

TOWN OF OBERLIN

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023**



TABLE OF CONTENTS

| | <u>PAGE</u> |
|---|-------------|
| Independent Auditors' Report..... | 1-3 |
| Independent Auditors' Report on Compliance and On Internal Control Over Financial Reporting Based On an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i> | 4-5 |
| Required Supplemental Information (Part I) Management's Discussion and Analysis | 6-8 |
| Government-Wide Financial Statements | |
| Statement of Net Position..... | 9 |
| Statement of Activities..... | 10-11 |
| Fund Financial Statements | |
| Governmental Funds | |
| Balance Sheet..... | 12 |
| Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Position of Governmental Activities on the Statement of Net Position | 13 |
| Statement of Revenues, Expenditures and Changes in Fund Balance | 14 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities..... | 15 |
| Proprietary Funds | |
| Statement of Net Position..... | 16 |
| Statement of Revenues, Expenditures and Changes in Fund Net Position..... | 17 |
| Statement of Cash Flows | 18-19 |
| Notes to Financial Statements | 20-33 |
| Required Supplemental Information (Part II) | |
| Statement of Revenues, Expenditures and Changes in Fund Balances (Budget and Actual) | |
| General Fund | 34 |
| Schedule of Net Pension Liability Data | 35 |
| Schedule of Employer Contributions..... | 36 |
| Other Supplemental Information | |
| Schedule of Per Diem Paid to Board Members | 37 |
| Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer..... | 38 |
| Justice System Funding Schedule – Collecting/Disbursing Entity | 39 |
| Schedule of Findings and Responses | 40-42 |
| Management's Corrective Action Plan..... | 43-44 |
| Summary of Prior Year Findings..... | 45-49 |
| Statewide Agreed-Upon Procedures | Appendix A |



July 3, 2024

Independent Auditors' Report

To the Honorable Mayor and Board of Aldermen
Town of Oberlin, Louisiana

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Disclaimer of Opinions

We were engaged to audit the accompanying financial statements of the of the Town of Oberlin, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

We do not express an opinion on the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Town. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

Basis for Disclaimer of Opinions

During a portion of the year under audit, the Town's previous administration made little effort to document expenditures or record financial transactions. Due to the uncertainties resulting from these matters, management was not able to provide written representations required by generally accepted auditing standards.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Town's financial statements in accordance with generally accepted auditing standards and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the aggregate discretely presented component units.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the information listed below to supplement the basic financial statements.



Rozier, McKay & Willis
Certified Public Accountants
Voice: 318.442.1608

160 Brown's Bend Road
Alexandria, Louisiana 71303
Online: CenlaCPAs.com

Town of Oberlin

- Management's Discussion and Analysis
- Budgetary Comparison Information
- Schedule of Net Pension Liability Data
- Schedule of Employer Contributions

Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Supplementary Information

We were engaged to conduct an audit for the purposes of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The other supplemental information listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Because of the significance of the matters documented in the Basis for Disclaimer of Opinion section of this report, we do not express an opinion on the additional information in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 3, 2024 on our consideration of the Town'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 engagement in accordance with *Government Auditing Standards* in considering Town's internal control over financial reporting and compliance.



Rozier, McKay & Willis
Certified Public Accountants
Alexandria, LA



July 3, 2024

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

To the Honorable Mayor and Board of Aldermen
Town of Oberlin, Louisiana

We were engaged to audit, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Oberlin, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated July 3, 2024. Our report disclaims an opinion on such financial statements because management was not able to provide written representations required by generally accepted auditing standards.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In connection with our engagement to audit the financial statements of the Town, we considered the Town's internal control over financial reporting (internal control) as a basis for designing 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, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-002, 2023-003, and 2023-009 to be material weaknesses.

REPORT ON COMPLIANCE AND OTHER MATTERS

In connection with our engagement to audit the financial statements of the Town, 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our engagement, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule



Rozier, McKay & Willis
Certified Public Accountants
Voice: 318.442.1608

160 Brown's Bend Road
Alexandria, Louisiana 71303
Online: CenlaCPAs.com

Town of Oberlin

of findings and as items 2023-001, 2023-004, 2023-005, 2023-006, 2023-007, 2023-008, 2023-010, and 2023-011. Additionally, if the scope of our work had been sufficient to enable us to express opinions on the basic financial statements, other instances of noncompliance or other matters may have been identified and reported herein.

TOWN OF OBERLIN'S RESPONSE TO FINDINGS

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

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Rozier, McKay & Willis
Certified Public Accountants

TOWN OF OBERLIN

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

This section of the Town of Oberlin's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year ended June 30, 2023.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the Town's financial position and results of operations from differing perspectives which are described as follows:

Government –Wide Financial Statements

The government-wide financial statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Town's assets (including infrastructure acquired after July 1, 1980) and all of the Town's liabilities (including long-term debt).

The government-wide financial statements are divided into two categories, which are described as follows:

- **Governmental Activities** – Expenses incurred in connection with providing basic services including public safety, recreation, sanitation, public works and general administration are reported as governmental activities. The governmental activities are financed by taxes, license and permit fees, fines and forfeitures, and intergovernmental sources.
- **Business-Type Activities** – Expenses associated with providing utility services are recovered through fees paid by the customers that utilize these services. These activities are operated in a manner similar to commercial enterprises. Accordingly, activities associated with these services are reported as business type activities.

Fund Financial Statements

Fund financial statements provide detailed information regarding the Town's most significant activities and are not intended to provide information for the Town as a whole. Funds are accounting devices that are used to account for specific sources of funds. The Town has two types of funds that are described as follows:

- **Governmental Funds** – These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental funds use a modified accrual basis of accounting that provides a short-term view of the Town's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.
- **Proprietary Fund** – These funds are used to account for activities that function in a manner similar to commercial enterprises, including activities associated with the Town's utility services. Proprietary fund financial statements typically provide a more detail presentation of the information reported in the business-type activities portion of the government-wide financial statements.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

A comparative analysis of government-wide financial data is presented as follows:

TOWN OF OBERLIN

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

Net Position

A condensed version of the government-wide Statement of Net Position is presented as follows:

| | For the Year Ended June 30, 2023 | | | For the |
|----------------------------------|--|--|---------------------|---|
| | Govern- mental Activities | Business- Type Activities | Total | Year Ended June 30, 2022 |
| <u>Assets:</u> | | | | |
| Current and Other Assets | \$ 294,675 | \$ 575,637 | \$ 870,312 | \$ 1,098,092 |
| Capital and Leased Assets | 802,271 | 9,529,151 | 10,331,422 | 10,621,604 |
| Total Assets | <u>1,096,946</u> | <u>10,104,788</u> | <u>11,201,734</u> | <u>11,719,696</u> |
| Deferred Outflows | 304,129 | ---- | 304,129 | 57,382 |
| <u>Liabilities:</u> | | | | |
| Current and Other Liabilities | 124,101 | 139,055 | 263,156 | 820,979 |
| Delayed Revenues | ---- | 125,000 | 125,000 | ---- |
| Long-term Liabilities | 481,934 | 5,533,149 | 6,015,083 | 5,749,195 |
| Total Liabilities | <u>606,035</u> | <u>5,797,204</u> | <u>6,403,239</u> | <u>6,570,174</u> |
| Deferred Inflows | 6,584 | ---- | 6,584 | 48,119 |
| <u>Net Position:</u> | | | | |
| Invested in Capital Assets (Net) | 741,331 | 3,988,778 | 4,730,109 | 4,900,092 |
| Restricted | 55,491 | 197,489 | 252,980 | 298,387 |
| Unrestricted | (8,366) | 121,317 | 112,951 | (39,704) |
| Total Net Position | <u>\$ 788,456</u> | <u>\$ 4,307,584</u> | <u>\$ 5,096,040</u> | <u>\$ 5,158,775</u> |

As the presentation appearing above demonstrates, the largest portion of the Town's net position (93.0%) are invested in capital assets. Net position invested in capital assets consist of land, buildings, equipment, and infrastructure less any debt used to acquire the assets that remain outstanding. The Town uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending.

An additional portion of the net position represent resources that are subject to restrictions that are imposed by agreements with the Town's bondholders or requirements imposed by various revenue sources.

The remaining resources are unrestricted and may be used at the Town's discretion.

TOWN OF OBERLIN

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

Changes in Net Position

A condensed version of the government-wide Statement of Changes in Net Position is presented as follows:

| | For the Year Ended June 30, 2023 | | | For the Year Ended June 30, 2022 |
|--|---|---------------------------------|---------------------|---|
| | Governmental Activities | Business-Type Activities | Total | |
| <u>Revenues:</u> | | | | |
| Program Revenue: | | | | |
| Charges for Services | \$ 83,552 | \$ 736,662 | \$ 820,214 | \$ 886,760 |
| Operating Grants and Contributions | 21,900 | 64,091 | 85,991 | 337,718 |
| Capital Grants and Contributions | ---- | 9,242 | 9,242 | 161,467 |
| General Revenue: | | | | |
| Property Taxes | 25,064 | ---- | 25,064 | 25,660 |
| Sales Taxes | 192,996 | ---- | 192,996 | 234,844 |
| Franchise Taxes | 76,511 | ---- | 76,511 | 83,970 |
| Licenses & Permits | 77,482 | ---- | 77,482 | ---- |
| Gaming Revenues | 372,950 | ---- | 372,950 | 272,490 |
| Grants | 364,392 | ---- | 364,392 | ---- |
| Other | 158,293 | 34,594 | 192,887 | 81,283 |
| Total Revenue | <u>1,373,140</u> | <u>844,589</u> | <u>2,217,729</u> | <u>2,084,192</u> |
| <u>Program Expenses:</u> | | | | |
| General Government | 770,355 | ---- | 770,355 | 452,883 |
| Public Safety | | | | |
| Police Department | 473,993 | ---- | 473,993 | 336,161 |
| Public Works | | | | |
| Streets & Public Facilities | 382,568 | ---- | 382,568 | 327,354 |
| Cemetery | 2,022 | ---- | 2,022 | ---- |
| Utility Service | | | | |
| Water System | ---- | 358,388 | 358,388 | 590,243 |
| Sanitary Sewer System | ---- | 292,827 | 292,827 | 295,262 |
| Other | ---- | 311 | 311 | ---- |
| Total Expenses | <u>1,628,938</u> | <u>651,526</u> | <u>2,280,464</u> | <u>2,001,903</u> |
| Increase (decrease) in Net Position Before | | | | |
| Transfers | (255,798) | 193,063 | (62,735) | 82,289 |
| Transfers | <u>393,067</u> | <u>(393,067)</u> | <u>----</u> | <u>----</u> |
| Change in Net Position | 137,269 | (200,004) | (62,735) | 82,289 |
| Net Position Beginning | <u>651,187</u> | <u>4,507,588</u> | <u>5,158,775</u> | <u>5,076,486</u> |
| Net Position Ending | <u>\$ 788,456</u> | <u>\$ 4,307,584</u> | <u>\$ 5,096,040</u> | <u>\$ 5,158,775</u> |

During the first half of the year transactions were paid out of any fund with the wherewithal to complete the transaction. Also during the same time period, many vendors were never paid and many transactions were

TOWN OF OBERLIN

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

never posted to the general ledger. Therefore, the new administration determined it necessary to hire an individual to post all transactions to the general ledger. In addition, all past due invoices were paid with available funds. As a result, the increases and decreases in net position above do not accurately reflect the position of the governmental activities or business-type activities at year end and it is not practical to analyze these activities separately. Total net position for the year decreased. This is most likely due to the inadequate utility rates being charged to customers.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

An analysis of the Town's funds is not practical due to the matters stated above.

GENERAL FUND BUDGET HIGHLIGHTS

The general fund original budget was adopted as required. The budget was amended to address actual experiences that deviated from expectations that existed when the original budget was adopted.

CAPITAL ASSET ADMINISTRATION

The Town purchased a new pickup truck and new dump truck for the maintenance department. The remaining capital asset activities were final expenses on the water project and depreciating and amortizing existing capital assets.

DEBT ADMINISTRATION

Long-term obligations were limited to the responsibility for lease and debt payments.

FACTORS EXPECTED TO AFFECT FUTURE OPERATIONS

There are no events or conditions that are expected to have significant influence on future operations.

