

TOWN OF OBERLIN, LOUISIANA

ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORT

YEAR ENDED JUNE 30, 2013

Royce T. Scimemi, CPA, APAC
Oberlin, LA

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TOWN OF OBERLIN, LOUISIANA

Management's Discussion and Analysis June 30, 2013

Within this section of the Town of Oberlin, Louisiana's annual financial report, the Town's management is pleased to provide this narrative discussion and analysis of the financial activities of the Town for the fiscal year ended June 30, 2013. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

- The Town's assets exceeded its liabilities by \$5,763,552 (net position) for the fiscal year reported.
- Total revenues of \$1,550,677 were exceeded by total expenses of \$1,854,167, which resulted in a current year deficit of \$303,490. In comparison, for the previous year ended June 30, 2012, the Town's total revenues of \$1,745,357 were exceeded by total expenses of \$1,954,730, yielding a deficit of \$209,373.
- Total net position are comprised of the following:
 - (1) Capital assets, net of related debt, of \$5,528,197 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets. In comparison, as of June 30, 2012, the Town's net capital assets were \$5,801,925.
 - (2) For the fiscal years ended June 30, 2013 and 2012, respectively, net position of \$195,357 and \$171,685 were restricted by constraints imposed from outside the Town such as debt covenants, grantors, laws, or regulations.
 - (3) Unrestricted net position, representing the portion of net position available to maintain the Town's continuing obligations to citizens and creditors, amounted to \$39,998 and \$93,432 for the fiscal years ended June 30, 2013 and 2012, respectively.
- The Town's governmental funds reported total ending fund balance of \$38,449 this year. This compares to the prior year ending fund balance of \$77,110, reflecting a decrease of \$38,661 during the current year. For the prior year ended June 30, 2012, a decrease of \$111,277 was reported in the total ending fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$(9,036), or (1%) of total General Fund expenditures and (2%) of total General Fund revenues including other financing sources. In comparison, for the fiscal year ended June 30, 2012, unassigned fund balance for the General Fund was \$8,618, or 1% of total General Fund expenditures and 1% of total General Fund revenues including other financing sources. These levels are currently dangerously low.
- Overall, the Town has experienced a weakening financial position especially from a liquidity standpoint. The Town is working to improve on its financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF FINANCIAL STATEMENTS

This Management's Discussion and Analysis document introduces the Town's basic financial statements, which include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Town also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available.

TOWN OF OBERLIN, LOUISIANA

Management's Discussion and Analysis (Continued) June 30, 2013

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Town's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Town's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the Town's assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town as a whole is improving or deteriorating. Evaluation of the overall health of the Town would extend to other non-financial factors such as diversification of the taxpayer base and the condition of Town infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the Town's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

Both government-wide financial statements distinguish governmental activities of the Town that are principally supported by sales and ad valorem taxes and business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities principally include general government, public safety and streets. Business-type activities include the gas and the water and sewer systems.

The government-wide financial statements are presented on pages 16 and 17 of this report.

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole.

The Town has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Town's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

TOWN OF OBERLIN, LOUISIANA

Management's Discussion and Analysis (Continued)
June 30, 2013

The basic governmental fund financial statements are presented on pages 20 through 23 of this report.

There are no deemed non-major governmental funds.

Proprietary funds are reported in the fund financial statements and generally report services for which the Town charges customers a fee. The two Town proprietary funds are classified as enterprise funds. These enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements.

The basic enterprise fund financial statements are presented on pages 24 through 29 of this report.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 30 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's budget presentations. Budgetary comparison schedules are included as "required supplementary information" for the general fund and the major special revenue funds. These statements and schedules demonstrate compliance with the Town's adopted and final revised budget. Required supplementary information can be found on pages 45 through 48 of this report. Other supplementary information can be found on pages 50 through 56 of this report.

TOWN OF OBERLIN, LOUISIANA

Management's Discussion and Analysis (Continued)
June 30, 2013

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

The Town's net position at fiscal year-end is \$5,763,552. The following table provides a summary of the Town's net position:

	<u>Summary of Net Position</u>				
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>2013 Total</u>	<u>Percentage Total</u>	<u>2012 Total</u>
Assets:					
Current assets	\$ 133,747	\$ 83,366	\$ 217,113	3%	\$ 364,313
Restricted assets	-	285,609	285,609	3	295,973
Capital assets	<u>849,651</u>	<u>6,990,737</u>	<u>7,840,388</u>	<u>94</u>	<u>8,174,536</u>
Total assets	<u>983,398</u>	<u>7,359,712</u>	<u>8,343,110</u>	<u>100%</u>	<u>8,834,822</u>
Deferred outflows of Resources	-	-	-	-%	-
Liabilities:					
Current liabilities	118,755	101,020	219,775	9%	345,207
Long-term liabilities	<u>17,141</u>	<u>2,342,642</u>	<u>2,359,783</u>	<u>91</u>	<u>2,422,573</u>
Total liabilities	<u>135,896</u>	<u>2,443,662</u>	<u>2,579,558</u>	<u>100%</u>	<u>2,767,780</u>
Deferred inflows of Resources	-	-	-	-%	-
Net position:					
Investment in capital assets, net of debt	826,194	4,702,003	5,528,197	96%	5,801,925
Restricted	-	195,357	195,357	3	171,685
Unrestricted	<u>21,308</u>	<u>18,690</u>	<u>39,998</u>	<u>1</u>	<u>93,432</u>
Total net position	<u>\$ 847,502</u>	<u>\$ 4,916,050</u>	<u>\$ 5,763,552</u>	<u>100%</u>	<u>\$6,067,042</u>

The Town continues to maintain low current ratios. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratios for governmental activities and business-type activities are 1.13 to 1 and 0.83 to 1, respectively. This compares with the prior year's ratios of 1.18 to 1 and 1.11 to 1, respectively. For the Town overall, the current ratio is 0.99 to 1 while that same financial indicator was 1.91 to 1 for the fiscal year ended June 30, 2012. These ratios are weakening.

The Town reported positive balances in net position for both governmental and business-type activities. For the fiscal years ended June 30, 2013 and 2012, respectively, net position increased (decreased) by \$(54,083) and \$(138,839) for governmental activities and by \$(249,407) and \$(70,534) for business-type activities. The Town's overall financial position deteriorated during the fiscal years.

Note that approximately 97% and 96% of the governmental activities' net position are tied up in capital as of June 30, 2013 and June 30, 2012, respectively. The Town uses these capital assets to provide services to its citizens. However, with business-type activities, the Town has spent approximately 96% and 96% of its net position on capital during the respective fiscal years ended June 30, 2013 and 2012. Capital assets in the business-type activities also provide utility services, but they also generate revenues for these funds. For the respective fiscal years ended June 30, 2013 and 2012, 96% and 96% of the Town's total net position, net of debt, are included in capital assets.

TOWN OF OBERLIN, LOUISIANA

Management's Discussion and Analysis (Continued)
June 30, 2013

The following table provides a summary of the Town's changes in net position:

	Governmental Activities	Business-Type Activities	2013 Total	Percentage Total	2012 Total
Revenues:					
Program:					
Charges for services/fines	\$ 190,139	\$ 829,604	\$1,019,743	66%	\$ 1,119,203
Operating grants	33,739	41,391	75,130	5	45,347
Capital grants	10,952	-	10,952	1	127,113
General:					
Sales taxes	163,759	-	163,759	11	172,286
Other taxes	88,341	-	88,341	6	89,184
Interest	-	147	147	-	688
Other	<u>188,706</u>	<u>3,899</u>	<u>192,605</u>	<u>11</u>	<u>191,536</u>
Total Revenues	<u>675,636</u>	<u>875,041</u>	<u>1,550,677</u>	<u>100%</u>	<u>1,745,357</u>
Program expenses:					
General government	196,486	-	196,486	11%	219,081
Public safety:					
Police	465,526	-	465,526	25	492,283
Streets	208,591	-	208,591	11	188,681
Interest	1,436	-	1,436	-	2,970
Utility expenses	<u>-</u>	<u>982,128</u>	<u>982,128</u>	<u>53</u>	<u>1,051,715</u>
Total Expenses	<u>872,039</u>	<u>982,128</u>	<u>1,854,167</u>	<u>100%</u>	<u>1,954,730</u>
Excess (deficiency)	(196,403)	(107,087)	(303,490)		(209,373)
Transfers	<u>142,320</u>	<u>(142,320)</u>	<u>-</u>		<u>-</u>
Change in net position	(54,083)	(249,407)	(303,490)		(209,373)
Beginning net position	<u>901,585</u>	<u>5,165,457</u>	<u>6,067,042</u>		<u>6,276,415</u>
Ending net position	<u>\$ 847,502</u>	<u>\$4,916,050</u>	<u>\$5,763,552</u>		<u>\$ 6,067,042</u>

GOVERNMENTAL REVENUES

The Town is heavily reliant on sales taxes and gaming revenues to support governmental operations. Sales taxes and gaming revenues equal 50% of the revenues for governmental activities, as compared with 44% in the prior year. Also note that program revenues cover only 27% (38% in the year ended June 30, 2012) of governmental operating expenses. This means that the government's taxpayers and the Town's other general revenues fund 73% (62% in the prior fiscal year) of the governmental activities. As a result, the general economy and the local businesses have a major impact on the Town's revenue streams.

