

TOWN OF OBERLIN, LOUISIANA

Financial Report

Year Ended June 30, 2017

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INDEPENDENT AUDITOR'S REPORT

The Honorable Joseph Manuel, Mayor
and Members of the Board of Aldermen
Town of Oberlin, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Oberlin, Louisiana, (the Town), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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.

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 Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Oberlin, Louisiana, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, the schedule of employer's share of net pension liability, and the schedule of employer contributions on pages 43 through 47 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.

The Town of Oberlin, Louisiana, has omitted management's discussion and analysis that, 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. 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 comparative statements and various schedules included in other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The comparative statements are the responsibility of management and were derived from and relate directly to the underlying accounting records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the comparative statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The prior year comparative information on the comparative statements has been derived from the Town of Oberlin, Louisiana's 2016 financial statements, which was subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, was fairly presented in all material respects in relation to the basic financial statements from which they were derived.

The various schedules included in other supplementary information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2017, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
December 13, 2017

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

TOWN OF OBERLIN, LOUISIANA

Statement of Net Position

June 30, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 132,275	\$ 14,516	\$ 146,791
Receivables, net	44,716	97,505	142,221
Due from other governmental units	<u>45,612</u>	<u>-</u>	<u>45,612</u>
Total current assets	<u>222,603</u>	<u>112,021</u>	<u>334,624</u>
Noncurrent assets:			
Restricted assets:			
Cash and interest-bearing deposits	-	204,623	204,623
Capital assets, net	<u>738,823</u>	<u>6,104,038</u>	<u>6,842,861</u>
Total noncurrent assets	<u>738,823</u>	<u>6,308,661</u>	<u>7,047,484</u>
Total assets	<u>961,426</u>	<u>6,420,682</u>	<u>7,382,108</u>
Deferred outflows of resources	<u>46,698</u>	<u>-</u>	<u>46,698</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	42,544	61,724	104,268
Accrued compensated absences	8,032	4,774	12,806
Accrued interest payable	-	787	787
Revenue bonds payable	<u>-</u>	<u>42,692</u>	<u>42,692</u>
Total current liabilities	<u>50,576</u>	<u>109,977</u>	<u>160,553</u>
Noncurrent liabilities:			
Customers' deposits payable	-	102,532	102,532
Revenue bonds payable	-	2,092,508	2,092,508
Net pension liability	<u>132,550</u>	<u>-</u>	<u>132,550</u>
Total noncurrent liabilities	<u>132,550</u>	<u>2,195,040</u>	<u>2,327,590</u>
Total liabilities	<u>183,126</u>	<u>2,305,017</u>	<u>2,488,143</u>
Deferred inflows of resources	<u>72,440</u>	<u>-</u>	<u>72,440</u>
NET POSITION			
Net investment in capital assets	766,087	4,070,142	4,836,229
Restricted	128,292	-	128,292
Unrestricted (deficit)	<u>(141,821)</u>	<u>45,523</u>	<u>(96,298)</u>
Total net position	<u>\$ 752,558</u>	<u>\$4,115,665</u>	<u>\$4,868,223</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF OBERLIN, LOUISIANA

Statement of Activities
For the Year Ended June 30, 2017

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 238,614	\$ 66,679	\$25,000	\$ -	\$(146,935)	\$ -	\$ (146,935)
Public safety:							
Police	399,836	125,034	-	-	(274,802)	-	(274,802)
Highways and streets	270,506	-	120	-	(270,386)	-	(270,386)
Total governmental activities	<u>908,956</u>	<u>191,713</u>	<u>25,120</u>	<u>-</u>	<u>(692,123)</u>	<u>-</u>	<u>(692,123)</u>
Business-type activities:							
Gas Fund	187,410	234,857	-	-	-	47,447	47,447
Water Fund	333,203	387,801	-	16,065	-	70,663	70,663
Sewer Fund	418,426	281,658	-	20,000	-	(116,768)	(116,768)
Total business-type activities	<u>939,039</u>	<u>904,316</u>	<u>-</u>	<u>36,065</u>	<u>-</u>	<u>1,342</u>	<u>1,342</u>
Total	<u>\$ 1,847,995</u>	<u>\$ 1,096,029</u>	<u>\$25,120</u>	<u>\$ 36,065</u>	<u>(692,123)</u>	<u>1,342</u>	<u>(690,781)</u>
General revenues:							
Taxes -							
Property taxes, levied for general purposes					23,381	-	23,381
Sales and use taxes, levied for general purposes					176,131	-	176,131
Franchise taxes					66,186	-	66,186
Grants and contributions not restricted to specific programs -							
State sources					184,406	-	184,406
Interest and investment earnings					225	2,687	2,912
Non-employer pension contribution					2,631	-	2,631
Miscellaneous					18,814	-	18,814
Special item - gain on disposal					8,533	-	8,533
Transfers					170,611	(170,611)	-
Total general revenues and transfers					<u>650,918</u>	<u>(167,924)</u>	<u>482,994</u>
Change in net position					(41,205)	(166,582)	(207,787)
Net position - July 1, 2016					<u>793,763</u>	<u>4,282,247</u>	<u>5,076,010</u>
Net position - June 30, 2017					<u>\$ 752,558</u>	<u>\$ 4,115,665</u>	<u>\$ 4,868,223</u>

The accompanying notes are an integral part of the basic financial statements.

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 1% sales and use tax approved by the voters on September 16, 1978. These taxes are dedicated and used for the purposes of constructing, acquiring, extending, improving and/or maintaining sewers and sewerage disposal works, operating water-works, streets, recreational facilities and fire protection facilities and equipment, and purchasing and acquiring the necessary land, equipment and furnishings 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 improving and/or acquiring any one or more of the aforesaid capital improvements to the extent and in the manner permitted by the laws of Louisiana.

To account for the receipt and use of proceeds of the Town's .3% sales and use tax approved by the voters on October 7, 1989. These taxes are dedicated and used for the purposes of constructing, improving, maintaining, and operating public streets, sidewalks, and alleys, and for acquiring, constructing, improving, maintaining and operating recreational facilities. The Town is further authorized to fund the proceeds of the tax into bonds to be issued in series from time to time for any capital purpose described above, to the extent and in the manner provided by the laws of Louisiana.

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 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.

TOWN OF OBERLIN, LOUISIANA

Balance Sheet - Governmental Funds

June 30, 2017

	<u>General</u>	<u>Sales Tax</u>	<u>Other Governmental</u>	<u>Total</u>
ASSETS				
Cash and interest-bearing deposits	\$ 25,160	\$ 97,841	\$ 9,274	\$ 132,275
Receivables -				
Taxes	-	30,451	-	30,451
Other	14,265	-	-	14,265
Due from other governmental units	<u>45,612</u>	<u>-</u>	<u>-</u>	<u>45,612</u>
Total assets	<u>\$ 85,037</u>	<u>\$ 128,292</u>	<u>\$ 9,274</u>	<u>\$ 222,603</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 34,481	\$ -	\$ -	\$ 34,481
Accrued liabilities	<u>8,063</u>	<u>-</u>	<u>-</u>	<u>8,063</u>
Total liabilities	<u>42,544</u>	<u>-</u>	<u>-</u>	<u>42,544</u>
Fund balances:				
Restricted - sales tax dedications	-	128,292	-	128,292
Committed	-	-	9,274	9,274
Unassigned	<u>42,493</u>	<u>-</u>	<u>-</u>	<u>42,493</u>
Total fund balances	<u>42,493</u>	<u>128,292</u>	<u>9,274</u>	<u>180,059</u>
Total liabilities and fund balance	<u>\$ 85,037</u>	<u>\$ 128,292</u>	<u>\$ 9,274</u>	<u>\$ 222,603</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF OBERLIN, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2017

Total fund balances for governmental funds at June 30, 2017		\$ 180,059
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land and construction in progress	237,314	
Buildings and improvements, net of \$191,869 accumulated depreciation	35,738	
Infrastructure, net of \$528,242 accumulated depreciation	407,342	
Equipment, furniture, and fixtures, net of \$288,426 accumulated depreciation	52,471	
Vehicles, net of \$152,155 accumulated depreciation	<u>5,958</u>	738,823
The deferred outflows of contributions for the municipal police employees' retirement system are not available resources, and therefore, are not reported in the funds		
		46,698
Long-term liabilities at June 30, 2017:		
Compensated absences	(8,032)	
Net pension liability	<u>(132,550)</u>	(140,582)
The deferred inflows of contributions for the municipal police employees' retirement system are not payable from current expendable resources and, therefore, are not reported in the funds		
		<u>(72,440)</u>
Total net position of governmental activities at June 30, 2017		<u>\$ 752,558</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF OBERLIN, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -
 Governmental Funds
 For the Year Ended June 30, 2017