Town of Oberlin

STATEMENT OF NET POSITION

June 30, 2023

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|---------------------|
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 161,951 | \$ 272,945 | \$ 434,896 |
| Restricted Cash | - | 197,489 | 197,489 |
| Receivables (net) | 132,724 | 105,203 | 237,927 |
| Leased Asset (net) | 57,801 | - | 57,801 |
| Capital assets | | | |
| Non depreciable capital assets | 193,812 | 7,224 | 201,036 |
| Depreciable capital assets, net | 550,658 | 9,521,927 | 10,072,585 |
| Total assets | <u>1,096,946</u> | <u>10,104,788</u> | <u>11,201,734</u> |
| <u>DEFERRED OUTFLOWS</u> | | | |
| Pension funding deferrals | <u>304,129</u> | <u>-</u> | <u>304,129</u> |
| <u>LIABILITIES</u> | | | |
| Accounts and other payables | 124,101 | 48,678 | 172,779 |
| Delayed Revenues | - | 125,000 | 125,000 |
| Deposits due others | - | 90,377 | 90,377 |
| Long-term liabilities | | | |
| Lease obligation | | | |
| Due within one year | 36,063 | - | 36,063 |
| Due in more than one year | 24,877 | - | 24,877 |
| Long-term debt | | | |
| Due within one year | - | 139,514 | 139,514 |
| Due in more than one year | - | 5,393,635 | 5,393,635 |
| Net pension liability | <u>420,994</u> | <u>-</u> | <u>420,994</u> |
| Total liabilities | <u>606,035</u> | <u>5,797,204</u> | <u>6,403,239</u> |
| <u>DEFERRED INFLOWS</u> | | | |
| Pension funding deferrals | <u>6,584</u> | <u>-</u> | <u>6,584</u> |
| <u>NET POSITION</u> | | | |
| Invested in capital assets, net of related debt | 741,331 | 3,988,778 | 4,730,109 |
| Restricted For: | | | |
| Sales Tax | 44,811 | - | 44,811 |
| Cemetary | 10,680 | - | 10,680 |
| Debt Service | - | 197,489 | 197,489 |
| Unrestricted | <u>(8,366)</u> | <u>121,317</u> | <u>112,951</u> |
| Total net position (deficit) | <u>\$ 788,456</u> | <u>\$ 4,307,584</u> | <u>\$ 5,096,040</u> |

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

Town of Oberlin

STATEMENT OF ACTIVITIES **Year Ended June 30, 2023**

| | | Program Revenues | | | |
|---|---------------------|----------------------|------------------------------------|--------------------------------|------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants & Contributions | Net (Expenses) Revenue |
| <u>Governmental Activities:</u> | | | | | |
| General Government | \$ 770,355 | \$ - | \$ - | \$ - | \$ (770,355) |
| Public Safety | | | | | |
| Police Department | 473,993 | 83,552 | 21,900 | - | (368,541) |
| Public Works | | | | | |
| Streets and Public Facilities | 382,568 | - | - | - | (382,568) |
| Cemetery | 2,022 | - | - | - | (2,022) |
| Total Governmental Activities | <u>1,628,938</u> | <u>83,552</u> | <u>21,900</u> | <u>-</u> | <u>(1,523,486)</u> |
| <u>Business-Type Activities:</u> | | | | | |
| Utility System | | | | | |
| Water System | 358,388 | 446,677 | - | 9,242 | 97,531 |
| Sewer System | 292,827 | 289,985 | 64,091 | - | 61,249 |
| Other | 311 | - | - | - | (311) |
| Total Business-Type Activities | <u>651,526</u> | <u>736,662</u> | <u>64,091</u> | <u>9,242</u> | <u>158,469</u> |
| Total | <u>\$ 2,280,464</u> | <u>\$ 820,214</u> | <u>\$ 85,991</u> | <u>\$ 9,242</u> | <u>\$ (1,365,017)</u> |

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

Town of Oberlin

STATEMENT OF ACTIVITIES (Continued) **Year Ended June 30, 2023**

| | <u>Governmental Activities</u> | <u>Business- Type Activities</u> | <u>Total</u> |
|---|------------------------------------|--|-------------------------|
| Net (Expense) Revenue (Continued From Previous Page) | \$ (1,523,486) | \$ 158,469 | \$ (1,365,017) |
| <u>General Revenues:</u> | | | |
| Taxes: | | | |
| Ad Valorem | 25,064 | - | 25,064 |
| Sales | 192,996 | - | 192,996 |
| Franchise | 76,511 | - | 76,511 |
| Licenses & Permits | 77,482 | - | 77,482 |
| Gaming | 372,950 | - | 372,950 |
| Grants | 364,392 | - | 364,392 |
| Other | 158,293 | 34,594 | 192,887 |
| Transfers | <u>393,067</u> | <u>(393,067)</u> | <u>-</u> |
| Total General Revenues, Special Items and Transfers | <u>1,660,755</u> | <u>(358,473)</u> | <u>1,302,282</u> |
| Change in Net Position | <u>137,269</u> | <u>(200,004)</u> | <u>(62,735)</u> |
| Net Position Beginning, originally reported | 651,187 | 4,346,121 | 4,997,308 |
| Prior period adjustment | <u>-</u> | <u>161,467</u> | <u>161,467</u> |
| Net Position Beginning, as restated | <u>651,187</u> | <u>4,507,588</u> | <u>5,158,775</u> |
| Net Position Ending | <u>\$ 788,456</u> | <u>\$ 4,307,584</u> | <u>\$ 5,096,040</u> |

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

Town of Oberlin

Balance Sheet

Governmental Funds - June 30, 2023

| | General Fund | Sales Tax Fund | Non-Major Fund | Total Governmental Funds |
|---|-------------------|-------------------|-------------------|--------------------------------|
| Assets | | | | |
| Cash and Cash Equivalents | \$ 137,784 | \$ 13,487 | \$ 10,680 | \$ 161,951 |
| Receivables (net) | 101,400 | 31,324 | - | 132,724 |
| Total assets | \$ 239,184 | \$ 44,811 | \$ 10,680 | \$ 294,675 |
| Liabilities and Fund Balance | | | | |
| Liabilities | | | | |
| Accounts and Other Payable | \$ 124,101 | \$ - | \$ - | \$ 124,101 |
| Total liabilities | 124,101 | - | - | 124,101 |
| Fund Balance | | | | |
| Restricted for | | | | |
| Sales Tax | - | 44,811 | - | 44,811 |
| Cemetery Operations | - | - | 10,680 | 10,680 |
| Unassigned | 115,083 | - | - | 115,083 |
| Total Fund Balances | 115,083 | 44,811 | 10,680 | 170,574 |
| Total Liabilities and Fund Balance | \$ 239,184 | \$ 44,811 | \$ 10,680 | \$ 294,675 |

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

Town of Oberlin

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

Year Ended June 30, 2023

| | |
|--|-------------------|
| Total Fund Balances - Governmental Funds | \$ 170,574 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Liabilities not due and payable in the current period are excluded from the Governmental Fund Balance Sheet | |
| Net Pension Liability | (420,994) |
| Deferred Inflows of resources that do not meet criteria for inclusion in the Governmental Fund Balance Sheet | (6,584) |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | 744,470 |
| Deferred outflows of resources that do not meet criteria for inclusion in the Governmental Fund Balance Sheet | 304,129 |
| Capital assets and rights acquired under leasing arrangements are not financial resources and therefore are not reported in the funds | 57,801 |
| Long term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Fund Balance Sheet | <u>(60,940)</u> |
| Net Position of Governmental Activities | <u>\$ 788,456</u> |

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

Town of Oberlin

Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds - Year Ended June 30, 2023

| | General Fund | Sales Tax Fund | Non-Major Fund | Total Governmental Funds |
|---|-------------------|-------------------|-------------------|--------------------------------|
| Revenues: | | | | |
| Taxes: | | | | |
| Ad Valorem | \$ 25,064 | \$ - | \$ - | \$ 25,064 |
| Sales | - | 192,996 | - | 192,996 |
| Franchise | 76,511 | - | - | 76,511 |
| Licenses & Permits | 77,482 | - | - | 77,482 |
| Other | 386,292 | - | - | 386,292 |
| Fines and Forfeitures | 83,552 | - | - | 83,552 |
| Gaming | 372,950 | - | - | 372,950 |
| Other | 19,096 | 5,349 | 28 | 24,473 |
| Total Revenues | 1,040,947 | 198,345 | 28 | 1,239,320 |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | 762,319 | - | - | 762,319 |
| Public Safety | | | | |
| Police Department | 417,208 | - | - | 417,208 |
| Public Works | | | | |
| Streets and Public Facilities | 342,980 | - | - | 342,980 |
| Cemetery | - | - | 2,022 | 2,022 |
| Capital Expenditures | 60,100 | - | - | 60,100 |
| Debt Service | - | - | - | - |
| Total Expenditures | 1,582,607 | - | 2,022 | 1,584,629 |
| Excess (Deficiency) of Revenue Over Expenditures | (541,660) | 198,345 | (1,994) | (345,309) |
| Other Financing Sources (Uses): | | | | |
| Other | 133,820 | - | - | 133,820 |
| Operating Transfers In (Out) | 612,580 | (219,513) | - | 393,067 |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses | 204,740 | (21,168) | (1,994) | 181,578 |
| Fund Balance (Deficit) - Beginning of Year | (89,657) | 65,979 | 12,674 | (11,004) |
| Fund Balance (Deficit) - End of Year | \$ 115,083 | \$ 44,811 | \$ 10,680 | \$ 170,574 |

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

Town of Oberlin

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities

Year Ended June 30, 2023

| | | |
|---|-----------------|-------------------|
| Net change in fund balances of Governmental Funds | | \$ 181,578 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays in the current period exceeded depreciation. | | |
| Capital Expenditures | 60,100 | |
| Depreciation | <u>(44,577)</u> | 15,523 |
| Governmental funds report pension expense based on contributions required for the current year; however, pension expense reported on the government wide basis is influenced by actuarial considerations. | | (56,693) |
| Repayment of long-term debt and lease obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. | | <u>(3,139)</u> |
| Change in net position of governmental activities | | <u>\$ 137,269</u> |

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

Town of Oberlin

Statement of Net Position

Proprietary Funds - June 30, 2023

| | <u>Water</u> | <u>Sanitary Sewer</u> | <u>Nonmajor Fund</u> | <u>Total Utility System</u> |
|---|---------------------|---------------------------|--------------------------|-------------------------------------|
| ASSETS: | | | | |
| Current Assets: | | | | |
| Cash and cash equivalents | \$ 113,587 | \$ 141,108 | \$ 18,250 | \$ 272,945 |
| Restricted Cash | - | 197,489 | - | 197,489 |
| Receivables (net) | <u>54,992</u> | <u>50,211</u> | <u>-</u> | <u>105,203</u> |
| Total current assets | 168,579 | 388,808 | 18,250 | 575,637 |
| Noncurrent Assets: | | | | |
| Land | - | 7,224 | - | 7,224 |
| Depreciable capital assets, net | <u>6,530,483</u> | <u>2,991,444</u> | <u>-</u> | <u>9,521,927</u> |
| Total assets | <u>6,699,062</u> | <u>3,387,476</u> | <u>18,250</u> | <u>10,104,788</u> |
| LIABILITIES: | | | | |
| Current Liabilities: | | | | |
| Accounts and other payables | 30,413 | 18,265 | - | 48,678 |
| Delayed Revenues | - | 125,000 | - | 125,000 |
| Deposits due others | 90,377 | - | - | 90,377 |
| Current portion of long-term debt | <u>64,514</u> | <u>75,000</u> | <u>-</u> | <u>139,514</u> |
| Total current liabilities | 185,304 | 218,265 | - | 403,569 |
| Noncurrent Liabilities: | | | | |
| Long-term debt | <u>3,529,126</u> | <u>1,864,509</u> | <u>-</u> | <u>5,393,635</u> |
| Total liabilities | <u>3,714,430</u> | <u>2,082,774</u> | <u>-</u> | <u>5,797,204</u> |
| NET POSITION: | | | | |
| Invested in capital assets, net of related debt | 2,936,843 | 1,051,935 | - | 3,988,778 |
| Restricted | - | 197,489 | - | 197,489 |
| Unrestricted | <u>47,789</u> | <u>55,278</u> | <u>18,250</u> | <u>121,317</u> |
| Total net position (deficit) | <u>\$ 2,984,632</u> | <u>\$ 1,304,702</u> | <u>\$ 18,250</u> | <u>\$ 4,307,584</u> |