GOVERNMENTAL FUNCTIONAL EXPENSES

For the fiscal years ended June 30, 2013 and 2012, respectively, police services comprised 25% and 25% of the Town's total expenses and 53% and 55% of the total governmental expenses.

This table presents the cost of each of the Town's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the Town's taxpayers by each of these functions.

TOWN OF OBERLIN, LOUISIANA

Management's Discussion and Analysis (Continued)
June 30, 2013

	<u>Governmental Activities</u>			
	2012		2013	
	<u>Total Cost of Services</u>	<u>Net Cost (Benefit) of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost (Benefit) of Services</u>
General government	\$ 219,081	\$ 162,265	\$ 196,486	\$ 120,814
Public safety:				
Police	492,283	250,018	465,526	313,358
Streets	188,681	143,327	208,591	201,601
Interest on long-term debt	2,970	2,970	1,436	1,436
Total	<u>\$ 903,015</u>	<u>\$ 558,580</u>	<u>\$ 872,039</u>	<u>\$ 637,209</u>

BUSINESS-TYPE ACTIVITIES

Revenues vs. Costs

The operating revenues for the utility funds were 8% less than 2012 and operating expenses were 7% less than 2012. Within the total business-type activities of the Town, these activities reported a \$46,628 operating loss compared to an operating loss of \$84,687 for the prior year.

However, after grant income, and operating transfers, the funds reported a deficit of \$249,407, which compares with the overall fund deficit of \$70,534 experienced in the year ended June 30, 2012.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$38,449 and \$77,110, for the fiscal years ended June 30, 2013 and 2012, respectively. Of these year-end totals, \$(9,036) and \$8,618 were unassigned for the respective years, indicating decreasing availability for continuing Town service requirements.

The total ending fund balances of governmental funds show a decrease of \$38,661. This compares with a decrease of \$111,277 experienced in the prior fiscal year ended June 30, 2012.

MAJOR GOVERNMENTAL FUNDS

The General Fund is the Town's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance decreased by \$17,654 in the current fiscal year, while in the fiscal year ended June 30, 2012, the fund balance decreased by \$56,936. However, the reader needs to remember that the Town controls these differences by the amount of resources it transfers in from the Town's other funds.

The revenues show an decrease of \$111,720 or 18% less than the prior year primarily due to decreases in fine income, while in the fiscal year ended June 30, 2012, such revenues increased \$39,918 or 5% more than the preceding year. The expenditures side shows a decrease of \$17,756 or 2% less than the prior year. In comparison, the prior year expenditures decreased by \$80,221, which was 8% less than the preceding fiscal year.

The General Fund's ending deficit fund balance was less than the prior year representing the equivalent of (1%) of its annual expenditures.

The Sales Tax Fund maintains a moderate fund balance with revenues in 2013 being 5% less than those earned in the fiscal year ended June 30, 2012, which had experienced a 1% decrease from the preceding year. Expenditure changes for those years were nominal.

TOWN OF OBERLIN, LOUISIANA

Management's Discussion and Analysis (Continued)
June 30, 2013

The Section 8 Housing Fund handled the Section 8 Housing for the Town. These funds were disposed during this fiscal year.

The Cemetery Fund continues to maintain a moderate fund balance with revenues in 2013 being 21% less than those earned in the fiscal year ended June 30, 2012.

THE PROPRIETARY FUNDS

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term information about financial status.

BUDGETARY HIGHLIGHTS

The General Fund - Both the revenue and the expenditure sides of the current year final budget for the General Fund were revised by a \$88,429 decrease and a \$92,332 decrease, respectively in relation to the prior year's final budget. The primary change in the General Fund's revenue budget relates to a decrease in fine income, and the expenditure budget decreases were attributable to decreasing capital outlays.

The actual revenues exceeded the final budget by \$19,339 or 4% and the actual expenditures were less than the final budget by \$24,243 or 10%.

The Sales Tax Fund - The revenue side of the current year final budget for the Sales Tax Fund was not revised, and the expenditure side experienced no change, in relation to the prior year's final budget. The primary change in the Sales Tax Fund's revenue budget relates to the increase in collection fees.

The actual revenues exceeded the final budgeted revenues by \$2,824 or 2% and the actual expenditures were exceeded by the final budgeted expenditures by \$200 or 100%.

The Cemetery Fund - The revenue side of the current year final budget for the Cemetery Fund was revised by a \$133 decrease in relation to the prior year's final budget. The primary changes in the Cemetery Fund's revenue budget relates to the overall decrease in miscellaneous income.

The actual revenues exceeded the final budgeted revenues by \$15 or 214% and the actual expenditures equaled the final budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Town's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2013, was \$849,651 and \$6,990,737, respectively, while those figures as of June 30, 2012, were \$900,119 and \$7,274,417 respectively. The overall decrease was 4% for the Town as a whole. See Note E for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

TOWN OF OBERLIN, LOUISIANA

Management's Discussion and Analysis (Continued)
June 30, 2013

	Capital Assets					
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Non-depreciable assets:						
Land	\$ 193,812	\$ 193,812	\$ 7,224	\$ 7,224	\$ 201,036	\$ 201,036
Construction in progress	<u>26,134</u>	<u>26,134</u>	<u>-</u>	<u>-</u>	<u>26,134</u>	<u>26,134</u>
Total non-depreciable	219,946	219,946	7,224	7,224	227,170	227,170
Depreciable assets:						
Buildings & plant	227,607	223,607	10,391,847	10,386,370	10,619,454	10,609,977
Furniture & equipment	490,541	485,591	133,014	133,014	623,555	618,605
Infrastructure	<u>935,585</u>	<u>931,050</u>	<u>-</u>	<u>-</u>	<u>935,585</u>	<u>931,050</u>
Total depreciable assets	1,653,733	1,640,248	10,524,861	10,519,384	12,178,594	12,159,632
Less accumulated depreciation	<u>1,024,028</u>	<u>960,075</u>	<u>3,541,348</u>	<u>3,252,191</u>	<u>4,565,376</u>	<u>4,212,266</u>
Book value-depreciable assets	<u>\$ 629,705</u>	<u>\$ 680,173</u>	<u>\$ 6,983,513</u>	<u>\$ 7,267,193</u>	<u>\$ 7,613,218</u>	<u>\$ 7,947,366</u>
Percentage depreciated	<u>62%</u>	<u>59%</u>	<u>34%</u>	<u>31%</u>	<u>37%</u>	<u>35%</u>
Book value-all assets	<u>\$ 849,651</u>	<u>\$ 900,119</u>	<u>\$ 6,990,737</u>	<u>\$ 7,274,417</u>	<u>\$ 7,840,388</u>	<u>\$ 8,174,536</u>

The depreciable capital assets for governmental activities were 62% and 59% depreciated for the fiscal years ended June 30, 2013 and June 30, 2012, respectively. This comparison indicates that the Town is replacing its assets at the rate less than they are depreciating.

The major additions are:

- Asphalt surfacing
- Farmer's market improvements

With the Town's business-type activities, 34% of the asset values were depreciated at June 30, 2013 compared to 31% at June 30, 2012. This comparison indicates that the town is replacing its utility system assets at a rate lower than they are depreciating.

The major addition is:

- Water distribution system improvements

Long-term debt

At the end of the fiscal year, the Town had total long-term debt outstanding of \$2,328,769.

During the year, the Town issued \$-0- and retired \$68,906 in long-term debt. See Note H for additional information regarding long-term debt.