	<u>General</u>	<u>Sales Tax Fund</u>	<u>Other Governmental</u>	<u>Total</u>
Revenues:				
Taxes	\$ 89,567	\$ 176,131	\$ -	\$ 265,698
Licenses and permits	64,357	-	-	64,357
Intergovernmental	224,198	-	-	224,198
Fines and forfeits	125,034	-	-	125,034
Miscellaneous	<u>15,081</u>	<u>95</u>	<u>46</u>	<u>15,222</u>
Total revenues	<u>518,237</u>	<u>176,226</u>	<u>46</u>	<u>694,509</u>
Expenditures:				
Current -				
General government	214,298	3,573	-	217,871
Public safety:				
Police	428,283	-	-	428,283
Highways and streets	241,232	-	-	241,232
Capital outlay	<u>18,516</u>	<u>-</u>	<u>-</u>	<u>18,516</u>
Total expenditures	<u>902,329</u>	<u>3,573</u>	<u>-</u>	<u>905,902</u>
Excess (deficiency) of revenues over expenditures	<u>(384,092)</u>	<u>172,653</u>	<u>46</u>	<u>(211,393)</u>
Other financing sources (uses):				
Transfers in	863,788	-	-	863,788
Transfers out	<u>(557,577)</u>	<u>(135,600)</u>	<u>-</u>	<u>(693,177)</u>
Total other financing sources (uses)	<u>306,211</u>	<u>(135,600)</u>	<u>-</u>	<u>170,611</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(77,881)</u>	<u>37,053</u>	<u>46</u>	<u>(40,782)</u>
Fund balances, beginning	<u>120,374</u>	<u>91,239</u>	<u>9,228</u>	<u>220,841</u>
Fund balances, ending	<u>\$ 42,493</u>	<u>\$ 128,292</u>	<u>\$ 9,274</u>	<u>\$ 180,059</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF OBERLIN, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2017

Total net changes in fund balances at June 30, 2017 per statement of revenues, expenditures and changes in fund balances	\$ (40,782)
The change in net position reported for governmental activities in the statement if activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 18,516
Depreciation expense for the year ended June 30, 2017	<u>(45,780)</u> (27,264)
Compensated absences at June 30, 2017 not requiring the use of current economic resources and, therefore, not recorded as a fund expenditure	2,715
Pension expense not requiring the use of current economic resources, and therefore, not recorded as a fund expenditure	21,495
Nonemployer contributions to the municipal police employees' retirement system for the year ended June 30, 2017	<u>2,631</u>
Total changes in net position at June 30, 2017 per statement of activities	<u>\$ (41,205)</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF OBERLIN, LOUISIANA

Statement of Net Position
 Proprietary Fund
 June 30, 2017

	Business -Type Activities - Enterprise Funds			
	Gas Fund	Water Fund	Sewer Fund	Total Enterprise Funds
ASSETS				
Current assets:				
Cash and interest bearing deposits	\$ 4,683	\$ 4,864	\$ 4,969	\$ 14,516
Receivables -				
Accounts	18,075	44,996	34,434	97,505
Total current assets	<u>22,758</u>	<u>49,860</u>	<u>39,403</u>	<u>112,021</u>
Noncurrent assets:				
Restricted assets -				
Interest-bearing deposits	30,151	72,381	102,091	204,623
Capital assets, net of accumulated depreciation	34,363	2,764,891	3,304,784	6,104,038
Total noncurrent assets	<u>64,514</u>	<u>2,837,272</u>	<u>3,406,875</u>	<u>6,308,661</u>
Total assets	<u>87,272</u>	<u>2,887,132</u>	<u>3,446,278</u>	<u>6,420,682</u>
LIABILITIES				
Current liabilities:				
Accounts and other payables	5,440	15,434	40,850	61,724
Accrued interest payable	-	-	787	787
Accrued compensated absences	2,387	2,387	-	4,774
Revenue bonds payable	-	-	42,692	42,692
Total current liabilities	<u>7,827</u>	<u>17,821</u>	<u>84,329</u>	<u>109,977</u>
Noncurrent liabilities:				
Revenue bonds payable	-	-	2,092,508	2,092,508
Customers' deposits	30,151	72,381	-	102,532
Total noncurrent liabilities	<u>30,151</u>	<u>72,381</u>	<u>2,092,508</u>	<u>2,195,040</u>
Total liabilities	<u>37,978</u>	<u>90,202</u>	<u>2,176,837</u>	<u>2,305,017</u>
NET POSITION				
Net investment in capital assets	34,363	2,764,891	1,270,888	4,070,142
Unrestricted (deficit)	14,931	32,039	(1,447)	45,523
Total net position	<u>\$ 49,294</u>	<u>\$2,796,930</u>	<u>\$1,269,441</u>	<u>\$4,115,665</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF OBERLIN, LOUISIANA

Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Fund
 For the Year Ended June 30, 2017

	Gas Fund	Water Fund	Sewer Fund	Total Enterprise Funds
Operating revenues:				
Charges for services	\$ 234,857	\$ 381,655	\$ 279,586	\$ 896,098
Miscellaneous	-	6,146	2,072	8,218
Total operating revenues	<u>234,857</u>	<u>387,801</u>	<u>281,658</u>	<u>904,316</u>
Operating expenses:				
Advertising - notices	-	685	-	685
Depreciation	6,699	147,959	149,417	304,075
Equipment rental	-	1,168	-	1,168
Gas purchases	77,972	-	-	77,972
Insurance	38,987	14,376	14,660	68,023
Materials and supplies	5,823	35,431	1,579	42,833
Miscellaneous	-	-	460	460
Salaries	34,297	34,297	34,642	103,236
Payroll taxes	1,748	1,748	1,748	5,244
Professional services	16,986	19,064	20,671	56,721
Repairs and maintenance	350	39,720	75,078	115,148
Utilities	4,548	38,755	24,778	68,081
Total operating expenses	<u>187,410</u>	<u>333,203</u>	<u>323,033</u>	<u>843,646</u>
Total operating income (loss)	<u>47,447</u>	<u>54,598</u>	<u>(41,375)</u>	<u>60,670</u>
Nonoperating revenues (expenses):				
Interest income	131	2,458	98	2,687
Interest expense	-	-	(95,393)	(95,393)
Total nonoperating revenues (expense)	<u>131</u>	<u>2,458</u>	<u>(95,295)</u>	<u>(92,706)</u>
Income (loss) before contributions and transfers	47,578	57,056	(136,670)	(32,036)
Capital contributions	-	16,065	20,000	36,065
Income (loss) before transfers	47,578	73,121	(116,670)	4,029
Transfers in (out)	<u>(44,615)</u>	<u>(225,520)</u>	<u>99,524</u>	<u>(170,611)</u>
Change in net position	2,963	(152,399)	(17,146)	(166,582)
Net position, beginning	<u>46,331</u>	<u>2,949,329</u>	<u>1,286,587</u>	<u>4,282,247</u>
Net position, ending	<u>\$ 49,294</u>	<u>\$2,796,930</u>	<u>\$1,269,441</u>	<u>\$4,115,665</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF OBERLIN, LOUISIANA

