

Town of Oberlin, Louisiana

ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORT

YEAR ENDED JUNE 30, 2022

Royce T. Scimemi, CPA, APAC
Oberlin, LA

Town of Oberlin, Louisiana
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INDEPENDENT AUDITORS' REPORT

November 21, 2023

Honorable Larry Alexander, Mayor and the Town Council
Town of Oberlin, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Oberlin, Louisiana as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Oberlin, Louisiana's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Because of the matter described in the "Basis for Disclaimer of Opinion" paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

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

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Disclaimer
Business-Type Activities	Disclaimer
General Fund	Disclaimer
Sales Tax Special Revenue Fund	Disclaimer
Cemetery Fund	Disclaimer
Water Utility Fund	Disclaimer
Sewer Utility Fund	Disclaimer
Gas Utility Fund	Disclaimer

Basis for Disclaimer of Opinions on the Financial Statements

We were unable to obtain sufficient appropriate audit evidence about a significant number of revenues and expenditures because management was unable to provide it. As a result, adequate audit evidence necessary for us to express an opinion or provide any assurance on the opinion units was not available.

Disclaimer of Opinion

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the Town of Oberlin, Louisiana as of June 30, 2022. Accordingly, we do not express an opinion on the financial statements referred to in the first paragraph.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, the pension related schedules, and the related notes on pages 40 to 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management of the Town 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 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. Our opinion on the basic financial statements is not affected by this omitted information.

Other Information

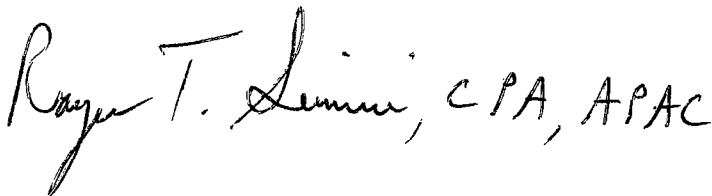
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Oberlin, Louisiana's basic financial statements. The schedule of compensation paid to the Mayor and Council Members, the schedule of compensation, benefits and other payments to chief executive officer, the schedule of number of utility customers and water and sewer rates, the schedule of aged accounts receivable, and the schedule of insurance in force are considered "Other Supplementary Information". The Other Supplementary Information is presented on pages 46-50 for purposes of additional analysis and is not a required part of the basic financial statements. The justice system funding schedule – collecting/disbursing entity required by Act 87 of the 2020 regular legislative session was not presented because the data was not maintained in a format to accommodate compliance with Act 87.

The Other Supplementary Information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has not been subjected to the auditing procedures 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. Accordingly, we do not express an opinion on the Other Supplementary Information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2023, on our consideration of the Town of Oberlin, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Oberlin, Louisiana's 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 of Oberlin, Louisiana's internal control over financial reporting and compliance.

Royce T. Scimemi, CPA, APAC

A handwritten signature in black ink that reads "Royce T. Scimemi, CPA, APAC". The signature is written in a cursive style with a large initial 'R'.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

Town of Oberlin, Louisiana
Statement of Net Position
June 30, 2022

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and certificates of deposit	\$ 104,144	\$ 80,435	\$ 184,579
Accounts receivable	18,253	103,298	121,551
Accounts receivable - restricted	48,525	--	48,525
Restricted cash	17,454	314,703	332,157
Due from other governments	116,689	133,124	249,813
Land	193,812	7,224	201,036
Capital assets	535,135	9,685,120	10,220,255
Total Assets	1,034,012	10,323,904	11,357,916
DEFERRED OUTFLOWS OF RESOURCES			
Aggregated deferred outflows	57,382	--	57,382
Total Deferred Outflows of Resources	57,382	--	57,382
LIABILITIES			
Accounts payable	266,260	78,093	344,353
Accrued interest payable	--	9,490	9,490
Accrued liabilities	49,809	1,605	51,414
Retainage payable	--	133,124	133,124
Revenue bonds due within one year	--	138,080	138,080
Revenue bonds due after one year	--	5,535,096	5,535,096
Customer meter deposits	--	82,295	82,295
Net pension liability	76,019	--	76,019
Total Liabilities	392,088	5,977,783	6,369,871
DEFERRED INFLOWS OF RESOURCES			
Aggregated deferred inflows	48,119	--	48,119
Total Deferred Inflows of Resources	48,119	--	48,119
NET POSITION			
Invested in capital assets, net of related debt	728,947	4,009,678	4,738,625
Restricted	65,979	232,408	298,387
Unrestricted	(143,739)	104,035	(39,704)
Total Net Position	\$ 651,187	\$ 4,346,121	\$ 4,997,308

See accompanying notes.

Town of Oberlin, Louisiana
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary Government							
Governmental Activities:							
General and administrative	\$ 452,883	\$ 91,686	\$ 322,428	\$ --	\$ (38,769)	\$ --	\$ (38,769)
Streets	327,354	--	40	--	(327,314)	--	(327,314)
Police	336,161	62,768	15,250	--	(258,143)	--	(258,143)
Total Governmental Activities	1,116,398	154,454	337,718	--	(624,226)	--	(624,226)
Business-Type Activities:							
Gas Fund	--	--	--	--	--	--	--
Water Fund	507,075	387,153	--	--	--	(119,922)	(119,922)
Interest on Long-Term Debt-Water	83,168	--	--	--	--	(83,168)	(83,168)
Sewer Fund	246,188	345,153	--	--	--	98,965	98,965
Interest on Long-Term Debt-Sewer	49,074	--	--	--	--	(49,074)	(49,074)
Total Business-Type Activities	885,505	732,306	--	--	--	(153,199)	(153,199)
Total Primary Government	\$ 2,001,903	\$ 886,760	\$ 337,718	\$ --	\$ (624,226)	\$ (153,199)	\$ (777,425)

General Purpose Revenues and Operating Transfers:

Revenues

Taxes:

Property taxes, levied for general purposes	25,660	--	25,660
Sales and use taxes, levied for general purposes	234,844	--	234,844
Franchise taxes	83,970	--	83,970
Gaming	272,490	--	272,490
Interest income	314	497	811
Miscellaneous	68,905	11,567	80,472
Operating Transfers	149,602	(149,602)	--

Total General Revenues and Operating Transfers

Change in Net Position

Net Position at Beginning of Period

Net Position at End of Period

	835,785	(137,538)	698,247
	211,559	(290,737)	(79,178)
	439,628	4,636,858	5,076,486
	\$ 651,187	\$ 4,346,121	\$ 4,997,308

See accompanying notes.

FUND FINANCIAL STATEMENTS (FFS)

MAJOR FUND DESCRIPTIONS

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Sales Tax Fund

To account for the receipt and use of proceeds of the Town's restricted sales and use taxes.

Cemetery Fund

To account for the receipt and use of proceeds of the Town's restricted cemetery revenue.

Enterprise Funds

Water Fund

To account for the provision of water services to 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.

Sewer Fund

To account for the provision of sewerage services to 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.

Gas Fund

To account for the provision of gas services to 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. The Town no longer operates a gas system, and the fund is used to account for the remnants of assets and liabilities still held by the Town.

Town of Oberlin, Louisiana
Balance Sheet
Governmental Funds
June 30, 2022

	<u>Special Revenue</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Sales Tax Fund</u>	<u>Cemetery Fund</u>	
ASSETS				
Cash and certificates of deposit	\$ 91,470	\$ --	\$ 12,674	\$ 104,144
Restricted cash	--	17,454	--	17,454
Accounts receivable	18,253	--	--	18,253
Accounts receivable - restricted	--	48,525	--	48,525
Due from other governments	116,689	--	--	116,689
Total Assets	226,412	65,979	12,674	305,065
DEFERRED OUTFLOWS OF RESOURCES				
Aggregated deferred outflows	--	--	--	--
Total Assets and Deferred Outflows of Resources	\$ 226,412	\$ 65,979	\$ 12,674	\$ 305,065
LIABILITIES				
Accounts payable	\$ 266,260	\$ --	\$ --	\$ 266,260
Accrued liabilities	49,809	--	--	49,809
Total Liabilities	316,069	--	--	316,069
DEFERRED INFLOWS OF RESOURCES				
Aggregated deferred inflows	--	--	--	--
Total Liabilities and Deferred Inflows of Resources	316,069	--	--	316,069
FUND BALANCES				
Restricted	--	65,979	--	65,979
Committed	--	--	12,674	12,674
Unassigned	(89,657)	--	--	(89,657)
Total Fund Balances	(89,657)	65,979	12,674	(11,004)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 226,412	\$ 65,979	\$ 12,674	\$ 305,065

See accompanying notes.

Town of Oberlin, Louisiana
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2022

Total Fund Balances - Governmental Funds	\$	(11,004)
Fixed assets are capitalized in the Statement of Net Assets and depreciated in the Statement of Activities. These are expensed when acquired in the Statement of Revenues, Expenditures, and Changes in Fund Balances.		728,947
Pension-related changes in net pension liability that are only reported in the Statement of Net Position as deferred outflows.		57,382
Pension-related changes in net pension liability that are only reported in the Statement of Net Position as deferred inflows.		(48,119)
Net pension liability is reflected on the Statement of Net Position but not in governmental funds balance sheet.		(76,019)
Total Net Position - Governmental Activities	\$	<u>651,187</u>

See accompanying notes.

Town of Oberlin, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	<u>Special Revenue</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Sales Tax Fund</u>	<u>Cemetery Fund</u>	
Revenues				
Taxes	\$ 109,630	\$ 234,844	\$ --	\$ 344,474
License and permits	91,686	--	--	91,686
Intergovernmental	610,208	--	--	610,208
Fines and forfeitures	62,768	--	--	62,768
Interest	255	35	24	314
Miscellaneous	65,718	--	--	65,718
Total Revenues	<u>940,265</u>	<u>234,879</u>	<u>24</u>	<u>1,175,168</u>
Expenditures				
General and administrative	443,615	--	--	443,615
Streets	302,232	--	--	302,232
Police	362,876	--	--	362,876
Capital outlay	169,866	--	--	169,866
Total Expenditures	<u>1,278,589</u>	<u>--</u>	<u>--</u>	<u>1,278,589</u>
Excess of (Deficiency) Revenues Over (Under) Expenditures	(338,324)	234,879	24	(103,421)
Other Financing Sources (Uses)				
Operating Transfers	370,038	(220,486)	50	149,602
Net Other Financing Sources (Uses)	<u>370,038</u>	<u>(220,486)</u>	<u>50</u>	<u>149,602</u>
Net Change in Fund Balance	31,714	14,393	74	46,181
Fund Balance at Beginning of Period	<u>(121,371)</u>	<u>51,586</u>	<u>12,600</u>	<u>(57,185)</u>
Fund Balance at End of Period	\$ (89,657)	\$ 65,979	\$ 12,674	\$ (11,004)

See accompanying notes.

Town of Oberlin, Louisiana
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2022

Total Net Change in Fund Balances - Governmental Funds	\$	46,181
Fixed assets expensed as capital outlay in governmental fund statements, capitalized as fixed assets in Statement of Net Assets.		169,866
Depreciation expense reflected in entity wide statements, not reflected in governmental fund statements.		(35,517)
Non-employers contributions to retirement systems for the benefit of Town employees.		3,187
Pension expense is based on employer contributions in the government funds Statement of Revenues, Expenditures, and Changes in Fund Balances, but is an actuarially calculated expense on the Statement of Activities.		<u>27,842</u>
Changes in Net Position - Governmental Activities	\$	<u>211,559</u>

See accompanying notes.

Town of Oberlin, Louisiana
Statement of Net Position
Proprietary Funds
June 30, 2022

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds
	Gas Fund	Water Fund	Sewer Fund	
ASSETS				
<i>Current Assets</i>				
Cash and certificates of deposit	\$ 11,881	\$ 39,857	\$ 28,697	\$ 80,435
Restricted cash	--	82,295	232,408	314,703
Accounts receivable	--	58,766	44,532	103,298
Due from other governments	--	133,124	--	133,124
Total Current Assets	11,881	314,042	305,637	631,560
<i>Noncurrent Assets</i>				
Land	--	--	7,224	7,224
Capital assets	--	6,528,781	3,156,339	9,685,120
Total Noncurrent Assets	--	6,528,781	3,163,563	9,692,344
Total Assets	11,881	6,842,823	3,469,200	10,323,904
DEFERRED OUTFLOWS OF RESOURCES				
Aggregated deferred outflows	--	--	--	--
Total Deferred Outflows of Resources	--	--	--	--
LIABILITIES				
<i>Current Liabilities</i>				
Accounts payable	--	50,787	27,306	78,093
Accrued interest payable	--	3,832	5,658	9,490
Accrued liabilities	--	1,605	--	1,605
Retainage payable	--	133,124	--	133,124
Revenue bonds due within one year	--	63,080	75,000	138,080
Total Current Liabilities	--	252,428	107,964	360,392
<i>Noncurrent Liabilities</i>				
Customer meter deposits	--	82,295	--	82,295
Revenue bonds due after one year	--	3,593,640	1,941,456	5,535,096
Total Noncurrent Liabilities	--	3,675,935	1,941,456	5,617,391
Total Liabilities	--	3,928,363	2,049,420	5,977,783
DEFERRED INFLOWS OF RESOURCES				
Aggregated deferred inflows	--	--	--	--
Total Deferred Inflows of Resources	--	--	--	--
NET POSITION				
Invested in capital assets, net of related debt	--	2,868,229	1,141,449	4,009,678
Restricted	--	--	232,408	232,408
Unrestricted	11,881	46,231	45,923	104,035
Total Net Position	\$ 11,881	\$ 2,914,460	\$ 1,419,780	\$ 4,346,121

See accompanying notes.

Town of Oberlin, Louisiana
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2022

Business-Type Activities - Enterprise Funds				
	Gas Fund	Water Fund	Sewer Fund	Total Enterprise Funds
Operating Revenues				
Charges for services	\$ --	\$ 387,153	\$ 345,153	\$ 732,306
Miscellaneous	11,471	96	--	11,567
Total Operating Revenues	<u>11,471</u>	<u>387,249</u>	<u>345,153</u>	<u>743,873</u>
Operating Expenses				
Contract labor	--	14,762	13,679	28,441
Depreciation	--	244,867	169,018	413,885
Equipment rental	--	--	1,664	1,664
Gas and oil	--	33	--	33
Insurance	--	14,022	--	14,022
Materials and supplies	--	38,689	2,345	41,034
Miscellaneous	--	4,823	74	4,897
Payroll taxes	--	3,963	--	3,963
Professional services	--	28,241	17,745	45,986
Repairs and maintenance	--	25,353	7,682	33,035
Salaries	--	50,955	--	50,955
Utilities	--	81,367	33,981	115,348
Total Operating Expenses	<u>--</u>	<u>507,075</u>	<u>246,188</u>	<u>753,263</u>
Operating Income (Loss)	11,471	(119,826)	98,965	(9,390)
Non-Operating Revenues (Expenses)				
Interest income	13	222	262	497
Interest expense	--	(83,168)	(49,074)	(132,242)
Net Non-Operating Revenues (Expenses)	<u>13</u>	<u>(82,946)</u>	<u>(48,812)</u>	<u>(131,745)</u>
Income Before Contributions and Transfers	11,484	(202,772)	50,153	(141,135)
Operating Transfers	--	46,558	(196,160)	(149,602)
Change In Net Position	<u>11,484</u>	<u>(156,214)</u>	<u>(146,007)</u>	<u>(290,737)</u>
<i>Net Position at Beginning of Period</i>	397	3,070,674	1,565,787	4,636,858
Net Position at End of Period	<u>\$ 11,881</u>	<u>\$ 2,914,460</u>	<u>\$ 1,419,780</u>	<u>\$ 4,346,121</u>

See accompanying notes.

