

KOLDER, SLAVEN & COMPANY, LLC

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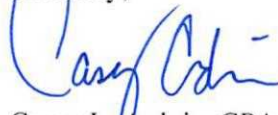
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March 31, 2021

Mr. Daryl Pupera, CPA
Louisiana Legislative Auditor

The audit report for the Town of Oberlin, Louisiana for the fiscal year ended June 30, 2020 is being revised. Subsequent to approval and issuance of the audit report, Town officials discovered errors in the budget document provided to us during our audit. The final budget amounts reported on the budgetary comparison schedule for the General Fund on page 44 have been revised to reflect the actual final budget adopted. These revisions have no impact on actual financial statement results; however, previously reported finding #2020-015 Noncompliance with Budget Act – Deficit has been removed. Previously reported findings #2020-016, 2020-017, and 2020-018 have been renumbered as #2020-015, 2020-016, and 2020-017, respectively. These changes can be noted on pages 58, 72, 73, 74, 80, and 81.

Sincerely,



Casey L. Ardoin, CPA
Kolder, Slaven & Company, LLC

TOWN OF OBERLIN, LOUISIANA

Financial Report

Year Ended June 30, 2020

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-3
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of net position	6
Statement of activities	7
FUND FINANCIAL STATEMENTS (FFS)	
Balance sheet - governmental funds	10
Reconciliation of the governmental funds balance sheet to the statement of net position	11
Statement of revenues, expenditures, and changes in fund balances - governmental funds	12
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	13
Statement of net position - proprietary funds	14
Statement of revenues, expenses, and changes in net position - proprietary funds	15
Statement of cash flows - proprietary funds	16-17
Notes to basic financial statements	18-42
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedules:	
General Fund	44
Sales Tax Fund	45
Schedule of employer's share of net pension liability	46
Schedule of employer contributions	47
Notes to the required supplementary information	48-49
OTHER SUPPLEMENTARY INFORMATION	
Schedule of number of utility customers and water and sewer rates (unaudited)	51
Schedule of aged accounts receivable (unaudited)	52
Schedule of insurance in force (unaudited)	53
Comparative statements of net position - water enterprise fund	54
Comparative statements of net position - sewer enterprise fund	55
INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS	
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 <i>Government Auditing Standards</i>	57-58
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	59-60
Schedule of expenditures of federal awards	61
Notes to schedule of expenditures of federal awards	62
Schedule of findings and questioned costs	63-75
Corrective action plan	76-81
Summary schedule of prior year audit findings	82-85

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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, 2020, 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, 2020, 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 schedules, the schedule of employer's share of net pension liability, and the schedule of employer contributions on pages 44 through 49 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 accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The prior year comparative information reported on the comparative statements has been derived from the Town of Oberlin, Louisiana's 2019 financial statements, which was subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, were 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 February 5, 2021, 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 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, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
February 5, 2021

BASIC FINANCIAL STATEMENTS

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

TOWN OF OBERLIN, LOUISIANA

Statement of Net Position
June 30, 2020

ASSETS	Governmental Activities	Business-Type Activities	Total
Current assets:			
Cash and interest-bearing deposits	\$ 47,115	\$ 70,850	\$ 117,965
Receivables, net	60,899	97,821	158,720
Due from other governmental units	46,076	399,977	446,053
Total current assets	<u>154,090</u>	<u>568,648</u>	<u>722,738</u>
Noncurrent assets:			
Restricted assets:			
Cash and interest-bearing deposits	-	274,718	274,718
Cash with paying agent	-	190,222	190,222
Total restricted assets	-	464,940	464,940
Capital assets, net	633,628	10,042,064	10,675,692
Total noncurrent assets	<u>633,628</u>	<u>10,507,004</u>	<u>11,140,632</u>
Total assets	<u>787,718</u>	<u>11,075,652</u>	<u>11,863,370</u>
Deferred outflows of resources	42,006	-	42,006
LIABILITIES			
Current liabilities:			
Accounts and other payables	107,101	38,293	145,394
Accrued compensated absences	4,651	2,961	7,612
Contracts and retainage payable	-	588,572	588,572
Accrued interest payable	-	4,193	4,193
Revenue bonds payable	-	108,920	108,920
Total current liabilities	<u>111,752</u>	<u>742,939</u>	<u>854,691</u>
Noncurrent liabilities:			
Customer deposits payable	-	90,602	90,602
Revenue bonds payable	-	5,672,413	5,672,413
Net pension liability	106,083	-	106,083
Total noncurrent liabilities	<u>106,083</u>	<u>5,763,015</u>	<u>5,869,098</u>
Total liabilities	<u>217,835</u>	<u>6,505,954</u>	<u>6,723,789</u>
Deferred inflows of resources	30,698	-	30,698
NET POSITION			
Net investment in capital assets	633,628	4,628,441	5,262,069
Restricted	53,994	-	53,994
Unrestricted	<u>(106,431)</u>	<u>(58,743)</u>	<u>(165,174)</u>
Total net position	<u>\$ 581,191</u>	<u>\$ 4,569,698</u>	<u>\$ 5,150,889</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, 2020

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	\$ 285,953	\$ 59,603	\$ 3,395	\$ -	\$(222,955)	\$ -	\$ (222,955)
Public safety:							
Police	368,903	48,380	-	-	(320,523)	-	(320,523)
Highways and streets	291,376	-	120	-	(291,256)	-	(291,256)
Culture and recreation	440	-	-	-	(440)	-	(440)
Total governmental activities	<u>946,672</u>	<u>107,983</u>	<u>3,515</u>	<u>-</u>	<u>(835,174)</u>	<u>-</u>	<u>(835,174)</u>
Business-type activities:							
Gas Fund	10	-	-	-	-	(10)	(10)
Water Fund	357,217	445,863	-	398,355	-	487,001	487,001
Sewer Fund	353,722	311,946	-	5,250	-	(36,526)	(36,526)
Total business-type activities	<u>710,949</u>	<u>757,809</u>	<u>-</u>	<u>403,605</u>	<u>-</u>	<u>450,465</u>	<u>450,465</u>
Total	<u>\$ 1,657,621</u>	<u>\$ 865,792</u>	<u>\$ 3,515</u>	<u>\$ 403,605</u>	<u>(835,174)</u>	<u>450,465</u>	<u>(384,709)</u>
General revenues:							
Taxes -							
Property taxes, levied for general purposes					21,870	-	21,870
Sales and use taxes, levied for general purposes					220,313	-	220,313
Franchise taxes					74,832	-	74,832
Grants and contributions not restricted to specific programs -							
State sources					170,954	-	170,954
Interest and investment earnings					122	454	576
Non-employer pension contribution					2,405	-	2,405
Miscellaneous					13,586	-	13,586
Transfers					201,162	(201,162)	-
Total general revenues and transfers					<u>705,244</u>	<u>(200,708)</u>	<u>504,536</u>
Change in net position					(129,930)	249,757	119,827
Net position, as restated - July 1, 2019					<u>711,121</u>	<u>4,319,941</u>	<u>5,031,062</u>
Net position - June 30, 2020					<u>\$ 581,191</u>	<u>\$ 4,569,698</u>	<u>\$ 5,150,889</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.

TOWN OF OBERLIN, LOUISIANA

Balance Sheet - Governmental Funds

June 30, 2020

	<u>General</u>	<u>Sales Tax</u>	<u>Other Governmental</u>	<u>Total</u>
ASSETS				
Cash and interest-bearing deposits	\$ 31,021	\$ 6,618	\$ 9,476	\$ 47,115
Receivables -				
Taxes	-	47,376	-	47,376
Other	13,523	-	-	13,523
Due from other governmental units	<u>46,076</u>	<u>-</u>	<u>-</u>	<u>46,076</u>
Total assets	<u>\$ 90,620</u>	<u>\$ 53,994</u>	<u>\$ 9,476</u>	<u>\$ 154,090</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 82,579	\$ -	\$ -	\$ 82,579
Accrued liabilities	<u>24,522</u>	<u>-</u>	<u>-</u>	<u>24,522</u>
Total liabilities	<u>107,101</u>	<u>-</u>	<u>-</u>	<u>107,101</u>
Fund balances:				
Restricted - sales tax dedications	-	53,994	-	53,994
Committed	-	-	9,476	9,476
Unassigned	<u>(16,481)</u>	<u>-</u>	<u>-</u>	<u>(16,481)</u>
Total fund balances	<u>(16,481)</u>	<u>53,994</u>	<u>9,476</u>	<u>46,989</u>
Total liabilities and fund balance	<u>\$ 90,620</u>	<u>\$ 53,994</u>	<u>\$ 9,476</u>	<u>\$ 154,090</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, 2020