Statement of Cash Flows
 Proprietary Fund
 For the Year Ended June 30, 2017

	Gas Fund	Water Fund	Sewer Fund	Total
Cash flows from operating activities:				
Receipts from customers	\$ 237,111	\$ 375,247	\$ 274,068	\$ 886,426
Payments to suppliers	(153,883)	(155,970)	(119,259)	(429,112)
Payments to employees	(36,788)	(36,788)	(36,390)	(109,966)
Other receipts	<u>-</u>	<u>6,146</u>	<u>2,072</u>	<u>8,218</u>
Net cash provided by operating activities	<u>46,440</u>	<u>188,635</u>	<u>120,491</u>	<u>355,566</u>
Cash flows from noncapital financing activities:				
Transfers from (to) other funds	<u>(44,615)</u>	<u>(225,520)</u>	<u>99,524</u>	<u>(170,611)</u>
Cash flows from capital and related financing activities:				
Principal paid on revenue bond maturities	-	-	(40,832)	(40,832)
Interest paid on revenue bonds	-	-	(95,408)	(95,408)
Capital contributions	-	16,065	20,000	36,065
Net change in customer meter deposits	1,226	3,431	-	4,657
Net purchase of capital assets	<u>(3,572)</u>	<u>(8,339)</u>	<u>(65,143)</u>	<u>(77,054)</u>
Net cash provided (used) by capital and related financing activities	<u>(2,346)</u>	<u>11,157</u>	<u>(181,383)</u>	<u>(172,572)</u>
Cash flows from investing activities:				
Net purchases of interest-bearing deposits with maturity in excess of ninety days	(3,881)	(32,040)	-	(35,921)
Interest received on interest-bearing deposits	<u>131</u>	<u>2,458</u>	<u>98</u>	<u>2,687</u>
Net cash provided (used) by investing activities	<u>(3,750)</u>	<u>(29,582)</u>	<u>98</u>	<u>(33,234)</u>
Net increase (decrease) in cash and cash equivalents	(4,271)	(55,310)	38,730	(20,851)
Cash and cash equivalents, beginning of period	<u>14,296</u>	<u>93,747</u>	<u>68,330</u>	<u>176,373</u>
Cash and cash equivalents, end of period	<u>\$ 10,025</u>	<u>\$ 38,437</u>	<u>\$ 107,060</u>	<u>\$ 155,522</u>

(continued)

TOWN OF OBERLIN, LOUISIANA

Statement of Cash Flows (Continued)
 Proprietary Fund
 For the Year Ended June 30, 2017

	Gas Fund	Water Fund	Sewer Fund	Total
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 47,447	\$ 54,598	\$ (41,375)	\$ 60,670
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				-
Depreciation	6,699	147,959	149,417	304,075
Changes in current assets and liabilities:				-
(Increase) decrease in accounts receivable	2,254	(6,408)	(5,518)	(9,672)
Increase (decrease) in accounts payable	(9,217)	(6,771)	17,967	1,979
Decrease in accrued liabilities	(743)	(743)	-	(1,486)
Net cash provided by operating activities	<u>\$ 46,440</u>	<u>\$ 188,635</u>	<u>\$ 120,491</u>	<u>\$ 355,566</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:				
Cash and cash equivalents, beginning of period -				
Cash - unrestricted	\$ 6,299	\$ 31,565	\$ 3,855	\$ 41,719
Cash - restricted	28,925	68,950	64,475	162,350
Less: Certificates of deposit with a maturity over three months when purchased	(20,928)	(6,768)	-	(27,696)
Total cash and cash equivalents	<u>14,296</u>	<u>93,747</u>	<u>68,330</u>	<u>176,373</u>
Cash and cash equivalents, end of period -				
Cash - unrestricted	4,683	4,864	4,969	14,516
Cash - restricted	30,151	72,381	102,091	204,623
Less: Certificates of deposit with a maturity over three months when purchased	(24,809)	(38,808)	-	(63,617)
Total cash and cash equivalents	<u>10,025</u>	<u>38,437</u>	<u>107,060</u>	<u>155,522</u>
Net increase (decrease)	<u>\$ (4,271)</u>	<u>\$ (55,310)</u>	<u>\$ 38,730</u>	<u>\$ (20,851)</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Town of Oberlin, Louisiana (Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The Town of Oberlin was incorporated under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Aldermen form of government.

As the municipal governing authority, for reporting purposes, the Town of Oberlin 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, (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, and (d) organizations that are closely related to, or financially integrated with the primary government.

Section 2100 of the 2011 Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, "Defining the Financial Reporting Entity" establishes criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the primary government's governing authority (Mayor and Board of Aldermen) appoints a majority of board members of the potential component unit and is able to impose its will on the potential component unit or whether the potential component unit is fiscally dependent on the primary government.
3. Financial benefit/burden relationship between the primary government and the potential component unit.
4. The nature and significance of the relationship between the potential component unit with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

The Town of Oberlin, Louisiana is a primary government and has no component units. The accompanying financial statements present information only on the funds maintained by the Town and do not present information on any other governmental unit.

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

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The government-wide financial statements provide operational accountability information for the Town as an economic unit. The government-wide financial statements report the Town's ability to maintain service levels and continue to meet its obligations as they come due. The statements include all governmental activities and all business-type activities of the primary government.

Fund Financial Statements

The accounts of the Town are organized on the basis of funds, each of which is considered to be an independent fiscal and accounting entity. The operations of each fund are accounted for within separate sets of self-balancing accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues, and expenditures/expenses, and transfers.

Major funds are determined as funds whose revenues, expenditures/expenses, assets and deferred outflows of resources or liabilities and deferred inflows of resources are at least ten percent of the totals for all governmental or enterprise funds and at least five percent of the aggregate amount for all governmental and enterprise funds for the same item or funds designated as major at the discretion of the Town. Funds not classified as a major fund are aggregated and presented in a single column in the fund financial statements. The Town uses the following funds, grouped by fund type.

Governmental Funds –

Governmental Funds are those through which most governmental functions of the Town are financed. The acquisition, use and balances of the Town's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds.

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special Revenues Funds are used to account for the proceeds of government grants or other specific revenues sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects of the Town. The Town's major special revenue fund is the Sales Tax Fund

The Sales Tax Fund is used to account for the proceeds of a 1% sales and use tax and a 0.3% sales and use tax that are legally restricted to expenditures for specific purposes.

The Town's nonmajor special revenue fund is the Cemetery Fund which is used to account for the monies received from sale of burial spaces. The cost of improvements to the cemetery grounds are also accounted for in this fund.

Proprietary Funds –

Proprietary funds are used to account for the Town's ongoing operations and activities which are similar to those often found in the private sector where the intent is that costs of providing goods and services be recovered through user charges. The proprietary funds maintained by the Town are enterprise funds.

Enterprise Funds

Enterprise funds are proprietary funds that are used to report activities for which a fee is charged to external users. These funds 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; 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 Town's enterprise funds are the Gas Utility Fund, the Water Utility Fund, and the Sewer Utility Fund.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The measurement focus determines the accounting and financial reporting treatment applied to a fund. The governmental and business-type activities within the government-wide statement of net position and statement of activities are presented using the economic resources measurement focus. The economic resources measurement focus meets the accounting objectives of determining net income, net position, and cash flows.

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

The fund financial statements use either the current financial resources measurement focus or the economic resources measurement focus as appropriate. Governmental funds use the current financial resources measurement focus. The measurement focus is based upon the receipt and disbursement of current available financial resources rather than upon net income. The measurement focus of the proprietary fund types, the flow of economic resources, is based upon determination of net income, net position and cash flows.

The accrual basis of accounting is used throughout the government-wide statements; conversely, the financial statements of the governmental funds have been prepared in accordance with the modified accrual basis of accounting, whereby revenues are recognized when considered both measurable and available to finance expenditures of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. An exception to this is grants collected on a reimbursement basis. Those reimbursable grants are recognized as revenue when reimbursable expenditures are made. The Town considers reimbursement amounts received within one year as available. The Town accrues intergovernmental revenue, ad valorem and sales tax revenue, franchise fees, charges for services, and investment income based upon this concept. Expenditures generally are recognized when the related fund liabilities are incurred and become payable in the current period. Proceeds of debt are reported as other financing sources, and principal and interest on long-term debt, as well as expenditure related to compensated absences and claims and judgments, are recorded as expenditures when paid.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursement for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the Town. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the Town and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The financial statements of the enterprise funds have been prepared in accordance with the accrual basis of accounting. Accordingly, revenues are recorded when earned, and expenses and related liabilities are recorded when incurred.

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Town. Under state law, the Town may invest in United States bonds, treasury notes, or certificates. Investments are stated at amortized cost.

For the purpose of the proprietary fund statement of cash flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit with an original maturity of three months or less when purchased.

Receivables

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 customer's utility receivables are recognized as bad debts through the establishment of an allowance for uncollectible accounts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for uncollectible accounts at June 30, 2017 was \$353, \$1,188, and \$950 for the Gas Utility, Water Utility, and Sewer Utility Funds, respectively. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, were \$6,417, \$16,443, and \$12,489 for the Gas Utility, Water Utility, and Sewer Utility Funds, respectively, at year end.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from 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.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, 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 capitalizing capital assets.