TOWN OF OBERLIN, LOUISIANA
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2022

	Business-Type Activities – Enterprise Funds			
	Gas Fund	Water Fund	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ -	\$ 400,485	\$ 370,113	\$ 770,598
Payments to suppliers	-	(213,998)	(73,370)	(287,368)
Payments to employees	-	(54,918)	-	(54,918)
Net cash from operating activities	-	131,569	296,743	428,312
CASH FLOWS FROM INVESTING ACTIVITIES:				
Other receipts	121	-	-	121
Interest earnings	13	222	262	497
Net cash from investing activities	134	222	262	618
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Interest paid on bonds	-	(83,033)	(53,146)	(136,179)
Principal paid on bonds	-	(61,675)	(50,411)	(112,086)
Net cash from capital activities	-	(144,708)	(103,557)	(248,265)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Operating transfers	-	46,558	(196,160)	(149,602)
Net cash from non-capital financing activities	-	46,558	(196,160)	(149,602)
NET INCREASE (DECREASE) IN CASH	134	33,641	(2,712)	31,063
CASH – BEGINNING	11,747	88,511	263,817	364,075
CASH – ENDING	\$ 11,881	\$ 122,152	\$ 261,105	\$ 395,138
Reconciliation of operating income (loss) to net cash from operating activities:				
Operating income (loss)	\$ 11,471	\$ (119,826)	\$ 98,965	\$ (9,390)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:				
Depreciation	-	244,867	169,018	413,885
(Increase) decrease in receivables	-	11,359	24,960	36,319
Increase (decrease) in accounts payable	-	(6,708)	3,800	(2,908)
Increase (decrease) in customer meter deposits	(11,471)	1,877	-	(9,594)
Net cash from operating activities	\$ -	\$ 131,569	\$ 296,743	\$ 428,312

See accompanying notes.

Town of Oberlin, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Oberlin, Louisiana (the "Town"), was created under the provisions of the Lawrason Act. The purpose of the Town is to provide services to its citizens, which include sewer and water utilities, and police protection. The Town has a board of five elected council members who are compensated. The Town is located in Allen Parish, Louisiana and its population is approximately 2,170. There are approximately 30 employees working for the Town.

1. Reporting Entity

As the municipal governing authority, for reporting purposes, the Town is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, and (c) 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 Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. GASB Statement No. 14 established criteria for determining which component units should be considered part of the Town for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

- a. Appointing a voting majority of an organization's governing body, and
 - (1) The ability of the municipality to impose its will on that organization, and/or
 - (2) The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
- b. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
- c. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

As required by accounting principles generally accepted in the United States of America, these financial statements present the financial data of the Town (the primary government) which has no component units under the above criteria.

Based on the foregoing criteria, the Oberlin Housing Authority is a related organization but is not a part of the Town and is thus excluded from the accompanying financial statements. Although the Town does appoint its board members, no control is exercised over its operations.

2. Basis of Presentation

The accompanying basic financial statements have been prepared in conformity with governmental accounting principles generally accepted in the United States of America and with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", issued in June 1999.

Town of Oberlin, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Town as a whole. They report the Town's ability to maintain service levels and continue to meet its obligations as they come due. They include all funds of the reporting entity. They exclude fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the Town's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular program or function. Program revenues include (a) fees and charges paid by the recipients of services offered by the Town and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The Town uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Town functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues, and expenditures/expenses, and managerial requirements. The various funds of the Town are classified into two categories: governmental and proprietary/enterprise. The emphasis of fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town; if the total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all governmental or enterprise funds of that category or type; or if the total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The Town reports the following major funds:

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

The Sales Tax Fund is used to account for the receipt and use of proceeds of a 1% and a 0.3% sales and use tax that are legally restricted to expenditures for specific purposes as set forth below in Note A (15).

The Cemetery Fund is used to account for the receipt and expenditure of funds collected on transactions relating to the Town's cemetery operation.

The 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 the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges that are reported as program revenues; or (b) where the governing body has decided that 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 enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues generally result from providing services and producing and delivering goods in

Town of Oberlin, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

connection with an enterprise fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All other revenues and expenses are reported as non-operating revenues and expenses. The Town's enterprise funds account for water, sewer, and gas services.

3. Measurement Focus/Basis of Accounting

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.

Measurement Focus

On the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the "economic resources" measurement focus as defined in item b. below. In the fund financial statements, the "current financial resources" measurement focus is used as appropriate:

a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balances as their measure of available spendable financial resources at the end of the period.

b. The proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlays) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The proprietary funds utilize the accrual basis of accounting, under which revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. The Town applies all applicable FASB pronouncements in accounting and reporting for its proprietary funds.

Town of Oberlin, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

4. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue, and enterprise funds. All annual appropriations lapse at fiscal year-end.

Prior to the beginning of each fiscal year, the Mayor submits a budget to the Town Council. The budget is prepared by fund, function, and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The Town Council holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated. Any changes in the revenue estimates must be by an affirmative vote of most of the government's council. Expenditures may not legally exceed budgeted appropriations at the activity level.

The original budget and one amendment during the year are reflected in the general fund budget comparisons.

5. Deposits

Deposits include amounts in demand deposits, interest-bearing demand deposits, and time deposits.

State statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. government agencies, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having an office in the State of Louisiana, as stipulated in La. R.S. 33:2955, or any other federally insured investment. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana. LAMP maintains a local government investment pool.

As of June 30, 2022, the Town had deposits (book balances) totaling \$516,736. These deposits are stated at cost, which approximates market. Custodial credit risk is the risk that, in the event of bank failure, the Town's deposits may not be returned. 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 always equal or exceed 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. On June 30, 2022, the Town has \$685,169 in deposits (collected bank balances). These deposits are secured from custodial credit risk by \$472,257 of federal deposit insurance and \$212,912 of pledged securities held by the custodial banks in the name of the fiscal agent banks or letters of credit from Federal Home Loan Bank.

Interest Rate Risk: The Town's policy on investments states that safety of principal is the foremost objective, followed by liquidity and yield. Each investment transaction shall seek to first ensure that capital losses are avoided no matter the sources.

Credit Rate Risk: The Town's policy states that investment decisions should not incur unreasonable risks to obtain current investment income and requires the overall quality rating to be no lower than AA- as measured by Standard & Poor's or the equivalent rating (Aa3) by Moody's Investor Service.

Concentration of Credit Risk: The Town's investment portfolio consisted of 34% mutual funds and 66% U.S. Treasury notes.

Town of Oberlin, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

Custodial Credit Risk-Investments: For an investment, this is the risk that, in the event of the failure of the counter party, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's policy addresses custodial credit risk for investments by requiring that they must be held by national banks, state-chartered banks or a national or state trust company in the name of the Town.

6. Interfund Receivables/Payables

During operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified on the balance sheet as due from other funds or due to other funds. Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans are reported as "advances to and from other funds." Interfund receivables and payables, advances to and from other funds, as well as due to and from other funds are eliminated in the statement of net position.

7. Accounts Receivable

Receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes, ad valorem taxes and amounts due from other governmental units. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible amounts due for ad valorem taxes and other receivables of governmental funds are recognized as bad debts at the time information becomes available which would indicate that the receivable is not collectible. No allowance for uncollectible accounts is reported on June 30, 2022, for the water and sewer utility funds. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing at the end of the month, were \$18,800 and \$14,214 for the water and sewer utility funds, respectively, at year end.

There appears to be a concentration of credit risk regarding general accounts receivable and more specifically, accounts receivable for gas, water and sewer user fees in the enterprise funds. The Town's ability to collect the amounts due from the users of the Town's gas, water and sewer systems and others (as reflected on the financial statements) may be affected by significant economic fluctuations, natural disaster, or other calamity in this one concentrated geographic location.

8. Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Prior to July 1, 2001, government funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by asset type is as follows:

Town of Oberlin, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

Buildings	10-50 years
Equipment and furniture	3-40 years
Water and sewer systems	20-66 years
Infrastructure	25-50 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

9. Restricted Assets

Restricted assets include cash and interest-bearing deposit of the proprietary funds that are legally restricted as to their use. The restricted assets in the utility funds are related to the utility meter deposits and revenue bond accounts.

10. Statement of Cash Flows

For the statement of cash flows for the proprietary funds, the Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. Investments with a maturity of more than three months are considered non-cash equivalents. The statement reflects ending cash and cash equivalents of \$395,138 which represents unrestricted and restricted amounts of \$80,435 and \$314,703, respectively. The cash and certificates of deposit are broken down further as follows:

	<u>Gas Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>
Cash and cash equivalents-Unrestricted	\$ 11,881	\$ 39,857	\$ 28,697	\$ 80,435
Cash and cash equivalents-Restricted	<u> -</u>	<u>82,295</u>	<u>232,408</u>	<u>314,703</u>
Total cash per the statement of cash flows	<u>\$ 11,881</u>	<u>\$ 122,152</u>	<u>\$ 261,105</u>	<u>\$ 395,138</u>

11. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources is reported as a long-term liability on the statement of net position but not on the fund balance sheet. No expenditure is reported for these amounts in the government-wide or fund financial statements as they are considered immaterial. In accordance with generally accepted accounting principles, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

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

Employees of the Town receive 10 days of sick leave per year after being fully employed for three months. Any unused sick leave may carry over to the next year with an accumulated maximum of forty days. Upon termination, unused sick leave is forfeited. Upon termination, the employee is entitled to any unused vacation leave. However, vacation leave does not accumulate. Vacation leave is earned as follows:

1 year	5 days
2-10 years	10 days
10-20 years	15 days
Over 20 years	20 days

Town of Oberlin, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

Severance benefits: If any employee is terminated for the convenience of the Town, permanent, full-time employees with six months to one year of service are paid one week's base salary. Permanent, full-time employees with over one year of continuous service will receive full payment for accrued vacation and two week's base salary. Any employee who quits, resigns, or is otherwise dismissed for reasons such as misconduct or inefficiency, will not receive severance pay.

12. Long-Term Debt

The accounting treatment of long-term debt depends on whether the financed assets are used in governmental fund operations or proprietary fund operations and whether the long-term debt is reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of revenue bonds payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures. For government-wide and fund reporting, issuance costs, even if withheld from the actual net proceeds received, are reported as expenditures in the year of issuance. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

13. Equity Classification

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - Consists of all other net position that does not meet the definition of a or b above.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Town's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

In the fund statements, governmental fund equity is classified as fund balance and is further classified as follows:

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Town of Oberlin, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

- c. Committed – amounts that can be used for specific purposes determined by a formal action of the Mayor and Town Council. They are the highest level of decision-making authority for the Town. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Mayor and Town Council.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Town's adopted policy, only the Mayor and Council members may assign amounts for specific purposes.
- e. Unassigned – includes positive fund balance within the general fund which has not been classified with the above-mentioned categories and when applicable, negative fund balances in other governmental funds.

The Town's policy is to use restricted fund balances first when both restricted and restricted fund balance is available unless prohibited by legal or contractual provisions. The Town's less restrictive classifications are then used - committed, assigned, and lastly unassigned amounts of fund balance in that order when expenditures are made.

14. Interfund Transactions

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

15. Sales Taxes

1% Sales Tax

Proceeds of the 1% sales and use tax levied by the Town (2022 collections of \$184,336) are dedicated to the following purposes:

Constructing, acquiring, extending, improving, operating and/or maintaining sewers and sewerage disposal works, waterworks, streets, recreational facilities and fire protection facilities and equipment, and purchasing and acquiring the necessary land, equipment and furnishing for any of the aforesaid public works, improvements, and facilities, or for any one or more said purposes. The Town is authorized to fund the proceeds of the tax into bonds to be issued in series from time to time for the purpose of defraying the costs of constructing, improving, and/or acquiring any one of more of the aforesaid capital improvements to the extent and in the manner permitted by the laws of Louisiana.

0.3% Sales Tax

Proceeds of the 0.3% sales and use tax levied by the Town are (2022 collections of \$55,301) are dedicated to the following purposes:

1. 70% to be used for constructing, improving, maintaining, and operating the Town's public streets, sidewalks, and alleys.
2. 30% to be used for acquiring, constructing, improving, maintaining, and operating the Town's recreational facilities.

Town of Oberlin, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

The Town of Oberlin is authorized to fund the proceeds of the tax into bonds to be issued into series from time to time for any capital purpose described above, to the extent and in the manner provided by the laws of Louisiana.

16. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

17. Revenues, Expenditures, and Expenses

Program Revenues

Program revenues included in the statement of activities are derived directly from the program itself or from parties outside the Town's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Town's general revenues.

Revenues

Ad valorem taxes and the related state revenue sharing are recorded in the year taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent after December 31. The taxes are generally collected in December, January and February of the fiscal year. Sales taxes are considered as "measurable" when in the hands of the sales tax collector and are recognized as revenue at that time. Interest on interest-bearing deposits is recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

Expenditures/expenses

The Town's primary expenditures include salaries and insurance, which are recorded when the liabilities are incurred. Capital expenditures and purchases of various operating supplies are regarded as expenditures at the time purchased.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses) when the transfers are authorized by the Town.

18. Environmental Remediation Costs

The Town accrues for losses associated with environmental remediation obligations when such losses are probable and reasonably estimable. Accruals for estimated losses from environmental remediation obligations generally are recognized no later than completion of the remedial feasibility study. Such accruals are adjusted as further information develops or circumstances change. Costs of future expenditures for environmental remediation obligations are not discounted to their present value.

19. Subsequent Events

Management has evaluated subsequent events through November 21, 2023, the date the financial statements were issued.

Town of Oberlin, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

20. Pensions

The net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense (See Note G), have been determined using the flow of economic resources measurement focus and full accrual basis of accounting. Member's earnable compensation, for which the employer allocations have been based, is recognized in the period in which the employee is compensated for services performed. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Police Employees Retirement System (MPERS) and additions to/deductions from MPERS's fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Non-employer contributions are recognized as revenue in the government-wide financial statements. In the governmental fund financial statements contributions are recognized as expenditures when made.

21. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

NOTE B - PROPERTY TAXES

For the year ended June 30, 2022, taxes of 3.8 mills were levied on property with assessed valuations totaling \$6,029,100 and were dedicated as follows:

General corporate purposes: 3.8 mills

Total property taxes levied were \$22,911. There was no ad valorem tax receivable at June 30, 2022.

Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year and become delinquent after December 31. Property taxes not paid by the end of February are subject to lien.

NOTE C - RECEIVABLES

The following is a summary of receivables for June 30, 2022:

<u>Class of Receivable:</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
Sales and use taxes	\$ 48,525	\$ -
Intergovernmental	-	133,124
Franchise taxes	18,253	-
Gaming	102,500	-
Charges for services	-	103,298
Other	<u>14,189</u>	<u>-</u>
Total	<u>\$ 183,467</u>	<u>\$ 236,422</u>

Town of Oberlin, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

Note D – CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2022 follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 193,812	\$ -	\$ -	\$ 193,812
Other capital assets:				
Vehicles	158,113	-	16,130	141,983
Buildings	294,504	-	-	294,504
Equipment, furniture, and fixtures	353,426	-	94,291	259,135
Infrastructure	<u>935,585</u>	<u>169,866</u>	<u>-</u>	<u>1,105,451</u>
Totals at historical cost	1,935,440	169,866	110,421	1,994,885
Less accumulated depreciation for:				
Vehicles	157,355	758	16,130	141,983
Buildings	210,468	6,383	-	216,851
Equipment, furniture and fixtures	344,218	3,720	94,291	253,647
Infrastructure	<u>628,801</u>	<u>24,656</u>	<u>-</u>	<u>653,457</u>
Total accumulated depreciation	<u>1,340,842</u>	<u>35,517</u>	<u>110,421</u>	<u>1,265,938</u>
Governmental Activities Capital Assets, net	<u>\$ 594,598</u>	<u>\$ 134,349</u>	<u>\$ -</u>	<u>\$ 728,947</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 7,224	\$ -	\$ -	\$ 7,224
Construction in progress				
-water improvements	4,544,945	-	4,544,945	-
Other capital assets:				
Water system	5,590,742	4,544,945	-	10,135,687
Sewer system	<u>5,524,806</u>	<u>-</u>	<u>-</u>	<u>5,524,806</u>
Totals at historical cost	15,667,717	4,544,945	4,544,945	15,667,717
Less accumulated depreciation for:				
Water system	3,362,039	244,867	-	3,606,906
Sewer system	<u>2,199,449</u>	<u>169,018</u>	<u>-</u>	<u>2,368,467</u>
Total accumulated depreciation	<u>5,561,488</u>	<u>413,885</u>	<u>-</u>	<u>5,975,373</u>
Business-Type Activities Capital Assets, net	<u>\$ 10,106,229</u>	<u>\$ 4,131,060</u>	<u>\$ 4,544,945</u>	<u>\$ 9,692,344</u>

Town of Oberlin, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

Depreciation expense for the year ended June 30, 2022, was \$35,517 and \$413,885 for the governmental activities and the business-type activities, respectively. Depreciation expense was charged to governmental activities as follows:

General and administrative	\$ 9,268
Streets	25,122
Police	<u>1,127</u>
Total depreciation – governmental activities	<u>\$ 35,517</u>

The water improvement project was completed and placed in service during the current fiscal year in the water fund.

NOTE E - ACCOUNTS PAYABLE

The following is a summary of payables on June 30, 2022:

<u>Class of Payable:</u>	<u>Governmental Activities Funds</u>	<u>Business-Type Activities Funds</u>
Trade accounts	\$ 266,260	\$ 78,093

NOTE F - FLOW OF FUNDS; Restrictions on Use – Utility Revenues

Under the terms of the bond agreements on outstanding Sewer System revenue bonds dated March 25, 2021, and Water System revenue bonds dated February 13, 2020, all revenues derived from operation of the Water and Sewer Utility Systems will be pledged and dedicated to the retirement of said bonds upon completion of the projects.

On each bond issue, each month there will be set aside into a revenue bond and interest sinking fund account, an amount consisting of the monthly installment of principal and interest on the outstanding bonds. Such payments must be made on or before the 20th day of each month to assure the prompt payment of the principal and interest monthly installments and may be used only for such payments.

NOTE G - PENSION PLAN

All employees of the Town are members of the federal social security system.

Police officers of the Town are eligible to participate in the Municipal Police Employees Retirement System of Louisiana (System or MPERS). This system is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the plan follows:

Municipal Police Employees Retirement System of Louisiana

Plan Description. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, provided he or she does not have to pay social security and provided he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Town of Oberlin, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

Membership Prior to January 1, 2013:

A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit. Benefit rates are 3⅓% of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 40% to 60% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives benefits equal to 10% of the member's average final compensation or \$200 per month, whichever is greater.

Membership Commencing January 1, 2013:

Member eligibility for regular retirement, early retirement, disability, and survivor benefits is based on Hazardous Duty and Non-Hazardous Duty sub-plans. Under the Hazardous Duty sub-plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub-plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub-plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under the Hazardous and Non-Hazardous Duty sub-plans, the benefit rates are 3% and 2½%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 25% to 55% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives 10% of average final compensation or \$200 per month whichever is greater. If a deceased member had less than 10 years of service, the beneficiary will receive a refund of employee contributions only.

Cost-of-Living Adjustments: The Board of Trustees is authorized to provide annual cost-of-living adjustments (COLA) computed on the amount of the current regular retirement, disability, beneficiary, or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability retirees, survivors, and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility. No regular retiree, survivor or beneficiary shall be eligible to receive a COLA until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a COLA until they reach regular retirement age. A COLA may only be granted if funds are available from interest earnings more than normal requirements, as determined by the actuary.

Deferred Retirement Option Plan: A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the member's sub-plan participation. Upon filing the application for the program, the employee's active membership in the MPERS is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at the date of application. The duration of participation in the DROP is 36 months or less. If employment is

Town of Oberlin, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

terminated after the three-year period, the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the MPERS shall resume and upon later termination, the member shall receive as additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the MPERS's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP after January 1, 2004, an irrevocable election is made to earn interest based on the MPERS's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account. If the member elects a money market investment return, the funds are transferred to a government money market account and earn interest at the money market rate.

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

The MPERS issues an annual publicly available financial report that includes financial statements and required supplementary information for the MPERS. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 7722 Office Park Boulevard, Suite 200, Baton Rouge, Louisiana 70809-7601, or by calling (225) 929-7411 or on the internet at www.lampers.org.

Funding Policy. Plan members are required by state statute to contribute 10% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. As provided by La. R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. For the fiscal year ended June 30, 2022, the required rate is 29.75% of annual covered payroll. The Town's contributions to the MPERS for the years ending June 30, 2022 was \$50,948. These amounts are equal to the required contributions for each year. The amount payable for legally required contributions by the Town on June 30, 2022 was \$13,050.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the Town reported a liability of \$76,019 for its proportionate share of net pension liability (NPL). The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. On June 30, 2021, the Town's proportion was 0.014261%, which was an increase of 0.000223% from its proportion measured as of June 30, 2020. The Town's proportionate share of revenue recognized for non-employer pension contributions to the plan was \$3,187 through the measurement date.

For the year ended June 30, 2022, the Town recognized pension expense of \$23,106. On June 30, 2022, the Town recognized deferred outflows of resources and deferred inflows of resources related to pensions from the following:

Town of Oberlin, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,341
Net difference between projected and actual earnings on pension plan investments	-	35,495
Changes of assumptions	8,419	2,169
Changes in proportion of beginning NPL	11,137	8,093
Differences between Town contributions and proportionate share of contributions	-	21
Town contributions subsequent to the measurement date	37,826	-
Totals	\$ 57,382	\$ 48,119

The \$37,826 reported as deferred outflows of resources related to pensions resulting from the Town contributions after the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ (8,535)
2024	(1,498)
2025	(6,302)
2026	(12,228)
2027	-
Thereafter	-
Total	\$ (28,563)

Actuarial assumptions. The total pension liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	6.75%, net of investment expense	
Expected Remaining Service Lives	4 years	
Inflation rate	2.5%	
Salary increases, including inflation and merit	Years of Service	Salary Growth Rate
	1-2	12.30%
	Above 2	4.70%

Mortality For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale.

For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 125% for females, each with full generational projection using the MP2019 scale.

For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale.

Cost-of-Living Adjustments The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

Town of Oberlin, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

Mortality Rate. The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2014, through June 30, 2019, and review of similar law enforcement mortality. A change was made in full generational mortality which combines the use of the base mortality table with appropriate mortality improvement scales. To set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality.

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2021 (the measurement date) are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	Long-Term Expected Portfolio Real <u>Rate of Return</u>
Equity	55.50%	3.60%
Fixed Income	30.50%	0.85%
Alternative	<u>14.00%</u>	<u>0.95%</u>
Totals	100.00%	5.40%
Inflation		<u>2.66%</u>
Expected Arithmetic Return		8.06%

Discount rate. The discount rate used to measure the total pension liability was 6.750%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the MPERS's actuary. Based on those assumptions, the MPERS's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of pension liability to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.750% as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.750%) and one percentage point higher (7.750%) than the current rate as of June 30, 2021:

	1% Decrease (5.750%)	Discount Rate (6.750%)	1% Increase (7.750%)
Town's proportionate share of the net pension liability	\$132,489	\$76,019	\$28,885

Change in Net Pension Liability: The changes in the net pension liability for the year ended June 30, 2021, were recognized in the current reporting period as pension expense except as follows:

Differences between Expected and Actual Experience:

The differences between expected and actual experience regarding economic or demographic factors in the measurement of the total pension liability were recognized as pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred inflow of resources in the amount of \$2,341 for the year ended June 30, 2022.

Town of Oberlin, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

Differences between Projected and Actual Investment Earnings:

The differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred inflow of resources in the amount of \$35,495 for the year ended June 30, 2022.

Changes of Assumptions or Other Inputs:

The changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The changes of assumptions or other inputs resulted in a deferred outflow of resources in the amount of \$8,419 and a deferred inflow of resources in the amount of \$2,169 for the year ended June 30, 2022.

Change in Proportion:

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. Changes in employer's portion of the beginning net pension liability resulted in a deferred outflow of resources of \$11,137 and a deferred inflow of resources of \$8,093 for the year ended June 30, 2022.

Differences Between Town's Contributions and Proportionate Share of Contributions:

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. Differences between Town contributions and proportionate share of contributions resulted in a deferred inflow of resources of \$21 for the year ended June 30, 2022.

NOTE H - LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2022, follows:

	<u>Beginning</u> <u>of Year</u>	<u>Issued</u>	<u>Retired</u>	<u>End</u> <u>of Year</u>
Revenue bonds payable	\$ 5,768,395	\$ -	\$ 111,676	\$ 5,656,719
Unamortized bond premium	<u>16,867</u>	<u>-</u>	<u>410</u>	<u>16,457</u>
Long-Term Liabilities	<u>\$ 5,785,262</u>	<u>\$ -</u>	<u>\$ 112,086</u>	<u>\$ 5,673,176</u>

Revenue bonds are associated with business-type activities and are liquidated by the water and sewer enterprise funds. In the event of default on the revenue bonds, the bondholders may take actions as deemed necessary appropriate as permitted by law to cause the Town to comply with its obligations under the debt and compel performance.

The long-term debt is comprised of the following individual issues:

<u>Sewer Revenue Refunding Bonds Payable, Series 2021-Proprietary:</u> \$2,050,000 Sewer revenue refunding bonds dated 03/25/2021 due in annual installments of \$15,000 - \$150,000 through 11/01/2046; interest at 1.75% - 3% (Secured by sewer fund revenues)	\$ 2,000,000
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Town of Oberlin, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

Water Revenue Bonds Payable, Series 2020-Proprietary

\$3,804,000 Water revenue bonds dated 02/13/20 due in monthly
 Installments of \$12,059 through November 13, 2059; interest at 2.25%
 (Secured by water fund revenues)

3,656,719

Total

\$ 5,656,719

The annual requirements to amortize all revenue bonds outstanding at June 30, 2022 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Totals</u>
2023	\$ 138,080	\$ 105,734	\$ 243,814
2024	139,514	127,094	266,608
2025	145,980	124,316	270,296
2026	147,480	121,415	268,895
2027	149,014	118,482	267,496
2028-2032	794,332	546,196	1,340,528
2033-2037	883,265	454,350	1,337,615
2038-2042	1,012,425	334,202	1,346,627
2043-2047	682,433	216,007	898,440
2048-2052	578,985	144,555	723,540
2053-2057	647,856	75,684	723,540
2058-2060	<u>337,355</u>	<u>9,480</u>	<u>346,835</u>
Totals	<u>\$5,656,719</u>	<u>\$2,377,515</u>	<u>\$8,034,234</u>

Under the terms of the bond agreements on outstanding sewer revenue refunding bonds date March 25, 2021, and the water revenue bonds dated February 13, 2020, all revenues derived from operation of the water and sewer utility systems will be pledged and dedicated to the retirement of said bonds.

On each bond issue, each month there will be set aside into a revenue bond and interest sinking fund account, an amount consisting of the monthly installment of principal and interest on the outstanding bonds. Such payments must be made on or before the 20th day of each month to assure the prompt payment of principal and interest monthly installments and may be used only for such payments.

In accordance with .La. R.S. 39:562, the Town is legally restricted from incurring long-term bonded debt (payable solely from ad valorem taxes) more than 35% of the assessed value of taxable property in the Town. On June 30, 2022 the statutory limit is \$2,110,185.

NOTE I - COMPONENTS OF PROPRIETARY RESTRICTED ASSETS

	<u>On Deposit</u>	<u>Required</u>	<u>Over (Under)</u>
Restricted assets consisted of the following on June 30, 2022:			
Water revenue debt service sinking	\$ -	\$ 21,706	\$ (21,706)
Water revenue short-lived assets	-	81,746	(81,746)
Water construction account	-	2,332	(2,332)
Sewer revenue debt service sinking	105,795	82,142	23,653
Sewer revenue reserve fund	126,613	126,438	175
Customer deposits – gas and water and sewer	<u>82,295</u>	<u>82,295</u>	<u>-</u>
Total restricted assets	<u>\$314,703</u>	<u>\$396,659</u>	<u>\$(81,956)</u>

Town of Oberlin, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE J - 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 maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE K - CONTINGENCIES

The Town did not participate in Municipal Police Employee' Retirement System from January 1, 2003, to March 15, 2010. As a result, the Chief of Police, who was employed by the Town during those years, received no creditable service toward his retirement. The Chief officially began participating on March 16, 2010 and he has service credits from there forward. No records were available to show that the Chief had ever opted out of the system. It appears that under Louisiana Revised Statute 11:157, since the Chief had never opted out of the system, the Town is responsible to purchase service credits for those years. If the Town were ultimately forced to purchase those credits, the cost as determined by the system was \$147,477 calculated through June 30, 2022. There are other police officers that may have never opted out that could be in the same position. However, the amounts possibly due by the Town would be much smaller since those officers have not been employed by the Town nearly as long as the Chief. The amounts possibly due for the benefit of those officers have not been calculated by the system and are not available to report here. The financial statements do not reflect any liability or expense with respect to these contingencies.

