u>	
Current assets:	
Cash and cash equivalents	\$ 194,150
Customer receivables	64,005
Other receivables	3,657
Prepaid expenses	10,212
Total current assets	<u>272,024</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	60,320
Due from other funds	-
Property, plant and equipment, (net)	5,507,274
Total noncurrent assets	<u>5,567,594</u>
Total assets	<u>5,839,618</u>
Deferred outflows of resources	<u>-</u>
<u>Liabilities</u>	
Current liabilities (payable from current assets):	
Accounts payable	96,026
Payroll taxes payable	54,944
Construction payable	-
Current portion of certificates of indebtedness	25,000
Accrued salaries	2,927
Due to other funds	161,728
Total Current liabilities (payable from current assets)	<u>340,625</u>
Current liabilities (payable from restricted assets):	
Customer deposits	60,320
Long term liabilities	
Certificates of indebtedness payable	190,000
Drinking water loan payable	1,204,524
Total liabilities	<u>1,795,469</u>
Deferred inflows of resources	<u>-</u>
<u>Net Position</u>	
Invested in capital assets, net of related debt	4,087,750
Unrestricted	(43,601)
Total net position	<u>\$ 4,044,149</u>

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

TOWN OF OIL CITY, LOUISIANA

Statement of Revenues, Expenses and Changes in Fund Net Position
 Proprietary Fund
 For the Year Ended December 31, 2022

	Business-type Activities Enterprise Fund Water Fund
Operating revenues:	
Charges for services	\$ 722,652
Total operating revenues	<u>722,652</u>
Operating expenses:	
Personal services	225,187
Repairs and maintenance	35,024
Supplies and materials	56,467
Chemicals	18,264
Depreciation	116,973
Insurance	21,798
Utilities	46,523
Other	311,208
Total operating expenses	<u>831,444</u>
Operating income	<u>(108,792)</u>
Non-operating revenues:	
Interest income	2,015
Interest expense	(42,495)
Grant proceeds	1,553,835
Drinking water loan fund forgiveness	37,687
Total non-operating revenues	<u>1,551,042</u>
Net income before contributions and transfers	1,442,250
Transfers:	
Transfers in	389,114
Transfers out	-
Net transfers	<u>389,114</u>
Change in net position	1,831,364
Total net position - beginning	<u>2,212,785</u>
Total net position - ending	<u>\$ 4,044,149</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, 2022

	Business-type Activities Enterprise Fund Water Fund
Cash Flows from Operating Activities:	
Receipts from customers and users	\$ 725,290
Payments to suppliers	(649,988)
Net Cash Used by Operating Activities	<u>75,302</u>
Cash Flows from Noncapital Financing Activities:	
Transfers (to) from other funds	389,114
Net Cash Provided by Noncapital Financing Activities	<u>389,114</u>
Cash Flows from Capital and Related Financing Activities:	
Proceeds from drinking water loan fund	188,438
Principal paid on debt	(74,000)
Interest paid on long-term debt	(42,495)
Grant proceeds	1,553,835
Acquisition and construction of capital assets	(2,042,272)
Net Cash Provided by Capital and Related Financing Activities	<u>(416,494)</u>
Cash Flows from Investing Activities:	
Net change in investments	-
Interest received	2,015
Net Cash Provided by Investing Activities	<u>2,015</u>
Net Increase (Decrease) in Cash and Cash Equivalents:	49,937
Cash and Cash Equivalents, Beginning of Year (including restricted cash of \$60,320)	<u>204,533</u>
Cash and Cash Equivalents, End of Year (including restricted cash of \$60,320)	<u>\$ 254,470</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, 2022

	Business-type Activities Enterprise Fund
	Water Fund
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities :	
Operating income (loss)	\$ (108,792)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation expense	116,973
Increase in customer deposits	-
Decrease in accounts receivable	2,638
Increase in other receivables	(3,657)
Increase in prepaid expenses	(2,429)
Increase in accounts payable	45,123
Increase in payroll taxes payable	27,225
Decrease in accrued salaries	(1,779)
Total adjustments	184,094
Net Cash Provided (Used) by Operating Activities	\$ 75,302

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

TOWN OF OIL CITY, LOUISIANA

Notes to Financial Statements
December 31, 2022

INTRODUCTION

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

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

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

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under the provisions of this Statement, the Town is considered a primary government since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes and set rates or 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 organization's governing board and (1) it is able to impose its will on the organization or (2) is a potential for the organization to provide specific financial burdens on the Town. The primary government is required to consider other organizations for which the nature and

significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town has oversight of other component units that are discretely presented in a separate column in the government-wide financial statements.