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to July 1, 2001, governmental 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 type of asset is as follows:

Buildings	10-50 years
Equipment and furniture	3-40 years
Sewerage plant and improvements	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 funds upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Restricted Assets

Restricted assets include cash and interest-bearing deposits 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.

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are 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 and utility meter deposits 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 payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund financial statements as it is in the government-wide statements.

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

Compensated Absences

Sick leave is earned by employees after being fully employed for three months, with a limit of ten days per year. Vacation leave is accumulated as follows:

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

Forty days of sick leave may be carried over to a subsequent year, but vacation is not accumulative. Upon termination of employment, for the convenience of the town, permanent, full-time employees with six months to one year of service are to be paid for one week's base salary. Permanent, full-time employees with one year or more 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.

At June 30, 2017, employees of the Town have accumulated and vested \$12,806 compensated absence benefits. The estimated liabilities include required salary-related payments.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, 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. The Town reported deferred outflows of resources related to pensions of \$46,698 at June 30, 2017.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, 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. The Town reported deferred inflows of resources related to pensions of \$72,440 at June 30, 2017.

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

Equity Classifications

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

- a. Net investment in capital assets consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings 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 external groups, such as creditors, grantors, and contributors, laws or regulations of other governments; or law through constitutional provisions or enabling legislation. It is the Town's policy to use restricted net position prior to the use of unrestricted net position when both restricted and unrestricted net position are available for an expense which has been incurred.
- c. Unrestricted net position consists of all other assets, deferred outflows of resources, liabilities and deferred inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets."

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily upon the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The categories and their purposes are:

- a. Nonspendable includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints requiring they maintain intact.
- b. Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, grantors, contributors or amounts constrained due to constitutional provisions or enabling legislation or the laws or regulations of other governments.
- c. Committed includes fund balance amounts that can be used only for specific purposes that are internally imposed by the Town through formal legislative action of the Board of Aldermen and does not lapse at year end. A committed fund balance constraint can only be established, modified or rescinded by passage of an Ordinance (Law) by the Board of Aldermen.

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

- d. Assigned includes fund balance amounts that are constrained by the Town's intent to be used for specific purposes, that are neither restricted nor committed. The assignment of fund balance is authorized by a directive from the Town Clerk and approval of a Resolution by the Board of Aldermen.
- e. Unassigned includes fund balance amounts which have not been classified within the above-mentioned categories.

It is the Town's policy to use restricted amounts first when both restricted and unrestricted fund balance is available unless prohibited by legal or contractual provisions. Additionally, the Town uses committed, assigned, and lastly unassigned amounts of fund balance in that order when expenditures are made.

Proprietary fund equity is classified the same as in the government-wide statements.

E. Revenues, Expenditures, and Expenses

Revenues

The Town considers revenue to be susceptible to accrual in the governmental funds as it becomes measurable and available, as defined under the modified accrual basis of accounting. The Town generally defines the availability period for revenue recognition as received within sixty (60) days of year end. The Town's major revenue sources that meet this availability criterion are intergovernmental revenues, franchise fees, tax revenue, and charges for services.

There are two classifications of programmatic revenues for the Town, program specific grant and contribution revenue and charges for services. Grant revenues are revenues from federal, state, and private grants. These revenues are recognized when all applicable eligibility requirements are met and are reported as intergovernmental revenues. Charges for services are revenues derived directly from the program itself or from parties outside the Town's taxpayers or citizenry, as a whole. Programs revenues reduce the cost of the function to be financed from the Town's general revenues. The primary sources of program revenue are fees, fines, and charges paid by recipients of goods or services, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and earned income in connection with the operation of the Town's utility system.

Interest income is recorded as earned in the fund holding the interest-bearing asset.

Substantially all other revenues are recorded when received.

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

Operating Revenues and Expenses

In the proprietary funds, operating revenues are those revenues produced as a result of providing services and producing and delivering goods and/or services. Nonoperating revenues are funds primarily provided by investing activities, such as financial institution interest income, gains on disposal of assets and insurance recoveries on property loss. Operating expenses are those expenses related to the production of revenue. Nonoperating expenses are those expenses not directly related to the production of revenue and include items such as interest expense and losses on disposal of assets.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities. In the fund financial statements, expenditures are classified as follows:

- Governmental Funds - By Character
- Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

F. Revenue Restrictions

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales tax	See Note 3
Gas, water and sewer revenue	See Note 11

The Town uses unrestricted resources only when restricted resources are fully depleted.

G. Capitalization of Interest Expense

It is the policy of the Town of Oberlin to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets. At June 30, 2017 there was no interest expense capitalized.

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. These estimates include assessing the collectability of accounts receivable and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

(2) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to taxpayers in November or December. Billed taxes become delinquent on January 1 of the following year. The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Allen Parish. Town property tax revenues are budgeted in the year billed.

For the year ended June 30, 2017, taxes of 3.63 mills were levied on property with assessed valuations totaling \$6,014,600 and were dedicated for general corporate purposes.

Total taxes levied were \$21,833. There was no ad valorem tax receivable at June 30, 2017.

(3) Dedication of Proceeds and Flow of Funds – 1978 and 1989 Sales and Use Tax

Proceeds of a 1 percent sales and use tax levied by the Town of Oberlin (2017 collections of \$133,860) are dedicated to the following purposes:

To be used for 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 or more of the aforesaid capital improvements to the extent and in the manner permitted by the laws of Louisiana.

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

Proceeds of a 0.3 percent sales and use levied by the Town of Oberlin (2017 collections of \$42,271) are dedicated to the following purpose:

Seventy percent to be used for constructing, improving, maintaining and operating public street, sidewalks, and alleys, thirty percent to be used for acquiring, constructing, improving, maintaining and operating recreational facilities. 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.

(4) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in direct obligations of the United States government, bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and/or the United States government, and time certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2017, the Town had cash and interest-bearing deposits (book balances) totaling \$351,414 as follows:

Demand deposits	\$ 5,667
Money market and savings accounts	274,328
Time deposits	<u>71,419</u>
Total	<u>\$ 351,414</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town's deposits may not be recovered or the Town will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. The following is a summary of deposit balances (bank balances) at June 30, 2017, and the related federal insurance and pledged securities:

Bank balances	<u>\$ 399,933</u>
Insured	\$ 255,824
Uninsured and collateral held by pledging bank not in Town's name	<u>144,109</u>
Total	<u>\$ 399,933</u>

Deposits in the amount of \$144,109 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Town's name. The Town does not have a policy for custodial credit risk.

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

(5) Receivables

Receivables at June 30, 2017 totaling \$142,221 consist of the following:

	<u>General</u>	<u>Sales Tax Funds</u>	<u>Utility</u>	<u>Total</u>
Accounts, net	\$ -	\$ -	\$ 97,505	\$ 97,505
Taxes:				
Franchise	14,117	-	-	14,117
Sales and use	-	30,451	-	30,451
Other	148	-	-	148
Totals	<u>\$14,265</u>	<u>\$30,451</u>	<u>\$ 97,505</u>	<u>\$142,221</u>

(6) Due from Other Governmental Units

The amount due from other governmental units of \$45,612 consists of the following at June 30, 2017:

Amount due from State of Louisiana for beer taxes earned for the fiscal year ending June 30, 2017	\$ 728
Amount due from the Coshatta Tribe of Louisiana for the Town's share of gaming revenues earned for the quarter ended June, 2017	<u>44,884</u>
	<u>\$ 45,612</u>

(7) Restricted Assets - Proprietary Fund Type

Restricted assets of \$204,623 consist of the following at June 30, 2017:

Revenue bond and interest sinking account	\$ 423
Revenue bond reserve account	40,964
Revenue bond contingency account and short-lived asset account	60,704
Customer deposits - gas	30,151
Customer deposits - water and sewer	<u>72,381</u>
 Total restricted assets	 <u>\$ 204,623</u>