The Town participates in several federal and state grant programs that are either partially or fully funded by grants received from other governmental units. Such grants are subject to audit by the grantor agencies which could result in requests for reimbursement to the granting agency for expenditures that are disallowed under the terms of the grant. Based on experience, the Town believes that any disallowed costs because of such audits will be immaterial.

NOTE L - TRIBAL STATE COMPACT COMPLIANCE

The \$272,490 in gaming revenue was used for reimbursement of police salaries and related benefits.

NOTE M - LOCAL SERVICES AGREEMENT

On September 8, 1997, the Town entered into a local services agreement with the Allen Parish Libraries Board of Control, a subdivision of the Allen Parish Police Jury. The purpose was to construct a building in the Town to be used as a public library. The Town agreed to purchase land for the building, construct a building, be responsible for certain repairs, insure the building against loss, provide liability insurance and borrow money to accomplish the purposes of the agreement.

NOTE N - ON-BEHALF PAYMENTS FOR SALARIES

The State of Louisiana pays a portion of the salaries of the Town's police officers. These on-behalf payments have been recorded in the accompanying financial statements in accordance with GASB Statement 24 as intergovernmental revenues and expenditures as follows:

Intergovernmental Revenues:

State	<u>\$ 15,250</u>
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Expenditures:

Salaries	<u>\$ 15,250</u>
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Town of Oberlin, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE O – OPERATING TRANSFERS

Operating transfers consisted of the following at June 30, 2022:

	Transfers <u>In</u>	Transfers <u>Out</u>
Major funds:		
General Fund	\$ 529,224	\$ 159,186
Cemetery Fund	50	-
Sales Tax Fund	30,000	250,486
Water Fund	316,563	270,005
Sewer Fund	<u>64,483</u>	<u>260,643</u>
	<u>\$ 940,320</u>	<u>\$ 940,320</u>

Operating transfers are used to move revenues from the fund that is required by statute or budget to collect them to the fund that is required by statute or budget to expend them. Typically, most of the operating transfers from proprietary funds are made into the General Fund. The largest recurring operating transfers were transfers from the Sales Tax Fund to the General Fund.

NOTE P – RELATED PARTY TRANSACTIONS

During the normal course of operations, the Town conducts business with a lumber yard owned by Carl Wayne Smith, a member of the board of alderman for part of the year and Mayor for part of the year. The amount purchased by the Town for the year ended June 30, 2022 totaled \$6,650. It is the opinion of management that such transactions were on substantially the same terms as those prevailing at the time of comparable transactions with other persons and did not present any unfavorable features to the Town.

NOTE Q – DEFICIT FUND BALANCE

The General Fund had a deficit fund balance June 30, 2022, of \$89,657. This deficit will be eliminated by increasing revenues and/or reducing expenditures as well as transfers from other funds.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Oberlin, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>(Unfavorable)</u> <u>Final to Actual</u>
Revenues				
Ad valorem taxes	\$ 23,000	\$ 25,383	\$ 25,660	\$ 277
Public utility franchise taxes	59,850	61,400	83,970	22,570
Beer taxes	2,000	2,000	2,506	506
Interest	35	170	255	85
Licenses	35,000	19,000	91,686	72,686
Gaming	--	305,000	272,490	(32,510)
Grant	(460)	337,673	335,212	(2,461)
Fines and forfeitures	11,000	61,500	62,768	1,268
Miscellaneous	10,250	54,875	65,718	10,843
Total Revenues	<u>140,675</u>	<u>867,001</u>	<u>940,265</u>	<u>73,264</u>
Expenditures				
Current:				
Advertising	--	3,100	6,871	(3,771)
Auto expenditure	39,500	34,551	25,534	9,017
Contract labor	--	--	22,750	(22,750)
Equipment rental	15,900	40,400	41,895	(1,495)
Insurance	96,500	66,500	142,991	(76,491)
Materials and supplies	25,550	41,963	50,088	(8,125)
Miscellaneous	10,600	17,800	15,037	2,763
Office supplies	13,200	28,563	36,703	(8,140)
Payroll taxes	5,625	24,222	45,467	(21,245)
Professional fees	53,500	79,800	61,169	18,631
Repairs and maintenance	11,700	57,900	25,908	31,992
Retirement	32,000	113,790	50,948	62,842
Salaries	386,184	470,696	524,239	(53,543)
Travel	75	75	--	75
Uniforms	250	800	989	(189)
Utilities	59,000	60,500	58,134	2,366
Capital outlay	--	50,500	169,866	(119,366)
Total Expenditures	<u>749,584</u>	<u>1,091,160</u>	<u>1,278,589</u>	<u>(187,429)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(608,909)	(224,159)	(338,324)	(114,165)
Other Financing Sources (Uses)				
Operating Transfers	615,000	456,200	370,038	(86,162)
Total Other Financing Sources (Uses)	<u>615,000</u>	<u>456,200</u>	<u>370,038</u>	<u>(86,162)</u>
Net Change in Fund Balance	6,091	232,041	31,714	(200,327)
<i>Fund Balance at Beginning of Period</i>	(121,371)	(121,371)	(121,371)	--
Fund Balance at End of Period	\$ (115,280)	\$ 110,670	\$ (89,657)	\$ (200,327)

See accompanying notes.

Town of Oberlin, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Sales Tax Fund
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Favorable (Unfavorable) Final to Actual
Revenues				
Sales taxes	\$ 218,000	\$ 218,000	\$ 239,637	21,637
Less: collection fees	--	--	(4,793)	(4,793)
Interest	2,035	2,035	35	\$ (2,000)
Miscellaneous	2,040	2,040	--	(2,040)
Total Revenues	<u>222,075</u>	<u>222,075</u>	<u>234,879</u>	<u>12,804</u>
Expenditures				
Total Expenditures	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Other Financing Sources (Uses)				
Operating Transfers	<u>(215,000)</u>	<u>(215,000)</u>	<u>(220,486)</u>	<u>(5,486)</u>
Total Expenditures and Other Financing Sources (Uses)	<u>(215,000)</u>	<u>(215,000)</u>	<u>(220,486)</u>	<u>(5,486)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>7,075</u>	<u>7,075</u>	<u>14,393</u>	<u>7,318</u>
Net Change in Fund Balance	7,075	7,075	14,393	7,318
<i>Fund Balance at Beginning of Period</i>	<u>51,586</u>	<u>51,586</u>	<u>51,586</u>	<u>--</u>
Fund Balance at End of Period	<u>\$ 58,661</u>	<u>\$ 58,661</u>	<u>\$ 65,979</u>	<u>\$ 7,318</u>

See accompanying notes.

TOWN OF OBERLIN, LOUISIANA
General Fund
Schedule of Town's Proportionate Share of
Net Pension Liability

Municipal Police Employee Retirement System (MPERS)

Last 10 Fiscal Years

*Fiscal Year Ended June 30:	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Town's proportion of the net pension liability (asset)	.014261%	.014038%	.011681%	.015784%	.012773%	.014142%	.018624%	.030105%	.027254%	Unavailable
Town's proportionate share of the net pension liability (asset)	\$76,019	\$129,744	\$106,083	\$133,439	\$111,514	\$132,550	\$145,900	\$188,339	\$217,717	Unavailable
Town's covered-employee payroll	\$127,146	\$47,133	\$47,133	\$43,600	\$42,733	\$41,693	\$39,613	\$55,726	\$ 72,029	\$73,094
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	59.79%	275.27%	225.07%	306.05%	260.95%	317.92%	368.31%	337.97%	302.26%	Unavailable
Plan fiduciary net position as a percentage of the total pension liability	84.09%	70.95%	71.01%	71.89%	70.08%	66.04%	70.73%	75.10%	66.71%	Unavailable

*Amounts presented were determined as of the measurement date.

**TOWN OF OBERLIN, LOUISIANA
General Fund
Schedule of Town's Contributions**

Municipal Police Employee Retirement System (MPERS)

Last 10 Fiscal Years

*Fiscal Year Ended June 30:	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$37,826	\$15,907	\$15,318	\$ 14,061	\$ 13,140	\$ 13,238	\$ 11,686	\$ 17,554	\$ 22,329	\$ 22,659
Contributions in relation to the contractually required contribution	<u>(37,826)</u>	<u>(15,907)</u>	<u>(15,318)</u>	<u>(14,043)</u>	<u>(13,247)</u>	<u>(13,237)</u>	<u>(11,686)</u>	<u>(17,554)</u>	<u>(22,329)</u>	<u>(22,659)</u>
Contribution deficiency (excess)	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ 18</u>	<u>\$ (107)</u>	<u>\$ 1</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>
Town's covered-employee payroll	\$127,146	\$47,133	\$47,133	\$43,600	\$42,733	\$41,693	\$39,613	\$55,726	\$72,029	\$73,094
Contribution as a percentage of cover-employee payroll	29.75%	33.75%	32.50%	32.25%	30.75%	31.75%	29.50%	31.50%	31.00%	31.00%

*Amounts presented were determined as of the end of the fiscal year.

TOWN OF OBERLIN, LOUISIANA

**Notes to Required Supplementary Information
for the Year Ended June 30, 2022**

(1) Budget and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Town Clerk prepares a proposed budget and presents it to the Mayor and Council prior to ninety days before the beginning of each fiscal year.
2. After the proposed budget is presented to the Mayor and Council, the Mayor publishes the proposed budget and notifies the public that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held by the Mayor and Council on the proposed budget at least ten days after publication of the call for the hearing.
4. Any changes in the proposed annual operating budget require a majority vote of the Mayor and Council.
5. No later than the last regular meeting of the fiscal year, the Mayor and Council adopt the annual operating budget for the ensuing fiscal year.
6. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Budget appropriations lapse at year-end.

(2) Excess of Expenditures Over Appropriations

Formal budgetary integration is employed as a management control device during the year, and encumbrance accounting is not used by the Town. Budgeted amounts included in the accompanying financial statements include the original adopted and final budget amounts. The general fund budget was amended once during the year.

(3) Pension Information

The schedule of the Town's proportionate share of the net pension liability and the schedule of the Town's pension contributions are intended to show information for 10 years. Additional years will be displayed as they become available.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF OBERLIN, LOUISIANA
Schedule of Compensation Paid to Mayor and Council Members
For The Year Ended June 30, 2022

Davis, Chris	\$ 5,600
Manuel, Joseph – Mayor	13,800
Smith, Wayne – Alderman	4,100
Smith, Wayne – Mayor	6,000
Daigle, Ryan	900
Thomas, Bobby	5,600
Willis, Romelzy	5,600
Linda Boulden	<u>5,600</u>
 Total Compensation Paid to Mayor and Council Members	 <u>\$ 47,200</u>

TOWN OF OBERLIN, LOUISIANA
Schedule of Compensation, Benefits and Other Payments to
Chief Executive Officer
For The Year Ended June 30, 2022

Chief Executive Officer: Joseph Manuel, Mayor (July 1, 2022 through March 31, 2023)

<u>Purpose</u>	<u>Amount</u>
Salary	\$13,800
Benefits-insurance	-0-
Benefits-retirement	-0-
Benefits-cell phone	-0-
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	-0-
Travel	-0-
Registration fees	-0-
Conference travel	-0-
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-

Chief Executive Officer: Wayne Smith, Mayor (April 1, 2023 through June 30, 2023)

<u>Purpose</u>	<u>Amount</u>
Salary	\$10,100
Benefits-insurance	-0-
Benefits-retirement	-0-
Benefits-cell phone	-0-
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	-0-
Travel	-0-
Registration fees	-0-
Conference travel	-0-
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-

TOWN OF OBERLIN, LOUISIANA
Enterprise Funds
Utility Funds

**Schedule of Number of Utility Customers and
Water and Sewer Rates (Unaudited)**
June 30, 2022

Records maintained by the Town indicate the following average number of customers being served during the months of June 2022:

<u>Department</u>	<u>Water</u>	<u>Sewer</u>
Residential	841	651
Commercial	94	76
Other	-	-
Total	<u>935</u>	<u>727</u>

The Town's residential and commercial sewer and water rates are as follows:

	<u>Residential</u>	<u>Commercial</u>
Sewer:		
\$17.00 per month for the first 2,000 gallons, then		\$40.00 per month for the first 2,000 gallons, then
\$0.50 per 1,000 gallons or part thereof over 1,000 gallons		\$4.50 per 1,000 gallons or part thereof over 1,000 gallons
Water:		
\$18.00 per month for the first 2,000 gallons, then		\$18.00 per month for the first 2,000 gallons, then
\$4.50 per 1,000 gallons or part thereof over 1,000 gallons		\$5.50 per 1,000 gallons or part thereof over 1,000 gallons
Penalty for paying water or sewer bill after due date:		
Additional ten percent (10%) of total water or sewer charge		

TOWN OF OBERLIN, LOUISIANA
Enterprise Funds
Utility Funds

Schedule of Aged Accounts Receivable (Unaudited)
June 30, 2022

The aging of accounts receivable is as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Current	\$58,766	\$44,352	\$103,298
31 – 60 days	-	-	-
Over 60 days	-	-	-
Total	<u>\$58,766</u>	<u>\$44,352</u>	<u>\$103,298</u>

TOWN OF OBERLIN, LOUISIANA
Schedule of Insurance in Force
(Unaudited)
June 30, 2022

<u>Coverage Provided For</u>	<u>Limits of Coverage (in dollars)</u>	<u>Description of Limits</u>	<u>Date</u>
Workmen's Compensation:			
Employer's liability - Accident	\$ 100,000	Bodily injury by accident each accident	01/01/23
Employer's liability - Disease	\$ 500,000	Bodily injury by disease policy limit	01/01/23
Employer's liability - Disease	\$ 100,000	Bodily injury by disease each employee	01/01/23
Surety Bonds:			
Chief of Police	\$ 10,000	Each occurrence	07/02/22
Administrative Clerk	\$ 330,000	Each occurrence	03/19/23
Utility Clerk	\$ 525,000	Each occurrence	02/23/23
Mayor	\$ 330,000	Each occurrence	06/04/23
Errors and Omissions:	\$ 500,000		08/08/22
Automobile liability:			
Town-			
Bodily Injury by Property Damage	\$ 500,000	Owned automobiles Hired and non-owned automobiles	08/01/22
Commercial General Liability			
Bodily Injury and Property Damage			
Premises Operations	\$ 500,000	Per occurrence	08/01/22
Products Completed Operations	\$ 500,000	Aggregate	08/01/22
	\$ 1,000	Medical payments per person	08/01/22
	\$ 10,000	Medical payments per accident	08/01/22
	\$ 500,000	Fire legal liability per occurrence	08/01/22
Law Enforcement Officer:			
Personal Injury and Property Damage	\$ 500,000		08/01/22
Commercial:			
Building – Real Property	\$ 350,000	Per occurrence/per location/per building	03/18/23
Contents	\$ 150,000		03/18/23
Commercial Inland Marine	\$ 74,500	Per occurrence	03/18/23

ROYCE T. SCIMEMI, CPA, APAC



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Member
Society of Louisiana
Certified Public Accountants

INDEPENDENT AUDITORS' 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

November 21, 2023

Honorable Larry W. Alexander, Mayor
and the Town Council
Town of Oberlin, Louisiana

We 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, and each major fund of the Town of Oberlin, Louisiana, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Oberlin, Louisiana's basic financial statements and have issued our report thereon dated November 21, 2023. Our report disclaims an opinion on such financial statements because we were unable to obtain sufficient appropriate audit evidence on which to base an opinion.