Total fund balances for governmental funds at June 30, 2020		\$	46,989
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		193,812	
Buildings and improvements, net of \$204,085 accumulated depreciation		90,419	
Infrastructure, net of \$603,737 accumulated depreciation		331,847	
Equipment, furniture, and fixtures, net of \$337,935 accumulated depreciation		15,492	
Vehicles, net of \$156,055 accumulated depreciation		<u>2,058</u>	633,628
Deferred outflows of resources related to net pension liability			42,006
Some liabilities are not due and payable from current financial resources and are, therefore not reported in the funds. These liabilities consist of the following:			
Compensated absences		(4,651)	
Net pension liability		<u>(106,083)</u>	(110,734)
Deferred inflows of resources related to net pension liability			<u>(30,698)</u>
Total net position of governmental activities at June 30, 2020		\$	<u>581,191</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, 2020

	General	Sales Tax Fund	Other Governmental	Total
Revenues:				
Taxes	\$ 96,702	\$ 220,313	\$ -	\$ 317,015
Licenses and permits	56,941	-	-	56,941
Intergovernmental	186,131	-	-	186,131
Fines and forfeits	48,380	-	-	48,380
Miscellaneous	4,623	44	41	4,708
Total revenues	392,777	220,357	41	613,175
Expenditures:				
Current -				
General government	273,914	4,458	-	278,372
Public safety:				
Police	374,282	-	-	374,282
Highways and streets	259,338	-	-	259,338
Culture and recreation	440	-	-	440
Capital outlay	13,638	-	-	13,638
Total expenditures	921,612	4,458	-	926,070
Excess (deficiency) of revenues over expenditures	(528,835)	215,899	41	(312,895)
Other financing sources (uses):				
Transfers in	744,015	10,252	-	754,267
Transfers out	(289,811)	(263,294)	-	(553,105)
Total other financing sources (uses)	454,204	(253,042)	-	201,162
Net change in fund balances	(74,631)	(37,143)	41	(111,733)
Fund balances, beginning	58,150	91,137	9,435	158,722
Fund balances (deficit), ending	\$ (16,481)	\$ 53,994	\$ 9,476	\$ 46,989

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, 2020

Total net changes in fund balances at June 30, 2020 per the statement of revenues, expenditures and changes in fund balances			\$ (111,733)
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 purchases which are considered as expenditures on the statement of revenues, expenditures, and changes in fund balances		\$ 13,587	
Depreciation expense for the year ended June 30, 2020		<u>(47,415)</u>	(33,828)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.			
Net pension liability		12,069	
Compensated absences		<u>3,562</u>	<u>15,631</u>
Total changes in net position at June 30, 2020 per statement of activities			<u>\$ (129,930)</u>

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

TOWN OF OBERLIN, LOUISIANA

Statement of Net Position
 Proprietary Funds
 Business-Type Activities - Enterprise Funds
 June 30, 2020

	Water Fund	Sewer Fund	Other Enterprise Fund	Total
ASSETS				
Current assets:				
Cash and interest bearing deposits	\$ 12,145	\$ 42,625	\$ 228	\$ 54,998
Receivables -				
Accounts	60,358	37,463	-	97,821
Grant	<u>399,977</u>	<u>-</u>	<u>-</u>	<u>399,977</u>
Total current assets	<u>472,480</u>	<u>80,088</u>	<u>228</u>	<u>552,796</u>
Noncurrent assets:				
Restricted assets -				
Interest-bearing deposits	97,549	181,681	11,340	290,570
Cash with paying agent	<u>190,222</u>	<u>-</u>	<u>-</u>	<u>190,222</u>
Total restricted assets	<u>287,771</u>	<u>181,681</u>	<u>11,340</u>	<u>480,792</u>
Capital assets, net of accumulated depreciation	<u>6,532,975</u>	<u>3,509,089</u>	<u>-</u>	<u>10,042,064</u>
Total noncurrent assets	<u>6,820,746</u>	<u>3,690,770</u>	<u>11,340</u>	<u>10,522,856</u>
Total assets	<u>7,293,226</u>	<u>3,770,858</u>	<u>11,568</u>	<u>11,075,652</u>
LIABILITIES				
Current liabilities (payable from current assets):				
Accounts and other payables	22,114	16,169	10	38,293
Accrued interest payable	3,697	496	-	4,193
Contracts payable	431,411	-	-	431,411
Retainage payable	157,161	-	-	157,161
Accrued compensated absences	<u>2,961</u>	<u>-</u>	<u>-</u>	<u>2,961</u>
Total	<u>617,344</u>	<u>16,665</u>	<u>10</u>	<u>634,019</u>
Current liabilities (payable from restricted assets):				
Customer deposits payable	79,262	-	11,340	90,602
Revenue bonds payable	<u>60,181</u>	<u>48,739</u>	<u>-</u>	<u>108,920</u>
Total	<u>139,443</u>	<u>48,739</u>	<u>11,340</u>	<u>199,522</u>
Total current liabilities	<u>756,787</u>	<u>65,404</u>	<u>11,350</u>	<u>833,541</u>
Noncurrent liabilities:				
Revenue bonds payable	<u>3,719,849</u>	<u>1,952,564</u>	<u>-</u>	<u>5,672,413</u>
Total liabilities	<u>4,476,636</u>	<u>2,017,968</u>	<u>11,350</u>	<u>6,505,954</u>
NET POSITION				
Net investment in capital assets	2,939,470	1,688,971	-	4,628,441
Unrestricted	<u>(122,880)</u>	<u>63,919</u>	<u>218</u>	<u>(58,743)</u>
Total net position	<u>\$ 2,816,590</u>	<u>\$ 1,752,890</u>	<u>\$ 218</u>	<u>\$ 4,569,698</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 Funds
 Business-Type Activities - Enterprise Funds
 For the Year Ended June 30, 2020

	Water Fund	Sewer Fund	Other Enterprise Fund	Total Enterprise Funds
Operating revenues:				
Charges for services	\$ 445,863	\$ 311,946	\$ -	\$ 757,809
Operating expenses:				
Depreciation	133,312	162,972	-	296,284
Equipment rental	830	-	-	830
Gas and oil	81	-	-	81
Insurance	20,366	1,342	-	21,708
Materials and supplies	52,006	24,459	-	76,465
Miscellaneous	2,285	885	10	3,180
Salaries	21,826	-	-	21,826
Payroll taxes	5,755	-	-	5,755
Professional services	51,873	51,730	-	103,603
Repairs and maintenance	3,210	3,557	-	6,767
Utilities	33,095	19,103	-	52,198
Total operating expenses	<u>324,639</u>	<u>264,048</u>	<u>10</u>	<u>588,697</u>
Total operating income (loss)	<u>121,224</u>	<u>47,898</u>	<u>(10)</u>	<u>169,112</u>
Nonoperating revenues (expenses):				
Interest income	263	177	14	454
Interest expense	<u>(32,578)</u>	<u>(89,674)</u>	<u>-</u>	<u>(122,252)</u>
Total nonoperating revenues (expense)	<u>(32,315)</u>	<u>(89,497)</u>	<u>14</u>	<u>(121,798)</u>
Income (loss) before contributions and transfers	88,909	(41,599)	4	47,314
Capital contributions	<u>398,355</u>	<u>5,250</u>	<u>-</u>	<u>403,605</u>
Income (loss) before transfers	487,264	(36,349)	4	450,919
Transfers in (out)	<u>(213,843)</u>	<u>20,187</u>	<u>(7,506)</u>	<u>(201,162)</u>
Change in net position	273,421	(16,162)	(7,502)	249,757
Net position, beginning, as restated	<u>2,543,169</u>	<u>1,769,052</u>	<u>7,720</u>	<u>4,319,941</u>
Net position, ending	<u>\$2,816,590</u>	<u>\$1,752,890</u>	<u>\$ 218</u>	<u>\$4,569,698</u>

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

TOWN OF OBERLIN, LOUISIANA

Statement of Cash Flows
 Proprietary Funds
 Business-Type Activities - Enterprise Funds
 For the Year Ended June 30, 2020