ECONOMIC CONDITIONS AFFECTING THE TOWN

The Town's primary continuous revenue stream is from sales taxes that are subject to changes in the economy. Since sales are considered an "elastic" revenue stream, tax collections are higher in a flourishing economy and are lower in a depressed economy.

The current compact with the Coushatta Tribe of Louisiana began in 2001 and automatically renewed in 2007. The gaming revenues to be submitted to the Town were scheduled in that compact to be at \$410,000 per year to assist with increased critical services like fire protection, police protection, and construction, maintenance, and repair of municipal infrastructure and housing. Recent gaming payments to the Town for the current fiscal year amount to a little under \$44,000 per quarter. This represents a decrease of 57% of the funding from the original compact.

TOWN OF OBERLIN, LOUISIANA

Management's Discussion and Analysis (Continued)
June 30, 2013

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Town's finances, comply with finance-related laws and regulations, and demonstrate the Town's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the Town Clerk, Barbara Murray, P.O. Box 370, Oberlin, LA 70655.

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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

December 31, 2013

The Mayor and the Town Council
Town of Oberlin, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Oberlin, Louisiana as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Oberlin, Louisiana's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Oberlin, Louisiana, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 11 and 45 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

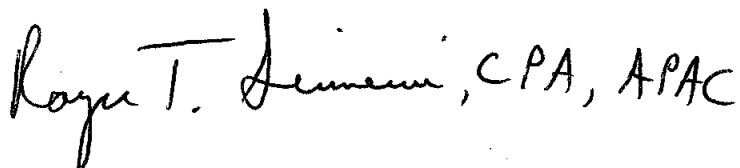
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Oberlin, Louisiana's basic financial statements. The general fund budgetary comparison schedules for revenues and expenditures, the schedule of number of utility customers, the schedule of insurance in force, the departmental analysis of revenues and expenses-utility funds, and the schedule of compensation paid to the Mayor and Council Members are presented on pages 50 through 56 for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for the schedule marked "Unaudited", has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2013, on our consideration of the Town of Oberlin, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Oberlin, Louisiana's internal control over financial reporting and compliance.

Royce T. Scimemi, CPA, APAC



BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

Town of Oberlin, Louisiana
Statement of Net Position
June 30, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
ASSETS			
Current Assets:			
Cash and interest-bearing deposits	\$ 25,286	\$ 14,937	\$ 40,223
Receivables, net	<u>108,461</u>	<u>68,429</u>	<u>176,890</u>
Total current assets	<u>133,747</u>	<u>83,366</u>	<u>217,113</u>
Noncurrent assets:			
Restricted assets:			
Cash and interest-bearing deposits	-	<u>285,609</u>	<u>285,609</u>
Total restricted assets	-	<u>285,609</u>	<u>285,609</u>
Capital assets:			
Property, plant, and equipment, net	<u>849,651</u>	<u>6,990,737</u>	<u>7,840,388</u>
Total noncurrent assets	<u>849,651</u>	<u>7,276,346</u>	<u>8,125,997</u>
Total assets	<u>983,398</u>	<u>7,359,712</u>	<u>8,343,110</u>
DEFERRED OUTFLOWS OF RESOURCES	-	-	-
LIABILITIES			
Current liabilities:			
Accounts and other payables	95,298	64,676	159,974
Capital lease payable	23,457	-	23,457
Payable from restricted assets:			
Revenue bonds payable	-	35,781	35,781
Accrued interest payable	-	563	563
Total current liabilities	<u>118,755</u>	<u>101,020</u>	<u>219,775</u>
Noncurrent liabilities:			
Customers' deposits payable	-	90,252	90,252
Compensated absences payable	17,141	-	17,141
Revenue bonds payable	-	<u>2,252,390</u>	<u>2,252,390</u>
Total noncurrent liabilities	<u>17,141</u>	<u>2,342,642</u>	<u>2,359,783</u>
Total liabilities	<u>135,896</u>	<u>2,443,662</u>	<u>2,579,558</u>
DEFERRED INFLOWS OF RESOURCES	-	-	-
NET POSITION			
Invested in capital assets, net of related debt	826,194	4,702,003	5,528,197
Restricted	-	195,357	195,357
Unrestricted	<u>21,308</u>	<u>18,690</u>	<u>39,998</u>
Total net position	<u>\$ 847,502</u>	<u>\$ 4,916,050</u>	<u>\$ 5,763,552</u>

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

TOWN OF OBERLIN, LOUISIANA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2013

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Expenses						
Governmental Activities:						
General and administrative	\$ 196,486	\$ 14,883	\$ 6,417	\$ (120,814)	\$ -	\$ (120,814)
Streets	208,591	2,455	4,535	(201,601)	-	(201,601)
Police	465,526	16,401	-	(313,358)	-	(313,358)
Interest on long-term debt	1,436	-	-	(1,436)	-	(1,436)
Total Governmental Activities	872,039	33,739	10,952	(637,209)	-	(637,209)
Business-Type Activities:						
Water and sewer	696,551	41,391	-	-	(162,498)	(162,498)
Gas	285,577	-	-	-	51,365	51,365
Total Business-Type Activities	982,128	41,391	-	(637,209)	(111,133)	(111,133)
Totals	\$ 1,854,167	\$ 75,130	\$ 10,952	\$ -	(111,133)	(748,342)
General revenues:						
Taxes -						
Property taxes, levied for general purposes				20,535	-	20,535
Sales and use taxes, levied for general purposes				163,759	-	163,759
Franchise taxes				67,806	-	67,806
Grants and contributions not restricted to specific programs -				-	-	-
Federal sources				-	-	-
State and local sources				178,442	-	178,442
Interest and investment earnings				-	147	147
Miscellaneous				10,264	3,899	14,163
Transfers				142,320	(142,320)	-
Total general revenues				583,126	(138,274)	444,852
Change in net position				(54,083)	(249,407)	(303,490)
Net position - Beginning				901,585	5,165,457	6,067,042
Net position - Ending				\$ 847,502	\$ 4,916,050	\$ 5,763,552

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

FUND FINANCIAL STATEMENTS (FFS)

MAJOR FUND DESCRIPTIONS

General Fund

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

Special Revenue Funds

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

Sales Tax Fund

To account for the receipt and use of proceeds of the Town's 1% sales and use tax approved by the voters on September 16, 1978. These taxes are dedicated and used for the purposes of constructing, acquiring, extending, improving, operating water-works, streets, recreational facilities and fire protection facilities and equipment, and purchasing and acquiring the necessary land, equipment and furnishings for any of the aforesaid public works, improvements and facilities, or for any one or more said purposes. The Town is authorized to fund the proceeds of the tax into bonds to be issued in series from time to time for improving and/or acquiring any one or more of the aforesaid capital improvements to the extent and in the manner permitted by the laws of Louisiana.

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

Section 8 Housing Fund

To account for the receipt and expenditures of federal financial assistance for low-income housing.

Cemetery Fund

To account for the receipt of proceeds from the sale of burial plots and expenditures associated with the maintenance and improvement to the cemetery grounds.

Enterprise Funds

Water and Sewer Fund

To account for the provision of water and sewerage services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Gas Fund

To account for the provision of gas to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

TOWN OF OBERLIN, LOUISIANA
Balance Sheet - Governmental Funds
June 30, 2013

	Special Revenue				2013 Total	2012 Total
	General Fund	Sales Tax Fund	Section 8 Housing Fund	Cemetery Fund		
ASSETS						
Cash and interest bearing deposits, at cost \$	5,101	\$ 10,968	\$ -	\$ 9,217	\$ 25,286	\$ 220,980
Receivables:						
Taxes	20,279	27,300	-	-	47,579	46,486
Other	148	-	-	-	148	148
Due from other funds	-	-	-	-	-	251
Due from other governmental units	<u>60,734</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,734</u>	<u>58,507</u>
TOTAL ASSETS	86,262	38,268	-	9,217	133,747	326,372
DEFERRED OUTFLOWS OF RESOURCES						
	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 86,262</u>	<u>\$ 38,268</u>	<u>\$ -</u>	<u>\$ 9,217</u>	<u>\$ 133,747</u>	<u>\$ 326,372</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 83,525	\$ -	\$ -	\$ -	\$ 83,525	\$ 91,458
Accrued payroll liabilities	11,773	-	-	-	11,773	12,624
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,180</u>
TOTAL LIABILITIES	<u>95,298</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,298</u>	<u>249,262</u>
DEFERRED INFLOWS OF RESOURCES						
	-	-	-	-	-	-
FUND BALANCES						
Assigned	-	38,268	-	9,217	47,485	68,492
Unassigned	<u>(9,036)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,036)</u>	<u>8,618</u>
TOTAL FUND BALANCES	<u>(9,036)</u>	<u>38,268</u>	<u>-</u>	<u>9,217</u>	<u>38,449</u>	<u>77,110</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 86,262</u>	<u>\$ 38,268</u>	<u>\$ -</u>	<u>\$ 9,217</u>	<u>\$ 133,747</u>	<u>\$ 326,372</u>