Report on Internal Control Over Financial Reporting

In connection with our engagement to audit the financial statements of the Town of Oberlin, Louisiana, we considered the internal control over financial reporting (internal control) as a basis to design audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Oberlin, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Oberlin, Louisiana's internal control.

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

Honorable Larry Alexander, Mayor
and the Town Council
Town of Oberlin, Louisiana
November 21, 2023
Page 2

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 to detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2022-009 I/C and 2022-011 I/C to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2022-001 I/C, 2022-002 I/C, 2022-003 I/C, 2022-004 I/C, 2022-005 I/C, 2022-006 I/C, 2022-007 I/C, 2022-008 I/C, and 2022-010 I/C to be significant deficiencies.

Report on Compliance and Other Matters

In connection with our engagement to audit the financial statement so of the Town of Oberlin, Louisiana, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2022-012 C, 2022-013 C, 2022-014 C, 2022-015 C, 2022-016 C, 2022-017 C, 2022-018 C, 2022-019 C, and 2022-020 C, 2022-021 C, 2022-022 C, 2022-023 C, and 2022-024 C. Additionally, if the scope of our work had been sufficient to enable us to express opinions on the basic financial statements, other instances of noncompliance or other matters may have been identified and reported herein.

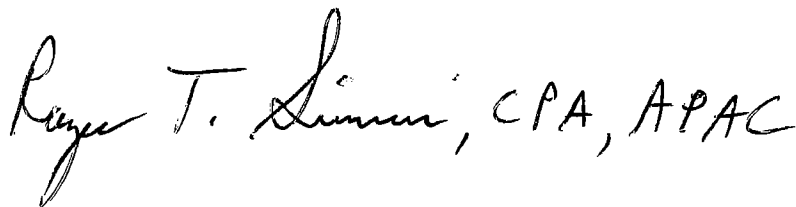
Town of Oberlin, Louisiana's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Oberlin, Louisiana's response to the findings identified in our engagement and described in the accompanying schedule of findings and responses. The Town of Oberlin, Louisiana's response was not subjected to the other auditing procedures applied in the engagement to audit the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor of the State of Louisiana as a public document.

Royce T. Scimemi, CPA, APAC



**TOWN OF OBERLIN, LOUISIANA
SUMMARY SCHEDULE OF CURRENT AND PRIOR YEAR AUDIT FINDINGS
AND MANAGEMENT CORRECTIVE ACTION PLAN
For The Year Ended June 30, 2022**

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Disclaimer of Opinion

Internal control over financial reporting:

- Material weakness(es) identified? X yes ___ no
- Significant deficiency(ies) identified? X yes ___ no
- Control deficiencies(s) identified that are not considered to be material weakness(es)? X yes ___ none reported
- Noncompliance material to financial statements noted? ___ yes X no

Findings – Financial Statement Audit

Part 1. Current Year Findings and Management's Corrective Action Plan

Finding #2022-001 I/C

Inadequate Segregation of Duties

Fiscal year finding initially occurred: Unknown

CONDITION: The Town did not have adequate segregation of functions within the accounting system.

CRITERIA: AU-C§315.04, Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement, defines internal control as follows: "Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations."

CAUSE: The cause of the condition is the fact that the Town does not have enough individuals performing administrative and financial duties to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

MANAGEMENT'S CORRECTION ACTION PLAN: Management has determined that it is not cost effective to achieve complete segregation of duties within the accounting department.

TOWN OF OBERLIN, LOUISIANA
SUMMARY SCHEDULE OF CURRENT AND PRIOR YEAR AUDIT FINDINGS
AND MANAGEMENT CORRECTIVE ACTION PLAN - CONTINUED
For The Year Ended June 30, 2022

Finding #2022-002 I/C
Cut-Off Policy

Fiscal year finding initially occurred: 2009

CONDITION: During a test of utility accounts of the Town's customers, it was noted that some accounts are not being paid in full or timely, and the customers, including employees and town officials, continue to receive utility service in violation of Ordinance No. 02-11-2013. Payment plans and extensions granted by the Mayor are not in accordance with the payment plan provisions of Ordinance No. 02-11-2013.

CRITERIA: Ordinance No. 02-11-2013 states that utility customers must pay by the 15th of each month. A 10% penalty is added to accounts not paid by the 15th of each month. All accounts delinquent on the 26th of each month will be cut off. The ordinance also provides for payment plans to be granted at the discretion of the Mayor that consist of paying ½ of the bill up front and the remaining balance within 6 months.

CAUSE: The Town has not properly followed its written policies and procedures regarding past due accounts and the proper cut-off procedures to disconnect services relating to nonpayment by customers.

EFFECT: Failure to follow written policies and procedures increases the risk of not having continuity of operations and the risk of long outstanding collections of utilities.

RECOMMENDATION: Management should consistently comply with its written policies and procedures in the future and cut off utility services of customers, including employees and town officials, who do not pay within the time limit stated in the ordinance.

MANAGEMENT'S CORRECTION ACTION PLAN: The Town will adhere to the cut-off policy established by Ordinance No. 02-11-2013 in the future.

Finding #2022-003 I/C
Late Payment of Invoices

Fiscal year finding initially occurred: 2017

CONDITION: During the year, the Town paid many invoices after the due date resulting in late fees being assessed.

CRITERIA: Sound business practices require that obligations be timely paid when due.

CAUSE: The cause of the condition is the result of payments being withheld due to cash flow constraints.

EFFECT: The failure to pay vendors timely could lead to late fees being assessed and increases the risk that vendors will cease doing business with the Town.

RECOMMENDATION: It is recommended that the Town process and pay invoices timely and by the due date to ensure no late fees will be assessed.

MANAGEMENT'S CORRECTION ACTION PLAN: The Town will closely monitor all invoices received and disburse funds timely to avoid any late fees.

TOWN OF OBERLIN, LOUISIANA
SUMMARY SCHEDULE OF CURRENT AND PRIOR YEAR AUDIT FINDINGS
AND MANAGEMENT CORRECTIVE ACTION PLAN - CONTINUED
For The Year Ended June 30, 2022

Finding #2022-004 I/C

Reconciliation of Accounts Receivable

Fiscal year finding initially occurred: 2017

CONDITION: The accounts receivable balance in the general ledger is not reconciled monthly with the detailed accounts receivable customer listing.

CRITERIA: Failure to timely reconcile, on a monthly basis, the detailed accounts receivable customer listing to the balance in the general ledger is a fraud risk factor.

CAUSE: The cause of the condition is the failure to design or implement policies and procedures to achieve adequate internal control.

EFFECT: Errors or irregularities could be made in the recording of deposits, billings, payments, adjustments, or voided receipts without being detected in a timely manner.

RECOMMENDATION: It is recommended that the Town implement procedures to ensure the accounts receivable balance in the general ledger is reconciled monthly with the detailed accounts receivable customer listing.

MANAGEMENT'S CORRECTION ACTION PLAN: The Town will establish policies and procedures to ensure the accounts receivable balance in the general ledger is reconciled monthly with the detailed accounts receivable customer listing.

Finding #2022-005 I/C

Reconciliation of Customer Meter Deposits

Fiscal year finding initially occurred: 2019

CONDITION: The Town does not have complete and accurate records for customer meter deposits, and the meter deposit bank account balances are not reconciled monthly with a detailed listing of customers' meter deposits.

CRITERIA: Failure to timely reconcile the meter deposit bank account balances to a detailed listing of customers' meter deposits is a fraud risk factor. A detailed listing of customers' meter deposits should be reconciled monthly to the related general ledger bank account balances and customer deposit liability.

CAUSE: The cause of the condition is the failure to design or implement policies and procedures to achieve adequate internal control.

EFFECT: Errors or irregularities could be made in the recording of deposits and refunds without being detected in a timely manner.

RECOMMENDATION: It is recommended that the Town implement procedures to ensure that an accurate listing of customer meter deposits is maintained and reconciled monthly to the meter deposit bank accounts and customer deposit liability.

MANAGEMENT'S CORRECTION ACTION PLAN: The Town will establish policies and procedures to ensure that an accurate listing of customer meter deposits is maintained and reconciled monthly to the meter deposit bank accounts and customer deposit liability.

TOWN OF OBERLIN, LOUISIANA
SUMMARY SCHEDULE OF CURRENT AND PRIOR YEAR AUDIT FINDINGS
AND MANAGEMENT CORRECTIVE ACTION PLAN - CONTINUED
For The Year Ended June 30, 2022

Finding #2022-006 I/C

Delinquent Filing/Late Payment of Sales Tax Collections

Fiscal year finding initially occurred: 2019

CONDITION: During the year, the Town was assessed penalties and interest for the late return filing and payment of sales taxes.

CRITERIA: Sound business practices require that sales tax returns be timely filed and tax obligations be timely paid.

CAUSE: The cause of the condition is the failure to design or implement policies and procedures to achieve adequate internal control.

EFFECT: The failure to prepare and file sales tax returns and remit sales tax collections timely increases the risk that penalties and interest will be assessed to the Town.

RECOMMENDATION: It is recommended that the Town prepare and file sales tax returns and remit related sales tax collections on a timely basis.

MANAGEMENT'S CORRECTION ACTION PLAN: The Town will prepare and file sales tax returns and remit related sales tax collections on a timely basis.

Finding #2022-007 I/C

Delinquent Tax and License Returns and Payments

Fiscal year finding initially occurred: 2019

CONDITION: During a test of ad valorem tax and occupational license collections received by the Town, it was noted that some accounts are not being paid timely, and the payees are not being assessed penalties for late payment.

CRITERIA: Sound business practices require that penalties be assessed when obligations are not paid when due.

CAUSE: The cause of the condition is the failure to design or implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Failure to assess penalties for delinquent occupational license payments and delinquent ad valorem tax payments increases the risk of nonpayment by taxpayers and business owners.

RECOMMENDATION: Management should implement policies and procedures to ensure penalties are assessed for all delinquent tax payments received.

MANAGEMENT'S CORRECTION ACTION PLAN: The Town will implement policies and procedures to ensure penalties are assessed for all delinquent tax payments received.

Finding #2022-008 I/C

Delinquent Filing/Payment of Payroll Taxes

Fiscal year finding initially occurred: 2020

CONDITION: During the year, the Town was assessed penalties and interest for late filing of payroll tax returns and the late payment of various payroll taxes.

CRITERIA: Reporting and remittance of payroll taxes must be made timely to avoid the incurrence of penalties and interest.

TOWN OF OBERLIN, LOUISIANA
SUMMARY SCHEDULE OF CURRENT AND PRIOR YEAR AUDIT FINDINGS
AND MANAGEMENT CORRECTIVE ACTION PLAN - CONTINUED
For The Year Ended June 30, 2022

CAUSE: The cause of the condition is the employee responsible for preparing and submitting payroll tax reports and payroll tax deposits violated established policy.

EFFECT: The Town failed to remit payroll taxes by the prescribed due dates and incurred penalties and interest.

RECOMMENDATION: The Town should enforce policies and procedures and monitor its reporting requirements to ensure all payroll tax reports and payroll tax deposits are remitted by the prescribed due dates.

MANAGEMENT'S CORRECTION ACTION PLAN: The Town will evaluate and enforce procedures to ensure all payroll tax reports and payroll tax deposits are remitted by the prescribed due dates.

Finding #2022-009 I/C
Financial Accounting Records

Fiscal year finding initially occurred: 2020

CONDITION: *The Town did not maintain accurate financial accounting records during the year, including accurate support for receipts and disbursements among virtually all funds.*

CRITERIA: AU-C§315.04, Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement, defines internal control as follows: "Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations."

CAUSE: The cause of the condition is the failure to keep accurate support of receipts and disbursements. Additionally, the introduction of a new computerized utility billing and accounts receivable system resulted in numerous errors in utility billing information and accounts receivable.

EFFECT: Failure to maintain accurate financial accounting records could result in overspending of available funds. Additionally, inappropriate use of funds or receipt of funds from unidentified sources could go undetected for an extended period.

RECOMMENDATION: The Town should maintain supporting documentation for all revenue and expense/expenditure transactions as well as correct deficiencies and errors in its utility billing system.

MANAGEMENT'S CORRECTION ACTION PLAN: The Town will evaluate and establish procedures to ensure that accurate financial accounting records are maintained for all revenue and expense transactions and correct deficiencies and errors in its utility billing system.

Finding #2022-010 I/C
Reconciliation of Interfund Accounts

Fiscal year finding initially occurred: 2020

CONDITION: The Town's interfund accounts are not being reconciled properly or on a timely basis.

CRITERIA: Financial reporting is the primary tool used by management to monitor income and expenditures to make decisions. An accounting system should be maintained that provides timely information and an accurate picture of the entity's financial condition.

CAUSE: The staff charged with reconciling interfund accounts did not perform those duties as instructed.

EFFECT: Failure to properly reconcile interfund accounts increases the risk of inaccurate financial reporting.

TOWN OF OBERLIN, LOUISIANA
SUMMARY SCHEDULE OF CURRENT AND PRIOR YEAR AUDIT FINDINGS
AND MANAGEMENT CORRECTIVE ACTION PLAN - CONTINUED
For The Year Ended June 30, 2022

RECOMMENDATION: The Town should reconcile interfund accounts monthly to ensure accurate financial reporting.

MANAGEMENT'S CORRECTION ACTION PLAN: The Town will evaluate and establish procedures to ensure interfund accounts are properly reconciled on a timely basis in the future.