	Water Fund	Sewer Fund	Other Enterprise Fund	Total
Cash flows from operating activities:				
Receipts from customers	\$ 442,103	\$ 317,852	\$ -	\$ 759,955
Payments to suppliers	(226,034)	(144,193)	(3,260)	(373,487)
Payments to employees	(26,682)	-	-	(26,682)
Net cash provided by operating activities	<u>189,387</u>	<u>173,659</u>	<u>(3,260)</u>	<u>359,786</u>
Cash flows from noncapital financing activities:				
Transfers from (to) other funds	<u>(213,843)</u>	<u>20,187</u>	<u>(7,506)</u>	<u>(201,162)</u>
Cash flows from capital and related financing activities:				
Net proceeds from (principal paid) on revenue bonds payable	2,316,330	(46,610)	-	2,269,720
Interest paid on revenue bonds	(69,155)	(89,674)	-	(158,829)
Capital contributions	-	47,295	-	47,295
Net change in customer meter deposits	1,454	-	96	1,550
Net sale (purchase) of capital assets	<u>(2,207,532)</u>	<u>(21,709)</u>	<u>-</u>	<u>(2,229,241)</u>
Net cash provided (used) by capital and related financing activities	<u>41,097</u>	<u>(110,698)</u>	<u>96</u>	<u>(69,505)</u>
Cash flows from investing activities:				
Net purchases of interest-bearing deposits with a maturity in excess of ninety days	(171)	-	-	(171)
Interest received on interest-bearing deposits	<u>263</u>	<u>177</u>	<u>14</u>	<u>454</u>
Net cash provided by investing activities	<u>92</u>	<u>177</u>	<u>14</u>	<u>283</u>
Net increase (decrease) in cash and cash equivalents	16,733	83,325	(10,656)	89,402
Cash and cash equivalents, beginning of period	<u>55,071</u>	<u>140,981</u>	<u>22,224</u>	<u>218,276</u>
Cash and cash equivalents, end of period	<u>\$ 71,804</u>	<u>\$ 224,306</u>	<u>\$ 11,568</u>	<u>\$ 307,678</u>

(continued)

TOWN OF OBERLIN, LOUISIANA

Statement of Cash Flows (Continued)
 Proprietary Funds
 Business-Type Activities - Enterprise Funds
 For the Year Ended June 30, 2020

	Water Fund	Sewer Fund	Other Enterprise Fund	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 121,224	\$ 47,898	\$ (10)	\$ 169,112
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	133,312	162,972	-	296,284
Changes in current assets and liabilities:				
(Increase) decrease in accounts receivable	(3,760)	5,906	-	2,146
Decrease in accounts payable	(62,288)	(43,117)	(3,250)	(108,655)
Increase in accrued liabilities	899	-	-	899
Net cash provided by operating activities	<u>\$ 189,387</u>	<u>\$ 173,659</u>	<u>\$ (3,260)</u>	<u>\$ 359,786</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	\$ 14,803	\$ 5,714	\$ 10,876	\$ 31,393
Cash - restricted	77,987	135,267	11,348	224,602
Less: Certificates of deposit with a maturity over three months when purchased	<u>(37,719)</u>	<u>-</u>	<u>-</u>	<u>(37,719)</u>
Total cash and cash equivalents	<u>55,071</u>	<u>140,981</u>	<u>22,224</u>	<u>218,276</u>
Cash and cash equivalents, end of period -				
Cash - unrestricted	12,145	42,625	228	54,998
Cash - restricted	97,549	181,681	11,340	290,570
Less: Certificates of deposit with a maturity over three months when purchased	<u>(37,890)</u>	<u>-</u>	<u>-</u>	<u>(37,890)</u>
Total cash and cash equivalents	<u>71,804</u>	<u>224,306</u>	<u>11,568</u>	<u>307,678</u>
Net increase (decrease)	<u>\$ 16,733</u>	<u>\$ 83,325</u>	<u>\$ (10,656)</u>	<u>\$ 89,402</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.

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

Fund Financial Statements

The 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. The minimum number of funds is maintained consistent with legal and managerial requirements. Fund financial statements report detailed information about the Town. The various funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major funds, each displayed in a separate column.

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

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. A fund is also considered major if it is the primary operating fund 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.

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.

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

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 major enterprise funds are the Water Utility Fund and the Sewer Utility Fund. The Town's nonmajor enterprise fund is the Gas 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.

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.

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

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.

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, 2020 was \$106 and \$101 for the 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 \$20,155 and \$10,855 for the Water Utility and Sewer Utility Funds, respectively, at year end.

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

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 acquisition value at the date of donation. The Town maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. 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.

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

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.

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. For government-wide and fund reporting, issuance costs, even if withheld from the actual net proceeds received, are reported as expenditures in the year of issuance. The accounting for proprietary fund long-term debt is the same in the fund financial statements as it is in the government-wide statements.

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, 2020, employees of the Town have accumulated and vested \$7,612 compensated absence benefits. The estimated liabilities include required salary-related payments.

Pensions

The net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense (See Note 12), have been determined using the flow of economic resources measurement focus and full accrual basis of accounting. Member's earnable compensation, for which the employer allocations are based, is recognized in the period in which the employee is compensated for services performed. For purposes of measuring the net pension

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

compensated for services performed. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans, and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purposes, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Non-employer contributions are recognized as revenue in the government-wide financial statements. In the governmental fund financial statements contributions are recognized as expenditures when made.

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.

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.

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. At June 30, 2020, the Town reported \$53,994 of restricted net position, all of which was restricted by 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.

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

- 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.
- d. Assigned includes fund balance amounts that are constrained by the Town’s intent to be used for specific purposes, that are neither restricted not 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.

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

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 three classifications of programmatic revenues for the Town, program specific grant and contribution revenue (operating and capital) 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.

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

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

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
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, 2020 there was no interest expense capitalized.

H. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

(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, 2020, taxes of 3.80 mills were levied on property with assessed valuations totaling \$5,880,810 and were dedicated for general corporate purposes.

Total taxes levied were \$22,347. There was no ad valorem tax receivable at June 30, 2020.

(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 (2020 collections of \$167,438) 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.

Proceeds of a 0.3 percent sales and use levied by the Town of Oberlin (2020 collections of \$52,875) 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.

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

(4) Deficit Fund Balance

The General Fund had a deficit fund balance June 30, 2020 of \$16,481. This deficit will be eliminated by increasing revenues and/or reducing expenditures as well as transfers from other funds.

(5) 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, 2020, the Town had cash and interest-bearing deposits (book balances) totaling \$392,683 as follows:

Demand deposits	\$ 51,887
Money market and savings accounts	295,007
Time deposits	<u>45,789</u>
Total	<u>\$ 392,683</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, 2020, and the related federal insurance and pledged securities:

Bank balances	<u>\$ 379,753</u>
Insured	\$ 294,827
Uninsured and collateral held by pledging bank not in Town's name	<u>84,926</u>
Total	<u>\$ 379,753</u>

Deposits in the amount of \$84,926 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)

(6) Receivables

Receivables at June 30, 2020 totaling \$158,720 consist of the following:

	<u>General</u>	Sales <u>Tax Funds</u>	<u>Utility</u>	<u>Total</u>
Accounts, net	\$ -	\$ -	\$ 97,821	\$ 97,821
Taxes:				
Franchise	13,523	-	-	13,523
Sales and use	<u>-</u>	<u>47,376</u>	<u>-</u>	<u>47,376</u>
Totals	<u>\$ 13,523</u>	<u>\$ 47,376</u>	<u>\$ 97,821</u>	<u>\$ 158,720</u>

(7) Due from Other Governmental Units

The amount due from other governmental units of \$446,053 consisted of the following at June 30, 2020:

Amount due from State of Louisiana for beer taxes earned for the fiscal year ending June 30, 2019	\$ 824
Amount due from the Coushatta Tribe of Louisiana for the Town's share of gaming revenues earned for the quarter ended June 2019	45,252
Amount due from the State of Louisiana Community Water Enrichment Fund grant	1,627
Amount due from United States Department of Agriculture	<u>398,350</u>
	<u>\$446,053</u>

(8) Restricted Assets - Proprietary Fund Type

Restricted assets of \$274,718 consist of the following at June 30, 2020:

Revenue bond and interest sinking account	\$ 725
Revenue bond reserve account	96,811
Revenue bond contingency account and short-lived asset account	84,145
Construction account - water	2,332
Customer deposits - gas	11,340
Customer deposits - water and sewer	<u>79,365</u>
 Total restricted assets	 <u>\$ 274,718</u>

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

(9) Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>Balance</u> <u>07/01/19</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/20</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 193,812	\$ -	\$ -	\$ 193,812
Construction in progress	61,497	-	61,497	-
Other capital assets:				
Buildings	227,607	66,897	-	294,504
Infrastructure	935,585	-	-	935,585
Equipment, furniture and fixtures	345,238	8,187	-	353,425
Vehicles	158,114	-	-	158,114
Totals	<u>1,921,853</u>	<u>75,084</u>	<u>61,497</u>	<u>1,935,440</u>
Less accumulated depreciation				
Buildings	197,981	6,104	-	204,085
Infrastructure	578,572	25,165	-	603,737
Equipment, furniture and fixtures	323,089	14,846	-	337,935
Vehicles	154,755	1,300	-	156,055
Total accumulated depreciation	<u>1,254,397</u>	<u>47,415</u>	<u>-</u>	<u>1,301,812</u>
Governmental activities, capital assets, net	<u>\$ 667,456</u>	<u>\$ 27,669</u>	<u>\$ 61,497</u>	<u>\$ 633,628</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 13,472
Police	1,773
Highways and streets	<u>32,170</u>
Total depreciation expense	<u>\$ 47,415</u>