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

TOWN OF OBERLIN, LOUISIANA
 Reconciliation of Balance Sheet – Governmental Funds
 to the Statement of Net Position
 June 30, 2013

Total fund balance for governmental funds at June 30, 2013: \$ 38,449

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:

Land	\$ 193,812	
Construction in progress	26,134	
Capital assets, net of \$1,024,028 accumulated depreciation	629,705	849,651

Long-term liabilities, including notes and capital leases payable and accrued interest thereon, are not due and payable in the current period and, therefore, are not reported in the governmental funds:

Capital lease obligations payable	(23,457)	
Compensated absences payable	(17,141)	(40,598)

Total net position of governmental activities at June 30, 2013 \$ 847,502

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

TOWN OF OBERLIN, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds
Year Ended June 30, 2013

	<u>General</u>	<u>Sales Tax</u>	<u>Section 8</u>	<u>Cemetery</u>	<u>2013 Total</u>	<u>2012 Total</u>
REVENUES						
Taxes	\$ 88,341	\$ 163,759	\$ -	\$ -	\$ 252,100	\$ 261,470
Licenses and permits	54,372	-	-	-	54,372	54,185
Intergovernmental	223,133	-	-	-	223,133	269,284
Fines and forfeitures	135,767	-	-	-	135,767	202,998
Charges for services	-	-	-	-	-	30
Miscellaneous	10,229	5	22	8	10,264	8,089
TOTAL REVENUES	<u>511,842</u>	<u>163,764</u>	<u>22</u>	<u>8</u>	<u>675,636</u>	<u>796,056</u>
EXPENDITURES						
Current-						
General government	195,389	3,390	-	-	198,779	216,469
Public safety-Police	436,167	-	-	-	436,167	461,822
Highways and streets	180,003	-	-	-	180,003	153,785
Capital outlays	13,485	-	-	-	13,485	22,368
Debt service	28,183	-	-	-	28,183	21,009
TOTAL EXPENDITURES	<u>853,227</u>	<u>3,390</u>	<u>-</u>	<u>-</u>	<u>856,617</u>	<u>875,453</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(341,385)</u>	<u>160,374</u>	<u>22</u>	<u>8</u>	<u>(180,981)</u>	<u>(79,397)</u>
OTHER FINANCING SOURCES (USES):						
Operating transfers	323,731	(173,808)	(7,603)	-	142,320	(31,880)
TOTAL OTHER FINANCING SOURCES (USES)	<u>323,731</u>	<u>(173,808)</u>	<u>(7,603)</u>	<u>-</u>	<u>142,320</u>	<u>(31,880)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(17,654)	(13,434)	(7,581)	8	(38,661)	(111,277)
Fund Balances, Beginning	8,618	51,702	7,581	9,209	77,110	188,387
Fund Balances, Ending	<u>\$ (9,036)</u>	<u>\$ 38,268</u>	<u>\$ -</u>	<u>\$ 9,217</u>	<u>\$ 38,449</u>	<u>\$ 77,110</u>

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

TOWN OF OBERLIN, LOUISIANA
 Reconciliation of Statement of Revenues, Expenditures and Changes
 in Fund Balances - Governmental Funds to the Statement of Activities
 Year Ended June 30, 2013

Total net changes in fund balances at June 30, 2013 per
 statement of revenues, expenditures and changes in fund balances \$ (38,661)

The change in net position reported for governmental activities in the
 statement of activities is different because:

Governmental funds report capital outlays as expenditures. However,
 in the statement of activities, the cost of those assets is allocated over
 their estimated useful lives and reported as depreciation expense.
 Capital outlay which is considered an expenditure on the statement
 of revenues, expenditures and changes in fund balances \$ 13,485
 Depreciation expense for the year ended June 30, 2013 (63,953) (50,468)

Governmental funds report capital lease principal payments as
 expenditures. However, this expenditure does not appear in the
 statement of activities since the payment is applied against the
 capital lease payable on the statement of net position 26,371

Difference between interest on long-term debt on modified accrual
 basis versus interest on long-term debt on accrual basis 376

Governmental funds do not report compensated absences as expenditures.
 However, this payable does appear in the statement of net position and
 the expense is reported on the statement of activities 8,299

Total changes in net position at June 30, 2013 per Statement of Activities \$ (54,083)

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

TOWN OF OBERLIN, LOUISIANA
Statement of Net Position
Proprietary Funds
June 30, 2013

	<u>Gas Utility Fund</u>	<u>Water and Sewer Utility Fund</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and interest bearing deposits	\$ 3,899	\$ 11,038	\$ 14,937
Receivables, net	<u>19,158</u>	<u>49,271</u>	<u>68,429</u>
Total current assets	<u>23,057</u>	<u>60,309</u>	<u>83,366</u>
Noncurrent assets			
Restricted assets:			
Cash and interest bearing deposits	<u>30,550</u>	<u>255,059</u>	<u>285,609</u>
Total restricted assets	<u>30,550</u>	<u>255,059</u>	<u>285,609</u>
Property, plant and equipment, at cost, Net of accumulated depreciation (\$3,541,348)	<u>57,482</u>	<u>6,933,255</u>	<u>6,990,737</u>
Total assets	<u>111,089</u>	<u>7,248,623</u>	<u>7,359,712</u>
DEFERRED OUTFLOW OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	13,144	51,532	64,676
Payable from restricted assets:			
Revenue bonds payable	-	35,781	35,781
Accrued interest payable	<u>-</u>	<u>563</u>	<u>563</u>
Total current liabilities	<u>13,144</u>	<u>87,876</u>	<u>101,020</u>
Noncurrent liabilities:			
Revenue bonds payable	-	2,252,390	2,252,390
Customers' deposits payable	<u>30,550</u>	<u>59,702</u>	<u>90,252</u>
Total noncurrent liabilities	<u>30,550</u>	<u>2,312,092</u>	<u>2,342,642</u>
Total liabilities	<u>43,694</u>	<u>2,399,968</u>	<u>2,443,662</u>
DEFERRED INFLOW OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Invested in capital assets, net of related debt	57,482	4,644,521	4,702,003
Restricted	-	195,357	195,357
Unrestricted	<u>9,913</u>	<u>8,777</u>	<u>18,690</u>
Total net position	<u>\$ 67,395</u>	<u>\$4,848,655</u>	<u>\$4,916,050</u>

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

TOWN OF OBERLIN, LOUISIANA
Statement of Net Position
Proprietary Funds
June 30, 2012

	Gas Utility Fund	Water and Sewer Utility Fund	Total
ASSETS			
Current assets			
Cash and interest bearing deposits	\$ 4,503	\$ 4,480	\$ 8,983
Receivables, net	19,096	49,103	68,199
Total current assets	23,599	53,583	77,182
Noncurrent assets			
Restricted assets:			
Cash and interest bearing deposits	29,530	227,202	256,732
Total restricted assets	29,530	227,202	256,732
Property, plant and equipment, at cost,			
Net of accumulated depreciation (\$3,252,191)	64,147	7,210,270	7,274,417
Total assets	117,276	7,491,055	7,608,331
DEFERRED OUTFLOW OF RESOURCES			
- - -			
LIABILITIES			
Current liabilities:			
Accounts and other payables	12,526	22,072	34,598
Due to other funds	-	251	251
Payable from restricted assets:			
Revenue bonds payable	-	34,236	34,236
Accrued interest payable	-	571	571
Total current liabilities	12,526	57,130	69,656
Noncurrent liabilities:			
Revenue bonds payable	-	2,288,171	2,288,171
Customers' deposits	29,530	55,517	85,047
Total noncurrent liabilities	29,530	2,343,688	2,373,218
Total liabilities	42,056	2,400,818	2,442,874
DEFERRED INFLOW OF RESOURCES			
- - -			
NET POSITION			
Invested in capital assets, net of related debt	64,147	4,887,863	4,952,010
Restricted	-	171,685	171,685
Unrestricted	11,073	30,689	41,762
Total net position	\$ 75,220	\$5,090,237	\$5,165,457