Finding #2022-011 I/C

Failure to Maintain Adequate Documents and Records Regarding Payroll

Fiscal year finding initially occurred: 2022

CONDITION: The Town did not maintain documentation of approved pay rates in employee files. These authorizations document the employment agreement pay rates that establish a legal liability for the employee's payroll checks. Since there were no approved pay rates in the employee's payroll files, the auditor was unable to compare authorizations for pay raises given during the year. In numerous instances, the auditor requested documentation and was ultimately unable to obtain it. This makes it difficult to test for documentation of compliance with laws and regulations.

CRITERIA: Internal control over payroll generally requires that authorized pay rates for all employees be maintained in the human resource files. Documentation and record retention is critical for transparency of governance.

CAUSE: Administrative oversight.

EFFECT: Possible internal control failure.

RECOMMENDATION: It is recommended that the Town create and update payroll files to establish the current pay rates. Then, when a new employee is hired or a raise is given, the Mayor should document the new approved rate of pay and its effective date so that payroll check processing can be done accurately.

MANAGEMENT'S CORRECTION ACTION PLAN: The Town has updated all employee payroll files to include the documentation clearly delineating the current pay rates.

Finding #2022-012 C

Noncompliance with Budget Act

Fiscal year finding initially occurred: 2021

CONDITION: The Town did not comply with the provisions of LSA-RS 39:1311(A)(1)&(2) with respect to the General Fund. Total expenditures exceeded budgeted expenditures in the General Fund by 17.18% or \$187,429. The original budget for the sales tax special revenue fund was not timely adopted. Neither an original nor an amended budget for the cemetery special revenue fund was provided.

CRITERIA: LSA-RS 39:1311(A)(1)&(2) states that when total actual revenues and other sources or expenditures and other uses plus projected revenues and other sources or expenditures and other uses for the remainder of the year are failing to meet or exceeding the total budgeted amounts by five percent or more, the budget must be amended.

CAUSE: The Town failed to properly monitor the revenues and expenditures of the General Fund.

EFFECT: The Town may not prevent and/or detect compliance violations due to revenue shortfalls or over expenditures of the appropriated budget, and/or errors or irregularities on a timely basis.

RECOMMENDATION: The Town should periodically compare actual activity to budgeted amounts and adopt budgetary amendments as necessary to ensure compliance with state statutes.

TOWN OF OBERLIN, LOUISIANA
SUMMARY SCHEDULE OF CURRENT AND PRIOR YEAR AUDIT FINDINGS
AND MANAGEMENT CORRECTIVE ACTION PLAN - CONTINUED
For The Year Ended June 30, 2022

MANAGEMENT'S CORRECTION ACTION PLAN: The Town will timely adopt a budget for all required funds and will monitor financial activity and make budget amendments in accordance with LSA-RS 39:1311(A)(1)&(2).

Finding #2022-013 C

Noncompliance with Budget Act – Budget Message

Fiscal year finding initially occurred: 2020

CONDITION: The Town did not comply with the provisions of LSA-RS 39:1305 with respect to the budget message. The Town's adopted operating and amended budgets for fiscal year 2022 did not include a budget message for the general fund and special revenue funds.

CRITERIA: LSA-RS 39:1305 states that the budget sets forth the proposed financial plan for the general fund and each special revenue fund. The budget must include a budget message that is signed by the budget preparer which contains a summary description of the proposed financial plan, policies, and objectives, assumptions, budgetary basis, and a discussion of the most important features, and a statement for the general fund and each special revenue fund which includes the estimated fund balances at the beginning of the year, estimates of all receipts and revenues to be received, revenues itemized by source, recommended expenditures itemized by agency, department, function, and character, other financing sources and uses by source and use, and the estimated fund balance at the end of the fiscal year.

CAUSE: The Town failed to properly include a budget message signed by the budget preparer when preparing its fiscal year 2022 operating and amended budgets for the general fund and special revenue funds.

EFFECT: Members of the government body and members of the public were not provided a summary description of the proposed financial plan, policies, and objectives, assumptions, budgetary basis, and discussion of the most important features of the proposed budgets.

RECOMMENDATION: The Town should comply with the provisions of LSA-RS 39:1305 by including a budget message when preparing the annual operating budgets.

MANAGEMENT'S CORRECTION ACTION PLAN: The Town will implement policies and procedures to ensure that the proposed budgets include a budget message signed by the budget preparer.

Finding #2022-014 C

Noncompliance with Budget Act

Fiscal year finding initially occurred: Unknown

CONDITION: The Town did not prepare a budget in the format prescribed by LSA-RS 39:1305.

CRITERIA: LSA-RS 39:1305 requires each political subdivision to prepare a comprehensive budget presenting a complete financial plan for each fiscal year for the general fund and each special revenue fund. This plan should be a clearly presented side-by-side detailed comparison of such information for the current year, including the fund balances at the beginning of the year, year-to-date actual receipts and revenues received and estimates of all receipts and revenues to be received the remainder of the year; estimated and actual revenues itemized by source; year-to-date actual expenditures and estimates of all expenditures to be made the remainder of the year itemized by agency, department, function, and character; other financing sources and uses by source and use, both year-to-date actual and estimates for the remainder of the year; the year-to date actual and estimated fund balances as of the end of the fiscal year; and the percentage change for each item of information.

CAUSE: The Town did not prepare its budgets in the prescribed format.

EFFECT: Failure to prepare the budget in the prescribed format increases the risk that the Town will be in violation of state law.

TOWN OF OBERLIN, LOUISIANA
SUMMARY SCHEDULE OF CURRENT AND PRIOR YEAR AUDIT FINDINGS
AND MANAGEMENT CORRECTIVE ACTION PLAN - CONTINUED
For The Year Ended June 30, 2022

RECOMMENDATION: The Town should implement control procedures to ensure that the annual operating budgets be prepared in accordance with the provisions of LSA-RS 39:1305.

MANAGEMENT'S CORRECTION ACTION PLAN: The Town will implement control procedures to ensure that the annual operating budgets are prepared in accordance with the provisions of LSA-RS 39:1305.

Finding #2022-015 C

Noncompliance with Budget Act – Public Participation

Fiscal year finding initially occurred: 2019

CONDITION: The Town did not comply with the provisions of LSA-RS 39:1306-1307. The notices of the public hearing for the proposed fiscal year 2022 general fund operating budget and the proposed fiscal year 2022 amended budget were not published prior to the prescribed 10-day period ending with the public hearing.

CRITERIA: LSA-RS 39:1306-1307 requires that the proposed budget be made available for public inspection not later than 15 days prior to the beginning of each fiscal year, and that notice of a public hearing be given at least 10 days prior to the public hearing, which may be published in the same advertisement as the availability of the proposed budget.

CAUSE: The Town did not timely publish a notice of when a public hearing on the budget would take place.

EFFECT: Members of the public were not provided information regarding a public hearing on adoption of the budget in a timely manner.

RECOMMENDATION: The Town should comply with the provisions of LSA-RS 39:1306-1307 and publish all required notices in accordance with state law.

MANAGEMENT'S CORRECTION ACTION PLAN: The Town will implement policies and procedures to ensure that all required notices are published within the prescribed time frame.

Finding #2022-016 C

Noncompliance with Budget Act

Fiscal year finding initially occurred: 2021

CONDITION: The Town did not comply with the provisions of LSA-RS 39:1305(E) with respect to the General Fund.

CRITERIA: LSA-RS 39:1305(E) states that when preparing and/or amending budgets, the total of proposed expenditures shall not exceed the total of estimated funds available for the ensuing fiscal year.

CAUSE: Staff charged with preparing the original budget misinterpreted the requirements of the local government budget act.

EFFECT: The original proposed budget for the General Fund proposed expenditures exceeding funds available for the ensuing fiscal year by \$115,280.

RECOMMENDATION: It is recommended that the Town fully comply with the provisions of LSA-RS 39:1350(E) by adopting budgets in which the proposed expenditures do not exceed the total estimated funds available for the ensuing year.

MANAGEMENT'S CORRECTION ACTION PLAN: The Town will adhere to the provisions of LSA-RS 39:1305(E) by adopting budgets in which the proposed expenditures do not exceed the total of estimated funds available for the ensuing year.

TOWN OF OBERLIN, LOUISIANA
SUMMARY SCHEDULE OF CURRENT AND PRIOR YEAR AUDIT FINDINGS
AND MANAGEMENT CORRECTIVE ACTION PLAN - CONTINUED
For The Year Ended June 30, 2022

Finding #2022-017 C

Failure to Publish Adopted Budget

Fiscal year finding initially occurred: 2019

CONDITION: The Town did not publish the adopted fiscal 2022 operating budget in the official journal within twenty (20) days from adoption as required by LSA-RS 43:144.

CRITERIA: LSA-RS 43:144 requires that official proceedings, including minutes, ordinances, resolutions, budgets, and proceedings be furnished to the official journal for publication within twenty days from the date of any meeting at which the official proceedings were had.

CAUSE: The Town did not timely publish a notice of adoption of the fiscal year 2022 operating budget.

EFFECT: Members of the public were not provided information regarding the adopted operating budget in a timely manner.

RECOMMENDATION: The Town should comply with the provisions of LSA-RS 43:144 and publish all required notices in accordance with state law.

MANAGEMENT'S CORRECTION ACTION PLAN: The Town will implement policies and procedures to ensure that all required notices are published within the prescribed time frame.

Finding #2022-018 C

Violation of Agreement with Louisiana Board of Ethics

Fiscal year finding initially occurred: 2020

CONDITION: The Town did not submit the required quarterly affidavits to the Louisiana Board of Ethics by the prescribed due dates as stated in the Town's approved plan between the Town and the Louisiana Board of Ethics dated June 22, 2015. The quarter ending September 30, 2021, that is due on October 1, 2021, was submitted on November 8, 2021. For the quarter ending December 31, 2021, that is due on January 1, 2021, we found no documentary evidence of the filing date with the ethics board. For the quarter ending March 31, 2022, that is due on April 1, 2022, was submitted on April 27, 2022. For the quarter ending June 30, 2022, that is due on July 1, 2022, was submitted on October 17, 2022.

CRITERIA: LSA-RS 42:1123 (22) does not preclude any mayor or member of a governing authority of a municipality with a population of five thousand or less, or an immediate family member of such a mayor or governing authority member, or legal entity in which such a mayor, governing authority member, or immediate family member has a controlling interest, from entering into any transaction that is under the supervision or jurisdiction of the municipality providing the municipality submits a plan to the Louisiana Board of Ethics for approval and the board approves the plan. The approved plan between the Town of Oberlin and the Louisiana Board of Ethics requires the submission of a quarterly affidavit of purchases on the first day following the end of the quarterly reporting period.

CAUSE: The Town did not comply with the reporting requirements of the approved plan between the Town and the Louisiana Board of Ethics dated June 22, 2015, specifically relating to purchases made from a lumber yard owned by a governing authority member.

EFFECT: The Town violated the approved plan between the Town of Oberlin and the Louisiana Board of Ethics specifically relating to purchases made from a lumber yard owned by a governing authority member.

RECOMMENDATION: The Town should comply with the provisions of the approved plan between the Town of Oberlin and the Louisiana Board of Ethics specifically relating to purchases made from a lumber yard owned by a governing authority member.

TOWN OF OBERLIN, LOUISIANA
SUMMARY SCHEDULE OF CURRENT AND PRIOR YEAR AUDIT FINDINGS
AND MANAGEMENT CORRECTIVE ACTION PLAN - CONTINUED
For The Year Ended June 30, 2022

MANAGEMENT'S CORRECTION ACTION PLAN: The Town will implement policies and procedures to ensure that the required quarterly affidavits are submitted to the Louisiana Board of Ethics by the prescribed due dates.

Finding #2022-019 C

Failure to Remit Court-Specific Fees Timely

Fiscal year finding initially occurred: Unknown

CONDITION: The Town did not remit court-specific fees and the required forms to various agencies including the Louisiana Supreme Court as required by the Louisiana Code of Criminal Procedure Article 887(F)(1) and the Louisiana Commission on Law Enforcement as required by LA-RS 46:1816.

CRITERIA: Louisiana Code of Criminal Procedure Article 887(F)(1) and LA-RS 46:1816 provide for specific fees to be assessed and collected in various court proceedings and remitted to various state agencies monthly.

CAUSE: The Town did not have adequate policies and procedures in place to ensure that court-specific fees were reported and remitted monthly.

EFFECT: Failure to report and remit court-specific fees increases the risk that the Town will be in violation of state law.

RECOMMENDATION: The Town should implement policies and procedures to ensure that court-specific fees and all related reports are submitted and remitted to the various state agencies as required by state law.

MANAGEMENT'S CORRECTION ACTION PLAN: The Town will implement policies and procedures to ensure that all court-specific fees and all related reports are submitted and remitted timely to the various state agencies as required.

Finding #2022-020 C

Inconsistent Management of MPERS – Reporting and Paying Inappropriate Amounts

Fiscal year finding initially occurred: 2022

CONDITION: The Town did not consistently file accurate reports and pay accurate amounts to the MPERS. American Rescue Plan compensation, in December of 2021, for the Chief was properly considered pensionable wages while such compensation for other police officers were not. State supplemental pay from August 2021 through June 2022 to the Chief was properly considered pensionable wages while such compensation for two other police officers were not. The Town did not allow two apparently eligible police officers (who had not opted out of MPERS) to participate in MPERS before August of 2021. One police officer's contribution was incorrectly calculated using 12 hours of non-pensionable overtime when he began participating in August of 2021. His monthly reports of wages and contributions for the entire fiscal year ended June 30, 2022, were for that same incorrect monthly amount. The other police officers who participated had the same incorrect monthly amounts each month for the year ended June 30, 2022, as well.

Prior year reports for June 2020, May 2020, March 2018, and December 2014 reflected that the Chief of Police had taken leave without pay and no pensionable income. According to the Chief, he was employed by the Town for each of those periods. The Town agreed with him and amended reports were prepared with his actual contributions. With that change, the system calculated a balance of \$8,938 in back contributions, interest, penalties, and actuarial fees payable by the Town. This amount is reflected as an expense in fiscal year ended June 30, 2022, and a payable on June 30, 2022. This amount was satisfied with funds from the American Rescue Plan Act in October 2022.

CRITERIA: Louisiana Revised Statute 11:2213 provides for mandatory participation by all eligible police officers. We are unaware of any pre-January 1, 1978, ordinance by the Town exempting the Town from participating in the MPERS.

CAUSE: The Town did not have adequate policies and procedures in place to ensure that this responsibility was carefully and accurately carried out.