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

Town of Oberlin

Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds - June 30, 2023

| | <u>Water</u> | <u>Sanitary Sewer</u> | <u>Nonmajor Fund</u> | <u>Total Utility System</u> |
|--|---------------------|---------------------------|--------------------------|-------------------------------------|
| <u>Operating Revenues:</u> | | | | |
| Service Fees | \$ 446,552 | \$ 288,995 | \$ - | \$ 735,547 |
| Other | 125 | 990 | - | 1,115 |
| Total Operating Revenues | <u>446,677</u> | <u>289,985</u> | <u>-</u> | <u>736,662</u> |
| <u>Operating Expenses:</u> | | | | |
| Salaries and Benefits | 4,597 | 4,597 | - | 9,194 |
| Legal and Professional | 6,763 | - | - | 6,763 |
| Repairs & Maintenance | 2,641 | 44,226 | - | 46,867 |
| Supplies & Chemicals | 3,216 | 35,492 | - | 38,708 |
| Utilities | 124 | - | - | 124 |
| Consultants | 2,124 | 1,247 | - | 3,371 |
| Depreciation | 251,063 | 164,894 | - | 415,957 |
| Other | 6,232 | 2,419 | 311 | 8,962 |
| Total Operating Expenses | <u>276,760</u> | <u>252,875</u> | <u>311</u> | <u>529,946</u> |
| Operating Income (Loss) | 169,917 | 37,110 | (311) | 206,716 |
| <u>Nonoperating Revenues (Expenses):</u> | | | | |
| Interest Revenue | 117 | 5,770 | 19 | 5,906 |
| Intergovernmental Grants | 9,242 | 64,091 | - | 73,333 |
| Grant Expenses | - | - | - | - |
| Other | (10,905) | 22,932 | 16,661 | 28,688 |
| Interest Expense | (81,628) | (39,952) | - | (121,580) |
| Change in Net Position Before Operating Transfers | 86,743 | 89,951 | 16,369 | 193,063 |
| Operating transfers in (out) | (178,038) | (205,029) | (10,000) | (393,067) |
| Change in net position | <u>(91,295)</u> | <u>(115,078)</u> | <u>6,369</u> | <u>(200,004)</u> |
| Total net position - beginning, originally reported | 2,914,460 | 1,419,780 | 11,881 | 4,346,121 |
| Prior period adjustment | 161,467 | - | - | 161,467 |
| Total net position - beginning, as restated | <u>3,075,927</u> | <u>1,419,780</u> | <u>11,881</u> | <u>4,507,588</u> |
| Total net position - ending | <u>\$ 2,984,632</u> | <u>\$ 1,304,702</u> | <u>\$ 18,250</u> | <u>\$ 4,307,584</u> |

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

Town of Oberlin

Statement of Cash Flows

Proprietary Funds - Year Ended June 30, 2023

| | <u>Water</u> | <u>Sanitary Sewer</u> | <u>Nonmajor Fund</u> | <u>Total Utility System</u> |
|---|--------------------------|---------------------------|--------------------------|-------------------------------------|
| <u>Cash flow from operating activities:</u> | | | | |
| Cash received from customers | \$ 458,533 | \$ 284,306 | \$ - | \$ 742,839 |
| Cash payments to suppliers of goods and services | (51,508) | (97,022) | (311) | (148,841) |
| Cash payments to employees for services | - | - | - | - |
| Net cash provided (used) by operating activities | <u>407,025</u> | <u>187,284</u> | <u>(311)</u> | <u>593,998</u> |
| <u>Cash flows from non-capital financing activities:</u> | | | | |
| Other Income (Expense) | (10,905) | 22,932 | 16,661 | 28,688 |
| Transfers Out | <u>(178,038)</u> | <u>(205,029)</u> | <u>(10,000)</u> | <u>(393,067)</u> |
| Net cash provided (used) by non-capital financing activities | <u>(188,943)</u> | <u>(182,097)</u> | <u>6,661</u> | <u>(364,379)</u> |
| <u>Cash flows from capital and related financing activities:</u> | | | | |
| Assets Acquired | (385,889) | - | - | (385,889) |
| Grant Proceeds Received | 303,833 | 64,091 | - | 367,924 |
| Delayed Revenues | - | 125,000 | - | 125,000 |
| Principle paid on revenue bonds | (63,080) | (76,947) | - | (140,027) |
| Interest paid on debt instruments | <u>(81,628)</u> | <u>(45,609)</u> | <u>-</u> | <u>(127,237)</u> |
| Net cash provided (used) by capital and related financing activities | <u>(226,764)</u> | <u>66,535</u> | <u>-</u> | <u>(160,229)</u> |
| <u>Cash flows from investing activities:</u> | | | | |
| Interest and other income | <u>117</u> | <u>5,770</u> | <u>19</u> | <u>5,906</u> |
| Net cash provided (used) by investing activities | <u>117</u> | <u>5,770</u> | <u>19</u> | <u>5,906</u> |
| Net increase (decrease) in cash | (8,565) | 77,492 | 6,369 | 75,296 |
| Beginning cash balance | <u>122,152</u> | <u>261,105</u> | <u>11,881</u> | <u>395,138</u> |
| Ending cash balance | 113,587 | 338,597 | 18,250 | 470,434 |
| Restricted Cash | <u>-</u> | <u>197,489</u> | <u>-</u> | <u>197,489</u> |
| Unrestricted Cash | <u>\$ 113,587</u> | <u>\$ 141,108</u> | <u>\$ 18,250</u> | <u>\$ 272,945</u> |

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

Town of Oberlin

Statement of Cash Flows (Continued)

Proprietary Funds - Year Ended June 30, 2023

| | <u>Water</u> | <u>Sanitary Sewer</u> | <u>Nonmajor Fund</u> | <u>Total Utility System</u> |
|--|-------------------|---------------------------|--------------------------|-------------------------------------|
| <u>Reconciliation of operating income (loss)</u> | | | | |
| <u>to net cash provided (used) by operating</u> | | | | |
| <u>activities</u> | | | | |
| Operating income (loss) | \$ 169,917 | \$ 37,110 | \$ (311) | \$ 206,716 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | |
| Depreciation | 251,063 | 164,894 | - | 415,957 |
| (Increase) decrease in accounts receivable | 3,774 | (5,679) | - | (1,905) |
| (Decrease) increase in accounts and other payables | (30,408) | (13,638) | - | (44,046) |
| (Decrease) increase in meter deposits | 8,082 | - | - | 8,082 |
| (Decrease) increase in accrued payroll | 4,597 | 4,597 | - | 9,194 |
| Net cash provided (used) by operating activities | <u>\$ 407,025</u> | <u>\$ 187,284</u> | <u>\$ (311)</u> | <u>\$ 593,998</u> |

Supplemental disclosures of cash flow information:

During the year ended June 30, 2023, there were no operating, financing, or investing activities that did not result in cash receipts or payments.

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

TOWN OF OBERLIN

Notes To Financial Statements

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Oberlin (the Town) was incorporated under the provisions of the Lawrason Act. The Town is governed by a Mayor and a Board of Alderman consisting of five (5) members. Services provided by the Town include police protection, street and cemetery maintenance and recreation. The Town also operates a water distribution system and a sewer system.

The accompanying policies conform to generally accepted accounting principles for governmental units.

Financial Reporting Entity

As the municipal governing authority, for reporting purposes, the Town is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the Town), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which 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.

Governmental Accounting Standards establish criteria for determining which component units should be considered part of the Town of Oberlin for financial reporting purposes. Based on these criteria the Town has no potential component units. The criteria considered are listed as follows:

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

Basic Financial Statements

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize activities as either governmental activities or business-type activities, which are described as follows:

- Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.
- Business-type activities rely on fees and charges for support and operate in a manner similar to private sector enterprises.

The government-wide and fund financial statements present the Town's financial position and results of operations from differing perspectives which are described as follows:

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Town as a whole. The effect of most interfund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude fiduciary activities which are reported in the fund financial statements.

TOWN OF OBERLIN

Notes To Financial Statements

June 30, 2023

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service or business-type activity. Program revenues include charges for services, fines, court cost, contributions associated with a particular function and most grants.

Fund Financial Statements

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Separate financial statements are provided for governmental funds and business-type (enterprise) funds. In addition, separate financial statements are presented for any fiduciary activities. Major individual funds are reported as separate columns in the fund financial statements. The Town's major funds are described as follows:

Major Governmental Funds

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

Sales Tax Fund – The sales tax fund is used to account for the receipt and use of proceeds of a 1% and 0.3% sales and use tax that are legally restricted to expenditures for specific purposes as described in Note 7.

Cemetery Fund – The cemetery fund is used to account for the receipt and expenditure of funds collected on transactions related to the Town's cemetery operations.

Major Business-Type Funds

Water System – Used to account for activities associated with providing water service to the citizens of Oberlin and customers residing in the surrounding area.

Sewer System - Used to account for activities associated with providing sewer service to the citizens of Oberlin and customers residing in the surrounding area.

Business-Type funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with the funds ongoing operations. Principal operating revenues are charges to customers for water and sewer service.

Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

| <u>Financial Statement Presentation</u> | <u>Basis of Accounting</u> | <u>Measurement Focus</u> |
|--|-----------------------------------|---------------------------------|
| Government-Wide Financial Statements | Accrual Basis | Economic Resources |
| Fund Financial Statements: | | |
| Governmental Funds | Modified Accrual Basis | Current Financial Resources |
| Proprietary Funds | Accrual Basis | Economic Resources |

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of accounting and the current financial resources measurement focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year end or due under a cost reimbursement arrangement. In addition, expenses are generally recorded when a liability has been incurred; however, debt service, compensated absences, claims and

TOWN OF OBERLIN

Notes To Financial Statements

June 30, 2023

judgments are recorded as expenses when payment is made. Furthermore, when the current financial resources measurement focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt are as reported as other financing sources and repayment of long-term debt is reported as an expenditure.

Use of Estimates

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

Restricted Assets:

Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by voters and various contractual obligations including grant agreements and bond covenants. Whenever restricted assets can be used to satisfy an obligation, the restricted assets are typically consumed before utilizing any unrestricted resources.

Budget Practices:

Budgets including any amendments are prepared in the manner prescribed by Louisiana revised statutes. Town budgets present revenue and expenditures on a basis which is consistent with generally accepted accounting principles. Budgets are adopted annually for the general fund and each special revenue fund. The remaining funds are not required to adopt budgets.

Capital Assets

Capital assets, which include property, equipment and infrastructure, are reported as assets in the applicable governmental or business-type columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Assets reported in the fund financial statements for governmental funds exclude capital assets. Instead, the governmental funds report the acquisition of capital assets as expenditures rather than asset acquisitions.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value when received by the Town. Capital assets are depreciated using the straight-line method and estimated useful lives ranging from 4 to 50 years. Useful lives are selected depending on the expected durability of the particular asset.

Cash and Cash Equivalents:

Amounts reported as cash and cash equivalents (restricted and unrestricted) include all cash on hand, cash in bank accounts and certificates of deposit. Credit risk associated with bank deposits is limited by requiring fiscal agent banks to pledge securities as required by State Law. Furthermore, interest rate risk associated with certificates of deposits is typically mitigated by purchasing instruments that mature in one year or less.

Internal Activity:

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without expectation of repayment, the transaction is reported as a transfer. Transfers are treated as a source of income by the recipient and as an expense or expenditure by the provider. If repayment is eventually expected to occur, interfund receivables and payables are recorded.

TOWN OF OBERLIN

Notes To Financial Statements

June 30, 2023

In preparing the government-wide financial statements, transfers are eliminated to present net transfers for governmental activities and business-type activities. In addition, interfund receivables and payables are eliminated to present a net internal balance for each type of activity.

Compensated Absences

Employees have limited ability to accumulate unused leave and do not have a vested interest in unused leave. Accordingly, there are no liabilities associated with compensated absences.

Delayed Revenues

Amounts collected from funding sources before the receipts are reported as delayed revenues. Revenues is reported when the earnings process is completed.

Fund Balance Classification:

Approval of the majority of the Board of Aldermen is required to approve the commitment of fund balances. In situations where it is permissible to spend restricted or committed resources, the Town typically depletes the available restricted or committed resources before consuming unrestricted resources.

NOTE 2 - CASH AND CASH EQUIVALENTS

At June 30, 2023, cash and cash equivalents included the following amounts:

| | Governmental Activities | Business-Type Activities | Total |
|---------------------------|------------------------------------|-------------------------------------|--------------|
| Cash Deposited in Banks | \$ 161,901 | \$ 272,745 | \$ 434,646 |
| Cash on Hand | 50 | 200 | 250 |
| Cash Equivalents | ---- | 197,489 | 197,489 |
| Cash and Cash Equivalents | 161,951 | 470,434 | 632,385 |
| Restricted Cash | ---- | 197,489 | 197,489 |
| Unrestricted Cash | \$ 161,951 | \$ 272,945 | \$ 434,896 |

Cash deposited in banks is stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2023, the Town has \$450,331 in deposits (collected bank balance). These deposits are protected by FDIC insurance in the amount of \$250,000 and pledged securities with a market value of \$494,411. The pledged securities are held by the custodial bank in the name of the fiscal agent bank.

Even though the pledged securities are considered uncollateralized, State law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

Cash Equivalents

Cash equivalents consist entirely of amounts invested in the Goldman Sachs Financial Square Government Fund (money market). The primary objective of these money market funds is to provide a safe environment for the placement of public funds in short-term, high quality investments. The portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA – R.S. 33:2955.