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

(8) Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Balance</u> <u>07/01/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/17</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 193,812	\$ -	\$ -	\$ 193,812
Construction in progress	43,502	-	-	43,502
Other capital assets:				
Buildings	227,607	-	-	227,607
Infrastructure	935,585	-	-	935,585
Equipment, furniture and fixtures	328,879	12,016	-	340,895
Vehicles	<u>172,270</u>	<u>6,500</u>	<u>20,656</u>	<u>158,114</u>
Totals	<u>1,901,655</u>	<u>18,516</u>	<u>20,656</u>	<u>1,899,515</u>
Less accumulated depreciation				
Buildings	188,651	3,218	-	191,869
Infrastructure	503,077	25,165	-	528,242
Equipment, furniture and fixtures	271,571	16,855	-	288,426
Vehicles	<u>172,269</u>	<u>542</u>	<u>20,656</u>	<u>152,155</u>
Total accumulated depreciation	<u>1,135,568</u>	<u>45,780</u>	<u>20,656</u>	<u>1,160,692</u>
Governmental activities, capital assets, net	<u>\$ 766,087</u>	<u>\$ (27,264)</u>	<u>\$ -</u>	<u>\$ 738,823</u>

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

	Balance 07/01/16	Additions	Deletions	Balance 06/30/17
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 7,224	\$ -	\$ -	\$ 7,224
Construction in Progress	-	30,000	-	30,000
Other capital assets:				
Gas system	356,722	-	-	356,722
Water system	5,508,664	-	-	5,508,664
Sewer system	4,683,328	-	-	4,683,328
Equipment	185,622	47,054	-	232,676
Totals	<u>10,741,560</u>	<u>77,054</u>	<u>-</u>	<u>10,818,614</u>
Less accumulated depreciation				
Gas system	319,574	6,157	-	325,731
Water system	2,627,269	140,710	-	2,767,979
Sewer system	1,354,827	135,786	-	1,490,613
Equipment	108,831	21,422	-	130,253
Total accumulated depreciation	<u>4,410,501</u>	<u>304,075</u>	<u>-</u>	<u>4,714,576</u>
Business-type activities, capital assets, net	<u>\$6,331,059</u>	<u>\$(227,021)</u>	<u>\$ -</u>	<u>\$6,104,038</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 10,205
Police	1,765
Highways and streets	<u>33,810</u>
Total depreciation expense	<u>\$ 45,780</u>

Depreciation expense was charged to business-type activities as follows:

Gas	\$ 6,699
Water	147,959
Sewer	<u>149,417</u>
Total depreciation expense	<u>\$ 304,075</u>

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

(9) Accounts and Other Payables

Accounts and other payables of \$104,268 consist of the following at June 30, 2017:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts payable	\$ 34,481	\$ 61,724	\$ 96,205
Accrued liabilities	<u>8,063</u>	<u>-</u>	<u>8,063</u>
Totals	<u>\$ 42,544</u>	<u>\$ 61,724</u>	<u>\$ 104,268</u>

(10) Changes in Long-term Debt

The following is a summary of long-term debt transactions of the Town for the year ended June 30, 2017:

	<u>Business-Type Activities</u>
Long-term debt payable, July 1, 2016	\$ 2,176,032
Long-term debt issued	-
Long-term debt retired	<u>(40,832)</u>
Long-term debt payable, June 30, 2017	<u>\$ 2,135,200</u>

Long-term debt payable at June 30, 2017 is comprised of the following individual issues:

Sewer revenue bonds-

\$1,687,000 Sewer Revenue Bonds Series 2003 dated January 28, 2003; due in monthly installments of \$7,659 through January 28, 2043; interest at 4.5 percent, secured by Utility Fund revenues	\$1,392,762
\$280,000 Sewer Revenue bonds Series 2005 dated August 16, 2005; due in monthly installments of \$1,207 through July 28, 2045; interest at 4.125 percent, secured by Utility Fund revenues	239,689
\$435,000 Sewer Revenue bonds Series 2007 dated November 28, 2007; due in monthly installments of \$1,940 through November 28, 2047; interest at 4.375 percent, secured by Utility Fund revenues	390,763
\$125,000 Sewer Revenue bonds Series 2007 dated November 28, 2007; due in monthly installments of \$547 through November 28, 2047; interest at 4.25 percent, secured by Utility Fund revenues	<u>111,986</u>
Total	<u>\$2,135,200</u>

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

Annual debt service requirements of bonds outstanding are as follows:

Year ending June 30,	Principal Payments	Interest Payments
2018	42,692	93,549
2019	44,619	91,621
2020	46,634	89,607
2021	48,739	87,502
2022	50,940	85,301
2023-2027	291,350	389,853
2028-2032	363,358	317,846
2033-2037	453,481	228,021
2038-2042	565,237	115,967
2043-2047	220,412	20,833
2048	7,738	108
Totals	<u>\$ 2,135,200</u>	<u>\$ 1,520,208</u>

(11) Flow of Funds; Restrictions on Use – Utilities Revenues

Under the terms of the bond agreements on outstanding Sewer System revenue bonds dated January 28, 2003, August 16, 2005 and November 28, 2007, all revenues derived from operation of the Water and Sewer Utility System will be pledged and dedicated to the retirement of said bonds upon completion of the sewer projects and are to be set aside into the following funds:

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.

Commencing with the first month in which the sewer projects have been completed, 5% of the amount to be paid into the sinking fund account on the 20th of each month must be deposited into a reserve account until the sewer system reserve fund has a balance of \$136,241. In February 2043, the funds on deposit in the reserve fund may be reduced to \$44,333. In July 2047, the funds on deposit in the reserve fund may be reduced to \$29,851.

Also commencing on the first month in which the sewer projects have been completed, \$546 shall be deposited on the 20th of each month into a sewer depreciation and contingency fund until \$136,241 is on deposit in the reserve fund, then monthly deposits increase to \$1,136. In February 2043, the monthly deposit decreases to \$370 and in July 2047, the monthly deposit decreases to \$249.

Upon acceptance by the Town of Oberlin, Louisiana of the sewer projects, \$1,014 must be deposited into a short-lived assets depreciation fund on the 20th day of each month for a period of 15 years.

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

(12) Employee Retirement

All employees of the Town of Oberlin, Louisiana participate in the Social Security System. For the year ended June 30, 2017, the Town and its employees contributed a percentage of each employee's salary to the System (7.65% contributed by the Town, 7.65% by the employees). The Town's contribution during the year ended June 30, 2017, 2016, and 2015 amounted to \$44,258, \$39,110, and \$37,444, respectively, equal to the required contribution for each year.

(13) Pension Plan

Municipal Police Employees Retirement System of Louisiana (System)

The Town participates in a cost-sharing multiple-employer defined benefit pension plan, the Municipal Police Employees Retirement System of Louisiana (MPERS), administered by a separate public employee retirement system. Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of the plan administered by this public employee retirement system to the State Legislature. The plan is not closed to new entrants. One employee of the Town participates in the system.

Plan Description – MPERS provides retirement, disability, and survivor benefits to municipal police officers in Louisiana and their beneficiaries as defined in LRS 11:2211-11:2233.

MPERS financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Interest income is recognized when earned. Insurance premium tax monies are received as additional employer contributions and considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study.

Benefits provided – Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per the number of years of creditable service not to exceed 100% of final salary. Years of service required and/or age eligible for benefits are as follows: 25 years at any age; 20 years at age 55; 12 years at age 55; 20 years at any age with actuarial reduced benefits; 30 years at any age under nonhazardous duty sub plan commencing January 1, 2013; 25 years at age 55 under nonhazardous duty sub plan commencing January 1, 2013; and 10 years at age 60 under nonhazardous duty sub plan commencing January 1, 2013. Benefit percentages per year of service are as follows: 2.5% for membership commencing January 1, 2013 nonhazardous duty plan; 3.0% for hazardous duty plan; and 3.33% for membership prior to January 1, 2013.

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

Contributions – Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer’s portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems’ Actuarial Committee. In addition, MPERS receives insurance premium tax monies as additional employer contributions. These taxes are considered support from a noncontributing entity and appropriated by the Legislature each year based on an actuarial study. For the year ended June 30, 2017, the contribution percentages for employees and employers were 10.0% and 29.5%, respectively. The amounts contributed from non-employer contributing entities and from the Town for the year ended June 30, 2017 were \$2,631 and \$13,237, respectively.

Net Pension Liability – The Town’s net pension liability at June 30, 2017 of \$132,550 is comprised of its proportionate share of the net pension liability relating to the cost-sharing plan. The Town’s net pension liability for the plan was measured as of the plan’s measurement date, June 30, 2016, 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 proportionate share of the net pension liability for the plan was based on the Town’s required contributions in proportion to total required contributions for all employers.