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

TOWN OF OBERLIN, LOUISIANA
Statement of Revenues, Expenses
and Changes in Net Position - Proprietary Funds
Year Ended June 30, 2013

	<u>Business-Type Activities</u>		
	<u>Water & Sewer Fund</u>	<u>Gas Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 492,662	\$ 336,942	\$ 829,604
Miscellaneous	3,389	510	3,899
Total Operating Revenues	<u>496,051</u>	<u>337,452</u>	<u>833,503</u>
OPERATING EXPENSES			
Gas operational expenses	-	285,577	285,577
Water and sewer operational expenses	594,554	-	594,554
Total Operating Expenses	<u>594,554</u>	<u>285,577</u>	<u>880,131</u>
OPERATING INCOME (LOSS)	(98,503)	51,875	(46,628)
NON-OPERATING REVENUES (EXPENSES)			
Interest income	110	37	147
Interest expense	(101,997)	-	(101,997)
Intergovernmental	41,391	-	41,391
Total Non-Operating Revenues (Expenses)	<u>(60,496)</u>	<u>37</u>	<u>(60,459)</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(158,999)	51,912	(107,087)
OTHER FINANCING SOURCES (USES)			
Operating transfers	(82,583)	(59,737)	(142,320)
CHANGES IN NET POSITION	(241,582)	(7,825)	(249,407)
NET POSITION, BEGINNING	<u>5,090,237</u>	<u>75,220</u>	<u>5,165,457</u>
NET POSITION, ENDING	<u>\$ 4,848,655</u>	<u>\$ 67,395</u>	<u>\$ 4,916,050</u>

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

TOWN OF OBERLIN, LOUISIANA
Statement of Revenues, Expenses
and Changes in Net Position - Proprietary Funds
Year Ended June 30, 2012

	Business-Type Activities		
	Water & Sewer Fund	Gas Fund	Total
OPERATING REVENUES			
Charges for services	\$ 531,388	\$ 330,602	\$ 861,990
Miscellaneous	1,093	470	1,563
Total Operating Revenues	<u>532,481</u>	<u>331,072</u>	<u>863,553</u>
OPERATING EXPENSES			
Gas operational expenses	-	330,788	330,788
Water and sewer operational expenses	617,452	-	617,452
Total Operating Expenses	<u>617,452</u>	<u>330,788</u>	<u>948,240</u>
OPERATING INCOME (LOSS)	(84,971)	284	(84,687)
NON-OPERATING REVENUES (EXPENSES)			
Interest income	328	182	510
Interest expense	(103,475)	-	(103,475)
Intergovernmental	85,238	-	85,238
Total Non-Operating Revenues (Expenses)	<u>(17,909)</u>	<u>182</u>	<u>(17,727)</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(102,880)	466	(102,414)
OTHER FINANCING SOURCES (USES)			
Operating transfers	31,004	876	31,880
CHANGES IN NET POSITION	(71,876)	1,342	(70,534)
NET POSITION, BEGINNING	<u>5,162,113</u>	<u>73,878</u>	<u>5,235,991</u>
NET POSITION, ENDING	<u>\$ 5,090,237</u>	<u>\$ 75,220</u>	<u>\$ 5,165,457</u>

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

TOWN OF OBERLIN, LOUISIANA
Statement of Cash Flows --
Proprietary Funds
Year Ended June 30, 2013

	Business-Type Activities		
	Water & Sewer Fund	Gas Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 500,068	\$ 338,411	\$ 838,479
Payments to suppliers	(204,732)	(191,289)	(396,021)
Payments to employees	(78,120)	(87,006)	(165,126)
Net cash from operating activities	<u>217,216</u>	<u>60,116</u>	<u>277,332</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net proceeds (purchase) of investments	-	-	-
Interest earnings	54	-	54
Net cash from investing activities	<u>54</u>	<u>-</u>	<u>54</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Intergovernmental	41,391	-	41,391
Interest paid on revenue bonds	(102,005)	-	(102,005)
Principal paid on revenue bonds	(34,236)	-	(34,236)
Purchase of fixed assets	(5,478)	-	(5,478)
Net cash from capital activities	<u>(100,328)</u>	<u>-</u>	<u>(100,328)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Operating transfers	(82,583)	(59,737)	(142,320)
Net cash from non-capital financing activities	<u>(82,583)</u>	<u>(59,737)</u>	<u>(142,320)</u>
NET INCREASE (DECREASE) IN CASH	34,359	379	34,738
CASH AND CASH EQUIVALENTS – BEGINNING	194,719	9,501	204,220
CASH AND CASH EQUIVALENTS – ENDING	<u>\$ 229,078</u>	<u>\$ 9,880</u>	<u>\$ 238,958</u>
Reconciliation of operating income (loss) to net cash from operating activities:			
Operating income (loss)	\$ (98,503)	\$ 51,875	\$ (46,628)
Adjustment to reconcile net income (loss) to net cash provided (used) by operating activities:			
Depreciation	282,493	6,664	289,157
(Increase) decrease in receivables	(168)	(61)	(229)
Increase (decrease) in accounts payable	29,460	618	30,078
Increase (decrease) in accrued liabilities	(251)	-	(251)
Increase (decrease) in customer deposits	4,185	1,020	5,205
Net cash from operating activities	<u>\$ 217,216</u>	<u>\$ 60,116</u>	<u>\$ 277,332</u>
Supplemental Disclosures:			
Interest was paid in the amount of	102,005	-	102,005
Cash and interest bearing deposits	\$ 11,038	\$ 3,899	\$ 14,937
Cash and interest bearing deposits – restricted	255,059	30,550	285,609
Total cash and interest bearing deposits	266,097	34,449	300,546
Less: Non-cash equivalents	(37,019)	(24,569)	(61,588)
Cash and cash equivalents ending	<u>\$ 229,078</u>	<u>\$ 9,880</u>	<u>\$ 238,958</u>

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

TOWN OF OBERLIN, LOUISIANA
Statement of Cash Flows –
Proprietary Funds
Year Ended June 30, 2012

	Business-Type Activities		
	Water & Sewer Fund	Gas Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 528,784	\$ 329,612	\$ 858,396
Payments to suppliers	(307,887)	(220,764)	(528,651)
Payments to employees	(103,654)	(103,645)	(207,299)
Net cash from operating activities	<u>117,243</u>	<u>5,203</u>	<u>122,446</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net proceeds (purchase) of investments	11,869	-	11,869
Interest earnings	328	-	328
Net cash from investing activities	<u>12,197</u>	<u>-</u>	<u>12,197</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Intergovernmental	116,805	-	116,805
Interest paid on revenue bonds	(103,483)	-	(103,483)
Principal paid on revenue bonds	(32,756)	-	(32,756)
Purchase of fixed assets	(151,857)	(3,410)	(155,267)
Net cash from capital activities	<u>(171,291)</u>	<u>(3,410)</u>	<u>(174,701)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Operating transfers	31,004	876	31,880
Net cash from non-capital financing activities	<u>31,004</u>	<u>876</u>	<u>31,880</u>
NET INCREASE (DECREASE) IN CASH	(10,847)	2,669	(8,178)
CASH AND CASH EQUIVALENTS – BEGINNING	<u>205,566</u>	<u>6,832</u>	<u>212,398</u>
CASH AND CASH EQUIVALENTS – ENDING	<u>\$ 194,719</u>	<u>\$ 9,501</u>	<u>\$ 204,220</u>
Reconciliation of operating income (loss) to net cash from operating activities:			
Operating income (loss)	\$ (84,971)	\$ 284	\$ (84,687)
Adjustment to reconcile net income (loss) to net cash provided (used) by operating activities:			
Depreciation	277,095	6,380	283,475
(Increase) decrease in receivables	(6,397)	(2,005)	(8,402)
Increase (decrease) in accounts payable	(71,435)	(1)	(71,436)
Increase (decrease) in accrued liabilities	251	-	251
Increase (decrease) in customer deposits	2,700	545	3,245
Net cash from operating activities	<u>\$ 117,243</u>	<u>\$ 5,203</u>	<u>\$ 122,446</u>
Supplemental Disclosures:			
Interest was paid in the amount of	103,483	-	103,483
Cash and interest bearing deposits	\$ 4,480	\$ 4,503	\$ 8,983
Cash and interest bearing deposits-restricted	<u>227,202</u>	<u>29,530</u>	<u>256,732</u>
Total cash and interest bearing deposits	231,682	34,033	265,715
Less: non-cash equivalents	(36,963)	(24,532)	(61,495)
Cash and cash equivalents-ending	<u>\$ 194,719</u>	<u>\$ 9,501</u>	<u>\$ 204,220</u>

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

TOWN OF OBERLIN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Oberlin (Town), Louisiana, was created under the provisions of the Lawrason Act. The purpose of the Town is to provide services to its citizens, which include sewer, water and gas utilities, police protection and other services. The Town has a board of five elected council members who are compensated. The Town is located in Allen Parish, Louisiana and its population is approximately 1,800. There are approximately 23 employees working for the Town.