TOWN OF OBERLIN

Notes To Financial Statements

June 30, 2023

Generally accepted accounting principles require disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

The following facts are relevant:

- Credit risk: This fund is rated AAA by Standard & Poor's.
- Custodial credit risk: Due to the investment being in U. S. Government securities, disclosure for custodial credit risk is not necessary.
- Concentration of credit risk: US Government investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: Not applicable.
- Foreign currency risk: Not applicable.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable for the year ended June 30, 2023 are summarized as follows:

| | Governmental Activities | Business-Type Activities | Total |
|--|------------------------------------|-------------------------------------|-------------------|
| <u>Accounts Receivable</u> | | | |
| Charges for Services | \$ ---- | \$ 105,203 | \$ 105,203 |
| Gaming Revenues | 83,975 | ---- | 83,975 |
| Franchise Fees | 12,728 | ---- | 12,728 |
| Allowance for Doubtful Accounts | ---- | ---- | ---- |
| Total Accounts Receivable | <u>96,703</u> | <u>105,203</u> | <u>201,906</u> |
| | | | |
| <u>Due From Other Governmental Units</u> | | | |
| Sales Taxes | 31,324 | ---- | 31,324 |
| Insurance Fees | 4,697 | ---- | 4,697 |
| Total Due From Other Governments | <u>36,021</u> | <u>----</u> | <u>36,021</u> |
| | | | |
| Total Receivables | <u>\$ 132,724</u> | <u>\$ 105,203</u> | <u>\$ 237,927</u> |

NOTE 4 – CAPITAL ASSETS

Changes in governmental and business-type capital assets are presented as follows:

| | Governmental Activities | | | |
|--|--------------------------------|------------------|------------------|---------------------------|
| | Beginning Balance | Additions | Disposals | Ending Balance |
| <u>Non Depreciable Capital Assets</u> | | | | |
| Land | \$ 193,812 | \$ ---- | \$ ---- | \$ 193,812 |
| Total Non-Depreciable Assets | <u>193,812</u> | <u>----</u> | <u>----</u> | <u>193,812</u> |
| | | | | |
| <u>Depreciable Capital Assets</u> | | | | |
| Equipment | 401,118 | 60,100 | 7,488 | 453,730 |
| Buildings | 294,504 | ---- | ---- | 294,504 |
| Infrastructure | 1,105,451 | ---- | ---- | 1,105,451 |
| Accumulated Depreciation | (1,265,938) | (44,577) | (7,488) | (1,303,027) |
| Total Depreciable Capital Assets | <u>535,135</u> | <u>15,523</u> | <u>----</u> | <u>550,658</u> |
| | | | | |
| Total Capital Assets | <u>\$ 728,947</u> | <u>\$ 15,523</u> | <u>\$ ----</u> | <u>\$ 744,470</u> |

TOWN OF OBERLIN

Notes To Financial Statements

June 30, 2023

| | Business-Type Activities | | | |
|--|---------------------------------|---------------------|------------------|-----------------------|
| | Beginning Balance | Additions | Disposals | Ending Balance |
| <u>Non-Depreciable Capital Assets</u> | | | | |
| Land-Sewer System | \$ 7,224 | \$ ---- | \$ ---- | \$ 7,224 |
| <u>Depreciable Capital Assets</u> | | | | |
| Sewer System | | | | |
| Infrastructure | 5,524,806 | ---- | ---- | 5,524,806 |
| Accumulated Depreciation | (2,368,468) | (164,894) | ---- | (2,533,362) |
| Total Sewer System | <u>3,156,338</u> | <u>(164,894)</u> | <u>----</u> | <u>2,991,444</u> |
| Water System | | | | |
| Infrastructure | 10,388,452 | ---- | ---- | 10,388,452 |
| Accumulated Depreciation | (3,606,906) | (251,063) | ---- | (3,857,969) |
| Total Water System | <u>6,781,546</u> | <u>(251,063)</u> | <u>----</u> | <u>6,530,483</u> |
| Total Business-type | <u>\$ 9,937,884</u> | <u>\$ (415,957)</u> | <u>\$ ----</u> | <u>\$ 9,521,927</u> |

Depreciation expense charged to various functions presented on the statement of activities is presented as follows:

| | Governmental Activities | Business-Type Activities | Total |
|-------------------------------|--------------------------------|---------------------------------|-------------------|
| Police Department | \$ 92 | \$ ---- | \$ 92 |
| Streets and Public Facilities | 36,449 | ---- | 36,449 |
| General Government | 8,036 | ---- | 8,036 |
| Sewer System | ---- | 164,894 | 164,894 |
| Water System | ---- | 251,063 | 251,063 |
| Total Depreciation Expense | <u>\$ 44,577</u> | <u>\$ 415,957</u> | <u>\$ 460,534</u> |

NOTE 5 – ACCOUNTS AND OTHER PAYABLE

Amounts reported as accounts and other payables are summarized as follows:

| | Governmental Activities | Business-Type Activities | | |
|----------------------|--------------------------------|---------------------------------|------------------|------------------|
| | | Water | Sewer | Total |
| Payments to Vendors | \$ 91,299 | \$ 21,157 | \$ 13,668 | \$ 34,825 |
| Payroll Withholdings | 12,918 | ---- | ---- | ---- |
| Accrued Wages | 19,884 | 4,597 | 4,597 | 9,194 |
| Accrued Interest | ---- | 3,832 | ---- | 3,832 |
| Other | ---- | 827 | ---- | 827 |
| Total | <u>\$ 124,101</u> | <u>\$ 30,413</u> | <u>\$ 18,265</u> | <u>\$ 48,678</u> |

TOWN OF OBERLIN

Notes To Financial Statements

June 30, 2023

NOTE 6 - LONG-TERM LIABILITIES

The Town's long-term liabilities are summarized as follows:

| | Governmental Activities | Business- Type Activities | Total |
|-------------------------------------|------------------------------------|--|---------------------|
| <u>Long-Term Liabilities</u> | | | |
| Revenue Bonds | \$ ---- | \$ 5,533,149 | \$ 5,533,149 |
| Net Pension liability | 420,994 | ---- | 420,994 |
| Total Long-Term Liabilities | <u>\$ 420,994</u> | <u>\$ 5,533,149</u> | <u>\$ 5,954,143</u> |

Long-term liabilities attributable to the acquisition of the Town's utility system and the operation of the utility system are reported as an obligation of the Town's business-type enterprise funds. Any remaining long-term liabilities are reported as governmental activities. The Town's long-term liabilities are summarized as follows:

| | Governmental Activities | Business- Type Activities | Total |
|-------------------------------------|------------------------------------|--|---------------------|
| <u>Long-Term Liabilities</u> | | | |
| Revenue Bonds | \$ ---- | \$ 5,518,640 | \$ 5,518,640 |
| Delayed Issue Costs | ---- | 14,509 | 14,509 |
| Total Long-Term Debt | ---- | 5,533,149 | 5,533,149 |
| Due Within One Year | ---- | 139,514 | 139,514 |
| Due in More Than One Year | <u>\$ ----</u> | <u>\$ 5,393,635</u> | <u>\$ 5,393,635</u> |

Debt Instruments

Long-term liabilities include debt instruments that are summarized as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance |
|--|------------------------------|------------------|-------------------|---------------------------|
| <u>Business-Type Activities</u> | | | | |
| Revenue Bonds | \$ 5,656,719 | \$ ---- | \$ 138,080 | \$ 5,518,640 |

A description of the various debt instruments is presented as follows:

Revenue Bonds

\$3,804,000 Water Revenue Bonds Series 2020, bearing interest at a rate of 2.250% payable in monthly installments of \$12,059 with the final installment due in 2060. \$ 3,593,640

\$2,050,000 Sewer Revenue Refunding Bonds Series 2021, bearing interest at rates ranging from 1.75% to 3.00%, payable in installments ranging from \$15,000 to 115,000, with the final installment due in 2046. 1,925,000

Total \$ 5,518,640

TOWN OF OBERLIN

Notes To Financial Statements

June 30, 2023

A schedule of maturities of debt instruments excluding capital leases is presented as follows:

| <u>Year Ended June 30th</u> | <u>Principal</u> | | <u>Interest</u> | <u>Total</u> |
|--|--------------------|---------------------|---------------------|---------------------|
| | <u>Water</u> | <u>Sewer</u> | | |
| Business-Type Activities | | | | |
| 2024 | \$ 64,514 | \$ 75,000 | \$ 127,094 | \$ 266,608 |
| 2025 | 65,980 | 80,000 | 124,315 | 270,296 |
| 2026 | 67,480 | 80,000 | 121,415 | 268,896 |
| 2027 | 69,014 | 80,000 | 118,481 | 267,496 |
| 2028 | 70,583 | 80,000 | 115,512 | 266,096 |
| 2029-2033 | 377,728 | 435,000 | 523,487 | 1,336,215 |
| 2034-2038 | 422,660 | 485,000 | 432,917 | 1,340,578 |
| 2039-2043 | 472,938 | 520,000 | 307,190 | 1,300,128 |
| 2044-2048 | 529,196 | 90,000 | 199,707 | 818,903 |
| 2049-2053 | 592,146 | ---- | 131,394 | 723,540 |
| 2054-2058 | 662,584 | ---- | 60,956 | 723,540 |
| 2059-2060 | 198,812 | ---- | 3,312 | 202,125 |
| Total Business-Type | <u>\$3,593,635</u> | <u>\$ 1,925,000</u> | <u>\$ 2,265,780</u> | <u>\$ 7,784,421</u> |

NOTE 7 – TAXES:

Ad Valorem Taxes:

The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Allen Parish. Property taxes are limited to an assessment for general alimony as permitted by State Law. Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year the tax is levied. Revenues from ad valorem taxes are recognized as revenue in the year billed by the Town's General Fund.

Sales Taxes:

Sales taxes are collected by the Parish of Allen and remitted to the Town on a monthly basis. For the year ended June 30, 2023 the Town has levied sales taxes described as follows:

- A 1.0% dedicated sales tax available for the purposes of constructing, acquiring extending, improving, and/or maintain the sewer and water systems, streets, recreational facilities and fire protection facilities and equipment, and purchasing and acquiring the necessary land, equipment and furnishings for any of the forgoing public works, improvements and facilities.
- A 0.3% dedicated sales tax allocated:
 - 70% for constructing, improving, maintaining, and operating public streets, sidewalks, and alleys, and
 - 30% for acquiring, constructing, improving, maintaining operating recreational facilities.

NOTE 8- RISK MANAGEMENT

The Town is exposed to various risk of loss related to torts; theft, damage or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town insures against these risks by participation in public entity risk pools that operate as common insurance programs and by purchasing commercial insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

TOWN OF OBERLIN

Notes To Financial Statements

June 30, 2023

NOTE 9 – RESTRICTIONS AND COMMITMENTS

Details regarding limitations imposed on the use of various resources are summarized as follows:

Sales Taxes

The Town has collected taxes that are dedicated to specific services. Amounts that are subject to this dedication are reported as restricted as discussed in Note 7.

Cemetery Fund

The Town maintains a cemetery. Amounts are maintained in the cemetery account are reported as restricted.

Bond Covenants

Bond covenants require the Town to establish bank accounts which serve as debt service and depreciation reserves. Funds may be disbursed from these accounts only under specific circumstances described by the bond covenants.

NOTE 10 – PENSION PLANS

The Town's police employees are eligible to be members of a statewide retirement system. This system is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. A summary of amounts reported in connection with participation in this plan is summarized as follows:

| | <u>Net Pension Liability</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|--------------------------------------|---|--|
| Municipal Police Employees' Retirement System | \$ 420,994 | \$ 304,129 | \$ 6,584 |

Municipal Police Employees' Retirement System of Louisiana

Plan Description – All full-time police department employees engaged in law enforcement are eligible to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70800-2250, or by calling (225) 929-7411.

Funding Policy - Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the Town is established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the plan were equal to the required contributions for the year.