TOWN OF OBERLIN, LOUISIANA
SUMMARY SCHEDULE OF CURRENT AND PRIOR YEAR AUDIT FINDINGS
AND MANAGEMENT CORRECTIVE ACTION PLAN - CONTINUED
For The Year Ended June 30, 2022

EFFECT: Failure to accurately report and remit the contributions by the Town violates state law.

RECOMMENDATION: The Town should prepare amended filings with MPERS to include compensation from the American Rescue Plan Act and state supplemental pay in pensionable income for a few years. Also, the Town should implement policies and procedures to ensure that reports are accurately filed and payments are promptly submitted as required by state law in the future.

MANAGEMENT'S CORRECTION ACTION PLAN: The Town will implement critical policies and procedures to ensure that the mandatory accurate withholding of the employee contributions and submission of reports and payments of all contributions to the MPERS are timely made.

Finding #2022-021 C

Article 7 Section 14 of the Louisiana Constitution

Fiscal year finding initially occurred: 2022

CONDITION: The Town may not have complied with Article 7 Section 14 of the Louisiana Constitution when one of its employees used a Town-owned backhoe for personal purposes at his personal residence. Another employee was instructed to bring the Town backhoe to the personal residence and do some work. Damages to the backhoe occurred and repairs had to be made. As a result, the former Mayor reprimanded the responsible employee by suspending him for 5 days without pay. We also received information that overtime paid to this same responsible employee on weekends was partially for time not actually worked. We reviewed Town time records for the 4th quarter of 2021 timesheets for this employee and on several instances, he was paid 4 hours overtime for each weekend day that he would check the pumps. After that quarter, the former Mayor analyzed the amount of time it took to check the water pumps and reduced the number of hours paid for checking such water pumps to 2 hours overtime for each weekend day. The responsible employee is currently employed by the Town. All of this occurred when a previous administration was in control.

CRITERIA: Article 7 Section 14 of the Louisiana Constitution states: Prohibited Uses. Except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.

CAUSE: The employee was a department head and had access to the backhoe and did so without authorization from any Town officials.

EFFECT: The effect is a possible violation of Article 7 Section 14 of the Louisiana Constitution resulting in damages to the Town from the diesel used, wages paid to the other employee to deliver the backhoe, repairs made, and wear and tear on the backhoe.

RECOMMENDATION: It is recommended that the Town fully comply with Article 7 Section 14 of the Louisiana Constitution in the future. The Town should install internal controls restricting access to all construction equipment during down-time. It is also recommended that employees working on weekends also punch in on time clocks to document overtime pay.

MANAGEMENT'S CORRECTION ACTION PLAN: The Town will adhere to Article 7 Section 14 of the Louisiana Constitution in the future. The Town will implement internal controls restricting access to construction equipment during down-time as well. The Town will begin requiring that employees checking the pumps on weekends to clock in and out.

TOWN OF OBERLIN, LOUISIANA
SUMMARY SCHEDULE OF CURRENT AND PRIOR YEAR AUDIT FINDINGS
AND MANAGEMENT CORRECTIVE ACTION PLAN - CONTINUED
For The Year Ended June 30, 2022

Finding #2022-022 C

Possible Failure to Comply with the Final Rule for the State and Local Fiscal Recovery Funds under the American Rescue Plan Act of 2021

Fiscal year finding initially occurred: 2022

CONDITION: The Town received \$319,922 in Coronavirus State and Local Fiscal Recovery Funds under the American Rescue Plan Act. The Town used \$35,000 for a community center, \$1,600 for a sign company, \$141,960 for past due utility invoices, \$28,650 in past due audit fees, \$10,000 for the town attorney, \$4,000 for a financial consultant, \$15,000 for a grant writer, and \$83,712 in premium pay.

CRITERIA: The Final Rule for the State and Local Fiscal Recovery Funds under the American Rescue Plan Act of 2021 has various provisions that allow for replacing lost revenue, responding to COVID public health and economic impacts, premium pay, etc. However, most of the above payments were for past due balances to vendors and were without consideration of mitigation of COVID related costs.

CAUSE: Administrative oversight.

EFFECT: The effect is a possible noncompliance with the Final Rule for the State and Local Fiscal Recovery Funds under the American Rescue Plan Act of 2021

RECOMMENDATION: It is recommended that the Town carefully plan and document compliance with regulations of federal grants.

MANAGEMENT'S CORRECTION ACTION PLAN: The Town will adhere to all regulations associated with federal grants in the future.

Finding #2022-023 C

Possible Failure to Comply with 1978 and 1989 sales and use tax ordinance dedications

Fiscal year finding initially occurred: 2022

CONDITION: The Town's 1978 and 1989 sales tax ordinances provide for a 1% and a 0.3% sales tax. Each of these sales taxes have dedications specified in Note A (15) to the financial statements. All sales tax proceeds are generally deposited into one account and comingled. Once these funds are comingled there is no way to demonstrate compliance with each of those dedications.

CRITERIA: The Town's 1978 and 1989 sales tax ordinances have separate dedications requiring separate bank accounts with the certain percentages being deposited into each account. Transfers out of those accounts can later be traced to expenditures that demonstrate compliance with the ordinances.

CAUSE: Administrative oversight.

EFFECT: The effect is a possible noncompliance with the Town's 1978 and 1989 sales tax ordinance dedications.

RECOMMENDATION: It is recommended that the Town open the required bank accounts and then further trace the expenditures to ensure compliance with the ordinances.

MANAGEMENT'S CORRECTION ACTION PLAN: The Town will open the required bank accounts and further trace the expenditures to ensure compliance with the ordinances.

**TOWN OF OBERLIN, LOUISIANA
SUMMARY SCHEDULE OF CURRENT AND PRIOR YEAR AUDIT FINDINGS
AND MANAGEMENT CORRECTIVE ACTION PLAN - CONTINUED
For The Year Ended June 30, 2022**

Finding #2022-024 C

Possible Failure to Comply with Debt Service Covenants

Fiscal year finding initially occurred: 2022 but was occurring prior to this fiscal year.

CONDITION: The Town may have failed to comply with bond covenants.

CRITERIA: The Town's water and sewer revenue bonds have covenants requiring that certain legally restricted cash accounts be maintained at certain levels as reporting in Note I of the financial statements. It appears sufficient funds were not available to allow compliance with the covenants.

CAUSE: Administrative oversight/lack of available funds.

EFFECT: The effect is a possible noncompliance with the Town's water and sewer revenue bond covenants.

RECOMMENDATION: It is recommended that the Town transfer cash to the required bank accounts to set aside funds as agreed-upon in its bond covenants.

MANAGEMENT'S CORRECTION ACTION PLAN: The Town will transfer cash to the required bank accounts to set aside funds as agreed-upon as the funds become available.

Part 2. Prior Year Findings

Finding #2021-001 I/C

Inadequate Segregation of Duties

CONDITION: The Town did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

CURRENT STATUS: Unresolved. See Finding 2022-001 I/C.

Finding #2021-002 I/C

Cut-Off Policy

CONDITION: During a test of utility accounts of the Town's customers, it was noted that some accounts are not being paid in full or timely, and the customers, including employees and town officials, continue to receive service in violation of Ordinance No. 02-11-2013. Payment plans and extensions granted by the Mayor are not in accordance with the payment plan provisions of Ordinance No. 02-11-2013.

RECOMMENDATION: Management should consistently comply with its written policies and procedures in the future and cut off utility services of customers, including employees and town officials, who do not pay within the time limit stated in the Ordinance.

CURRENT STATUS: Unresolved. See finding 2022-002 I/C.

TOWN OF OBERLIN, LOUISIANA
SUMMARY SCHEDULE OF CURRENT AND PRIOR YEAR AUDIT FINDINGS
AND MANAGEMENT CORRECTIVE ACTION PLAN - CONTINUED
For The Year Ended June 30, 2022

Finding #2021-003 I/C
Late Payment of Invoices

CONDITION: During the year, the Town paid several invoices after the due date resulting in late fees being assessed.

RECOMMENDATION: It is recommended that the Town process and pay invoices timely and by the due date to ensure no late fees will be assessed.

CURRENT STATUS: Unresolved. See Finding 2022-003 I/C.

Finding #2021-004 I/C
Reconciliation of Accounts Receivable

CONDITION: The accounts receivable balance in the general ledger is not reconciled monthly with the detailed accounts receivable customer listing.

RECOMMENDATION: It is recommended that the Town implement procedures to ensure the accounts receivable balance in the general ledger is reconciled monthly with the detailed accounts receivable customer listing.

CURRENT STATUS: Unresolved. See Finding 2022-004 I/C.

Finding #2021-005 I/C
Reconciliation of Customer Meter Deposits

CONDITION: The Town does not have complete and accurate records for customer meter deposits, and the meter deposit bank account balances are not reconciled with a detailed listing of customers' meter deposits.

RECOMMENDATION: It is recommended that the Town implement procedures to ensure that an accurate listing of customer meter deposits is maintained and reconciled monthly to the meter deposit bank accounts and deposit liability.

CURRENT STATUS: Unresolved. See Finding 2022-005 I/C.

Finding #2021-006 I/C
Late Payment of Sales Tax Collections

CONDITION: During the year, the Town was assessed penalties and interest for the late payment of sales taxes.

RECOMMENDATION: It is recommended that the Town prepare sales tax returns and remit related sales tax collections on a timely basis.

CURRENT STATUS: Unresolved. See Finding 2022-006 I/C.

Finding #2021-007 I/C
Delinquent Tax Payments

CONDITION: During a test of ad valorem tax payments received by the Town, it was noted that some accounts are not being paid timely, and the payees, including town officials, are not being assessed penalties for late payment.

RECOMMENDATION: Management should implement policies and procedures to ensure penalties are assessed for all delinquent tax payments received.

CURRENT STATUS: Unresolved. See Finding 2022-007 I/C.

TOWN OF OBERLIN, LOUISIANA
SUMMARY SCHEDULE OF CURRENT AND PRIOR YEAR AUDIT FINDINGS
AND MANAGEMENT CORRECTIVE ACTION PLAN - CONTINUED
For The Year Ended June 30, 2022

Finding #2021-008 I/C
Delinquent Filing/Payment of Payroll Taxes

CONDITION: During the year, the Town was assessed penalties and interest totaling \$82 for the late payment of unemployment taxes applicable to tax periods December 31, 2018, and March 31, 2019.

RECOMMENDATION: The Town should develop policies and procedures and monitor its reporting requirements to ensure all payroll tax reports and payroll tax deposits are remitted by the prescribed due dates.

CURRENT STATUS: Unresolved. See Finding 2022-008 I/C.

Finding #2021-009 I/C
Financial Accounting Records

CONDITION: The Town did not maintain accurate financial accounting records during the year, including accurate support for disbursements.

RECOMMENDATION: The Town should maintain supporting documentation for all revenue and expense/expenditure transactions.

CURRENT STATUS: Unresolved. See Finding 2022-009 I/C.

Finding 2021-010 I/C
Reconciliation of Interfund Accounts

CONDITION: The Town's interfund accounts are not being reconciled properly or on a timely basis.

RECOMMENDATION: The Town should reconcile interfund accounts monthly to ensure accurate financial reporting.

CURRENT STATUS: Unresolved. See Finding 2022-010 I/C.

Finding #2021-011 C
Noncompliance with Budget Act

CONDITION: The Town did not comply with the provisions of LSA-RS 39:1311(A)(1)&(2) with respect to the Sales Tax Special Revenue Fund. Total expenditures exceeded budgeted expenditures in the Sales Tax Special Revenue Fund by 15.19% or \$588.

RECOMMENDATION: The Town should periodically compare actual activity to budgeted amounts and adopt budgetary amendments as necessary to ensure compliance with state statutes.

CURRENT STATUS: Unresolved. See Finding 2022-012 C.

Finding #2021-012 C
Noncompliance with Budget Act – Budget Message

CONDITION: The Town did not comply with the provisions of LSA-RS 39:1305 with respect to the budget message. The Town's adopted operating budget and amended budget for fiscal year 2020 did not include a budget message.

RECOMMENDATION: The Town should comply with the provisions of LSA-RS 39:1305 by including a budget message when preparing the annual operating budget.

CURRENT STATUS: Unresolved. See Finding 2022-013 C.

TOWN OF OBERLIN, LOUISIANA
SUMMARY SCHEDULE OF CURRENT AND PRIOR YEAR AUDIT FINDINGS
AND MANAGEMENT CORRECTIVE ACTION PLAN - CONTINUED
For The Year Ended June 30, 2022

Finding #2021-013 C
Noncompliance with Budget Act

CONDITION: The Town did not prepare a budget in the format prescribed by LSA-RS 39:1305.

RECOMMENDATION: The Town should implement control procedures to ensure that the annual operating budget be prepared in accordance with the provisions of LSA-RS 39:1305.

CURRENT STATUS: Unresolved. See Finding 2022-014 C.

Finding #2021-014 C
Noncompliance with Budget Act – Public Participation

CONDITION: The Town did not comply with the provisions of LSA-RS 39:1306-1307. The notice of the budget being available for public inspection for the proposed fiscal year 2020 operating budget was published ten (10) days before the beginning of the fiscal year instead of the prescribed 15 days, and the public hearing for the proposed fiscal year 2020 operating budget was published one (1) day prior to the public hearing instead of the prescribed 10 days. The notice of the public hearing for the proposed fiscal year 2020 amended budget was published four (4) days prior to the public hearing instead of the prescribed 10 days.

RECOMMENDATION: The Town should comply with the provisions of LSA-RS 39:1306-1307 and publish all required notices in accordance with state law.

CURRENT STATUS: Unresolved. See Finding 2022-015 C.

Finding #2021-015 C
Noncompliance with Budget Act

CONDITION: The Town did not comply with the provisions of LSA-RS 39:1305(E) with respect to the General Fund

RECOMMENDATION: It is recommended that the Town fully comply with the provisions of LSA-RS 39:1350(E) by adopting budgets in which the proposed expenditures do not exceed the total estimated funds available for the ensuing year.

CURRENT STATUS: Unresolved. See Finding 2022-016 C.

Finding #2021-016 C
Failure to Publish Adopted Budget

CONDITION: The Town did not publish the adopted fiscal 2020 amended budget in the official journal within twenty (20) days from adopting as required by LSA-RS 43:144. Notice of the adoption of the fiscal year 2020 amended budget was published one hundred twenty-nine (129) days after adoption.

RECOMMENDATION: The Town should comply with the provisions of LSA-RS 43:144 and publish all required notices in accordance with state law.

CURRENT STATUS: Unresolved. See Finding 2022-017 C.