The accompanying financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in the subsequent sections of this note.

1. 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 (municipality), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

This report includes all funds that are controlled by or dependent on the Town's executive and legislative branches (the Mayor and Town Council). Control by or dependence on the Town was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other oversight responsibility.

GASB Statement No. 14 established criteria for determining which component units should be considered part of the Town of Oberlin, Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the municipality 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 municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

As required by accounting principles generally accepted in the United States of America, these financial statements are for the Town of Oberlin, Louisiana (the primary government) and its component units. By applying the above requirements, the Town has no component units.

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

TOWN OF OBERLIN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2013

2. Basis of Presentation

The accompanying basic financial statements of the Town of Oberlin, Louisiana have been prepared in conformity with GAAP. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", issued in June 1999.

GASB 63 – "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" is adopted for the fiscal year ended June 30, 2013. GASB Statement 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, "Elements of Financial Statements" introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial elements, which are distinct from assets and liabilities. Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments," and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

GASB 65 – "Items Previously Reported as Assets and Liabilities" is adopted for the fiscal year ended June 30, 2013. GASB Statement 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement amends the financial statement element classification of certain items previously reported as net assets and liabilities to be consistent with the definitions in Concepts Statement No. 4. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Town as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

Fund Financial Statements

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

TOWN OF OBERLIN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2013

The Town reports the following major funds:

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

The Sales Tax Fund is used to account for the receipt and use of proceeds of the Town's 1% and .3% sales and use taxes restricted to expenditures for specific purposes.

The Cemetery Fund is used to account for the receipt of proceeds from the sale of burial plots and expenditures associated with the maintenance and improvement of the cemetery grounds.

The Section 8 Housing Fund is used to account for the receipt and expenditures of federal financial assistance for low-income housing.

The proprietary funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town's enterprise funds account for water, sewer, and gas services.

3. Measurement Focus/Basis of Accounting

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

Measurement Focus

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

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balances as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

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

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

TOWN OF OBERLIN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2013

accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

4. Budgets and Budgetary Accounting

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

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

The Town Council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated or the revenue estimates must be changed by an affirmative vote of a majority of the government's council.

Expenditures may not legally exceed budgeted appropriations at the activity level.

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

5. Cash and Interest-Bearing Deposits

Deposits

Deposits include amounts in demand deposits, interest-bearing demand deposits, and time deposits as well as those investments with a maturity date of 90 days or less.

State statutes authorize the Town to invest in obligations of the U.S. Treasury, U.S. government agencies, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana, as stipulated in La. R.S. 39:1271, or any other federally insured investment. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana. LAMP generates a local government investment pool. At June 30, 2013, the Town had cash and interest-bearing deposits, (book balances) totaling \$325,832 as follows:

Demand deposits	\$ 68,605
Time and money market accounts	<u>257,227</u>
Total	<u>\$325,832</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town will not be able to recover its deposits or the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or 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, 2013, the Town has \$387,241 in deposits (collected bank balances). These deposits are entirely secured from risk by federal deposit insurance. Therefore, the Town is not exposed to custodial credit risk.

6. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet.

7. Accounts Receivable

Uncollectible amounts due for ad valorem taxes and other receivables of governmental funds are recognized as bad debts at the time information becomes available which would indicate that the particular receivable is not collectible.

TOWN OF OBERLIN, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (Continued)
 June 30, 2013

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

8. Capital Assets

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

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

Buildings	10-50 years
Equipment and furniture	3-40 years
Sewerage plant and improvements	20-66 years
Infrastructure	25-50 years

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

9. Statement of Cash Flows

For the purpose of the statement of cash flows, for the enterprise funds, the Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. The statement reflects ending cash and cash equivalents of \$300,546 which represents unrestricted and restricted amounts of \$14,937 and \$285,609, respectively.

10. Compensated Absences

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

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

Forty days of sick leave may be carried over to a subsequent year but vacation is not accumulated. Upon termination of employment, for the convenience of the Town, permanent, full-time employees with six months to one year of service are to be paid for one week's base salary. Permanent full-time employees with one year or more of continuous service will receive full payment for accrued vacation and two weeks base salary. Any employees who quit, resign, or are otherwise dismissed for reasons such as misconduct or inefficiency, do not receive severance pay.

At June 30, 2013, employees of the Town have accumulated \$17,141 in leave privileges, computed in accordance with GASB Statement No. 16.

11. Long-Term Debt

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

TOWN OF OBERLIN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2013

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

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

12. Equity Classification

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

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

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

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulation of other governments.
- c. Committed – amounts that can be used for specific purposes determined by a formal action of the Mayor and Council. They are the highest level of decision-making authority for the Town. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Mayor and Council.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Council's adopted policy, only Council members may assign amounts for specific purposes.
- e. Unassigned – includes fund balances which have not been classified within the above categories.

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

13. Interfund Transactions

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

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

TOWN OF OBERLIN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2013

14. Dedication of Proceeds and Flow of Funds – 1978 and 1989 Sales and Use Tax

1 % Sales Tax

Proceeds of a 1% sales and use tax levied by the Town (2013 collections of \$125,968) are dedicated to the following purposes:

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

.3% Sales Tax

Proceeds of a .3% sales and use tax levied by the Town (2013 collections of \$37,791) are dedicated to following purposes:

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

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

15. Use of Estimates

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

16. Revenues, Expenditures, and Expenses

Program Revenues

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

Revenues

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

Expenditures

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

Other Financing Sources

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

TOWN OF OBERLIN, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (Continued)
 June 30, 2013

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. They also include all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

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

- Governmental Funds – by character
- Proprietary Funds – by operating and non-operating

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

17. Environmental Remediation Costs

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

18. Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements, although not on every statement, in order to provide and understanding of changes in the government’s financial position and operations.

NOTE B - AD VALOREM TAXES

For the year ended June 30, 2013 taxes of 3.60 mills were levied on property with assessed valuations totaling \$5,982,250 and were dedicated as follows:

General corporate purposes 3.60 mills

Ad valorem taxes levied were \$21,536. Ad valorem taxes collected were \$22,217. Ad valorem taxes receivable at June 30, 2013 amounted to \$44.

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

NOTE C - RECEIVABLES

The following is a summary of receivables for June 30, 2013:

<u>Class of Receivable:</u>	<u>Governmental</u>	<u>Business-</u>
	<u>Activities</u>	<u>Type</u>
		<u>Activities</u>
Taxes:		
Sales and use	\$ 27,300	\$ -
Ad valorem	44	-
Franchise	19,374	-
Beer	861	-
Intergovernmental	16,315	-
Gaming	44,419	-
Charges for services	-	68,429
Other	148	-
Totals	<u>\$ 108,461</u>	<u>\$ 68,429</u>

TOWN OF OBERLIN, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (Continued)
 June 30, 2013

Uncollectible amounts due for ad valorem taxes and other receivables are recognized as bad debts at the time information becomes available which would indicate that the particular receivable is not collectible. The Town uses the allowance method of accounting for bad debts for financial statement purposes and there is no allowance balance at fiscal year-end.