Discretely Presented Component Units

Lakeview Memorial Gardens

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

Basis of Presentation

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

Fund Accounting

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

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

Governmental Funds:

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

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

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

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

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

Government-Wide Financial Statements (GWFS)

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

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

Fund Financial Statements (FFS)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Cash and Cash Equivalents and Investments

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

The Town's investments comply with Louisiana Statutes (I.S.A R.S. 33:2955). Under state law, the Town may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Town may invest in U.S. bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local Louisiana governments are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana which operates a local government investment pool.

Receivables

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

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

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2022 are recorded as prepaid expenses.

Interfund Balances (Due from/to Other Funds)

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

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

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

Capital Assets

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

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

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

Description	Estimated Lives
Buildings	20-40 years
Equipment	5-20 years
Water and Sewer Improvements	40 years

Refundable Deposits

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

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. Unearned revenue at December 31, 2022 consisted of unspent American Rescue Funds in the amount of \$359,049.

Compensated Absences

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

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

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

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

Restricted Assets

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

Fund Equity

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

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

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

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

Statements of Cash Flows

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

Interfund Transactions

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

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

Property Taxes

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

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

Property Tax Calendar

Assessment date	January 1, 2022
Levy date	Not later than June 1, 2022
Tax bills mailed	November 15, 2022
Total taxes are due	December 31, 2022
Penalties and interest are added	January 1, 2023
Lien date	No set policy
Tax sale - delinquent property	No set policy

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

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

Estimates

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

Risk Management

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

2. Cash and Cash Equivalents and Investments:

Cash and Cash Equivalents:

At December 31, 2022, the Town had cash and cash equivalents (book balances) totaling \$719,726 as follows:

Cash on hand	\$ 375
Demand deposits	<u>719,351</u>
Total	<u>\$ 719,726</u>

Investments:

At December 31, 2022, the Town had investments (book balances) totaling \$404,678 as follows:

Time deposits	<u>\$ 404,678</u>
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Book deposits in financial institutions at December 31, 2022 totaled \$1,176,183.

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 \$1,176,183, which were protected by \$636,695 of federal depository insurance, and deposits of \$539,488 were secured by securities held in the Town's name. (Category 3).

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

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

securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

3. Property Taxes:

For the year ended December 31, 2022, taxes of 20.17 mills were levied on property with assessed valuation totaling \$4,597,403 and were dedicated as follows: Sewerage and Streets - 14.12 mills, General Fund Operations - 6.05 mills. Total taxes levied were \$102,844.

4. Receivables:

As of December 31, 2022, receivables consisted of the following:

	General Fund	Sales Tax Fund	Water Fund	Total
Property taxes	\$ -	\$ 51,774	\$ -	\$ 51,774
Sales tax	-	13,212	-	13,212
Franchise taxes	21,755	-	-	21,755
Service charge	-	-	64,005	64,005
Other	-	-	3,657	3,657
	<u>\$ 21,755</u>	<u>\$ 64,986</u>	<u>\$ 67,662</u>	<u>\$ 154,403</u>

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

Amounts due from and to other funds as reported in the fund financial statements at December 31, 2022.

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

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

Net Transfers	Amount
General Fund	\$ 39,606
Special Revenue Fund	(128,720)
Capital Projects Fund	(300,000)
Water Fund	389,114
Total	<u>\$ -</u>

6 Capital Assets:

Capital assets and depreciation activity as of and for the year ended December 31, 2022 were as follows:

	Balance January 1, 2022	Additions	Balance December 31, 2022
Governmental activities:			
Capital assets not being depreciated:			
Land	\$ 239,448	\$ -	\$ 239,448
Construction in Progress	91,640	-	91,640
Total capital assets not being depreciated	331,088	-	331,088
Capital assets being depreciated:			
Buildings and structures	2,663,944	-	2,663,944
Improvements	4,231,001	52,548	4,283,549
Equipment	689,821	66,846	756,667
Total capital assets being depreciated	7,584,766	119,394	7,704,160
Less accumulated depreciation for:			
Buildings and structures	1,954,392	85,867	2,040,259
Improvements	2,492,532	78,760	2,571,292
Equipment	626,644	31,363	658,007
Total accumulated depreciation	5,073,568	195,990	5,269,558
Total capital assets, net	<u>\$2,842,286</u>	<u>\$ (76,596)</u>	<u>\$ 2,765,690</u>
Business-type activities			
Capital assets not being depreciated:			
Land	\$ 150,276	\$ -	\$ 150,276
Construction in Progress	339,062	1,742,272	2,081,334
Total capital assets not being depreciated	<u>\$ 489,338</u>	<u>\$1,742,272</u>	<u>\$ 2,231,610</u>
Capital assets being depreciated:			
Buildings and structures	147,724	-	147,724
Equipment	437,240	-	437,240
Water system	3,355,588	300,000	3,655,588
Total capital assets being depreciated	<u>3,940,552</u>	<u>300,000</u>	<u>4,240,552</u>
Total accumulated depreciation	<u>(847,915)</u>	<u>(116,973)</u>	<u>(964,888)</u>
Total capital assets, net	<u>\$3,581,975</u>	<u>\$1,925,299</u>	<u>\$ 5,507,274</u>

Component Unit	Balance January 1, 2022	Additions	Deletions	Balance December 31, 2022
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	(6,409)	(884)	-	(7,293)
Total capital assets being depreciated	11,266	(884)	-	10,382
Total capital assets, net	\$ 42,041	\$ (884)	\$ -	\$ 41,157

7. Commitments and Contingencies:

Lawsuits

There are no pending lawsuits against the Town at December 31, 2022.

Grant Audit

The Town participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursements that may arise as the result of these audits is not believed to be material.

8. On-Behalf Payments:

Police employees received a total of \$19,617 in police supplemental pay from the State of Louisiana. The Town is responsible for withholding taxes from these employees and paying the Town's matching portion of social security taxes for the amount of supplemental pay received. The Town must recognize this supplemental pay received by the employees as revenues and expenditures. The revenue is reported in the general fund under intergovernmental revenues and the expenditure is reported in the law enforcement expenditures.

9. Certificates of Indebtedness:

Balance, December 31, 2021	\$ 240,000
Principal payments	(25,000)
Balance, December 31, 2022	<u>\$ 215,000</u>

On January 28, 2014, the Town issued certificates of indebtedness for the Utility Fund in the amount of \$400,000. The certificates are payable as follows, including interest of \$56,570.

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 25,000	\$ 21,150	\$ 46,150
2024	30,000	10,500	40,500
2025	30,000	8,700	38,700
2026	30,000	6,900	36,900
2027	30,000	5,120	35,120
2028 and after	70,000	4,200	74,200
Total	<u>\$ 215,000</u>	<u>\$ 56,570</u>	<u>\$ 271,570</u>

10. DEQ 2019 Revenue Bonds:

On February 5, 2019, the Town approved bonds of \$3,075,900 for the purpose of improvements to its water and sewer system. Total draws on the loan were \$1,767,371. The loan bears interest at 1.95%. Forgiveness for the year ended December 31, 2022 totaled \$37,688. The loan does not have any stated repayment terms. The balance of the loan at December 31, 2022 was \$1,205,524.

11. State of Louisiana Facility Planning & Control Grant:

During the year ended December 31, 2022, the Town was awarded a grant in the amount of \$1,773,548 for improvements to the Town's water system. Expenditures under this grant for the year ended December 31, 2022 totaled \$1,553,835.

12. Community Development Block Grant:

On September 17, 2018, the Town was awarded a Community Development Block Grant in the amount of \$300,000. Expenditures under this grant totaled \$11,400 for the year ended December 31, 2019, \$4,400 for the year ended December 31, 2020, \$ 281,971, for the year ended December 31, 2021, and \$2,229 for the year ended December 31, 2022. The project was complete as of December 31, 2022. Costs of \$300,000 were transferred the Utility Fund and recorded as improvements to the water system.