Financial Summary – The plan description, funding policies and financial information provides a summary of the Plan provisions and finances. For additional details, the System issues an annual publicly available stand

TOWN OF OBERLIN

Notes To Financial Statements

June 30, 2023

alone financial report. The financial report includes information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The report can be obtained on the internet at lampers.org. The plans net pension liability was determined at June 30, 2022 (measurement date and actuarial valuation date) and details are provided as follows:

| | |
|---|----------------------|
| Total Pension Liability | \$ 3,500,495,219 |
| Plan Fiduciary Net Position | 2,478,317,694 |
| Net Pension Liability | <u>1,022,177,525</u> |
| Town's Proportionate Share (Percentage) | 0.041186% |
| Town's Proportionate Share (Amount) | <u>\$ 420,994</u> |

The net pension liability presented above was not affected by any special funding situations. Changes in the Town's proportionate share of Plan's net pension liability during the measurement period ending June 30, 2022 are provided as follows:

| | | |
|---|----------------|-------------------|
| Beginning Net Pension Liability | | \$ 76,019 |
| Employer Contributions | | (37,879) |
| <u>Pension Expense</u> | | |
| Proportionate Share of Plan Pension Expense | 72,074 | |
| Changes in Proportion | 48,029 | |
| Employee Contributions | <u>(9,162)</u> | 110,941 |
| Changes in Deferred Outflows of Resources | | 230,378 |
| Changes in Deferred Inflows of Resources | | <u>41,535</u> |
| Ending Net Pension Liability | | <u>\$ 420,994</u> |

There were no changes between June 30, 2023 and the Plan's measurement date that are expected to have a significant effect on the Town's proportionate share of the collective net pension liability. Balances presented as deferred outflows of resources and deferred inflows of resources reported in connection with participation in the plan are presented as follows:

| | Deferred Outflows of Resources | Deferred Inflows of Resources | Net |
|---|---|--|-------------------|
| Differences Between Expected and Actual Experience | \$ 2,076 | \$ 3,431 | \$ (1,355) |
| Net Difference Between Projected and Actual | | | |
| Investment Earnings on Pension Plan Investments | 75,161 | ---- | 75,161 |
| Changes of Assumptions | 14,522 | 3,131 | 11,391 |
| Changes in Proportion | 158,176 | ---- | 158,176 |
| Employer Contributions Made After the Measurement Date | <u>54,194</u> | <u>----</u> | <u>54,194</u> |
| Total Deferrals | 304,129 | 6,562 | 297,567 |
| Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period | <u>(54,194)</u> | <u>----</u> | <u>(54,194)</u> |
| Deferrals Subject to Amortization | <u>\$ 249,935</u> | <u>\$ 6,562</u> | <u>\$ 243,373</u> |

Deferrals that will be amortized as a component of pension expense in future periods are summarized as follows:

TOWN OF OBERLIN

Notes To Financial Statements

June 30, 2023

| | |
|-----------------------------|-------------------|
| <u>For the Year Ending:</u> | |
| June 30, 2023 | \$ 76,541 |
| June 30, 2024 | 71,815 |
| June 30, 2025 | 55,590 |
| June 30, 2026 | <u>39,427</u> |
| Total | <u>\$ 243,373</u> |

A summary of the actuarial methods and assumptions used in determining the total pension liability as of the measurement date are as follows:

| | | |
|---|---------------------------------|---------------------------|
| Valuation Date | June 30, 2022 | |
| Actuarial Cost Method | Entry Age Normal Cost | |
| Investment Rate of Return | 6.75% net of investment expense | |
| Expected Remaining Service Lives | 2019-2022 - 4 Years Each | |
| Inflation Rate | 2.50 % | |
| Projected Salary Increases Including Inflation and Merit | <u>Years of Service</u> | <u>Salary Growth Rate</u> |
| | 1 – 2 | 12.30% |
| | Above 2 | 4.70% |

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

For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used.

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

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

TOWN OF OBERLIN

Notes To Financial Statements

June 30, 2023

The mortality rate assumption used was set based upon an experience study for the period of July 1, 2014 through June 30, 2019. A change was made full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality.

The best estimates of arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2022 are summarized in the following table:

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

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to changes in the discount has been determined by measuring net pension liability at a discount rate that is one percentage point lower and one percentage point higher than the current rate. The results are presented as follows:

| | <u>1% Decrease 5.75% Discount</u> | <u>Current Discount Rate 6.75%</u> | <u>1% Increase 7.75% Discount</u> |
|-----------------------|---------------------------------------|--|---------------------------------------|
| Net Pension Liability | \$ 589,311 | \$ 420,994 | \$ 280,394 |

NOTE 11 - LEASES

The Town has entered into various leasing arrangements to acquire equipment necessary to conduct operations. Under the terms of the agreements, the Town is obligated to make fixed payments over three to five years. The value of the leased equipment has been determined as follows:

| Governmental Activities | |
|--------------------------------|------------------|
| Leased Equipment | \$ 159,894 |
| Accumulated Amortization | (102,092) |
| Leased Assets | <u>\$ 57,802</u> |

TOWN OF OBERLIN

Notes To Financial Statements

June 30, 2023

The lease obligation at year end are summarized below:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Current Portion</u> | <u>Long-Term Portion</u> |
|---------------------------------------|--------------------------|------------------|-------------------|-----------------------|------------------------|--------------------------|
| <u>Governmental-Activities</u> | | | | | | |
| Leased Equipment | \$ 100,186 | \$ ---- | \$ 39,246 | \$ 60,940 | \$ 36,063 | \$ 24,877 |

Principal and interest requirement associated with the underlying lease obligation are presented as follows:

| <u>Year Ended June 30th</u> | <u>Governmental Activities</u> | |
|--|--------------------------------|-----------------|
| | <u>Principal Installments</u> | <u>Interest</u> |
| 2024 | \$ 36,063 | \$ 1,704 |
| 2025 | 22,925 | 576 |
| 2026 | 1,952 | 6 |
| Total Payments | \$ 60,940 | \$ 2,286 |

NOTE 12 - TRANSFERS

In the ordinary course of business, the Town routinely transfers resources between its funds to utilize resources where needed. Transfers during the year ended June 30, 2023 are summarized as follows:

| | <u>Operating Transfers In/(Out)</u> |
|-----------------------------------|-------------------------------------|
| <u>Governmental Funds</u> | |
| General Fund | \$ 612,580 |
| Sales Tax Fund | (219,513) |
| | <u>393,067</u> |
| <u>Business-Type Funds</u> | |
| Natural Gas System | (10,000) |
| Water System | (178,038) |
| Sanitary Sewer System | (205,029) |
| Total Business-Type | <u>(393,067)</u> |
| Net Transfers | \$ ---- |

NOTE 13 – CONTINGENCIES:

Existing conditions that may have financial consequences are referred to as contingencies. Contingencies existing at June 30, 2023 are described as follows:

Litigation

Like most governmental units with extensive and diverse operations, the Town is occasionally named as a defendant in litigation. Based on analysis of pending and threatened matters, exposure to loss is limited to paying deductibles necessary to utilize insurance coverage.

Grant Compliance

The Town receives state and federal assistance through various grant programs. Management is confident that all significant grant conditions have been met; however, grantor agencies routinely review grant activity and could request reimbursement if a dispute occurs regarding compliance with grant conditions.

TOWN OF OBERLIN

Notes To Financial Statements

June 30, 2023

Municipal Police Employees Retirement System

A Town officer has alleged that the Town should have been a member of the Municipal Police Employees Retirement System (MPERS) for the years January 1, 2003 through March 15, 2010. This employee has requested and received a calculation from MPERS demonstrating that the Town could owe \$147,477 in back retirement contributions. However, this calculation does not include any other officers who may have worked during this time period. In addition, due to a lack of records from this time period, the Town is unable to ascertain where it was actually a participant in the Plan or whether any of these employees had opted to not participate. Due to these uncertainties, the Town is unable to determine if any actual amounts are owed.

Disputed Charge

The Town has been presented with an invoice from their workers compensation carrier with an additional \$15,000 owed. The Town is disputing this invoice, because they believe that any previously owed amounts have been paid. The Town is working with their workers compensation carrier to rectify the situation. No amounts have been reported as payable in the current year because this matter has not been resolved.

NOTE 14 – ON BEHALF PAYMENTS

The State of Louisiana provides supplemental pay for public safety employees that meet certain requirements. Amounts reported as revenue and expenditures in connection with State Supplemental Pay are presented as follows:

| | |
|-------------------|-----------|
| Police Department | \$ 21,900 |
|-------------------|-----------|

NOTE 15 – DELAYED REVENUES

Funding has been received from state aid (\$50,000) and a drainage improvement grant (\$75,000) totaling \$125,000. Management does not consider these amounts to be earned until expenditures meeting certain requirements have been completed. Accordingly, the amount collected has been reported as delayed revenues. The funds were spent subsequent to year end.

NOTE 16 – LOCAL SERVICES AGREEMENT

The Council on Aging and Allen Parish Library are located on real estate owned by the Town. The Town had entered into a local services agreement with the Allen Parish Libraries Board of Control, a component unit of the Allen Parish Police Jury. The current administration is working to obtain the original contract but attempts have been unsuccessful at year end.

NOTE 17 – RELATED PARTY TRANSACTIONS

A former Mayor and council member owned a local business used by the Town during the normal course of business. For the period ended December 31, 2022 the Town purchased goods from this business of \$4,602 as documented with the Louisiana Board of Ethics. The terms of these transactions were on substantially the same terms as those prevailing at the time of comparable transactions. During the latter portion of December 2022, a new administration was implemented and reports were no longer required.

NOTE 18 – PRIOR PERIOD ADJUSTMENT

In the previous year, receivables from grant revenues related to construction performed on the water system was not recorded. A prior period adjustment is necessary to recognize these revenues in the appropriate period. The effect on the prior government-wide and water system financial statements is presented as follows:

| | As Originally Reported | Prior Period Adjustment | As Restated |
|------------------------|---------------------------|----------------------------|---------------------|
| Change in Net Position | \$ (156,214) | \$ 161,467 | \$ 5,253 |
| Net Position Beginning | 3,070,674 | --- | 3,070,674 |
| Net Position Ending | <u>\$ 2,914,460</u> | <u>\$ 161,467</u> | <u>\$ 3,075,927</u> |

Town of Oberlin

Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Year Ended June 30, 2023

| | <u>Budget Amounts</u> | | <u>Actual Amounts</u> | Variance with Final Budget |
|---|-----------------------|------------------|---------------------------|--------------------------------|
| | <u>Original</u> | <u>Final</u> | | <u>Positive (Negative)</u> |
| <u>General Fund</u> | | | | |
| Total Revenues | \$ 414,371 | \$ 1,577,472 | \$ 1,040,947 | \$ (536,525) |
| Total Expenditures | <u>928,665</u> | <u>1,504,543</u> | <u>1,582,607</u> | <u>(78,064)</u> |
| Excess (Deficiency) of Revenue Over Expenditures | (514,294) | 72,929 | (541,660) | (614,589) |
| <u>Other Financing Sources (Uses):</u> | | | | |
| Other | - | - | 133,820 | 133,820 |
| Operating Transfers In (Out) | <u>240,000</u> | <u>400,000</u> | <u>612,580</u> | <u>212,580</u> |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses | <u>(274,294)</u> | <u>472,929</u> | <u>204,740</u> | <u>(268,189)</u> |
| <u>Sales Tax Fund</u> | | | | |
| Total Revenues | \$ - | \$ 224,075 | \$ 198,345 | \$ (25,730) |
| Total Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (Deficiency) of Revenue Over Expenditures | - | 224,075 | 198,345 | (25,730) |
| <u>Other Financing Sources (Uses):</u> | | | | |
| Operating Transfers In (Out) | <u>-</u> | <u>(215,000)</u> | <u>(219,513)</u> | <u>4,513</u> |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses | <u>-</u> | <u>9,075</u> | <u>(21,168)</u> | <u>(21,217)</u> |

Town of Oberlin

Schedule of Net Pension Liability Data Cost Sharing Retirement Systems

| Retirement System / Measurement Date | Share of Collective Net Pension Liability | | Covered Payroll | Net Pension Liability as a Percentage of Covered Payroll | Pension Plans Fiduciary Net Position as a Percentage of Total |
|---|--|---------|--------------------|--|---|
| | Percent | Amount | | | |
| Municipal Police Employees' Retirement System | | | | | |
| June 30, 2014 | 0.03% | 188,339 | 72,029 | 261.5% | 75.10% |
| June 30, 2015 | 0.02% | 145,900 | 55,726 | 261.8% | 70.73% |
| June 30, 2016 | 0.01% | 132,550 | 39,613 | 334.6% | 66.04% |
| June 30, 2017 | 0.01% | 111,514 | 41,693 | 267.5% | 70.08% |
| June 30, 2018 | 0.02% | 133,439 | 42,733 | 312.3% | 71.89% |
| June 30, 2019 | 0.01% | 106,083 | 43,600 | 243.3% | 71.01% |
| June 30, 2020 | 0.01% | 129,744 | 47,133 | 275.3% | 70.95% |
| June 30, 2021 | 0.01% | 76,019 | 47,133 | 161.3% | 84.09% |
| June 30, 2022 | 0.04% | 420,994 | 127,146 | 331.1% | 70.80% |

Notes to Schedule:

At the present time, management has not identified any factors that are expected to significantly affect trends in the amounts reported above.