TOWN OF OBERLIN, LOUISIANA
SUMMARY SCHEDULE OF CURRENT AND PRIOR YEAR AUDIT FINDINGS
AND MANAGEMENT CORRECTIVE ACTION PLAN - CONTINUED
For The Year Ended June 30, 2022

Finding #2021-017 C

Violation of Agreement with Louisiana Board of Ethics

CONDITION: The Town did not submit the required quarterly affidavits to the Louisiana Board of Ethics by the prescribed due dates as stated in the Town's approved plan between the Town and the Louisiana Board of Ethics dated June 22, 2015. Quarter ending September 30, 2019, due on October 1, 2019, was submitted on December 19, 2019. Quarter ending December 31, 2019, due on January 1, 2020, was not submitted. Quarters ending March 31, 2020, and June 30, 2020, due on April 1, 2020, and July 1, 2020, respectively, were submitted on October 21, 2020.

RECOMMENDATION: The Town should comply with the provisions of the approved plan between the Town of Oberlin and the Louisiana Board of Ethics specifically relating to purchases made from a lumber yard owned by a governing authority member.

CURRENT STATUS: Unresolved. See Finding 2022-018 C.

Finding #2021-018 C

Failure to Remit Court-Specific Fees Timely

CONDITION: The Town did not remit court-specific fees and the required forms to various agencies including the Louisiana Supreme Court as required by the Louisiana code of Criminal Procedure Article 887 F (1) and the Louisiana Commission on Law Enforcement as required by LA-RS 46:1816.

RECOMMENDATION: The Town should implement policies and procedures to ensure that court-specific fees and all related reports are submitted to the various state agencies as required by state law.

CURRENT STATUS: Unresolved. See Finding 2022-019 C.

Finding #2021-019 C

Late Report Issuance

CONDITION: The Town's audit report was not complete until after the deadline imposed by state law.

RECOMMENDATION: The Town should implement policies and procedures to ensure that all financial records are readily available for audit in a timely manner.

CURRENT STATUS: Resolved

Federal Award Findings and Questioned Costs

N/A

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Accountants

Member
Society of Louisiana
Certified Public

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Honorable Larry Alexander, Mayor
And the Town Council
Town of Oberlin, Louisiana

November 21, 2023

We 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 July 1, 2021 through June 30, 2022. The Town of Oberlin, Louisiana (the "Town") management is responsible for those C/C areas identified in the SAUPs.

The Town has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 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:

Written Policies and Procedures

1. 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:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
Exception. No policies were adopted or provided.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

Exception. No policy in place during the fiscal year.

- c) *Disbursements*, including processing, reviewing, and approving.

Exception. No policy in place during the fiscal year.

- d) *Receipts/Collections*, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Exception. No policy in place during the fiscal year.

- e) *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(s) rate of pay or approval and maintenance of pay rate schedules.

Exception. No policy in place during the fiscal year.

- f) *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Exception. No policy in place during the fiscal year.

- g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

Exception. No policy in place during the fiscal year.

- h) *Travel and Expense Reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Exception. No policy in place during the fiscal year.

- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Exception. No policy in place during the fiscal year.

- j) *Debt Service*, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Exception. No policy in place during the fiscal year.

- k) *Information Technology Disaster Recovery/Business Continuity*, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software

patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Exception. No policy in place during the fiscal year.

- 1) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Exception. No policy in place during the fiscal year.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

The minutes reflected that the managing council met every month with the exception of January 2022. (Exception)

Management Response/Corrective Action: The prior administration, and the council, is no longer involved in managing the Town. The Town now plans to meet every month.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, 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 public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

The minutes failed to reflect that monthly income statements with budgetary comparisons and variances were provided to the Council and Mayor and were discussed. (Exception)

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

The general fund did have a negative ending unassigned fund balance in the prior year audit report and none of the minutes referenced a formal plan to eliminated the negative unassigned fund balance. (Exception)

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all

accounts if less than 5). Randomly select one month from the fiscal period, obtain, and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- a) 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);

The listing was provided by management. The reconciliations were not printed for the months selected and we were not able to verify if they were prepared within 2 months of the statement closing date. (Exception)

Management Response/Corrective Action: The prior administration is no longer managing the Town. The Town will catch up the reconciliations so that they are prepared within 2 months of the related statement closing date.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

The reconciliations were not printed. Therefore, we were unable to gather evidence that a member of management has reviewed each bank reconciliation and initialed or electronically logged to document compliance. (Exception)

Management Response/Corrective Action: The prior administration is no longer managing the Town. The Mayor plans to review, initial, and date each reconciliation after it is printed in the future.

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

Management provided no documentation reflecting that it had researched outstanding reconciling items in one bank account that was older than 12 months (Exception).

Management Response/Corrective Action: Management will research and reissue any outstanding item more than 12 months from the statement closing date or submit any qualifying payments to the State of Louisiana Unclaimed Property Division.

Collections (excluding electronic funds transfers)

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

The listing was provided by management without exception.

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

- a) Employees responsible for cash collections do not share cash drawers/registers.

Employees do occasionally share cash drawers. (Exception)

Management Response/Corrective Action: The prior administration is no longer managing the Town. The Town's will initiate a new policy that requires one person to be dedicated to collecting cash in the one cash drawer.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

The employee responsible for collecting cash was also responsible for reconciling to collection documentation and preparing bank deposits. (Exception)

Management Response/Corrective Action: The prior administration is no longer managing the Town. The Town will initiate a new policy that requires one person be dedicated to collecting cash while another employee verifies collections against the computer-generated report and a third employee prepares the deposit slip.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Two of the employees who occasionally collect cash were responsible for posting collection entries to the general ledger. (Exception)

Management Response/Corrective Action: The prior administration is no longer managing the Town. The finance clerk and Town clerk will not collect cash but will be responsible for posting collection entries to the general ledger in the future.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

Two employees that are responsible for reconciling cash collections to the general ledger are responsible for collecting cash. We could find no documentation that another employee/official verified the reconciliation. (Exception)

Management Response/Corrective Action: The prior administration is no longer managing the Town. The employees responsible for reconciling cash collections to the general ledger will no longer be responsible for collecting cash.

- e) Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was in force during the fiscal period.

Management provided a copy of the required fidelity bonds covering the clerk only during the fiscal period. Other employees who had access to cash were not covered. (Exception)

Management Response/Corrective Action: The prior administration is no longer managing the Town. Each of the Town's administrative employees who have access to cash will be covered with a fidelity bond in the future.

6. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

The test showed that receipts were sequentially pre-numbered where applicable in the water and sewer accounts only. These were the only two accounts out of the 5 tested that had deposits on the selected dates except for one transfer to the main operating account.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

The Town was not able to provide deposit slips. (Exception)

Management Response/Corrective Action: Prior administration is no longer employed with the Town. The Town now keeps the book of deposits/deposit slips for verification of receipt.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

- d) **The Town was not able to provide deposit slips. (Exception)**

Management Response/Corrective Action: Prior administration is no longer employed with the Town. The Town now keeps the book of deposits/deposit slips for verification of receipt.

- e) Observe 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).

The test showed that deposits are made within one day without exception.

- f) Trace the actual deposit per the bank statement to the general ledger.

The test showed that the deposits were traced to the general ledger without exception.

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

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

The listing was provided by management without exception.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job

duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

The policies and procedures reflect that more than one person should be involved in the purchasing and disbursement functions. All five transactions tested showed documentation that only one employee was involved in initiating a purchase request, approving a purchase, and placing and order/making the purchase (Exception).

Management Response/Corrective Action: The prior administration is no longer managing the Town. Management will correct this by requiring the initiating employee to initial the purchase requests/purchase order that will be generated by another employee who also initials them before they are approved and placed in all non-recurring transactions.

- b) At least two employees are involved in processing and approving payments to vendors.

The test showed that two employees were involved in processing and approving payments to vendors without exception.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.

The test showed that the Clerk was responsible for processing payments and had the authority to add/modify vendor files. (Exception)

Management Response/Corrective Action: The prior administration is no longer managing the Town. The Town now requires the requesting employee to complete the purchase order and an administrative employee to approve the request. The Clerk, who processes payments, does not have access to the general ledger.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

The test showed that the employee responsible for signing checks also mails the payments.

- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

Management provided the non-payroll disbursement transaction population (general ledgers) without exception.

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

None of the invoices requested were provided by management. No supporting documentation that indicated the deliverables included on the invoices were received by the entity in the tested transactions (Exception).

Management Response/Corrective Action: The prior administration is no longer managing the Town. An employee will be required to review items received and initial the invoices or receiving reports verifying that what was ordered was received by the Town.

- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

The disbursement documentation did not include evidence of more than one person being involved in each of the transactions tested (Exception).

Management Response/Corrective Action: The prior administration is no longer managing the Town. The Town will document via signature or initials that more than one employee has reviewed the request and approved the disbursement.

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

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

No credit cards were issued or used by the Town. This test cannot be completed.

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

- a) Observe 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: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

No credit cards were issued or used by the Town. This test cannot be completed.

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

No credit cards were issued or used by the Town. This test cannot be completed.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe 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 note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

No credit cards were issued or used by the Town. This test cannot be completed.

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

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

No travel was recorded during the fiscal year. This test cannot be completed.

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

No travel was recorded during the fiscal year. This test cannot be completed.

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

No travel was recorded during the fiscal year. This test cannot be completed.

c) Observe 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 policy (procedure #1h).

No travel was recorded during the fiscal year. This test cannot be completed.

d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No travel was recorded during the fiscal year. This test cannot be completed.

Contracts

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

The listing was provided by management without exception.

- a) 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.

There were no contracts in the current fiscal year that were required to be bid in accordance with the Louisiana Public Bid Law. No exception was found because of this procedure.

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

The test showed that all contracts were approved by the governing board or the Mayor in accordance with the Town's policy. No exceptions were found because of this procedure.

- c) If the contract was amended (e.g., change order), observe 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).

The test showed that one amendment was made, and it was required by the Federal Emergency Management Agency for reimbursement. The original contract provided for such an amendment and that the amendment was made in compliance with the contract terms without exception.

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

The test showed that all payments matched the supporting invoices and agreed with the terms and conditions of the contracts without exception.

Payroll and Personnel

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

Management provided the required listing without exception.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

The test showed that documentation of daily attendance by clocking in and out of time clock system. Documentation for authorization for leave was not available. (Exception)

Management Response/Corrective Action: The Town will initiate and maintain records of leave generated, leave used, and remaining available leave for each full-time employee.

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

There was no documentation of supervisor's approval of the attendance or leave. The time sheets were not initialed or signed, and no documentation of authorization by a supervisor for leave was available. (Exception)

Management Response/Corrective Action: The Town will have each supervising head initial and approve all time sheet and leave or vacation taken and keep them with the appropriate payroll records.

- b) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

There was no documentation obtained verifying any leave taken reflected in the Town's records. No validation of vacation or sick time accrued or taken was available. (Exception)

Management Response/Corrective Action: The Town now keeps an accurate cumulative record of all vacation and sick time earned and taken.

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

No personnel files were obtained for this testing. (Exception)

Management Response/Corrective Action: The Town initiated and now keeps a personnel file for each employee that reflects approved pay rates and raises.

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

The listing was created using the quarterly reports from accounting software. The listing was complete to the best of the current administration's knowledge. One of the two employees was paid in accordance with assumed pay rate. She had the same rate the entire fiscal year. The other employee was paid 40 hours of vacation and 13 hours of sick leave that could not be verified as accurate. (Exception). There was also holiday pay without validation that the employee was still employed at the Town during that holiday. (Possible Exception).

Management Response/Corrective Action: Management will now verify how much time has accrued before disbursing the terminated employee's last paycheck. Sick time is not to be paid at termination according to new policies put in place after the end of the fiscal year.

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

Current management could not represent that employer and employee portions of payroll related taxes, retirement or any other third-party payroll amounts, managed by the prior administration, were paid or filed on or before the required deadlines. In several instances, we were notified or verified that payroll returns and retirement reporting were both being filed and paid past the deadlines with conflicting information therein. (Exception)

Management Response/Corrective Action: The Town will pay and file all payroll and retirement related filings on time according to each deadline with full payment of amounts due timely.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

We were provided no ethics documentation from management that any of the 5 employees tested completed their one-hour required ethics training (Exception).

Management Response/Corrective Action: Department heads and management will require the one-hour training to be completed on an annual basis and require a copy of the completion certificate be maintained in the personnel file.

- b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

We were provided no ethics documentation from management that demonstrated each employee and official were notified of any changes to the Town's ethics policy during the fiscal year. (Exception).

Management Response/Corrective Action: The Town now has an ethics policy in place and will document via initials and dates of each employee verifying any changes made to the policy during the fiscal year.

Debt Service

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

Management provided the listing of bonds/notes issued during the fiscal year without exception. No long-term debt was issued during the fiscal year.

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

Management provided the listing of bonds/notes outstanding at the end of the fiscal year without exception. The test showed that reserve balances and payments required by debt covenants were not maintained and paid in accordance with the debt covenants (Exception).

Management Response/Corrective Action: The Town will transfer the appropriate funds to have the minimal required balances when funds become available. They will also make the required payments required in accordance with the debt covenants.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management has represented that the Town did have misappropriation of public funds or assets but during a fiscal year-end subsequent to the period covered by the report. It has been reported to the legislative auditor and he is expected to issue an investigative report in December 2023.

24. Observe 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.

The test showed that the Town did not have posted on its premises or website the required notice. (Exception)

Management Response/Corrective Action: Management will post the appropriate notice as required at both its premises and their website.

Information Technology Disaster Recovery/Business Continuity

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

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

No documentation was obtained as the Town does not have a backup system in place. Therefore, we were unable to perform any testing. (Exception)

Management Response/Corrective Action: Management will inquire with the IT company to get an efficient and effective backup system for critical data in the cloud.

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

No documentation was obtained as the Town doesn't have a backup system in place. Therefore, we were unable to perform any testing. (Exception)

Management Response/Corrective Action: Management will inquire with the IT company to get an efficient and effective backup system for critical data in the cloud.

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

We performed the procedure and discussed the results with management.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

The test showed that none of the selected employees/officials completed at least one hour of sexual harassment training during the fiscal year (Exception).

Management Response/Corrective Action: Supervisors and management will require one-hour training session to be completed by all required officials and employees.

27. Observe 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).

The test showed that the Town's sexual harassment policy and complaint procedure was posted in a conspicuous location on the Town's premises and on its website without exception.

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

- a) Number and percentage of public servants in the agency who have completed the training requirements.

The Town did not have documentation of public servants who have completed the training requirements. (Exception)

Management Response/Corrective Action: Management will confirm all employees and public servants have completed the training requirements each fiscal year and verify with printed certifications.

- b) Number of sexual harassment complaints received by the agency.

Management stated that the Town did not receive any sexual harassment complaints.

- c) Number of complaints which resulted in a finding that sexual harassment occurred.

Since there were no complaints received, there could be no associated findings that sexual harassment occurred.

- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

Not applicable.

- e) The amount of time it took to resolve each complaint.

Not applicable.

We were engaged by the Town to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were 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, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our 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.

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