As of the most recent measurement date, the Town’s proportion for the plan was 0.014142% and the change in proportion from the prior measurement date was a decrease of 0.004482%.

Since the measurement date of the pension liability was June 30, 2016, the net pension liability is based upon fiduciary net position for the plan as of that date. Detailed information about the plan’s assets, deferred outflows, deferred inflows, and fiduciary net position that was used in the measurement of the Town’s net pension liability is available in the separately issued plan financial report which may be accessed on their website at <http://lampers.org/>.

Actuarial Assumptions – The following table provides information concerning actuarial assumptions used in the determination of the total pension liability for MPERS:

Valuation Date	June 30, 2016	
Actuarial Cost Method	Entry Age Normal	
Actuarial Assumptions:		
Investment Rate of Return	7.50%, net of investment income	
Expected Remaining Service Lives	4 years	
Inflation Rate	2.88%	
Salary Increases, including inflation and merit	Years of Service	Salary Growth Rate
	1-2	9.75%
	3-23	4.75%
	Over 23	4.25%

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

Cost of Living Adjustments – MPERS has the authority to grant cost-of-living adjustments (COLAs) on an ad hoc basis. Pursuant to LRS 11:242(B), the power of the Board of Trustees of the MPERS to grant a COLA is effective in calendar years that the legislature fails to grant a COLA, unless in the legislation granting a COLA, the legislature authorizes the Board of Trustees to provide an additional COLA. The authority to grant a COLA by the Board is subject to the funded status and interest earnings. The effects of the benefits changes made as a result of the COLAs is included in the measurement of the total pension liability as of the measurement date at which the ad hoc COLA was granted and the amount is known and reasonably estimable.

Discount Rate – The discount rate used to measure the Town’s total liability for MPERS plan and the significant assumptions used in the determination of the discount rate was 7.5%, which was the same rate as the prior valuation. The plan member contributions will be made at the current contribution rate and sponsor contributions will be made at the actuarially determined rates.

The discount rates used to measure the Town’s total pension liability for the pension plan is equal to the long-term expected rate of return on pension plan investments that are expected to be used to finance the payment of benefits. For MPERS, the long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

The target allocation and best estimates of arithmetic/geometric real rates of return for each major asset class are summarized for MPERS in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	53%	3.69%
Fixed Income	21%	0.49%
Alternative	20%	1.11%
Other	<u>6%</u>	<u>0.21%</u>
Totals	100%	5.50%
Inflation		<u>2.75%</u>
Expected Nominal Return		<u>8.25%</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plan – Changes in the net pension liability may either be reported in pension expense in the year the change occurred or recognized as a deferred outflow of resources or a deferred inflow of resources in the year the change occurred and amortized into pension expense over a number of years. For the year ended June 30, 2017, the Town recognized \$(8,258) in pension expense (benefit) related to its pension plan. The Town also recognized revenue in the amount of \$2,631 in insurance premium tax monies from non-employer contributing entities.

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to its pension plan from the following sources:

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ -	\$ 2,109
Changes of assumptions	6,445	8
Net difference between projected and actual earnings on pension plan investments	20,396	-
Change in proportion and differences between Employer contributions and proportionate share of contributions	6,620	70,323
Employer contributions subsequent to the measurement date	<u>13,237</u>	<u>-</u>
Total	<u>\$46,698</u>	<u>\$72,440</u>

Deferred outflows of resources of \$13,237 resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the year ending June 30, 2017. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions to be recognized in pension expense are as follows:

<u>Fiscal Year Ended</u>	
6/30/2018	\$ (19,678)
6/30/2019	(24,238)
6/30/2020	(242)
6/30/2021	5,179

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Town's proportionate share of the net pension liability of the plan, calculated using the discount rate, as well as what the Town's proportionate share of the net pension liability would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1.0% Decrease	Current	1.0% Increase
	6.5%	Discount Rate 7.5%	8.5%
Employ's proportionate share of the net pension liability	\$ 176,701	\$ 132,550	\$ 95,482

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

(14) Segment Information for the Enterprise Fund

The Town of Oberlin, Louisiana maintains three utility departments within its three enterprise funds which provide gas, water, and sewer services. Segment information for the year ended June 30, 2017 is as follows:

	<u>Gas Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Total Enterprise Fund</u>
Operating revenues	\$234,857	\$387,801	\$ 281,658	\$ 904,316
Operating expenses	<u>187,410</u>	<u>333,203</u>	<u>323,033</u>	<u>843,646</u>
Operating income (loss)	<u>\$ 47,447</u>	<u>\$ 54,598</u>	<u>\$ (41,375)</u>	<u>\$ 60,670</u>

(15) Risk Management

The Town is exposed to various risk 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 for each of these risks of loss. Management believes coverage is sufficient to preclude any significant uninsured losses to the Town. There have been no significant reductions in the insurance during the year, nor have settlements exceeded coverage for the past three years.

(16) 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 Governmental Accounting Standards Board Statement 24 as intergovernmental revenues and expenditures as follows:

Intergovernmental Revenues:	
State	<u>\$ 12,650</u>
Expenditures:	
Salaries	<u>\$ 12,650</u>

(17) Pending Litigation

There is no pending litigation against the Town of Oberlin, Louisiana at June 30, 2017.

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

(18) Interfund Transactions

- A. The Town of Oberlin, Louisiana had no interfund receivables or payables at June 30, 2017.
- B. Transfers consist of the following at June 30, 2017:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General Fund	\$ 863,788	\$ 557,577
Sales Tax Fund	-	135,600
Proprietary Funds:		
Gas Utility Fund	93,901	138,516
Water Utility Fund	112,750	338,270
Sewer Utility Fund	<u>157,437</u>	<u>57,913</u>
Total	<u>\$1,227,876</u>	<u>\$1,227,876</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the different funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(19) 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 Aldermen. The amount purchased by the Town for the year ended June 30, 2017 totaled \$9,533. 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.

(20) Other Matters

At June 30, 2017 there is a matter pending before the Louisiana Board of Ethics involving a Town official. This matter involves a Town official receiving compensation for time not actually worked.

(21) Compensation, Benefits and Other Payments to Mayor

A detail of compensation, benefits, and other payments made to Mayor Joseph Manuel for the year ended June 30, 2017 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 14,400

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

(22) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended June 30, 2017 follows:

Mayor:

Joseph Manuel	<u>\$ 14,400</u>
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Aldermen:

Janice Simon	3,900
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Cary Marcantel	3,900
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Tom Germany	3,900
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Robert Vest	-
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Carl Wayne Smith	<u>3,900</u>
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Total compensation paid to Aldermen	<u>\$ 15,600</u>
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**REQUIRED
SUPPLEMENTARY INFORMATION**

TOWN OF OBERLIN, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 96,900	\$ 86,580	\$ 89,567	\$ 2,987
Licenses and permits	69,500	60,275	64,357	4,082
Intergovernmental	186,450	206,000	224,198	18,198
Fines and forfeits	160,000	139,900	125,034	(14,866)
Miscellaneous	<u>6,085</u>	<u>19,556</u>	<u>15,081</u>	<u>(4,475)</u>
Total revenues	<u>518,935</u>	<u>512,311</u>	<u>518,237</u>	<u>5,926</u>
Expenditures:				
Current -				
General government	179,200	210,811	214,298	(3,487)
Public safety - police	416,513	417,902	428,283	(10,381)
Highways and streets	168,000	231,343	241,232	(9,889)
Capital outlay	<u>-</u>	<u>-</u>	<u>18,516</u>	<u>(18,516)</u>
Total expenditures	<u>763,713</u>	<u>860,056</u>	<u>902,329</u>	<u>(42,273)</u>
Deficiency of revenues over expenditures	<u>(244,778)</u>	<u>(347,745)</u>	<u>(384,092)</u>	<u>(36,347)</u>
Other financing sources (uses):				
Transfers in	445,000	524,820	863,788	338,968
Transfers out	<u>(200,000)</u>	<u>(155,000)</u>	<u>(557,577)</u>	<u>(402,577)</u>
Total other financing sources (uses)	<u>245,000</u>	<u>369,820</u>	<u>306,211</u>	<u>(63,609)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	222	22,075	(77,881)	(99,956)
Fund balance, beginning	<u>120,374</u>	<u>120,374</u>	<u>120,374</u>	<u>-</u>
Fund balance, ending	<u>\$ 120,596</u>	<u>\$ 142,449</u>	<u>\$ 42,493</u>	<u>\$ (99,956)</u>