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

Business-type activities:

Capital assets not being depreciated:

Land	\$ 7,224	\$ -	\$ -	\$ 7,224
Construction in Progress	2,631,874	2,207,533	667,404	4,172,003

Other capital assets:

Water system	5,508,664	-	-	5,508,664
Sewer system	4,683,328	672,654	-	5,355,982
Equipment	<u>234,443</u>	<u>16,458</u>	<u>-</u>	<u>250,901</u>
Totals	<u>13,065,533</u>	<u>2,896,645</u>	<u>667,404</u>	<u>15,294,774</u>

Less accumulated depreciation

Water system	3,027,177	129,599	-	3,156,776
Sewer system	1,762,185	143,260	-	1,905,445
Equipment	<u>167,064</u>	<u>23,425</u>	<u>-</u>	<u>190,489</u>
Total accumulated depreciation	<u>4,956,426</u>	<u>296,284</u>	<u>-</u>	<u>5,252,710</u>

Business-type activities,

capital assets, net	<u>\$ 8,109,107</u>	<u>\$ 2,600,361</u>	<u>\$ 667,404</u>	<u>\$ 10,042,064</u>
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Depreciation expense was charged to business-type activities as follows:

Water	\$ 133,312
Sewer	<u>162,972</u>
Total depreciation expense	<u>\$ 296,284</u>

(10) Accounts and Other Payables

Accounts and other payables of \$145,394 consist of the following at June 30, 2020:

	Governmental Activities	Business-type Activities	Total
Accounts payable	\$ 82,579	\$ 36,785	\$ 119,364
Accrued liabilities	<u>24,522</u>	<u>1,508</u>	<u>26,030</u>
Totals	<u>\$ 107,101</u>	<u>\$ 38,293</u>	<u>\$ 145,394</u>

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

(11) Changes in Long-term Debt

The following is a summary of long-term debt transactions of the Town for the year ended June 30, 2020:

	<u>Balance 07/01/19</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/20</u>	<u>Amount due in one year</u>
Long-term debt:					
Revenue bonds	<u>\$2,047,913</u>	<u>\$3,804,000</u>	<u>\$ 70,580</u>	<u>\$5,781,333</u>	<u>\$ 108,920</u>

Long-term debt payable at June 30, 2020 is comprised of the following individual issues:

Business-type activities:

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	\$1,299,076
\$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	225,046
\$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	370,977
\$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	106,204
\$3,804,000 Water Revenue bonds Series 2020 dated February 13, 2020; due in monthly installments of \$12,059 through November 13, 2059; interest at 2.25 percent, secured by Utility Fund revenues	<u>3,780,030</u>
Total	<u>\$5,781,333</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
2021	108,920	170,661
2022	112,489	168,460
2023	116,188	164,761
2024	120,023	160,926
2025	123,999	156,950
2026-2030	684,990	719,304
2031-2035	809,424	595,617
2036-2040	958,594	446,148
2041-2045	897,862	278,495
2046-2050	620,620	174,801
2051-2055	618,082	105,458
2056-2060	610,142	32,272
Totals	<u>\$ 5,781,333</u>	<u>\$ 3,173,853</u>

(12) 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 and Water System revenue bonds dated February 13, 2020, 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.

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

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.

Commencing with the first month in which the water project has been completed, 10% 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 water system reserve fund has a balance of \$144,708.

Upon acceptance by the Town of Oberlin, Louisiana of the water project, \$2,920 must be deposited into a short-lived assets depreciation fund on the 20th day of each month.

(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 – State of Louisiana – Municipal Police Employees’ Retirement System (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, 2020, the contribution percentages for employees and employers were 10.0% and 32.50%, respectively. The amounts contributed from non-employer contributing entities and from the Town for the year ended June 30, 2020 were \$2,405 and \$15,318, respectively.

Net Pension Liability – The Town’s net pension liability at June 30, 2020 of \$106,083 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, 2019, 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 0.011681% and the change in proportion from the prior measurement date was a decrease of 0.004103%.

Since the measurement date of the pension liability was June 30, 2019, 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, 2019	
Actuarial Cost Method	Entry Age Normal	
Actuarial Assumptions:		
Investment Rate of Return	7.125%, net of investment income	
Expected Remaining Service Lives	4 years	
Inflation Rate	2.50%	
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)

Mortality	RP-2000 Combined Health with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for disabled annuitants. RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

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 7.20%, 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.

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

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	48.5%	3.28%
Fixed Income	33.5%	0.80%
Alternative	18.0%	1.06%
Other	<u>0.0%</u>	<u>0.00%</u>
Totals	100.0%	5.14%
Inflation		<u>2.75%</u>
Expected Nominal Return		<u>7.89%</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, 2020, the Town recognized \$5,654 in pension expense (benefit) related to its pension plan. The Town also recognized revenue in the amount of \$2,405 in insurance premium tax monies from non-employer contributing entities.

At June 30, 2020, 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	\$ 223	\$ 3,264
Changes of assumptions	5,945	-
Net difference between projected and actual earnings on pension plan investments	6,892	-
Change in proportion and differences between Employer contributions and proportionate share of contributions	13,628	27,434
Employer contributions subsequent to the measurement date	<u>15,318</u>	<u>-</u>
Total	<u>\$ 42,006</u>	<u>\$ 30,698</u>

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

Deferred outflows of resources of \$15,318 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, 2020. 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>	
6/30/2021	\$ 1,455
6/30/2022	(2,250)
6/30/2023	(4,940)
6/30/2024	1,725

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:

	<u>1.0% Decrease</u>	<u>Current</u> <u>Discount Rate</u>	<u>1.0% Increase</u>
	6.125%	7.125%	8.125%
Employ's proportionate share of the net pension liability	\$ 147,809	\$ 106,083	\$ 71,079

(14) Interfund Transactions

- A. The Town of Oberlin, Louisiana had no interfund receivables or payables at June 30, 2020.
- B. Transfers consist of the following at June 30, 2020:

	<u>Transfers</u> <u>In</u>	<u>Transfers</u> <u>Out</u>
Major governmental funds:		
General Fund	\$ 744,015	\$ 289,811
Sales Tax Fund	10,252	263,294
Nonmajor governmental fund:		
Cemetery Fund	-	-
Major proprietary funds:		
Water Utility Fund	125,380	339,223
Sewer Utility Fund	190,232	170,045
Nonmajor proprietary funds:		
Gas Utility Fund	-	7,506
Total	<u>\$ 1,069,879</u>	<u>\$ 1,069,879</u>

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

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.

(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 paid the Town's policemen \$9,000 of supplemental pay during the year ended June 30, 2020. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government-wide and General Fund financial statements.

(17) Pending Litigation

The Town is party to certain legal proceedings which normally occur in governmental operations. Although the outcome of these proceedings is not presently determinable, it is the opinion of the Town's attorney that the resolution of this matter will not have a material adverse effect on the financial condition of the Town.

(18) 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, 2020 totaled \$8,444. 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.

(19) 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, 2020 follows:

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

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

(20) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended June 30, 2020 follows:

Mayor:	
Joseph Manuel	<u>\$ 14,400</u>
Aldermen:	
Wayne Smith	3,600
Bobby Thomas	3,600
Johnathan Lewis	3,600
Romezly Willis, Jr.	3,600
Donald Taylor	<u>3,000</u>
Total compensation paid to Aldermen	<u>\$ 17,400</u>

(21) Beginning Net Position Adjustment

The Town has determined that certain transactions were recorded incorrectly in a prior year resulting in an overstatement of accounts payable and expenses in the Sewer Fund. These errors resulted in a restatement of previously reported net position, as follows:

	<u>Business-type Activities</u>	<u>Sewer Fund</u>
Net position, previously reported	\$ 4,308,588	\$ 1,757,699
Prior period adjustment:		
Correction of an error	<u>11,353</u>	<u>11,353</u>
Total	<u>\$ 4,319,941</u>	<u>\$ 1,769,052</u>

(22) Risks and Uncertainties

Subsequent to February 28, 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and many government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Town as of June 30, 2020, management does not believe that a material impact on the Town's financial position and results of future operations is reasonably possible.