Town of Oberlin

Schedule of Employer Contributions

Cost Sharing Retirement Systems

| Retirement System / Fiscal Year Ending | Statutorily Required Employer Contributions | Contributions Recognized By the Pension Plan | Difference Between Required and Recognized Contributions | Covered Payroll | Contributions Recognized as a Percentage of Covered Payroll |
|---|--|---|--|--------------------|--|
| Municipal Employees' Retirement System | | | | | |
| June 30, 2014 | 22,329 | 22,329 | - | 72,029 | 8.75% |
| June 30, 2015 | 17,554 | 17,554 | - | 55,726 | 31.50% |
| June 30, 2016 | 11,686 | 11,686 | - | 39,613 | 29.50% |
| June 30, 2017 | 13,238 | 13,237 | 1 | 41,693 | 31.75% |
| June 30, 2018 | 13,140 | 13,247 | (107) | 42,733 | 31.00% |
| June 30, 2019 | 14,061 | 14,043 | 18 | 43,600 | 32.21% |
| June 30, 2020 | 15,318 | 15,318 | - | 47,133 | 32.50% |
| June 30, 2021 | 15,907 | 15,907 | - | 47,133 | 33.75% |
| June 30, 2022 | 37,826 | 37,826 | - | 127,146 | 29.75% |

Notes to Schedule:

At the present time, management has not identified any factors that are expected to significantly affect trends in the amounts reported above.

Town of Oberlin

Schedule of Compensation Paid to Elected Officials

For the year ended June 30, 2023

| | |
|--------------------|------------------|
| Larry Alexander | \$ 7,200 |
| Wayne Smith | 7,200 |
| Abraham McCleon | 1,800 |
| Bobby Thomas | 1,800 |
| Christopher Davis | 3,600 |
| Gary Marcantel | 1,800 |
| Janice Simons | 1,500 |
| Linda Boulden | 1,800 |
| Romelzy Willis | 1,800 |
| Ryan Daigle | 1,800 |
| Ryan Rozas | 1,800 |
| Total Compensation | <u>\$ 32,100</u> |

Town of Oberlin

Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer Year Ended June 30, 2023

Agency Head (Mayor)

| | Wayne Smith | Larry Alexander |
|----------------|-----------------|--------------------|
| Compensation | \$ 7,200 | \$ 7,200 |
| Benefits | - | - |
| Reimbursements | - | - |
| | <u>\$ 7,200</u> | <u>\$ 7,200</u> |

Wayne Smith was Mayor from July 1, 2022 through December 2022.
Larry Alexander assumed office in December 2022.

Town of Oberlin

**Justice System Funding Schedule - Collecting / Disbursing Entity as Required by Act 87 of the
2020 Regular Legislative Session
For the Year Ended June 30, 2023**

| | First Six Month Period Ended December 31, 2022 | Second Six Month Period Ended June 30, 2023 |
|--|---|--|
| Cash Basis Presentation | | |
| Beginning Balance of Amounts Collected | <u>\$ -</u> | <u>\$ -</u> |
| Add: Collections | | |
| Criminal Court Costs/Fees | 24,708 | 48,489 |
| Subtotal Collections | <u>24,708</u> | <u>48,489</u> |
| Less: Disbursements to Governments & Nonprofits | | |
| Criminal Court Cost / Fees | | |
| Louisiana Commission on Law Enforcement | - | - |
| CMIS Trial Court Case Management System | - | - |
| Crime Stoppers of Cenla, Inc. | - | - |
| Louisiana Department of Health and Hospitals | - | - |
| North Louisiana Crime Lab | - | - |
| Louisiana Judicial college | - | - |
| Less: Amounts Retained by Town | | |
| Self Disbursed Court Costs | 24,708 | 48,489 |
| Subtotal Disbursements / Retainage | <u>24,708</u> | <u>48,489</u> |
| Ending Balance of Amounts Collected but not Disbursed | <u>\$ -</u> | <u>\$ -</u> |
| Other Information: | | |
| Total Waivers During the Fiscal Period | - | - |

TOWN OF OBERLIN

Summary of Findings and Responses

June 30, 2023

PART I - SUMMARY OF AUDITOR'S RESULTS

- The Independent Auditor's were unable to express an opinion on the Town of Oberlin as of June 30, 2023 and for the year then ended.
- The audit disclosed three findings which are considered to be a material weakness in internal control over financial reporting.
- The audit disclosed eight findings related to noncompliance required to be reported.

PART II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:

2023-001: Non Compliance with Bond Covenants

- Criteria: In exchange for fees, the Town provides residents with utility service including water and sewage disposal.
- Condition: Operation of the utility system has not produced sufficient income to cover the bond covenant requirements.
- Cause: Failure to properly increase rates as costs have increased.
- Effect: Without an adequate rate structure, the Town is not in compliance with debt covenants.
- Recommendation: In order to provide income necessary to sustain operations and repay creditors, we suggest altering the Town's utility rate structure to provide additional revenue needed to meet the utility system's obligations.

2023-002: Accounting Policies and Financial Reporting

- Criteria: To foster accountability over financial reporting, the Town's accounting system should contain several elements, including readily available documentation, prompt payments of obligations when funds allow, proper classification of transactions, and the production of timely, relevant financial reports to management.
- Condition: In the current year, the Town's lack of certain policies and procedures, and deficiencies regarding general accounting practices have contributed to a variety of problems, including unavailable documentation, and management's inability to properly evaluated financial decisions because of a lack of timely and accurate information.
- Cause: The Town's personnel require additional training, and Town's management must commit to establishing a proper control environment.
- Effect: The Town was unable to provide sufficient documentation to substantiate some expenditures, leading auditors to be unable to obtain sufficient appropriate audit evidence to opine on the financial statements.
- Recommendation: While we recognize that these issues predated the current administration, we recommend that the Town continue to provide key accounting personnel with adequate training, and continue its efforts to provide a proper control environment.

2023-003: Failure to Maintain Adequate Documents and Records Regarding Payroll

- Criteria: To ensure proper compensation to employees, the Town should document pay rates in employee files and ensure that employees track their daily work, time cards are approved prior to payroll being remitted.
- Condition: In the first half of the current year, former employees were paid without proper documentation of their rates, overtime, or sick leave hours.

TOWN OF OBERLIN

Summary of Findings and Responses

June 30, 2023

- Cause: Inadequate internal controls over payroll.
- Effect: Former Employees may have been paid unauthorized sick leave and overtime compensation without adequate documentation.
- Recommendation: These issues predated the current administration and were reported by the Louisiana Legislative Auditor, we recommend the Town continue to evaluate policies and procedures regarding payroll to ensure employees are paid proper amounts.

2023-004 – Noncompliance with Salaries Set by Ordinance

- Criteria: The Lawrason Act requires that salaries for certain officials be set by ordinance.
- Condition: The Town paid salaries to elected officials in the current year, but was unable to produce the ordinance establishing the rate at which elected officials were to be remunerated.
- Cause: The Town's ordinance book was misplaced by a previous administration, and several ordinances cannot be located, including ordinances related to elected officials' salary.
- Effect: The Town may not have been in compliance with its ordinances establishing rates of pay for elected officials.
- Recommendation: We recommend that the Town adopt ordinances establishing the rate of pay for each elected official in the Town.

2023-005: Late Filing of Audit

- Criteria: Louisiana Audit Law requires entities to submit their audit report no later than six months after the end of their fiscal year.
- Condition: In the current year, the Town did not submit its annual financial report to the Legislative Auditor's Office by the required deadline.
- Cause: The change in administrations and the necessity to implement new staff precluded the release of the previous year audit and delayed the commencement of the current year audit.
- Effect: The Town was not in compliance with Louisiana Audit Law.
- Recommendation: We recommend that the Town continue its efforts to strengthen its control environment and its financial reporting process, which will enable auditors to complete audits in a timely fashion in subsequent periods.

2023-006: Noncompliance with Budget Act

- Criteria: The Local Government Budget Act requires the general fund and each special revenue fund to adopt a budget, submit a budget message, and prepare the budget in a prescribed manner.
- Condition: In the current year, a budget was not prepared for each of the special revenue funds in the manner prescribed and a budget message was not provided.
- Cause: The previous administration was unaware of the law relating to budgeting.
- Effect: The Town was not in compliance with Louisiana Audit Law.
- Recommendation: We recommend that the Town implement policies and procedures to ensure that the budget is adopted in accordance with the Local Government Budget Act.

2023-007: Unfavorable Budget Variance

- Criteria: The Local Government Budget Act prohibits unfavorable budget variances from exceeding 5%.
- Condition: In the current year, unfavorable variances exceeded 5%.
- Cause: An appropriate amendment was not made to the budget once the Town realized that unfavorable variances exceeded 5% of budget amounts.
- Effect: The Town was not in compliance with Louisiana Law.

TOWN OF OBERLIN

Summary of Findings and Responses

June 30, 2023

- Recommendation: We recommend that the Town implement policies and procedures to ensure that the budget is amended whenever variances exceed amounts allowable by the Local Government Budget Act.

2023-008: Collections on Behalf of Other Entities

- Criteria: The Town is required to remit certain fines, fees, and court costs to various entities monthly based on ticket collections.
- Condition: The Town is not properly remitting these amounts.
- Cause: The previous Town Clerk was unaware of all amounts that should be remitted by statute.
- Effect: The Town may be in violation of Revised Statutes by not remitting these amounts.
- Recommendation: We recommend that the new clerk should receive training to remit required fines, fees, and court costs to all required entities.

2023-009 –Additional Compensation to Elected and Appointed Officials

- Criteria: The Lawrason Act requires that salaries for certain officials be set by ordinance.
- Condition: The Town made premium payments to elected and appointed officials from the American Rescue Funds.
- Cause: Ordinances had not been established for elected and appointed officials as required.
- Effect: The Town may not have been in compliance with its ordinances establishing rates of pay for elected officials.
- Recommendation: We recommend that the Town seek a legal council opinion on whether reimbursement should be sought.

2023-010: Delinquent Tax and License Returns and Payments

- Criteria: Delinquent tax and license returns should be assessed penalties.
- Condition: Some ad valorem and occupational licenses were collected after the due date and appropriate penalties were not assessed..
- Cause: Due to the change in administration and the issuance of the disclaimer of opinion, records were inadequate and we were unable to determine if payments were received timely and penalties properly assessed, if applicable.
- Effect: Failure to assess penalties increases the risk of future non payments.
- Recommendation: We recommend the Town implement procedures to ensure taxes and licenses are received in a timely manner or penalties are assessed.

2023-011: Failure to Comply with Continuing Disclosure Requirements

- Criteria: Certain debt issues require compliance with SEC Continuing Disclosure Requirements.
- Condition: The Town failed to submit financial information to the Electronic Municipal Market Access portal.
- Cause: Management was unaware of such requirements.
- Effect: Failure to properly submit financial information violates the Town's debt covenants.
- Recommendation: We recommend the Town submit financial information to the portal in the future.

TOWN OF OBERLIN

Management's Corrective Action Plan

June 30, 2023

| SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS. | |
|---|--|
| <u>FINDINGS</u> | <u>RESPONSE</u> |
| <p><u>2023-001: Non Compliance with Bond Covenants</u> In exchange for fees, the Town provides residents with utility service including water and sewage disposal. Operation of the utility system has not produced sufficient income to cover the bond covenant requirements.</p> | <p><u>Response:</u> We have increased rates and cut costs. We will continue to monitor our rate structure in order to comply with the bond covenants.</p> |
| <p><u>2023-002: Financial Accounting Records</u> The Town's lack of certain policies and procedures, and deficiencies regarding general accounting practices have contributed to a variety of problems, including unavailable documentation, and management's inability to properly evaluate financial decisions because of a lack of timely and accurate information.</p> | <p><u>Response:</u> The current administration inherited a deficient accounting system, with records unavailable for an extensive period of time. We have hired and trained new staff on proper financial accounting procedure including properly maintaining supporting documentation.</p> |
| <p><u>2023-003: Failure to Maintain Adequate Documents and Records Regarding Payroll</u> The Town did not maintain documentation of approved pay rates in the employee files and former employees were paid for overtime and sick leave with out adequate leave documentation.</p> | <p><u>Response:</u> The Louisiana Legislative Auditor identified the improper documentation and compensation of former Town employees. These allegations have also been reported to the local District Attorney. Subsequent to our assuming office we implemented policies and procedures regarding proper payroll documentation.</p> |
| <p><u>2023-004 –Noncompliance with Salaries Set by Ordinance</u> The Town paid salaries to elected officials in the current year, but was unable to produce the ordinance establishing the rate at which elected officials were to be remunerated.</p> | <p><u>Response:</u> We are in the process of adopting ordinances establishing salaries for each elected official in Town.</p> |
| <p><u>2023-005: Late Filing of Audit</u> The Town did not file the current year audit with the time frame allowed by law.</p> | <p><u>Response:</u> We believe that this issue will not repeat itself in the future, and that we will have our financial information to our audit firm in sufficient time to enable the audit to be submitted timely.</p> |
| <p><u>2023-006: Noncompliance with Budget Act</u> A budget and budget message was not presented for each special revenue fund and the budgets were not presented in the manner prescribed.</p> | <p><u>Response:</u> In the subsequent period, we have adopted budgets in the manner prescribed in the Local Government Budget Act.</p> |