TOWN OF OBERLIN, LOUISIANA
Sales Tax Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sales tax revenue	\$ 185,000	\$ 170,112	\$ 176,131	\$ 6,019
Interest income	<u>60</u>	<u>65</u>	<u>95</u>	<u>30</u>
Total revenues	185,060	170,177	176,226	6,049
Expenditures:				
Current -				
General government:				
Collection fees	<u>3,500</u>	<u>4,250</u>	<u>3,573</u>	<u>677</u>
Excess of revenues over expenditures	<u>181,560</u>	<u>165,927</u>	<u>172,653</u>	<u>6,726</u>
Other financing uses:				
Transfers to general fund	<u>(110,000)</u>	<u>(180,320)</u>	<u>(135,600)</u>	<u>44,720</u>
Excess (deficiency) of revenues over expenditures and other uses	71,560	(14,393)	37,053	51,446
Fund balance, beginning	<u>91,239</u>	<u>91,239</u>	<u>91,239</u>	<u>-</u>
Fund balance, ending	<u>\$ 162,799</u>	<u>\$ 76,846</u>	<u>\$ 128,292</u>	<u>\$ 51,446</u>

TOWN OF OBERLIN, LOUISIANA
Municipal Police Employees' Retirement System

Schedule of Employer's Share of Net Pension Liability
For the Year Ended June 30, 2017

Year ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2017	0.014142%	\$ 132,550	\$ 39,613	334.6%	66.04%
2016	0.018624%	145,900	55,726	261.8%	70.73%
2015	0.030105%	188,339	72,029	261.5%	75.10%

* The amounts presented have a measurement date of the previous fiscal year end.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TOWN OF OBERLIN, LOUISIANA
Municipal Police Employees' Retirement System

Schedule of Employer Contributions
For the Year Ended June 30, 2017

Year ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2017	\$ 13,238	\$ 13,237	1	\$ 41,693	31.75%
2016	11,686	11,686	-	\$ 39,613	29.50%
2015	17,554	17,554	-	55,726	31.50%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TOWN OF OBERLIN, LOUISIANA

Notes to the Required Supplementary Information
Year Ended June 30, 2017

(1) Budget and Budgetary Accounting

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

1. Prior to June 15, the Town Clerk submits to the Mayor and Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

(2) Excess of Expenditures over Appropriations

The General Fund incurred expenditures in excess of appropriations totaling \$42,273 for the year ended June 30, 2017.

(3) Pension Plan

Changes in assumptions – Changes in assumptions about future economic or demographic factors or of other inputs 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 plan. These assumptions include the rate of investment return, mortality of plan members, rate of salary increase, rates of retirement, rates of termination, rates of disability, and various other factors that have an impact on the cost of the plan.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF OBERLIN, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Number of Utility Customers and Water and Sewer Rates
(Unaudited)
June 30, 2017

Records maintained by the Town of Oberlin, Louisiana indicated the following number of customers were being serviced during the month of June 2017:

	Water	Sewer
Residential	844	664
Commercial	90	76
Other	6	6
Total	940	746

The residential and commercial sewer and water rates for of the Town are as follows:

Sewer:

\$17.00 per month for the first 2,000 gallons, then
\$ 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
\$ 4.50 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 Fund
Utility Fund

Schedule of Aged Accounts Receivable
(Unaudited)
June 30, 2017

The aging of accounts receivable is as follows:

	Gas	Water	Sewer	Total
Current	\$11,812	\$28,998	\$22,495	\$63,305
31 - 60 days	65	97	36	198
Over 60 days	134	646	364	1,144
Total	\$12,011	\$29,741	\$22,895	\$64,647

TOWN OF OBERLIN, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Insurance in Force
(Unaudited)
June 30, 2017

Coverage Provided For	Limits of Coverage (in dollars)	Description of Limits	Expiration Date
Workmen's Compensation:			
Employer's liability - Accident	\$ 100,000	Bodily injury by accident each accident	01/01/18
Employer's liability - Disease	\$ 500,000	Bodily injury by disease policy limit	01/01/18
Employer's liability - Disease	\$ 100,000	Bodily injury by disease each employee	01/01/18
Government Crime Policy:			
Employee Theft	\$ 380,000	Blanket	09/25/17
Surety Bonds:			
Chief of Police	\$ 5,000	Each occurrence	07/02/17
Assistant Chief of Police	\$ 10,000	Each occurrence	05/01/18
Errors and Omissions:	\$ 500,000		08/01/17
Automobile Liability:			
Bodily Injury and Property Damage	\$ 500,000	Owned Automobiles Hired and Non-Owned Automobiles	08/01/17
Commercial General liability:			
Bodily Injury and Property Damage			
Premises Operations	\$ 500,000	Per occurrence	08/01/17
Products Completed Operations	\$ 500,000	Aggregate	08/01/17
	\$ 1,000	Medical payments per person	08/01/17
	\$ 10,000	Medical payments per accident	08/01/17
	\$ 500,000	Fire Legal Liability per occurrence	08/01/17
Law Enforcement Officer:			
Personal Injury and Property Damage	\$ 500,000		08/01/17
Commercial:			
Building - Personal Property	\$ 350,000	Per Occurrence/Per Location/Per Building	03/12/18
Contents	\$ 150,000		03/12/18

TOWN OF OBERLIN, LOUISIANA

Comparative Statements of Net Position
 Proprietary Fund - Sewer Enterprise Fund
 June 30, 2017

	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets:		
Cash and interest bearing deposits	\$ 4,969	\$ 3,855
Receivables -		
Accounts	<u>34,434</u>	<u>28,916</u>
Total current assets	<u>39,403</u>	<u>32,771</u>
Noncurrent assets:		
Restricted assets -		
Interest-bearing deposits	102,091	64,475
Capital assets, net of accumulated depreciation	<u>3,304,784</u>	<u>3,389,058</u>
Total noncurrent assets	<u>3,406,875</u>	<u>3,453,533</u>
Total assets	<u>3,446,278</u>	<u>3,486,304</u>
LIABILITIES		
Current liabilities:		
Accounts and other payables	40,850	22,883
Accrued interest payable	787	802
Revenue bonds payable	<u>42,692</u>	<u>40,848</u>
Total current liabilities	84,329	64,533
Noncurrent liabilities:		
Revenue bonds payable	<u>2,092,508</u>	<u>2,135,184</u>
Total liabilities	<u>2,176,837</u>	<u>2,199,717</u>
NET POSITION		
Net investment in capital assets	1,270,888	1,276,699
Unrestricted (deficit)	<u>(1,447)</u>	<u>9,888</u>
Total net position	<u>\$1,269,441</u>	<u>\$1,286,587</u>

INTERNAL CONTROL, COMPLIANCE

AND

OTHER MATTERS

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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

The Honorable Joseph Manuel, Mayor
and members of the Board of Aldermen
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, each major fund, and the aggregate remaining fund information of the Town of Oberlin, Louisiana, (the Town) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 13, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 summary schedule of current and prior year audit findings and corrective action plan, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying summary schedule of current and prior year audit findings and corrective action plan as items 2017-001, 2017-003, 2017-004, and 2016-006 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 summary schedule of current and prior year audit findings and corrective action plan as items 2017-002 and 2017-005 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying summary schedule of current and prior year audit findings and correct action plan as item 2017-007.