**REQUIRED
SUPPLEMENTARY INFORMATION**

TOWN OF OBERLIN, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		Actual
Revenues:				
Taxes	\$ 100,300	\$ 100,300	\$ 96,702	\$ (3,598)
Licenses and permits	55,000	55,000	56,941	1,941
Intergovernmental	144,800	144,800	186,131	41,331
Fines and forfeits	11,000	11,000	48,380	37,380
Miscellaneous	<u>26,000</u>	<u>26,000</u>	<u>4,623</u>	<u>(21,377)</u>
Total revenues	<u>337,100</u>	<u>337,100</u>	<u>392,777</u>	<u>55,677</u>
Expenditures:				
Current -				
General government	259,660	259,660	273,914	(14,254)
Public safety - police	425,255	425,255	374,282	50,973
Highways and streets	276,600	276,600	259,338	17,262
Culture and recreation	-	-	440	(440)
Capital outlay	<u>-</u>	<u>-</u>	<u>13,638</u>	<u>(13,638)</u>
Total expenditures	<u>961,515</u>	<u>961,515</u>	<u>921,612</u>	<u>39,903</u>
Deficiency of revenues over expenditures	<u>(624,415)</u>	<u>(624,415)</u>	<u>(528,835)</u>	<u>95,580</u>
Other financing sources (uses):				
Transfers in	865,000	865,000	744,015	(120,985)
Transfers out	<u>(60,000)</u>	<u>(60,000)</u>	<u>(289,811)</u>	<u>(229,811)</u>
Total other financing sources (uses)	<u>805,000</u>	<u>805,000</u>	<u>454,204</u>	<u>(350,796)</u>
Net change in fund balance	180,585	180,585	(74,631)	(255,216)
Fund balance, beginning	<u>58,150</u>	<u>58,150</u>	<u>58,150</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ 238,735</u>	<u>\$ 238,735</u>	<u>\$ (16,481)</u>	<u>\$ (255,216)</u>

The accompanying notes are an integral part of this schedule.

TOWN OF OBERLIN, LOUISIANA
Sales Tax Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sales tax revenue	\$ 185,000	\$ 177,698	\$ 220,313	\$ 42,615
Interest income	95	50	44	(6)
Total revenues	<u>185,095</u>	<u>177,748</u>	<u>220,357</u>	<u>42,609</u>
Expenditures:				
Current -				
General government:				
Miscellaneous	-	52	52	-
Collection fees	<u>4,000</u>	<u>3,818</u>	<u>4,406</u>	<u>(588)</u>
Total expenditures	<u>4,000</u>	<u>3,870</u>	<u>4,458</u>	<u>(588)</u>
Excess of revenues over expenditures	181,095	173,878	215,899	42,021
Other financing uses:				
Transfers to general fund	<u>(160,000)</u>	<u>(111,375)</u>	<u>(138,914)</u>	<u>(27,539)</u>
Net change in fund balance	21,095	62,503	76,985	14,482
Fund balance, beginning	<u>91,137</u>	<u>91,137</u>	<u>91,137</u>	<u>-</u>
Fund balance, ending	<u>\$ 112,232</u>	<u>\$ 153,640</u>	<u>\$ 168,122</u>	<u>\$ 14,482</u>

The accompanying notes are an integral part of this schedule.

TOWN OF OBERLIN, LOUISIANA
Municipal Police Employees' Retirement System

Schedule of Employer's Share of Net Pension Liability
For the Year Ended June 30, 2020

Year ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.011681%	\$ 106,083	\$ 43,600	243.3%	71.01%
2019	0.015784%	133,439	42,733	312.3%	71.89%
2018	0.012773%	111,514	41,693	267.5%	70.08%
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.

The accompanying notes are an integral part of this schedule.

TOWN OF OBERLIN, LOUISIANA
Municipal Police Employees' Retirement System

Schedule of Employer Contributions
For the Year Ended June 30, 2020

Year ended June 30,		Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)		Covered Payroll	Contributions as a % of Covered Payroll
2020	S	15,318	S	15,318	-	S 47,133	32.50%
2019		14,061		14,043	18	43,600	32.21%
2018		13,140		13,247	(107)	42,733	31.00%
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.

The accompanying notes are an integral part of this schedule.

TOWN OF OBERLIN, LOUISIANA

Notes to the Required Supplementary Information
Year Ended June 30, 2019

(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) Pension Plan

Changes in benefit terms – There were no changes in benefit terms.

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.

TOWN OF OBERLIN, LOUISIANA

Notes to the Required Supplementary Information (Continued)
Year Ended June 30, 2019

Amounts reported in the fiscal year ended June 30, 2020 for the pension plan reflect the following changes used to measure the total pension liability:

*					
Year ended	Discount	Investment	Inflation	Expected	Projected
June 30,	Rate	Rate	Rate	Remaining	Salary
<u>June 30,</u>	<u>Rate</u>	<u>of Return</u>	<u>Rate</u>	<u>Service Lives</u>	<u>Increase</u>
Municipal Police Employees' Retirement System of Louisiana:					
2020	7.125%	7.125%	2.50%	4	4.25-9.75%
2019	7.20%	7.20%	2.60%	4	4.25-9.75%
2018	7.325%	7.325%	2.70%	4	4.25-9.75%
2017	7.50%	7.50%	2.875%	4	4.25-9.75%
2016	7.50%	7.50%	2.875%	4	4.25-9.75%
2015	7.50%	7.50%	3.00%	4	4.0-10.0%

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, 2020

Records maintained by the Town of Oberlin, Louisiana indicated the following number of customers were being serviced during the month of June 2020:

	Water	Sewer
Residential	862	659
Commercial	84	75
Other	6	6
Total	952	740

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, 2020

The aging of accounts receivable is as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Current	\$37,265	\$23,945	\$61,210
31 - 60 days	3,044	2,764	5,808
Over 60 days	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$40,309</u>	<u>\$26,709</u>	<u>\$67,018</u>

TOWN OF OBERLIN, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Insurance in Force
(Unaudited)
June 30, 2020

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	01/01/21
Employer's liability - Disease	\$ 500,000	Bodily injury by disease policy limit	01/01/21
Employer's liability - Disease	\$ 100,000	Bodily injury by disease each employee	01/01/21
Government Crime Policy:			
Employee Theft	\$ 380,000	Blanket	09/25/20
Surety Bonds:			
Chief of Police	\$ 10,000	Each occurrence	07/02/20
Administrative Clerk	\$ 330,000	Each occurrence	03/19/21
Utility Clerk	\$ 660,000	Each occurrence	03/19/21
Mayor	\$ 660,000	Each occurrence	06/05/21
Alderman at Large	\$ 165,000	Each occurrence	06/05/21
Utility Clerk	\$ 75,000	Each occurrence	06/05/21
Errors and Omissions:	\$ 500,000		08/01/20
Automobile Liability:			
Bodily Injury and Property Damage	\$ 500,000	Owned Automobiles Hired and Non-Owned Automobiles	08/01/20
Commercial General liability:			
Bodily Injury and Property Damage			
Premises Operations	\$ 500,000	Per occurrence	08/01/20
Products Completed Operations	\$ 500,000	Aggregate	08/01/20
	\$ 1,000	Medical payments per person	08/01/20
	\$ 10,000	Medical payments per accident	08/01/20
	\$ 500,000	Fire Legal Liability per occurrence	08/01/20
Law Enforcement Officer:			
Personal Injury and Property Damage	\$ 500,000		08/01/20
Commercial:			
Building - Personal Property	\$ 350,000	Per Occurrence/Per Location/Per Building	03/18/21
Contents	\$ 150,000		03/18/21
Commercial Inland Marine	\$ 74,500	Per occurrence	03/18/21

TOWN OF OBERLIN, LOUISIANA

Comparative Statements of Net Position
 Proprietary Fund - Water Enterprise Fund
 June 30, 2020

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets:		
Cash and interest bearing deposits	\$ 12,145	\$ 14,803
Receivables -		
Accounts	60,358	56,598
Grant	<u>399,977</u>	<u>1,622</u>
Total current assets	<u>472,480</u>	<u>73,023</u>
Noncurrent assets:		
Restricted assets -		
Interest-bearing deposits	97,549	77,987
Cash with paying agent	<u>190,222</u>	<u>2,530,522</u>
Total restricted assets	<u>287,771</u>	<u>2,608,509</u>
Capital assets, net of accumulated depreciation	<u>6,532,975</u>	<u>4,458,755</u>
Total noncurrent assets	<u>6,820,746</u>	<u>7,067,264</u>
Total assets	<u>7,293,226</u>	<u>7,140,287</u>
LIABILITIES		
Current liabilities (payable from current assets):		
Accounts and other payables	22,114	10,546
Accrued interest payable	3,697	40,274
Contracts payable	431,411	580,477
Retainage payable	157,161	79,505
Accrued compensated absences	<u>2,961</u>	<u>4,508</u>
Total	<u>617,344</u>	<u>715,310</u>
Current liabilities (payable from restricted assets):		
Customers' deposits	79,262	77,808
Bond anticipation notes	-	3,804,000
Revenue bonds payable	<u>60,181</u>	<u>-</u>
Total	<u>139,443</u>	<u>3,881,808</u>
Total current liabilities	756,787	4,597,118
Noncurrent liabilities:		
Revenue bonds payable	<u>3,719,849</u>	<u>-</u>
Total liabilities	<u>4,476,636</u>	<u>4,597,118</u>
NET POSITION		
Net investment in capital assets	2,939,470	3,145,003
Unrestricted	<u>(122,880)</u>	<u>(601,834)</u>
Total net position	<u>\$2,816,590</u>	<u>\$2,543,169</u>