TOWN OF OBERLIN

Management's Corrective Action Plan

June 30, 2023

| SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS. | |
|--|--|
| <p><u>2023-007: Unfavorable Budget Variance</u> In the current year, unfavorable budget variances were greater than the amount allowed by the Local Government Budget Act.</p> | <p><u>Response:</u> In the future, we will monitor our budget more closely, to ensure budgetary compliance.</p> |
| <p><u>2023-008: Collections on Behalf of Other Entities</u> The Town has not remitted all fees, fines, and court costs collected on behalf of other entities to the required agencies.</p> | <p><u>Response:</u> Subsequent to year end we paid all outstanding fees and are continuing to pay the fees monthly.</p> |
| <p><u>2023-009 –Additional Compensation to Elected and Appointed Officials</u> Premium payments to elected and appointed officials from the American Rescue Plan funds may have been made in violation of the ordinances established for such officials.</p> | <p><u>Response:</u> We will discuss this matter with legal council to determine the proper actions taken by the Town.</p> |
| <p><u>2023-010: Delinquent Tax and License Returns and Payments</u> Penalties were not properly assessed on late collections of advalorem taxes and occupational licenses.</p> | <p><u>Response:</u> Due to the change in administration and lack of adequate records we were unable to determine if collections received timely or penalties assessed. We have updated our procedures to ensure penalties are properly assessed on future delinquent collections.</p> |
| <p><u>2023-011: Failure to Comply with Continuing Disclosure Requirements</u> Management is required to submit financial information to the EMMA portal for certain debt issues as required by the SEC. The financial statements have not been submitted to the portal for the sewer debt. We recommend management begin submitting the financial statements to the portal.</p> | <p><u>Response:</u> We will begin submitting financial statements to the EMMA portal.</p> |

| SECTION III MANAGEMENT LETTER | |
|---|------------------------|
| <u>FINDINGS</u> | <u>RESPONSE</u> |
| No Findings of this nature were reported. | No response necessary |

TOWN OF OBERLIN

Summary of Prior Year Findings

June 30, 2023

| SECTION I | |
|--|--|
| INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS. | |
| <u>FINDINGS</u> | <u>RESPONSE</u> |
| <p><u>2022-001: Inadequate Segregation of Duties</u> Adequate segregation of duties within the accounting system is necessary for proper and reliable financial reporting. This inadequacy was due to a lack of administrative individuals performing financial functions of the Town. Management should evaluate the cost benefit of properly segregating duties between the staff.</p> | <p><u>Resolved:</u> Management has hired new staff, implemented a new set of policies and procedures, and properly allocated duties between staff to properly segregate duties.</p> |
| <p><u>2022-002: Cut Off Policy</u> Customers continued to receive utility services in violation of the Town Ordinance. Customer services should be terminated when proper payment is not rendered in accordance with the ordinance. Failure to properly adhere to the Town ordinance results in a loss of revenues and free services. Management should adhere to the ordinances established.</p> | <p><u>Resolved:</u> A new administration was inaugurated and implemented new policies in January 2023. At this time, the new administration began enforcing the ordinance of cutting off utility customers for improper payment.</p> |
| <p><u>2022-003: Late Payment of Invoices</u> The Town paid many invoices after the due date resulting in late fees. The late payments are the result of cash flow constraints experienced by the Town. Sound business practices require that obligations be paid timely to minimize the assessment of late fees. Management should review all invoices to ensure they are paid timely.</p> | <p><u>Resolved:</u> The new administration began paying all past due invoices. By year end at June 30, 2023 substantially all past due invoices were paid.</p> |
| <p><u>2022-004: Reconciliation of Accounts Receivable</u> The accounts receivable balance in the general ledger is not reconciled monthly with the detailed accounts receivable customer listing. This failure to timely reconcile the detailed accounts receivable is due to management not implementing and designing policies and procedures to achieve adequate internal controls. Management should implement procedures to ensure that accounts receivable is reconciled monthly to the general ledger.</p> | <p><u>Resolved:</u> The new administration determined that the most effective and efficient method to manage the Town and to provide timely information is to produce reports on a cash basis. Management has also implemented policies, 2022-002, to ensure that the customer accounts receivable listing is reviewed and verified monthly to ensure proper cutoff procedures.</p> |

Town of Oberlin
Summary of Prior Year Findings
June 30, 2023

| SECTION I | |
|--|--|
| INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS. | |
| <p><u>2022-005: Reconciliation of Customer Meter Deposits</u> The Town does not have complete and accurate records of customer meter deposits and the listing is not reconciled monthly to the meter deposit liability and the meter deposit bank balance. The failure to properly reconcile meter deposits is due to a lack of proper policies and procedures to achieve adequate internal controls. Management should implement procedures to ensure that meter deposits are reconciled monthly.</p> | <p><u>Resolved:</u> The new administration installed a new utility clerk and implemented a policy to review and check the customer meter deposit listing against current customers. This policy has resulted in a meter deposit list that reconciles to the meter deposit liability.</p> |
| <p><u>2022-006: Delinquent Filing/Late Payment of Sales Tax Collections</u> The Town failed to timely file and pay sales taxes. These late filings are due to inadequate internal controls to ensure filings are timely and accurate and have resulted in the payment of interest and penalties. Management should file returns and remit funds on a timely basis.</p> | <p><u>Resolved:</u> The new utility clerk, discussed above, was also tasked with reviewing, filing, and paying any delinquent reports and maintaining current filing requirements. As of year end, past due and current sales tax returns and related payments are current.</p> |
| <p><u>2022-007: Delinquent Tax and License Returns and Payments</u> Some ad valorem tax and occupational licenses are not be collected timely and penalties for late payment are not being assessed. Late collections are the result of inadequate policies and procedures and therefore result in nonpayment by some citizens and businesses. Management should implement policies and procedures to ensure penalties are assessed for all delinquent tax receipts.</p> | <p><u>Unresolved: See Finding 2023-010</u></p> |
| <p><u>2022-008: Delinquent Filing/Payment of Payroll Taxes</u> The Town was assessed penalties and interest for late filing and payment of payroll taxes. Management should ensure that payroll taxes are timely filed and paid as required.</p> | <p><u>Resolved:</u> All past due taxes and reports were filed and paid by the new administration. In addition, payroll tax reporting has remained current through year end. In addition, effective January 2024 we hired an outside payroll service to ensure taxes are timely.</p> |
| <p><u>2022-009: Financial Accounting Records</u> The Town did not maintain accurate financial accounting records during the year. The failure to maintain accurate records is due to improper internal controls of maintaining supporting documentation and invoices as well as the introductions of a new computerized utility billing and accounts receivable system. Management should implement policies to maintain supporting</p> | <p><u>Unresolved: See Finding 2023-002</u></p> |

Town of Oberlin
Summary of Prior Year Findings
June 30, 2023

| SECTION I | |
|---|--|
| INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS. | |
| documentation for the underlying accounting records. | |
| <p><u>2022-010: Reconciliation of Interfund Accounts</u> The Town's interfund accounts are not being properly reconciled. The staff responsible for reconciling interfund accounts did not perform their duties adequately. This inaction has resulted in inaccurate financial reporting. Management should ensure that interfund accounts are properly reconciled.</p> | <u>Unresolved: See Finding 2023-002</u> |
| <p><u>2022-011: Failure to Maintain Adequate Documents and Records Regarding Payroll</u> The Town did not maintain documentation of approved pay rates in the employee files. Proper documentation of employee pay rates is imperative to ensure proper compensation of employees. We recommend that management update all employee files with the proper pay rates.</p> | <u>Unresolved: See Finding 2023-003</u> |
| <p><u>2022-012: Noncompliance with Budget Act</u> General Fund expenditures exceed budgeted expenditures by greater than the amount allowed by law. Also, The original budget for the sales tax and cemetery fund were not timely adopted. Budgets should be timely adopted and monitored to ensure compliance with the budget act. Failure to properly monitor the budgets may not prevent and/or detect revenue shortfalls or expenditures in excess of appropriations.</p> | <u>Unresolved: See Finding 2023-007</u> |
| <p><u>2022-013: Noncompliance with Budget Act – Budget Message</u> The Town's adopted operating and amended budgets did not include a budget message for the general fund and special revenue funds. The budget message should be presented to the governing body summarizing important features of the budget.</p> | <u>Unresolved: See Finding 2023-006</u> |
| <p><u>2022-014: Noncompliance with Budget Act</u> The Budget was not prepared in a format prescribed by law.</p> | <u>Unresolved: See Finding 2023-006</u> |

Town of Oberlin
Summary of Prior Year Findings
June 30, 2023

| SECTION I | |
|---|---|
| INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS. | |
| <p><u>2022-015: Noncompliance with Budget Act-Public Participation</u> Public participation through a public hearing or public inspection was not complied with as part of the budget adoption process.</p> <p><u>2022-016: Noncompliance with Budget Act</u> The General Fund budget was adopted with total expenditures exceeding the total estimated funds available.</p> <p><u>2022-017: Failure to Publish Adopted Budget</u> The operating budget was not properly published in the official journal.</p> <p><u>2022-018: Violation of Agreement with Louisiana Board of Ethics</u> The Town was required to submit quarterly affidavits to the Louisiana Board of Ethics for purchases made from a local lumber store. This reporting requirement was related to a member of the governing authority owning the lumber store. Some of the reports were filed after the due date.</p> <p><u>2022-019: Failure to Remit Court-Specific Fees Timely</u> The Town has not remitted all fees, fines, and court costs collected on behalf of other entities to the required agencies.</p> <p><u>2022-020: Inconsistent Management of MPERS</u> Amounts owed to Municipal Police Retirement System were not properly calculated on certain wages.</p> <p><u>2022-021: Article 7 Section 14 of the Louisiana Constitution</u> The Town may have violated the Louisiana Constitution by allowing an employee to use a Town-owned backhoe at his personal residence. In addition, the employee may have been paid some overtime that was not actually worked.</p> <p><u>2022-022: Failure to Comply with the Final Rule for the State and Local Fiscal Recovery Funds under the American Rescue Plan:</u> The Town may have violated the provisions of the American Rescue Plan Act. The Town should</p> | <p><u>Resolved:</u> Proper notice was provided to the public for the current year amended budgets and the original budgets for the subsequent period.</p> <p><u>Resolved:</u> The general fund budget was amended and total expenditures did not exceed total estimated funds available.</p> <p><u>Resolved:</u> The budget was properly published in the official journal.</p> <p><u>Resolved</u> With the inauguration of the new administration, this member of the governing authority was no longer employed by the Town. Therefore, the reporting requirement ceased effective December 31, 2022. All of the required reports have been filed for the period ended December 31, 2022.</p> <p><u>Unresolved: See Finding 2023-008</u></p> <p><u>Resolved:</u> The current administration has properly reported to MPERS. In addition, we worked with MPERS to ensure any amounts owed, that are not disputed, have been paid.</p> <p><u>Resolved:</u> The current administration has reviewed each allegation and believes both are without merit.</p> <p><u>Resolved:</u> In accordance with the Final Rule, the Town declared the American Rescue Plan Funds as lost revenue.</p> |

Town of Oberlin
Summary of Prior Year Findings
June 30, 2023

| SECTION I | |
|--|--|
| INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS. | |
| <p>have declared the funds lost revenue and documented how the funds were spent.</p> <p><u>2022-023: Failure to Comply with the 1978 and 1989 sales and use tax ordinance dedications:</u> The Town did not properly segregate funds of the two sales tax ordinances into separate bank accounts. These taxes should be deposited into separate accounts to properly account for the restrictions on the taxes.</p> <p><u>2022-024: Failure to Comply with Debt Service Covenants:</u> In exchange for fees, the Town provides residents with utility service including water and sewage disposal. Operation of the utility system has not produced sufficient income to cover the bond covenant requirements.</p> | <p><u>Resolved:</u> Funds were properly deposited in a separate account. In addition, funds are transferred to the general fund to assist with expenditures.</p> <p><u>Unresolved: See Finding 2023-001</u></p> |

| SECTION III | |
|---|-------------------------------------|
| MANAGEMENT LETTER | |
| <u>FINDINGS</u> | <u>RESPONSE</u> |
| <u>No Findings of this nature.</u> | <u>No response necessary</u> |

APPENDIX A
Statewide Agreed-Upon Procedures



Independent Accountant's Report
On Applying Agreed-Upon Procedures

To the Town of Oberlin and
the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Town of Oberlin (the Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. The Entity's management is responsible for those C/C areas identified in the SAUPs.