13. Subsequent Events:

Management has evaluated subsequent events through January 26, 2024, 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, 2022

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 159,535	\$ 151,892	\$ 187,842	\$ 35,950
Licenses and Permits	25,800	21,421	21,456	35
Fines and Fees	150,000	114,316	109,692	(4,624)
Intergovernmental	18,000	30,026	31,643	1,617
Donations	-	7,021	6,217	(804)
Miscellaneous	32,744	11,944	15,699	3,755
Total Revenues	386,079	336,620	372,549	35,929
Expenditures:				
General Government	394,940	445,952	341,665	104,287
Law Enforcement	241,305	277,940	240,123	37,817
Capital Outlay	-	-	-	-
Total Expenditures	636,245	723,892	581,788	142,104
Net Change in Fund Balances before Other Financing Sources	(250,166)	(387,272)	(209,239)	178,033
Other Financing Sources				
Operating transfers in	255,513	264,500	128,720	(135,780)
Operating transfers out	-	-	(89,114)	(89,114)
Net Change in Fund Balance	5,347	(122,772)	(169,633)	(46,861)
Fund Balances, Beginning	326,478	326,478	326,478	-
Fund Balances, Ending	\$ 331,825	\$ 203,706	\$ 156,845	\$ (46,861)

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, 2022

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 325,000	\$ 392,681	\$ 392,004	\$ (677)
Licenses and Permits	-	-	-	-
Service Charges	30,000	47,981	61,112	13,131
Grants	-	-	-	-
Intergovernmental	-	9,123	-	(9,123)
Miscellaneous	11,563	11,470	15,294	3,824
Total Revenues	<u>366,563</u>	<u>461,255</u>	<u>468,410</u>	<u>7,155</u>
Expenditures:				
General Government	127,785	128,137	171,500	(43,363)
Sewer	50,000	150,082	116,293	33,789
Capital Outlay	-	100,453	119,394	(18,941)
Total Expenditures	<u>177,785</u>	<u>378,672</u>	<u>407,187</u>	<u>(28,515)</u>
Net Change in Fund Balances before Other Financing Sources	188,778	82,583	61,223	(21,360)
Other Financing Sources				
Operating Transfers In	-	-	-	-
Operating Transfers Out	(150,773)	(132,220)	(128,720)	3,500
Net Change in Fund Balance	38,005	(49,637)	(67,497)	(17,860)
Fund Balances, Beginning	<u>541,667</u>	<u>541,667</u>	<u>541,667</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 579,672</u>	<u>\$ 492,030</u>	<u>\$ 474,170</u>	<u>\$ (17,860)</u>

TOWN OF OIL CITY, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Capital Projects Fund
For the Year Ended December 31, 2022

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Service Charges	-	-	-	-
Grants	2,229	2,229	2,229	-
Intergovernmental	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	<u>2,229</u>	<u>2,229</u>	<u>2,229</u>	<u>-</u>
Expenditures:				
General Government	-	-	-	-
Sanitation	-	-	-	-
Sewer	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances before Other Financing Sources	2,229	2,229	2,229	-
Other Financing Sources				
Operating Transfers In	-	-	-	-
Operating Transfers Out	<u>(300,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>(297,771)</u>	<u>(297,771)</u>	<u>(297,771)</u>	<u>-</u>
Fund Balances, Beginning	<u>297,771</u>	<u>297,771</u>	<u>297,771</u>	<u>-</u>
Fund Balances, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

TOWN OF OIL CITY, LOUISIANA

Schedule of Mayor and Aldermen's Compensation
For the Year Ended December 31, 2022

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 2022 the following amounts were paid to the Mayor and Aldermen:

Honorable James Sims, Mayor's Salary		\$31,119
Aldermen per diem:		
James Clifton	\$	-
Cynthia Barkschat		2,450
Donald Jackson		2,450
Levi Jones		1,575
Maquilla Frieson		1,400
		<u>7,875</u>
Total		<u>\$38,994</u>

TOWN OF OIL CITY, LOUISIANA

Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended December 31, 2022

Agency Head: Honorable James Sims, Mayor

Salary	<u>\$ 31,119</u>
Payroll Taxes	<u>\$ 2,380</u>
Car Allowance	<u>\$ 2,000</u>
Reimbursements	<u>\$ 1,619</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 Ended December 31, 2022