Town of Oberlin, Louisiana's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying summary schedule of current and prior year audit findings and corrective action plan. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
December 13, 2017

TOWN OF OBERLIN, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
June 30, 2017

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Date of Completion
CURRENT YEAR (06/30/17) --						
<u>Internal Control</u>						
2017-001	Unknown	Due to the small number of employees, the Town did not have adequate segregation of functions within the accounting function.		No response is considered necessary.	Charlotte Artis, Town Clerk	N/A
2017-002	2007	The Town does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.		The Town has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Charlotte Artis, Town Clerk	N/A
2017-003	2009	The Town has not been adhering to its cutoff policy for delinquent utility customers and violating Ordinance No. 02-11-2013. It is recommended that the Town implement procedures to ensure that the cutoff policy is followed and that aggressive collection attempts be made to collect all past due accounts.		The Town of Oberlin will begin adhering to Ordinance No. 02-11-2013 and begin cutting off all customers on cut-off date with no exceptions.	Charlotte Artis, Town Clerk	Immediately
2017-004	2017	The Town does not have consistent and adequate payroll recordkeeping. Timesheets should be completely filled out and the Town should have all appropriate documents in employee personnel files.		The Town agrees with this finding and will ensure that timesheets are completed and all appropriate documents are included in all employee personnel files.	Charlotte Artis, Town Clerk	Immediately
2017-005	2017	The Town paid several invoices after the due date resulting in late fees being assessed.		The Town will closely monitor all invoices received and disburse funds timely to avoid any late fees.	Charlotte Artis, Town Clerk	Immediately
(continued)						

TOWN OF OBERLIN, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan (Continued)
June 30, 2017

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Date of Completion</u>
CURRENT YEAR (06/30/17) --						
<u>Internal Control</u>						
2017-006	2017	The accounts receivable balance from the general ledger is not being compared to the accounts receivable balance from the subsidiary. Errors or irregularities could be made in the recording of deposits, billings or adjustments without being detected in a timely manner. It is recommended that the accounts receivable balance from the general ledger be compared to the accounts receivable balance from the subsidiary at the end of each month.		The accounts receivable subsidiary will be reconciled to the general ledger on a monthly basis.	Charlotte Artis, Town Clerk	Immediately
<u>Compliance</u>						
2017-007	2016	The Town violated its bond agreement with USDA by not having the proper amount on deposit in its bond reserve account at June 30, 2017.		The Town agrees with this finding and has entered into a five year agreement with USDA that will allow for catch-up contributions to the reserve account to get it current.	Charlotte Artis, Town Clerk	6/30/2021
<u>Management Letter</u>						
2016-008	Unknown	The Sewer Utility Fund experienced an operating loss during the current year of \$41,375. The Town should evaluate operations to determine methods to increase revenues and/or reduce expenses in order to operate at a surplus.		The Town will evaluate operations to determine methods to increase revenues and/or reduce expenses in the Sewer Utility Fund.	Charlotte Artis, Town Clerk	6/30/2016

(continued)

TOWN OF OBERLIN, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan (Continued)
June 30, 2017

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Date of Completion
PRIOR YEAR (06/30/16) --						
<u>Internal Control</u>						
2016-001	Unknown	Due to the small number of employees, the Town did not have adequate segregation of functions within the accounting function.	No	See current year finding 2017-001.		
2016-002	2007	The Town does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	No	See current year finding 2017-002.		
2016-003	2009	The Town has not been adhering to its cutoff policy for delinquent utility customers and violating Ordinance No. 02-11-2013. It is recommended that the Town implement procedures to ensure that the cutoff policy is followed and that aggressive collection attempts be made to collect all past due accounts.	No	See current year finding 2017-003.		
<u>Compliance</u>						
2016-004	2016	The Town violated its bond agreement with USDA by not having the proper amount on deposit in its bond reserve account at June 30, 2016.		See current year finding 2017-007.		
<u>Management Letter</u>						
2016-005	Unknown	The Water and Sewer Utility Funds experienced operating losses during the current year of \$3,366 and \$42,013, respectively. The Town should evaluate operations to determine methods to increase revenues and/or reduce expenses in order to operate at a surplus.	No	See current year finding 2017-008.		

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MANAGEMENT LETTER

The Honorable Joseph Manuel, Mayor
and Members of the Board of Aldermen
Town of Oberlin, Louisiana

We have completed our audit of the basic financial statements of the Town of Oberlin, Louisiana for the year ended June 30, 2017, and submit the following recommendation for your consideration:

The Sewer Utility Fund experienced an operating loss during the current year of \$41,375. The Town should evaluate operations to determine methods to increase revenues and/or reduce expenses in order to operate at a surplus.

In conclusion, we express our appreciation to you and your staff, particularly to your office staff, for the courtesies and assistance rendered to us during the performance of our audit. Should you have any questions or need assistance in implementing our recommendations, please feel free to contact us.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
December 13, 2017

TOWN OF OBERLIN, LOUISIANA

Statewide Agreed-Upon Procedures Report

Year Ended June 30, 2017

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable Joseph Manuel,
Mayor, Members of the Board
of Aldermen, Town of Oberlin, and
The Louisiana Legislative Auditor

Retired

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We have performed the procedures enumerated below, which were agreed to by the management of the Town of Oberlin (the Town) and the Louisiana Legislative Auditor (LLA), on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Town's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget

Written policies and procedures were obtained and do not address the functions noted above.

- 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.

Written policies and procedures were obtained and do not address the functions noted above.

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

Written policies and procedures were obtained and do not address the functions noted above.

- d) **Receipts**, including receiving, recording, and preparing deposits
Written policies and procedures were obtained and do not address the functions noted above.
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
Written policies and procedures were obtained and address the functions noted above.
- 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
Written policies and procedures were obtained and do not address the functions noted above.
- 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, and (5) monitoring card usage
The Town does not have any type of credit or debit cards, therefore this procedure is not applicable.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
Written policies and procedures were obtained and address the functions noted above.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
Written policies and procedures were obtained and do not address the functions noted above.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
Written policies and procedures were obtained and do not address the functions noted above.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
Obtained and reviewed minutes of the managing board for the fiscal period noting that the board met monthly.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
Minutes made no reference to monthly budget-to-actual comparisons.
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

Minutes made no reference to monthly budget-to-actual comparisons; therefore we are unable to test this item.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.)

For at least one meeting during the fiscal period, the minutes referenced non-budgetary financial information.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Obtained listing of client bank accounts from management and management's representation that listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Obtained bank statements and reconciliations for all months in the fiscal period noting that reconciliations have been prepared for all months.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

None of the bank accounts tested had any evidence that management reviewed the bank reconciliation.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Of the nine (9) bank accounts tested, two (2) of the bank reconciliations had items outstanding for more than 6 months with no evidence that management has researched the items.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Obtained listing of cash collection locations and management's representation that listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded*

from selection if they are otherwise addressed in a separate audit or AUP engagement. **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

In the location tested, the person responsible for collecting cash also deposits the cash in the bank and records the deposit.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Written documentation was obtained and address the functions noted above.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

There were no exceptions noted.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Collection documentation was obtained and address the functions noted above.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

Written policies and procedures were obtained and did not address the functions noted above for any of the locations tested.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Listing of disbursements and management's representation that the listing is complete was obtained.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Examined supporting documentation for each of the 25 disbursements selected and found that 3 purchases were initiated without using a purchase order system.

b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

There were no exceptions noted.

c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Examined supporting documentation for each of the 25 disbursements and found all but 3 payments were processed with proper approval, receiving report and approved invoice.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Written policies and procedures were obtained and do not address the functions noted above.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Written policies and procedures were obtained and do not address the functions noted above.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

There were no exceptions noted.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

The Town does not have a signature stamp or signature machine.

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

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

Obtained representation from management that the Town does not have any credit or debit cards.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Not applicable.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, 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.]

Not applicable.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Not applicable.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

Not applicable.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Not applicable.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Not applicable.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

Not applicable.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Not applicable.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Listing of travel and expense reimbursements by person and management's representation that the listing is complete was obtained.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Policies were obtained. No amounts listed exceed GSA rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

There were no exceptions noted.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

No exceptions noted.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

No exceptions noted.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

No exceptions noted.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

- 20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Listing of all contracts in effect and management's representation that the listing is complete was obtained.

- 21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

No exceptions noted.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

No noncompliance noted.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

No noncompliance noted.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

Not applicable.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

No noncompliance noted.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

No exceptions noted.

Payroll and Personnel

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

Listing of employees with their related salaries and management's representation that the listing is complete was obtained.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

No exceptions noted.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

No exceptions noted.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

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

No exceptions noted.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

Of the 25 attendance and leave records tested, 4 of them did not have supervisor approval.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

There were no exceptions noted.

- 24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

No exceptions noted.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

No exceptions noted.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Of the 5 employees tested, 4 of them did not have evidence for completion of required ethics training.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Management asserted that they have received 2 allegations during the fiscal period. Both were investigated and addressed.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Not applicable.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Debt reserves were not maintained for the Town’s debt with USDA. There is an agreement in place to make the necessary payments to bring the balance to the required amount.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Not applicable.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management has asserted that the entity did not have any misappropriations of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Required notices were posted on the entity's premises. The Town does not have a website.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions noted.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those 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.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the results 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.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
December 13, 2017