The entity has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period described above. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

We were engaged to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the entity and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Rozier, McKay & Willis
Certified Public Accountants
Alexandria, Louisiana
July 3, 2024



Rozier, McKay & Willis
Certified Public Accountants
Voice: 318.442.1608

160 Brown's Bend Road
Alexandria, Louisiana 71303
Online: CenlaCPAs.com

TOWN OF OBERLIN

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Written Policies and Procedures | | |
|---|--|---|
| Agreed-Upon Procedure | Results | Managements' Response |
| <p>1 Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories.</p> <ul style="list-style-type: none">• Budgeting• Purchasing• Disbursements• Receipts• Payroll/Personnel• Contracting• Credit Cards• Travel and expense reimbursements• Ethics• Debt Service• Disaster Recovery / Business Continuity• Sexual Harassment | <p>Of the list of categories listed, the Town only had policies relating to the following:</p> <ul style="list-style-type: none">• Payroll/Personnel• Travel & Expense Reimbursements | <p>We will make sure to update policies to include all the necessary categories as required by the state.</p> |

TOWN OF OBERLIN

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Board (or Finance Committee) | | |
|---|---|---|
| Agreed-Upon Procedure | Results | Managements' Response |
| <p>2 Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:</p> <p>a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.</p> <p>b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. <i>Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.</i></p> <p>c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes</p> | <p>The board met with a quorum monthly.</p> <p>The minutes did not reference budget to actual comparisons.</p> <p>The general fund balance is not negative.</p> | <p><i>No deviations noted.</i></p> <p>We will begin including budget to actual comparisons in the meeting documentation.</p> <p><i>No deviations noted.</i></p> |

TOWN OF OBERLIN

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Board (or Finance Committee) | | |
|---|---|--|
| Agreed-Upon Procedure | Results | Managements' Response |
| <p>for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.</p> <p>d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.</p> | <p>There were no updates received by the board on the audit findings.</p> | <p>We are continuing to implement policies to rectify the various findings in our reports.</p> |

TOWN OF OBERLIN

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Bank Reconciliations | | |
|---|--|--|
| Agreed-Upon Procedure | Results | Managements' Response |
| <p>3 Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:</p> <p>a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);</p> <p>b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and</p> <p>c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.</p> | <p>It was observed that some months bank reconciliation were not prepared within 2 months of statement closing date.</p> <p>No evidence observed of bank reconciliation being reviewed.</p> <p>No evidence observed that management research items outstanding over 12 months.</p> | <p>Bank reconciliations will be completed timely in the future.</p> <p>Bank reconciliations will be reviewed in the future.</p> <p>In the future we will research the reconciling items.</p> |

TOWN OF OBERLIN

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Collections (excluding EFTs) | | |
|---|---|--|
| Agreed-Upon Procedure | Results | Managements' Response |
| 4 Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5). | The town hall is the only deposit location for the Town. | No deviations noted. |
| 5 For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that: a) Employees that are responsible for cash collections do not share cash drawers/registers. | Oberlin Town Hall is the only collection location for the Town. Employees do not share cash drawers. | No deviations noted. No deviations noted. |

TOWN OF OBERLIN

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Collections (excluding EFTs) | | |
|--|--|--|
| Agreed-Upon Procedure | Results | Managements' Response |
| b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit. | Due to the limited size of the Town, the utility clerk who collects cash also prepares and makes deposits to the bank. | <i>No deviations noted.</i> |
| c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit. | Entries are entered in by the finance clerk, Kara. | <i>No deviations noted.</i> |
| d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation. | Entries are entered in by the finance clerk, Kara. | <i>No deviations noted.</i> |
| 6 Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft. | All employees with cash access are covered by bond insurance. | <i>No deviations noted.</i> |
| 7 Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day) . Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as | Of the deposit sample selected, for all deposits that were not transfers between funds, only one deposit had collection documentation. | We will ensure deposits are properly documented in the future. |

TOWN OF OBERLIN

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Collections (excluding EFTs) | | |
|--|--|--|
| Agreed-Upon Procedure | Results | Managements' Response |
| <p>a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:</p> <p>a. Observe that receipts are sequentially pre-numbered.</p> <p>b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.</p> <p>c. Trace the deposit slip total to the actual deposit per the bank statement.</p> <p>d. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).</p> <p>e. Trace the actual deposit per the bank statement to the general ledger.</p> | <p>Only one deposit (that were not transfers) had receipt documentation available.</p> <p>Only one deposits (that were not transfers) had receipt documentation available.</p> <p>Deposits slips were traced back to the bank statement.</p> <p>Deposits were made within one business day of receipt.</p> <p>Deposits per the bank statement were traced to the general ledger.</p> | <p>We will ensure deposits are properly documented in the future.</p> <p>We will ensure deposits are properly documented in the future.</p> <p>No deviations noted.</p> <p>No deviations noted.</p> <p>No deviations noted.</p> |

TOWN OF OBERLIN

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Non-Payroll Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments) | | |
|---|---|------------------------------------|
| Agreed-Upon Procedure | Results | Managements' Response |
| 8 Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5). | Town Hall is the only collection location for the Town. | <i>No deviations noted.</i> |
| 9 For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that: | RMW inquired with Town office employees of their job duties. | <i>No deviations noted.</i> |
| a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase. | Two employees are involved in the process of making a purchase. | <i>No deviations noted.</i> |
| b) At least two employees are involved in processing and approving payments to vendors. | Two employees are involved in processing and approving payments to vendors. | <i>No deviations noted.</i> |
| c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files. | The financial clerk is in charge of adding/modifying vendor files. | <i>No deviations noted.</i> |

TOWN OF OBERLIN

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Non-Payroll Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments) | | |
|---|---|--|
| Agreed-Upon Procedure | Results | Managements' Response |
| <p>d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.</p> | <p>The mayor and town clerk are responsible for signing checks and are mailed by the utility clerk.</p> | <p><i>No deviations noted.</i></p> |
| <p>10 For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:</p> <p>a. Observe that the disbursement matched the related original invoice/billing statement.</p> <p>b. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.</p> | <p>RMW had access to the Town's check register/listing report.</p> <p>Supporting documentation could not be provided for two of the five items.</p> <p>Disbursement documentation included evidence of segregation of duties.</p> | <p><i>No deviations noted.</i></p> <p>We will ensure all invoices are maintained in the future.</p> <p><i>No deviations noted.</i></p> |
| <p>11 Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized</p> | <p>The electronic disbursements randomly selected were approved by authorized persons and number of signers.</p> | <p><i>No deviations noted.</i></p> |

TOWN OF OBERLIN

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Non-Payroll Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments) | | |
|---|----------------|------------------------------|
| Agreed-Upon Procedure | Results | Managements' Response |
| signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements. | | |

TOWN OF OBERLIN

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Credit Cards/Debit Cards/Fuel Cards/P-Cards | | |
|---|---|------------------------------------|
| Agreed-Upon Procedure | Results | Managements' Response |
| 12 Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete. | The Town does not utilize credit cards. | <i>No deviations noted.</i> |
| 13 Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and: | The Town does not utilize credit cards. | <i>No deviations noted.</i> |
| a. Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. | The Town does not utilize credit cards. | <i>No deviations noted.</i> |
| b. Observe that finance charges and late fees were not assessed on the selected statements. | The Town does not utilize credit cards. | <i>No deviations noted.</i> |

TOWN OF OBERLIN

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Credit Cards/Debit Cards/Fuel Cards/P-Cards | | |
|---|---|------------------------------------|
| Agreed-Upon Procedure | Results | Managements' Response |
| 14 Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). | The Town does not utilize credit cards. | <i>No deviations noted.</i> |

TOWN OF OBERLIN

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Travel and Expense Reimbursement | | |
|---|---|---|
| Agreed-Upon Procedure | Results | Managements' Response |
| <p>15 Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:</p> <p>a. If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).</p> <p>b. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.</p> <p>c. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).</p> <p>d. Observe that each reimbursement was reviewed and approved, in writing, by</p> | <p>Management provided a binder of all travel and expense reimbursements for the year.</p> <p>Reimbursement agreed to per diem rates.</p> <p>Reimbursements were supported with original receipts.</p> <p>Business purposes were not documented for reimbursements.</p> <p>Reimbursements were approved by someone other than the person receiving reimbursement.</p> | <p>No deviations noted.</p> <p>No deviations noted.</p> <p>No deviations noted.</p> <p>We will document the business purpose in the future.</p> <p>No deviations noted.</p> |

TOWN OF OBERLIN

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Travel and Expense Reimbursement | | |
|--|----------------|------------------------------|
| Agreed-Upon Procedure | Results | Managements' Response |
| someone other than the person receiving reimbursement. | | |

| Contracts | | |
|---|--|---|
| Agreed-Upon Procedure | Results | Managements' Response |
| <p>16 Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:</p> <p>a. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.</p> <p>b. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).</p> | <p>The Town could not provide RMW with a full and complete list of contracts initiated or renewed during the year.</p> | <p>We will work to provide a complete list in the future.</p> |

TOWN OF OBERLIN

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Contracts | | |
|--|----------------|------------------------------|
| Agreed-Upon Procedure | Results | Managements' Response |
| <p>c. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.</p> <p>d. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.</p> | | |

TOWN OF OBERLIN

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Payroll and Personnel | | |
|--|--|--|
| Agreed-Upon Procedure | Results | Managements' Response |
| 17 Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files. | RMW had access to payroll reports produced by the Town's accounting software. | <i>No deviations noted.</i> |
| 18 Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and: | A period was randomly selected. | <i>No deviations noted.</i> |
| a. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). | Time sheets were only shown for one of the five selected employees. | Effective January 2023, we have implemented and enforced policies to properly document daily attendance and leave. |
| b. Observe that supervisors approved the attendance and leave of the selected employees/officials. | Time sheets could not be provided for four of the selected employees. | Effective January 2023, supervisors approve all time and attendance records. |
| c. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records. | The Town could not provide leave records for employees selected. | Effective January 2023, accrued leave is properly reflected in the cumulative leave records. |
| 19 Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination | Time sheets and leave records could not be provided for the selected terminated employees. | Effective January 2023, accrued leave is properly reflected in the cumulative leave records. |

TOWN OF OBERLIN

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Payroll and Personnel | | |
|--|--|---|
| Agreed-Upon Procedure | Results | Managements' Response |
| 20 Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines. | Some delinquencies were experienced in the first half of the fiscal year. All payroll items were caught up and timely by year end. | We have paid and filed all delinquent payroll items through fiscal year end. Effective January 2024, we have hired a third party payroll service. |

TOWN OF OBERLIN

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Ethics | | |
|--|---|---|
| Agreed-Upon Procedure | Results | Managements' Response |
| <p>21 Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:</p> <p>a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.</p> <p>b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.</p> | <p>Each employee had the required ethics training for the year.</p> <p>Each employee acknowledged the ethics police was provided.</p> | <p><i>No deviations noted.</i></p> <p><i>No deviations noted.</i></p> |
| <p>22 Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.</p> | <p>The Town has not appointed an ethics designee.</p> | <p>We will adopt an ethics designee.</p> |

TOWN OF OBERLIN

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Debt Service | | |
|---|---|---|
| Agreed-Upon Procedure | Results | Managements' Response |
| 23 Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued. | The Town was issued no new debt during the year. | <i>No deviations noted.</i> |
| 25 Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants. | The Town was not in compliance with the debt covenants. | We are working to ensure the Town is in compliance with all debt covenants. |

TOWN OF OBERLIN

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Fraud Notice | | |
|--|---|------------------------------------|
| Agreed-Upon Procedure | Results | Managements' Response |
| 23 Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled. | No misappropriations of public funds were observed during the year. | <i>No deviations noted.</i> |
| 26 Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds. | The Town has the fraud notice on its premises. | <i>No deviations noted.</i> |

TOWN OF OBERLIN

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Information Technology Disaster Recovery /Business Continuity | | |
|--|--|--|
| Agreed-Upon Procedure | Results | Managements' Response |
| <p>27 Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."</p> <p>a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.</p> <p>b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.</p> <p>c. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.</p> | <p>"We performed the procedure and discussed the results with management."</p> <p>"We performed the procedure and discussed the results with management."</p> <p>"We performed the procedure and discussed the results with management."</p> | <p>No deviations noted.</p> <p>No deviations noted.</p> <p>No deviations noted.</p> |
| <p>28 Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in</p> | <p>"We performed the procedure and discussed the results with management."</p> | <p>No deviations noted.</p> |

TOWN OF OBERLIN

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Information Technology Disaster Recovery /Business Continuity | | |
|--|----------------|------------------------------|
| Agreed-Upon Procedure | Results | Managements' Response |
| procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network. | | |

TOWN OF OBERLIN

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

| Sexual Harassment | | |
|--|---|---|
| Agreed-Upon Procedure | Results | Managements' Response |
| 29 Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year. | No sexual harassment certificates were observed in either of the selected employees' personnel files. | We will require employees to take the training. |
| 30 Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website). | The Town has the sexual harassment poster posted. | <i>No deviations noted.</i> |
| 31 Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344: a. Number and percentage of public servants in the agency who have completed the training requirements; b. Number of sexual harassment complaints received by the agency; c. Number of complaints which resulted in a finding that sexual harassment occurred; d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and e. Amount of time it took to resolve each complaint. | No report was filed by the Town. | We will file the report in the future. |