	First Six Month Period Ended <u>December 31, 2022</u>	Second Six Month Period <u>December 31, 2022</u>
Cash Presentation		
Beginning Balance of Amounts Collected	\$ 228	\$ 652
Add: Collections		
Criminal Fines - Other	<u>48,400</u>	<u>54,623</u>
Subtotal Collections	<u>48,628</u>	<u>55,275</u>
Less: Disbursements to Governments & Nonprofits		
Louisiana Supreme Court - Criminal Court Costs/Fees	147	98
Louisiana Judicial College	39	38
State of Louisiana - CMIS Assessment	373	281
Louisiana Commission on Law Enforcement - Court Costs	725	693
LDHH-THSCI	<u>203</u>	<u>421</u>
Total Disbursements to Governments & Nonprofits	1,487	1,531
Less: Amounts Retained by Collecting Agency	46,489	53,381
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies	-	-
Payments to 3rd Party Collection/Processing Agencies	<u>-</u>	<u>-</u>
Subtotal Disbursements/Retainage	<u>47,976</u>	<u>54,912</u>
Total Ending Balances Collect but not Disbursed (Cash on Hand)	<u><u>\$ 652</u></u>	<u><u>\$ 363</u></u>

TOWN OF OIL CITY, LOUISIANA

Discretely Presented Component Unit -
Statement of Net Position
December 31, 2022

	<u>Lakeview Cemetery</u>
<u>Assets</u>	
Current assets:	
Cash	\$ 10,901
Investments, at cost	137,380
Receivables (net, where applicable, of allowances for uncollectible accounts)	<u> -</u>
Total current assets	<u>148,281</u>
Noncurrent assets:	
Property, plant and equipment (net of accumulated depreciation)	<u>41,157</u>
Total assets	<u>189,438</u>
<u>Net Position</u>	
Invested in capital assets, net of related debt	41,157
Unrestricted	<u>148,281</u>
Total net position	<u>\$ 189,438</u>

TOWN OF OIL CITY, LOUISIANA

Discretely Presented Component Unit -
Statement of Activities
December 31, 2022

	<u>Lakeview Cemetery</u>
Program Expenses:	
Cemetery operation and maintenance	<u>6,767</u>
Program Revenues:	
Operating contributions	<u>500</u>
Net Revenues	(6,267)
General Revenues:	
Lot sales	7,750
Other	345
Interest	<u>707</u>
Total General Revenues	<u>8,802</u>
Change in Net Position	2,535
Net position, beginning of year	<u>186,903</u>
Net position, end of year	<u><u>\$ 189,438</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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Oil City, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town of Oil City's basic financial statements and have issued my report thereon dated January 29, 2024.

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 (internal control) as a basis for designing 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 Town of Oil City's internal control. Accordingly, I do not express an opinion on the effectiveness of Town of Oil City'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 Town's financial statements will not be prevented, or detected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

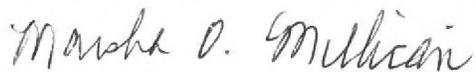
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. I identified a deficiency in internal control, described in the accompanying schedule of findings as Finding #2022-1 that I consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Oil City's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings as Findings #2022-2, #2022-3, #2022-4, #2022-5 and # 2022-6.

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
January 29, 2024

TOWN OF OIL CITY, LOUISIANA

Corrective Action Taken on Prior Year Findings

Year Ended December 31, 2021

Finding #2021-1:

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

Status: Unresolved.

Finding #2021-2:

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

Status: Unresolved.

Finding #2021-3:

The Town did not remit court costs to entities on a timely basis.

Status: Unresolved.

Finding #2021-4:

The Town did not remit payroll taxes to Internal Revenue Service and the State of Louisiana on a timely basis.

Status: Unresolved.

TOWN OF OIL CITY, LOUISIANA

Schedule of Findings

Year Ended December 31, 2022

1. The auditor's report expresses an unmodified opinion on the financial statements.
2. One material weakness in internal control was disclosed during the audit.
3. Five instances of noncompliance material to the financial statements of the Town were disclosed.

Finding #2022-1:

Criteria: Effective internal control requires the segregation of duties.

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

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

Effect: Unknown.