TOWN OF OBERLIN, LOUISIANA

Comparative Statements of Net Position
 Proprietary Fund - Sewer Enterprise Fund
 June 30, 2020

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets:		
Cash and interest bearing deposits	\$ 42,625	\$ 5,714
Receivables -		
Accounts	37,463	43,369
Grant	-	42,045
Total current assets	<u>80,088</u>	<u>91,128</u>
Noncurrent assets:		
Restricted assets -		
Interest-bearing deposits	181,681	135,267
Capital assets, net of accumulated depreciation	<u>3,509,089</u>	<u>3,650,352</u>
Total noncurrent assets	<u>3,690,770</u>	<u>3,785,619</u>
Total assets	<u>3,770,858</u>	<u>3,876,747</u>
LIABILITIES		
Current liabilities (payable from current assets):		
Accounts and other payables	16,169	42,594
Accrued interest payable	496	496
Retainage payable	-	28,045
Total	<u>16,665</u>	<u>71,135</u>
Current liabilities (payable from restricted assets):		
Revenue bonds payable	<u>48,739</u>	<u>46,634</u>
Total current liabilities	65,404	117,769
Noncurrent liabilities:		
Revenue bonds payable	<u>1,952,564</u>	<u>2,001,279</u>
Total liabilities	<u>2,017,968</u>	<u>2,119,048</u>
NET POSITION		
Net investment in capital assets	1,688,971	1,737,210
Unrestricted	<u>63,919</u>	<u>20,489</u>
Total net position	<u>\$1,752,890</u>	<u>\$1,757,699</u>

**INTERNAL CONTROL, COMPLIANCE,
AND
OTHER MATTERS**

KOLDER, 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, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated February 5, 2021.

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 schedule of findings and questioned costs, we did identify 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 schedule of findings and questioned costs as items 2020-001, 2020-004, 2020-005, 2020-010, and 2020-011 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2020-002, 2020-003, 2020-006, 2020-007, 2020-008, and 2020-009 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 seven instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2020-012, 2020-013, 2020-014, 2020-015, 2020-016, and 2020-017.

Town of Oberlin, Louisiana's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. 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, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
February 5, 2021

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Oberlin, Louisiana's (Town) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2020. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Oberlin, Louisiana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose; however, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
February 5, 2021

TOWN OF OBERLIN, LOUISIANA

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Grantor / Pass-Through Grantor / Program Name	Federal CFDA Number	Expenditures
<u>U.S. Department of Agriculture</u>		
Water and Waste Disposal Systems for Rural Communities	10.760	\$ 2,257,606
<u>U.S. Department of Housing and Urban Development</u>		
Passed-through State of Louisiana Office of Community Development: Community Development Block Grants	14.228	<u>5,250</u>
Total Federal Awards Expended		<u>\$ 2,262,856</u>

The accompanying notes are an integral part of this schedule.

TOWN OF OBERLIN, LOUISIANA

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

(1) Basis of Accounting

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Town of Oberlin, Louisiana under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Town of Oberlin, Louisiana, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Oberlin, Louisiana.

(2) Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Town of Oberlin, Louisiana has not elected to use the 10 percent *de minimus* indirect cost rate as allowed under the Uniform Guidance.

(3) Outstanding Loan

The Town of Oberlin had a \$3,804,000 loan under the Community Facilities Loan and Grant Program. Expenditures paid from loan proceeds during the year included in federal expenditures totaled \$2,257,606.

(4) Relationship to Fund Financial Statements

Federal financial assistance expenditures are reported in the Town of Oberlin, Louisiana's fund financial statements as follows:

From federal sources:

Proprietary Fund Type -	
Water Fund	2,257,606
Sewer Fund	<u>5,250</u>
Total federal expenditures reported in the Schedule of Expenditures of Federal Awards	<u>\$2,262,856</u>

TOWN OF OBERLIN, LOUISIANA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

Part I. Summary of Auditor's Results

<i>Financial Statements</i>	<u>Type of Opinion</u>						
1. Type of auditor's opinion issued on financial statements:	Unmodified						
2. Internal control over financial reporting:							
Material weakness(es) identified?	<u> x </u> yes <u> </u> no						
Significant deficiency(ies) identified?	<u> x </u> yes <u> </u> no						
3. Noncompliance material to the financial statements?	<u> x </u> yes <u> </u> no						
<i>Federal Awards</i>							
4. Internal control over major federal programs:							
Material weakness(es) identified?	<u> </u> yes <u> x </u> no						
Significant deficiency(ies) identified?	<u> </u> yes <u> x </u> no						
5. Major programs and type of auditor's report issued:							
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">CFDA Number</th> <th style="text-align: left; border-bottom: 1px solid black;">Federal Agency and Name of Major Program</th> <th style="text-align: right; border-bottom: 1px solid black;">Type of Opinion</th> </tr> </thead> <tbody> <tr> <td style="padding-left: 20px;">10.760</td> <td style="padding-left: 20px;"><u>U.S. Department of Agriculture</u> Water and Waste Disposal Systems for Rural Communities</td> <td style="text-align: right; vertical-align: top;">Unmodified</td> </tr> </tbody> </table>	CFDA Number	Federal Agency and Name of Major Program	Type of Opinion	10.760	<u>U.S. Department of Agriculture</u> Water and Waste Disposal Systems for Rural Communities	Unmodified	
CFDA Number	Federal Agency and Name of Major Program	Type of Opinion					
10.760	<u>U.S. Department of Agriculture</u> Water and Waste Disposal Systems for Rural Communities	Unmodified					
6. Audit findings required to be reported in accordance with 2 CFR §200.516(a)?	<u> </u> yes <u> x </u> no						
7. Threshold for distinguishing type A and B programs?	<u> \$ 750,000 </u>						
8. Qualified as a low-risk auditee?	<u> </u> yes <u> x </u> no						
<i>Other</i>							
9. Management letter issued?	<u> </u> yes <u> x </u> no						

TOWN OF OBERLIN, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2020

Part II. Findings reported in accordance with Government Auditing Standards:

Internal Control –

2020-001 Inadequate Segregation of Duties

Fiscal year finding initially occurred: Unknown

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

CRITERIA: AU-C§315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

CAUSE: The cause of the condition is the fact that the Town does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

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

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

MANAGEMENT’S CORRECTIVE ACTION PLAN: The Town has determined that it is not cost effective to achieve complete segregation of duties within the accounting department.

TOWN OF OBERLIN, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2020

2020-002 Cut-off Policy

Fiscal year finding initially occurred: 2009

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

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

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

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

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

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

2020-003 Late Payment of Invoices

Fiscal year finding initially occurred: 2017

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

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

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

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

TOWN OF OBERLIN, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2020

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

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

2020-004 Reconciliation of Accounts Receivable

Fiscal year finding initially occurred: 2017

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

CRITERIA: Not reconciling the detailed accounts receivable customer listing to the balance in the general ledger on a monthly basis is a fraud risk factor.

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

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

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

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

2020-005 Reconciliation of Customer Meter Deposits

Fiscal year finding initially occurred: 2019

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

CRITERIA: Not reconciling the meter deposit bank account balances to a detailed listing of customers' meter deposits is a fraud risk factor. A detailed listing of customers' meter deposits should be reconciled monthly to the related general ledger bank account balances and customer deposit liability.

TOWN OF OBERLIN, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2020

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

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

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

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

2020-006 Late Payment of Sales Tax Collections

Fiscal year finding initially occurred: 2019

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

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

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

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

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

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

2020-007 Delinquent Tax Payments

Fiscal year finding initially occurred: 2019

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

TOWN OF OBERLIN, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2020

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

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

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

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

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

2020-008 Delinquent Filing/Payment of Payroll Taxes

Fiscal year finding initially occurred: 2020

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

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

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

EFFECT: The Town failed to remit unemployment taxes by the prescribed due dates.