NOTE D – RESTRICTED ASSETS – PROPRIETARY FUND TYPES

Restricted assets consisted of the following at June 30, 2013:

	<u>On-Deposit</u>	<u>Required</u>	<u>Over (Under)</u>
Revenue bond and interest sinking accounts	\$ 8,962	\$ 8,962	\$ -
Revenue bond reserve account	60,393	60,944	(551)
Revenue bond contingency account and short-lived asset accounts	126,002	127,548	(1,547)
Customer deposits – gas accounts	30,550	30,550	-
Customer deposits – water and sewer accounts	<u>59,702</u>	<u>59,702</u>	-
 Total restricted assets	 <u>\$ 285,609</u>	 <u>\$ 287,706</u>	 <u>\$ (2,097)</u>

Note E – CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2013 follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 193,812	\$ -	\$ -	\$ 193,812
Construction in progress	26,134	-	-	26,134
Other capital assets:				
Buildings	223,607	4,000	-	227,607
Equipment, Furniture and Fixtures	277,038	4,950	-	281,988
Infrastructure	931,050	4,535	-	935,585
Vehicles	<u>208,553</u>	<u>-</u>	<u>-</u>	<u>208,553</u>
Totals at historical cost	1,860,194	13,485	-	1,873,679
Less accumulated depreciation for:				
Buildings	176,013	2,985	-	178,998
Equipment, Furniture and Fixtures	253,774	7,996	-	261,770
Infrastructure	399,351	26,116	-	425,467
Vehicles	<u>130,937</u>	<u>26,856</u>	<u>-</u>	<u>157,793</u>
Total accumulated depreciation	<u>960,075</u>	<u>63,953</u>	<u>-</u>	<u>1,024,028</u>
Governmental Activities Capital Assets, Net	<u>\$ 900,119</u>	<u>\$ (50,468)</u>	<u>\$ -</u>	<u>\$ 849,651</u>

TOWN OF OBERLIN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2013

Business-Type Activities:
Capital assets not being depreciated:

Land	\$ 7,224	\$ -	\$ -	\$ 7,224
Other capital assets:				
Water & Sewer System	10,029,648	5,477	-	10,035,125
Gas System	356,722	-	-	356,722
Equipment	<u>133,014</u>	<u>-</u>	<u>-</u>	<u>133,014</u>
Totals at historical cost	10,526,608	5,477	-	10,532,085

Less accumulated depreciation for:

Water & Sewer System	2,881,136	274,024	-	3,155,160
Gas System	294,946	6,157	-	301,103
Equipment	<u>76,109</u>	<u>8,976</u>	<u>-</u>	<u>85,085</u>
Total accumulated depreciation	<u>3,252,191</u>	<u>289,157</u>	<u>-</u>	<u>3,541,348</u>

Business-Type Activities

Capital Assets, net	<u>\$ 7,274,417</u>	<u>\$ (283,680)</u>	<u>\$ -</u>	<u>\$ 6,990,737</u>
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Depreciation expense for the year ended June 30, 2013 was \$63,953 and \$289,157 for the governmental activities and the business-type activities, respectively.

Depreciation expense was charged to governmental activities as follows:

General and administrative	\$ 6,006
Streets	28,588
Police	<u>29,359</u>
Total	<u>\$ 63,953</u>

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

Water and sewer	\$ 282,493
Gas	<u>6,664</u>
Total	<u>\$ 289,157</u>

The construction in progress consists of the following projects:

	<u>Construction In Progress</u>	<u>Total Budgeted</u>	<u>Estimated Completion Date</u>
Oberlin Community Center	\$ 26,134	\$ 36,000	2014

NOTE F - ACCOUNTS PAYABLES

The following is a summary of payables at June 30, 2013:

<u>Class of Payable:</u>	<u>Governmental Activities Funds</u>	<u>Business Activities Funds</u>
Accounts payable/accrued liabilities	\$ 95,298	\$ 64,676

NOTE G - EMPLOYEE RETIREMENT

All employees of the Town of Oberlin participate in the Social Security System. The Town and its employees contribute a percentage of each employee's salary to the System (7.65% contributed by the Town, 7.65% by the employees). The Town's contributions during the years ended June 30, 2013, 2012, and 2011 amounted to \$37,973, \$39,632, and \$37,277, respectively, equal to the required contribution for the year.

The Town of Oberlin employees also contribute to tax-deferred individual retirement accounts. The Town matches a portion of this plan for employees. Retirement contributions for the Town amounted to \$3,871, \$3,940, and \$3,940 for the years ended June 30, 2013, 2012, and 2011, respectively. Neither the Town nor its employees are obligated to

TOWN OF OBERLIN, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (Continued)
 June 30, 2013

make contributions and the Town has no further liability to these retirement plans. Data concerning the actuarial status of the plans are not available.

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

Municipal Police Employees Retirement System of Louisiana (System)

Plan Description. All full-time police department employees engaged in law enforcement are required 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 1/3% 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 above 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 70809-2250, or by calling (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 10% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 31% of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by La. R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town contributions to the System for the years ending June 30, 2013, 2012, and 2011 were \$22,659, \$18,715, and \$17,289, respectively. These amounts are equal to the required contributions for each year.

NOTE H - LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2013 follows:

	<u>Beginning of Year</u>	<u>Issued</u>	<u>Retired</u>	<u>End of Year</u>
Sewer revenue bonds payable	\$ 2,322,407	\$ -	\$ (34,236)	\$ 2,288,171
Other Liabilities:				
Accrued Leave Benefits	25,440	-	(8,299)	17,141
Capital Lease Obligations	49,828	-	(26,371)	23,457
	<u>75,268</u>	<u>-</u>	<u>(34,670)</u>	<u>40,598</u>
Long-Term Liabilities	<u>\$ 2,397,675</u>	<u>\$ -</u>	<u>\$ (68,906)</u>	<u>\$ 2,328,769</u>

TOWN OF OBERLIN, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (Continued)
 June 30, 2013

The payments on the sewer revenue bonds payable are made by the Water and Sewer Fund. The accrued leave benefits liability will be paid by the General Fund. Sewer revenue bonds are comprised of the following individual issues:

\$1,687,000 Sewer Revenue Bonds Series 2003 dated January 28, 2003; due in monthly installments of \$7,659 through January 28, 2043; interest at 4.5 percent, secured by Utility Fund revenues	\$ 1,499,612
\$280,000 Sewer Revenue Bonds Series 2005 dated August 16, 2005; due in monthly installments of \$1,207 through July 16, 2045; interest at 4.125 percent, secured by Utility Fund revenues	256,499
\$435,000 Sewer Revenue Bonds Series 2007 dated November 28, 2007; due in monthly installments of \$1,940 through November 28, 2047; interest at 4.375 percent, secured by Utility Fund revenues	413,424
\$125,000 Sewer Revenue Bonds Series 2007 dated November 28, 2007; due in monthly installments of \$547 through November 28, 2047; interest at 4.25 percent, secured by Utility Fund revenues	<u>118,636</u>
Subtotal - Proprietary	2,288,171
\$89,540 (4 at @22,385) in Capital Leases dated June 24, 2010; due in monthly installments of \$2,050 (4 at \$512) through June 2014; interest at 5.218 percent, secured by 4 police cars	23,457
Accrued Leave Benefits Payable	<u>17,141</u>
Total	<u>\$ 2,328,769</u>

The annual requirements to amortize all bonds and capital leases outstanding at June 30, 2013, are as follows:

Year Ending June 30,	Principal Payments	Interest Payments
2014	\$ 59,238	\$ 101,141
2015	37,396	98,845
2016	39,084	97,157
2017	40,848	95,393
2018	42,692	93,548
2019-2023	244,171	437,032
2024-2028	304,507	376,696
2029-2033	379,769	301,434
2034-2038	473,655	207,548
2039-2043	545,517	90,831
2044-2048	<u>144,752</u>	<u>13,113</u>
Totals	<u>\$ 2,311,629</u>	<u>\$ 1,912,738</u>

In accordance with La. R.S. 39:562, the Town is legally restricted from incurring long-term bonded debt (payable solely from ad valorem taxes) in excess of 35% of the assessed value of taxable property in the Town. At June 30, 2013, the statutory limit is \$2,018,839.

NOTE I - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town generally maintains commercial insurance coverage covering each of those risks of loss. However, due to financial hardships, the Town's general liability, automobile liability coverage for all except for four Dodge police vehicles, law enforcement officer, errors and omissions, and other coverage expired in November, 2013. Some of it was reinstated in early December 2013. Fire insurance coverage was discontinued on the Town's buildings and contents and was not reinstated. This may pose a significant future risk of loss. Uninsured losses from any of the above risks could devastate the Town's financial health. Management believes

TOWN OF OBERLIN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2013

such coverage was sufficient to preclude any significant uninsured losses to the Town while it was in effect. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE J - CONTINGENCIES

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

NOTE K – FLOW OF FUNDS: RESTRICTIONS ON USE – UTILITY REVENUES

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

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

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

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

Once the Town of Oberlin accepted the sewer projects, \$1,014 was required be deposited into a short-lived assets depreciation fund on the 20th day of each month for a period of 15 years.