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

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

Finding #2022-2:

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

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

Cause: A key member of the auditor's staff was diagnosed with a serious illness. The audit was not completed within the time frame required by state law.

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

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

Management's Response and Corrective Action Plan - We agree with the finding, however we believe the condition was beyond the Town's control.

TOWN OF OIL CITY, LOUISIANA

Schedule of Findings

Year Ended December 31, 2022

Finding #2022-3:

Criteria: Accurate accounting records require old outstanding checks on bank reconciliations to be investigated and cleared and the bank reconciliation balance be balanced to the general ledger on a timely basis.

Condition: The checking account for the General Fund and Utility Fund contained old outstanding checks for prior years that had not been investigated and cleared. The bank reconciliation register balance for the operating account in the General Fund did not agree with the general ledger balance. The bank reconciliation register balance for the customer deposits checking account in the Utility Fund did not agree with the general ledger balance. Transactions were not recorded in the General Fund money market resulting in American Rescue Funds of \$179,571 being omitted from the general ledger. The checking account for the CDBG was not reconciled.

Cause: Unknown.

Effect: Unknown.

Recommendation: I recommend all bank reconciliations be reconciled to the general ledger. I recommend old outstanding checks be investigated and cleared.

Management's Response and Corrective Action Plan: We agree with the finding. We will reconcile all bank reconciliations to the general ledger, investigate old outstanding checks, and record any necessary adjustments.

Finding #2022-4:

Criteria: Accurate accounting records require payroll to be properly recorded in each fund.

Condition: The Town maintains its accounting records on QuickBooks. The payroll is calculated on different software and entered into the General Fund as net payroll. The results in an overstatement of payroll expenses and an understatement of payroll liabilities in the General Fund and an understatement of payroll expenses and an understatement of payroll liabilities in the Utility Fund.

Cause: Unknown.

Effect: Payroll expenses and liabilities are not accurately reported in the General Fund and Utility Fund.

Recommendation: I recommend payroll expenses and liabilities be accurately recorded in the General Fund and the Utility Fund.

Management's Response and Corrective Action Plan: We agree with the finding. We will report payroll expenses and liabilities accurately in the General Fund and the Utility Fund in the future.

TOWN OF OIL CITY, LOUISIANA

Schedule of Findings

Year Ended December 31, 2022

Finding #2022-5:

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

Condition: The Town did not remit costs for four entities for the months of May and June, 2022 until August, 2022. The Town did not remit costs for one entity for ten months until January, 2023.

Cause: Unknown.

Effect: Unknown.

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

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

Finding #2022-6:

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

Condition: The Town did not remit payroll tax returns for the first, second, third and fourth quarter of 2022 within the time frame required by Internal Revenue Service and State of Louisiana rules and regulations.

Cause: Unknown.

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

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

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



Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

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

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

I have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPS) for the fiscal period January 1, 2022 through December 31, 2022. Management of Town of Oil City, Louisiana (the Town) is responsible for those C/C areas identified in the SAUPS.

The Mayor and Members of the Board of Aldermen of the Town of Oil City, Louisiana has agreed to and acknowledged that the procedures are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPS for the fiscal period January 1, 2022 through December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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 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).
- 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 reimbursements**, 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 prohibition 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 a 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.

Procedure Results - The entity has written policies and procedures that adequately cover the above categories and subcategories except xi. Information Technology Disaster Recovery/Business Continuity.

Management's Response - We will adopt and implement policies and procedures with regard to this category.

2) Board or Finance Committee

- A. I obtained and inspected 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. I observed 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.
 - ii. For those entities reporting on the governmental accounting model, I observed that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to the public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - iii. For governmental entities, I obtained the prior year audit report and observed 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.
 - iv. I observed 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.

Procedure Results - The minutes do not reference budget-to-actual comparisons. There is no evidence that the board received written updates of the progress of resolving audit findings.

Management's Response - We will include budget-to-actual comparisons and require written progress of resolving audit findings in the future.

3) Bank Reconciliations

- A. I obtained a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. I asked management to identify the entity's main operating account. I selected the entity's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). I randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for each selected accounts, and observed 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);
- ii. Bank reconciliations include written 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
- iii. 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 - Bank reconciliations include no evidence that they were prepared within 2 months of the related closing date. There is no written evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation. There is no documentation reflecting that reconciling items that have been outstanding for more than 12 months have been researched.