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

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

TOWN OF OBERLIN, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2020

2020-009 Financial Accounting Records

Fiscal year finding initially occurred: 2020

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

CRITERIA: AU-C§315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

CAUSE: The cause of the condition is the failure to keep accurate support of certain expenditure transactions.

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

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

MANAGEMENT’S CORRECTIVE ACTION PLAN: The Town will evaluate and establish procedures to ensure that accurate financial accounting records are maintained for all revenue and expense transactions.

2020-010 Reconciliation of Interfund Accounts

Fiscal year finding initially occurred: 2020

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

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

CAUSE: The cause of the condition is the fact that staff charged with reconciling interfund accounts did not perform duties as instructed.

TOWN OF OBERLIN, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2020

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

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

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

2020-011 Reconciliation of Bank Accounts

Fiscal year finding initially occurred: 2020

CONDITION: The Town did not prepare all bank reconciliations for its Sales Tax Emergency Reserve, Sewer Short Lived Assets, Sewer Bond Reserve, and Sewer Bond Contingency accounts for all months during the fiscal year.

CRITERIA: Timely reconciling all bank accounts is a key component of good controls over cash. Reconciling the bank balance with the book balance (general ledger) is necessary to ensure that (1) all receipts and disbursement are recorded (an essential process in ensuring complete and accurate monthly financial statements); (2) checks are clearing the bank in a reasonable time; (3) reconciling items are appropriate and are being recorded; and (4) the reconciled cash balance agrees to the general ledger cash balance. State law [Louisiana Revised Statute (R.S.) 10:4-406(d) (2)] allows a customer 30 days to examine bank statements and cancelled checks for unauthorized signature or alternation. After 30 days, the customer is precluded from asserting a claim against the bank for unauthorized signatures or alterations.

CAUSE: The cause of the condition is the fact that staff charged with preparing the bank reconciliations did not perform duties as instructed.

EFFECT: Failure to prepare bank reconciliations increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should prepare written bank reconciliations within 30 days of receipt of bank statements by an employee who does not have responsibility/authority to (1) sign checks; or (2) receive and deposit cash; or (3) authorize disbursements. The monthly bank reconciliations should be properly completed, dated, and signed by both the preparer and reviewer/approver and be maintained on file for subsequent review and audit.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town will evaluate and establish procedures to ensure that all cash accounts are reconciled on a monthly basis.

TOWN OF OBERLIN, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2020

Compliance –

2020-012 Noncompliance with Bond Agreement

Fiscal year finding initially occurred: 2016

CONDITION: The Town violated its bond agreement with USDA by not having the proper amount on deposit in its bond reserve account at June 30, 2020.

CRITERIA: The Series 2003 Sewer Revenue Bond agreement requires that amounts be transferred into and maintained in a separate reserve fund.

CAUSE: Although required transfers were made each month during the fiscal year, the Town did not have the proper amount on deposit in its reserve account due to insufficient transfers in prior years.

EFFECT: The Town was in violation of the Series 2003 Sewer Revenue Bond requirements.

RECOMMENDATION: It is recommended that the Town fully comply with the reserve fund deposit requirements by making transfers sufficient to have the proper amount on deposit as required by the bond covenant.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town has entered into a five-year agreement with USDA that will allow for catch-up contributions to the reserve account.

2020-013 Noncompliance with Budget Act

Fiscal year finding initially occurred: 2019

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

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

CAUSE: The Town failed to properly monitor the expenditures of the Sales Tax Special Revenue Fund.

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

TOWN OF OBERLIN, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2020

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

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town will monitor financial activity and make budget amended in accordance with LSA-RS 39:1311(A)(1)&(2).

2020-014 Noncompliance with Budget Act – Budget Message

Fiscal year finding initially occurred: 2020

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

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

CAUSE: The Town failed to properly include a budget message signed by the budget preparer when preparing its fiscal year 2020 operating and amended budget.

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

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

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

TOWN OF OBERLIN, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2020

2020-015 Noncompliance with Budget Act – Public Participation

Fiscal year finding initially occurred: 2019

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

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

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

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

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

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town will implement policies and procedures to ensure that the proposed budget be made available for public inspection not later than 15 days prior to the beginning of each fiscal year and all required notices are published within the prescribed time frame.

TOWN OF OBERLIN, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2020

2020-016 Failure to Publish Adopted Budget

Fiscal year finding initially occurred: 2019

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

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

CAUSE: The Town did not timely publish a notice of the adoption of the fiscal year 2020 amended budget.

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

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

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town will implement policies and procedures to ensure that the notices of official proceedings are published within the prescribed time frame.

2020-017 Violation of Agreement with Louisiana Board of Ethics

Fiscal year finding initially occurred: 2020

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

TOWN OF OBERLIN, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2020

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

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

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

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

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

Part III. Findings and questioned costs for Federal Awards defined in the Uniform Guidance:

There were no findings to be reported under this section.

Moochie Manuel
Mayor

Grady K. Haynes
Chief of Police

TOWN OF OBERLIN
P.O. Box 370
Oberlin, LA 70655

ALDERMAN:
Wayne Smith, Councilman at Large
Bobby Thomas
Romelzy Willis, Jr.
Linda Boulden

TELEPHONE (337) 639-4335
Fax (337) 639-2205

Charlotte C. Artis, City Clerk
Daryl Reeves, City Supt.
Nicole Duplechain, Finance Clerk
David Vidrine, City Atty.
Hailey Fruge, Utility Clerk

CORRECTIVE ACTION PLAN

February 5, 2021

U.S. Department of Agriculture

The Town of Oberlin, Louisiana respectfully submits the following corrective action plan for the year ended June 30, 2020.

Name and address of independent public accounting firm:
Kolder, Slaven, & Company, LLC
332 W. Sixth Avenue
Oberlin, LA 70655

Audit period: June 30, 2020

The findings from the June 30, 2020 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

2020-001

MATERIAL WEAKNESS

Recommendation: The Town did not have adequate segregation of functions within the accounting system. Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign, incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) record keeping; and (4) reconciliation.

Action Taken: The Town has determined that it is not cost effective to achieve complete segregation of duties within the accounting department.

2020-002

SIGNIFICANT DEFICIENCY

Recommendation: During a test of utility accounts of the Town's customers, it was noted that some accounts are not being paid in full or timely, and the customers, including employees and town officials, continue to receive service in violation of Ordinance No. 02-11-2013. Payment plans and extensions granted by the Mayor are not in accordance with the payment plan provisions of Ordinance No. 02-11-2013. Management should consistently comply with its written policies and procedures in the future and cut off utility services of customers, including employees and town officials, who do not pay within the time limit stated in the Ordinance.

Action Taken: The Town will adhere to the cut-off policy established by Ordinance No. 02-11-2013 in the future.

2020-003

SIGNIFICANT DEFICIENCY

Recommendation: During the year, the Town paid several invoices after the due date resulting in late fees being assessed. It is recommended that the Town process and pay invoices timely and by the due date to ensure no late fees will be assessed.

Action Taken: The Town will closely monitor all invoices received and disburse funds timely to avoid any late fees.

2020-004

MATERIAL WEAKNESS

Recommendation: The accounts receivable balance in the general ledger is not reconciled monthly with the detailed accounts receivable customer listing. It is recommended that the Town implement procedures to ensure the accounts receivable balance in the general ledger is reconciled monthly with the detailed accounts receivable customer listing.

Action Taken: The Town will establish policies and procedures to ensure the accounts receivable balance in the general ledger is reconciled monthly with the detailed accounts receivable customer listing.

2020-005

MATERIAL WEAKNESSES

Recommendation: The Town does not have complete and accurate records for customer meter deposits, and the meter deposit bank account balances are not reconciled monthly with a detailed listing of customers' meter deposits. It is recommended that the Town implement procedures to ensure that an accurate listing of customer meter deposits is maintained and reconciled monthly to the meter deposit bank accounts and deposit liability.

Action Taken: The Town will establish policies and procedures to ensure that an accurate listing of customer meter deposits is maintained and reconciled monthly to the meter deposit bank accounts and deposit liability.

2020-006

SIGNIFICANT DEFICIENCY

Recommendation: During the year, the Town was assessed penalties and interest for the late payment of sales taxes. It is recommended that the Town prepare sales tax returns and remit related sales tax collections on a timely basis.

Action Taken: The Town will prepare sales tax returns and remit related sales tax collections on a timely basis.

2020-007

SIGNIFICANT DEFICIENCY

Recommendation: During a test of ad valorem tax payments received by the Town, it was noted that some accounts are not being paid timely, and the payees, including town officials, are not being assessed penalties for late payment. Management should implement policies and procedures to ensure penalties are assessed for all delinquent tax payments received.

Action Taken: The Town will implement policies and procedures to ensure penalties are assessed for all delinquent tax and occupational license payments received.