Management's Response - Management will rectify the above deficiencies in the future.

4) Collections (excluding electronic funds transfers)

- A. I obtained 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. I selected 1 deposit site (there is only 1).
- B. For each deposit site selected, I obtained a listing of collection locations and management's representation that the listing is complete. I selected one collection location for each deposit site (i.e., 1 collection locations for 1 deposit site), obtained and inspected 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 observed that job duties are properly segregated at each collection location such that:
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. 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;
 - 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
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

- 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.
- D. I randomly selected 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.* I obtained supporting documentation for each of the 10 deposits and:
- i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - 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).
 - v. Trace the actual deposit per the bank statement to the general ledger.

Procedure Results - No exceptions were noted.

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

- A. I obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. I selected 1 location (there is only 1).
- B. For each location selected under procedure #5A above, I obtained a listing of those employees involved with non-payroll purchasing and payment functions. I obtained 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:
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;

- 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;
- iv. Either the employees/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
- 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.

[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 #5 above, I obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. I randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction, and
 - i. Observed whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observed whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, I randomly selected 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observed 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.

Procedure Results - No exceptions were noted.

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

- A. I obtained 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. I obtained management's representation that the listing is complete.

- B. Using the listing prepared by management, I randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. I randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select on monthly bank statement). I obtained 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. [Note: 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
 - ii Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, I randomly select 10 transactions (or all transactions if less than 10) from each statement and obtained supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, I observed 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.

Procedure Results - No exceptions were noted.

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

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

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

Procedure Results - No exceptions were noted.

8) Contracts

- A. I obtained 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.* I obtained management's representation that the listing is complete. I selected 1 contract (there is only 1) 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;
 - ii. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
 - 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 was approval documented).
 - 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.

Procedure Results - No exceptions were noted.

9) Payroll and Personnel

- A. I obtained a list of employees and officials employed during the fiscal period and management's representation that the listing is complete. I randomly select 5 employees or officials, obtained related salaries and personnel files, and agreed paid salaries to authorized salaries/ pay rates in the personnel files.
- B. I randomly selected one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, I obtained attendance records and leave documentation for the pay period, and
 - i. Observed that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observed whether supervisors approved the attendance and leave of the selected employees or officials;

- iii. Observed that any leave accrued or taken during the pay period is reflected in the entity's accumulative leave records; and
 - iv. Observed that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
- C. I obtained 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 employees' or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. I obtained 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 the required deadlines.

Procedure Results - Payroll taxes and related forms were not paid or filed on time.

Management's Response - We will pay payroll liabilities and file the appropriate forms on time in the future.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and:
- i. 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
 - ii. 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.
- B. Inquire and/or observe whether the entity has appointed an ethics designee as required by R.S. 42:1170.

Procedure Results - No exceptions were noted.

11) Debt Service

- A. I obtained 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.
- B. I obtained 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).

Procedure Results - No exceptions were noted.

12) Fraud Notice

- A. I obtained a listing of misappropriation 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 to the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. I observed 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 - No exceptions were noted.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report, "I performed the procedure and discussed the results with management."**
- i. I obtained and inspected 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.
- ii. I obtained and inspected 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.

- iii. I obtained 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 procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Procedure Results - The entity has no evidence that critical data has been backed up or that it can be restored. There is no current antivirus software on any of its 10 computers.

Management's Response - We have subsequently installed antivirus software on all computers and are in the process of arranging for offsite backups.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, I obtained sexual harassment training documentation from management, and observed 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.
- B. I observed 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).
- C. I obtained the entity's annual sexual harassment report for the current fiscal period, observed that the report was dated on or before February 1, and observed that the report includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the entity who have completed the training requirements.;
 - ii. Number of sexual harassment complaints received by the entity;
 - 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.

Procedure Results - Annual sexual harassment report was not filed.

Management's Response - We will file annual sexual harassment report in the future.

I was engaged by the Town to perform this agreed-upon procedures engagement and conducted my engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. I was not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. 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.

I am required to be independent of the Town and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C 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.



Certified Public Accountant
January 29, 2024