2020-008

SIGNIFICANT DEFICIENCY

Recommendation: During the year, the Town was assessed penalties and interest totaling \$82 for the late payment of unemployment taxes applicable to tax periods December 31, 2018 and March 31, 2019. The Town should develop policies and procedures and monitor its reporting requirements to ensure all payroll tax reports and payroll tax deposits are remitted by the prescribed due dates.

Action Taken: The Town will evaluate and establish procedures to ensure all payroll tax reports and payroll tax deposits are remitted by the prescribed due dates.

2020-009

SIGNIFICANT DEFICIENCY

Recommendation: The Town did not maintain accurate financial accounting records during the year, including accurate support for disbursements. The Town will evaluate and establish procedures to ensure that accurate financial accounting records are maintained for all revenue and expense transactions.

Action Taken: The Town will evaluate and establish procedures to ensure that accurate financial accounting records are maintained for all revenue and expense transactions.

2020-010

MATERIAL WEAKNESSES

Recommendation: The Town's interfund accounts are not being reconciled properly or on a timely basis. The Town should reconcile interfund accounts monthly to ensure accurate financial reporting.

Action Taken: The Town will evaluate and establish procedures to ensure interfund accounts are properly reconciled on a timely basis in the future.

2020-011

MATERIAL WEAKNESSES

Recommendation: The Town did not prepare all bank reconciliations for its Sales Tax Emergency Reserve, Sewer Short Lived Assets, Sewer Bond Reserve, and Sewer Bond Contingency accounts for all months during the fiscal year. Management should prepare written bank reconciliations within 30 days of receipt of bank statements by an employee who does not have responsibility/authority to (1) sign checks; or (2) receive and deposit cash; or (3) authorize disbursements. The monthly bank reconciliations should be properly completed, dated, and signed by both the preparer and reviewer/approver and be maintained on file for subsequent review and audit.

Action Taken: The Town will evaluate and establish procedures to ensure that all cash accounts are reconciled on a monthly basis.

2020-012

COMPLIANCE

Recommendation: The Town violated its bond agreement with USDA by not having the proper amount on deposit in its bond reserve account at June 30, 2020. It is recommended that the Town fully comply with the reserve fund deposit requirements by making transfers sufficient to have the proper amount on deposit as required by the bond covenant.

Action Taken: The Town has entered into a five-year agreement with USDA that will allow for catch-up contributions to the reserve account.

2020-013

COMPLIANCE

Recommendation: The Town did not comply with the provisions of LSA-RS 39:1311(A)(1)&(2) with respect to the Sales Tax Special Revenue Fund. Total expenditures exceeded budgeted expenditures in the Sale Tax Special Revenue Fund by 15.19% or \$588. The Town should periodically compare actual activity to budgeted amounts and adopt budgetary amendments as necessary to ensure compliance with state statutes.

Action Taken: The Town will monitor financial activity and make budget amended in accordance with LSA-RS 39:1311(A)(1)&(2).

2020-014

COMPLIANCE

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

Action Taken: The Town will implement policies and procedures to ensure that the proposed budget include a budget message signed by the budget preparer.

2020-015

COMPLIANCE

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

Action Taken: The Town will implement policies and procedures to ensure that the proposed budget be made available for public inspection not later than 15 days prior to the beginning of each fiscal year and all required notices are published within the prescribed time frame.

2020-016

COMPLIANCE

Recommendation: The Town did not publish the adopted fiscal 2020 amended budget in the official journal within twenty (20) days from adoption as required by LSA RS 43:144. Notice of the adoption of the fiscal year 2020 amended budget was published one hundred twenty-nine (129) days after adoption. The Town should comply with the provisions of LSA RS 43:144 and publish all required notices in accordance with state law.

Action Taken: The Town will implement policies and procedures to ensure that the notices of official proceedings are published within the prescribed time frame.

2020-017

COMPLIANCE

Recommendation: The Town did not submit the required quarterly affidavits to the Louisiana Board of Ethics by the prescribed due dates as stated in the Town's approved plan between the Town and the Louisiana Board of Ethics dated June 22, 2015. The Town should comply with the provisions of the approved plan between the Town of Oberlin and the Louisiana Board of Ethics specifically relating to purchases made from a lumber yard owned by a governing authority member.

Action Taken: The Town will implement policies and procedures to ensure that the required quarterly affidavits are submitted to the Louisiana Board of Ethics by the prescribed due dates.

If the U.S. Department of Agriculture has questions regarding this plan, please call Joseph Manuel, Mayor, at 337-639-2111.

Sincerely yours,

A handwritten signature in blue ink that reads "Joseph Manuel". The signature is written in a cursive style with a large, prominent "J" and "M".

Joseph Manuel
Mayor
Town of Oberlin, Louisiana

Moochie Manuel
Mayor

Grady K. Haynes
Chief of Police

TOWN OF OBERLIN
P.O. Box 370
Oberlin, LA 70655

ALDERMAN:
Wayne Smith, Councilman at Large
Bobby Thomas
Romelzy Willis, Jr.
Linda Boulden

TELEPHONE (337) 639-4333
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Charlotte C. Artis, City Clerk
Daryl Reeves, City Supt.
Nicole Duplechain, Finance Clerk
David Vidrine, City Atty.
Hailey Fruge, Utility Clerk

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Part I. Findings reported in accordance with Government Auditing Standards:

Internal Control –

2019-001 Inadequate Segregation of Duties

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

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

CURRENT STATUS: Unresolved. See item 2020-001.

2019-002 Application of Generally Accepted Accounting Principles (GAAP)

CONDITION: The Town does not have adequate internal controls over recording the entity's financial transactions or preparing its financial statements, including the related notes in accordance with generally accepted accounting principles (GAAP).

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

CURRENT STATUS: Resolved.

2019-003 Cut-off Policy

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

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

CURRENT STATUS: Unresolved. See item 2020-002.

2019-004 Late Payment of Invoices

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

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

CURRENT STATUS: Unresolved. See item 2020-003.

2019-005 Reconciliation of Accounts Receivable

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

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

CURRENT STATUS: Unresolved. See item 2020-004.

2019-006 Reconciliation of Customer Meter Deposits

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

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

CURRENT STATUS: Unresolved. See item 2020-005.

2019-007 Late Payment of Sales Tax Collections

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

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

CURRENT STATUS: Unresolved. See item 2020-006.

2019-008 Delinquent Tax and License Payments

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

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

CURRENT STATUS: Partially resolved. See item 2020-007.

Compliance –

2019-009 Noncompliance with Bond Agreement

CONDITION: The Town violated its bond agreement with USDA by not having the proper amount on deposit in its bond reserve account at June 30, 2019. The Town also did not comply with the sinking, reserve, contingency, and short-lived assets depreciation fund deposit requirements for the Series 2003 Sewer Revenue Bonds. The required transfers were not made in full to these accounts for the fiscal year ended June 30, 2019.

RECOMMENDATION: It is recommended that the Town fully comply with the sinking, reserve, contingency, and short-lived assets depreciation fund deposit requirements by making transfers monthly as required by the bond covenant.

CURRENT STATUS: Partially resolved. See item 2020-012.

2019-010 Noncompliance with Budget Act

CONDITION: The Town did not comply with the provisions of LSA-RS 39:1311(A)(1)&(2) with respect to the Sales Tax Special Revenue Fund. Total expenditures exceeded budgeted expenditures in the Sale Tax Special Revenue Fund by 9.78% or \$391.

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

CURRENT STATUS: Unresolved. See item 2020-013.

2019-011 Noncompliance with Budget Act – Public Participation

CONDITION: The Town did not comply with the provisions of LSA-RS 39:1306-1307. The notice of the budget being available for public inspection for the proposed fiscal year 2019 operating budget was published nine (9) days before the beginning of the fiscal year instead of the prescribed 15 days, and the public hearing for the proposed fiscal year 2019 operating budget was published eight (8) days prior to the public hearing instead of the prescribed 10 days. The notice of the public hearing for the proposed fiscal year 2019 amended budget was published one (1) day prior to the public hearing instead of the prescribed 10 days.

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

CURRENT STATUS: Unresolved. See item 2020-016.

2019-012 Failure to Publish Adopted Budget

CONDITION: The Town did not publish the adopted fiscal 2019 operating budget in the official journal within twenty (20) days from adoption as required by LSA RS 43:144. Notice of the adoption of the fiscal year 2019 operating budget was published sixty-two (62) days after adoption.

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

CURRENT STATUS: Unresolved. See item 2020-017.

Part II. Findings and questioned costs for Federal Awards defined in the Uniform Guidance:

There were no findings to be reported under this section.

Sincerely yours,



Joseph Manuel
Mayor
Town of Oberlin, Louisiana