NOTE L – ON-BEHALF PAYMENTS FOR SALARIES

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

Intergovernmental Revenues:	
State	<u>\$14,500</u>
Expenditures:	
Salaries	<u>\$14,500</u>

NOTE M – SUBSEQUENT REVIEW

The Town's management has evaluated subsequent events through December 31, 2013 which the financial statements were available to be issued.

TOWN OF OBERLIN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2013

NOTE N - TRIBAL STATE COMPACT COMPLIANCE

The gaming expenditures during fiscal year ended June 30, 2013 were used for police salaries.

NOTE O - DEFICIT FUND BALANCE

As of June 30, 2013 the following individual fund had deficit fund balance in the amount shown:

General Fund	<u>\$ (9,036)</u>
Total	<u>\$ (9,036)</u>

The Town anticipates operating transfers from the utility funds to be used to eliminate the fund balance deficit in the future.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF OBERLIN, LOUISIANA
General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2013

	Budget		2013 Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes	\$ 88,700	\$ 88,900	\$ 88,341	\$ (559)
Licenses and permits	45,000	45,000	54,372	9,372
Intergovernmental	254,496	224,903	223,133	(1,770)
Fines and forfeitures	181,000	125,000	135,767	10,767
Miscellaneous	<u>5,000</u>	<u>8,700</u>	<u>10,229</u>	<u>1,529</u>
Total Revenues	574,196	492,503	511,842	19,339
EXPENDITURES				
Current:				
General government	229,000	214,000	195,389	18,611
Highways and streets	159,660	166,300	180,003	(13,703)
Public safety – police	472,955	449,870	436,167	13,703
Capital outlays	50,000	19,000	13,485	5,515
Debt service	<u>25,596</u>	<u>28,300</u>	<u>28,183</u>	<u>117</u>
Total Expenditures	937,211	877,470	853,227	24,243
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(363,015)</u>	<u>(384,967)</u>	<u>(341,385)</u>	<u>43,582</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers	<u>299,600</u>	<u>203,530</u>	<u>323,731</u>	<u>120,201</u>
Total Other Financing Sources (Uses)	<u>299,600</u>	<u>203,530</u>	<u>323,731</u>	<u>120,201</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(63,415)	(181,437)	(17,654)	163,783
FUND BALANCE, BEGINNING	<u>8,618</u>	<u>8,618</u>	<u>8,618</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ (54,797)</u>	<u>\$ (172,819)</u>	<u>\$ (9,036)</u>	<u>\$ 163,783</u>

TOWN OF OBERLIN, LOUISIANA
Special Revenue Fund
Sales Tax Fund
Budgetary Comparison Schedule
Year Ended June 30, 2013

	<u>Budget</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Sales taxes	\$ 162,000	\$ 162,000	\$ 163,759	\$ 1,759
Less: collection fees	(4,000)	(4,500)	(3,390)	1,110
Interest	50	50	5	(45)
Total Revenues	<u>158,050</u>	<u>157,550</u>	<u>160,374</u>	<u>2,824</u>
EXPENDITURES				
Current:				
Miscellaneous	<u>200</u>	<u>200</u>	-	200
Total Expenditures	<u>200</u>	<u>200</u>	-	200
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>157,850</u>	<u>157,350</u>	<u>160,374</u>	<u>3,024</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers	<u>(150,000)</u>	<u>(195,000)</u>	<u>(173,808)</u>	<u>21,192</u>
Total Other Financing Sources (Uses)	<u>(150,000)</u>	<u>(195,000)</u>	<u>(173,808)</u>	<u>21,192</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	7,850	(37,650)	(13,434)	24,216
FUND BALANCE, BEGINNING	<u>51,702</u>	<u>51,702</u>	<u>51,702</u>	-
FUND BALANCE, ENDING	<u>\$ 59,552</u>	<u>\$ 14,052</u>	<u>\$ 38,268</u>	<u>\$ 24,216</u>

TOWN OF OBERLIN, LOUISIANA
Special Revenue Fund
Section 8 Fund
Budgetary Comparison Schedule
Year Ended June 30, 2013

	<u>Budget</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous – interest and other	\$ 140	\$ 7	\$ 22	\$ 15
EXPENDITURES				
Current-				
General government:				
Administration	-	-	-	-
Excess of revenues over expenditures	140	7	22	15
OTHER FINANCING SOURCES (USES)				
Operating Transfers	-	-	(7,603)	(7,603)
Total Other Financing Sources (Uses)	-	-	(7,603)	(7,603)
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	140	7	(7,581)	(7,588)
FUND BALANCE, BEGINNING	7,581	7,581	7,581	-
FUND BALANCE, ENDING	<u>\$ 7,721</u>	<u>\$ 7,588</u>	<u>\$ -</u>	<u>\$ (7,588)</u>

TOWN OF OBERLIN, LOUISIANA
Special Revenue Fund
Cemetery Fund
Budgetary Comparison Schedule
Year Ended June 30, 2013

	<u>Budget</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 50	\$ -	\$ -	\$ -
Miscellaneous	<u>-</u>	<u>-</u>	<u>8</u>	<u>8</u>
Total Revenues	<u>50</u>	<u>-</u>	<u>8</u>	<u>8</u>
EXPENDITURES				
General government salaries	-	-	-	-
Insurance	700	-	-	-
Payroll taxes	-	-	-	-
Miscellaneous	<u>200</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>900</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(850)</u>	<u>-</u>	<u>8</u>	<u>8</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers	<u>850</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>850</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	8	8
FUND BALANCE, BEGINNING	<u>9,209</u>	<u>9,209</u>	<u>9,209</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 9,209</u>	<u>\$ 9,209</u>	<u>\$ 9,217</u>	<u>\$ 8</u>

OTHER SUPPLEMENTARY INFORMATION

TOWN OF OBERLIN, LOUISIANA
 General Fund
 Budgetary Comparison Schedule-Revenues
 Year Ended June 30, 2013
 With Comparative Actual Amounts for Year Ended June 30, 2012

	2013		Actual	Variance Favorable (Unfavorable)	2012 Actual
	Budget				
	Original	Final			
Taxes					
Ad valorem	\$ 20,000	\$ 21,000	\$ 20,534	\$ (466)	\$ 21,501
Franchise:					
Cable	10,800	11,500	10,196	(1,304)	11,478
Electric	55,000	54,000	55,163	1,163	53,693
Telephone	<u>2,900</u>	<u>2,400</u>	<u>2,448</u>	<u>48</u>	<u>2,512</u>
Total taxes	88,700	88,900	88,341	(559)	89,184
Licenses and permits	45,000	45,000	54,372	9,372	54,185
Intergovernmental:					
State of Louisiana-					
Beer taxes	3,000	3,200	3,229	29	3,140
Gaming revenue	179,396	172,748	175,212	2,464	176,072
Grants	50,000	22,000	6,437	(15,563)	39,130
Grass cutting	600	2,455	2,455	-	2,850
On-behalf payments	21,500	14,500	14,500	-	24,000
Local grant	<u>-</u>	<u>10,000</u>	<u>21,300</u>	<u>11,300</u>	<u>24,092</u>
Total intergovernmental	254,496	224,903	223,133	(1,770)	269,284
Fines and forfeitures	181,000	125,000	135,767	10,767	202,998
Miscellaneous	<u>5,000</u>	<u>8,700</u>	<u>10,229</u>	<u>1,529</u>	<u>7,911</u>
Total revenues	<u>\$ 574,196</u>	<u>\$ 492,503</u>	<u>\$ 511,842</u>	<u>\$ 19,339</u>	<u>\$ 623,562</u>

TOWN OF OBERLIN, LOUISIANA
 General Fund
 Budgetary Comparison Schedule-Expenditures
 Year Ended June 30, 2013
 With Comparative Actual Amounts for Year Ended June 30, 2012

	2013				
	Budget		Actual	Variance Favorable (Unfavorable)	2012 Actual
	Original	Final			
Current:					
General Government-					
Advertising	\$ 6,500	\$ 2,000	\$ 1,714	\$ 286	\$ 6,413
Contract labor	12,000	10,000	-	10,000	14,582
Health insurance	40,000	48,000	28,156	19,844	47,397
Insurance	27,500	25,000	15,925	9,075	13,213
Miscellaneous	7,500	12,000	11,110	890	8,962
Office supplies	14,500	9,000	9,236	(236)	14,480
Payroll taxes	5,700	3,400	3,933	(533)	3,219
Professional fees	25,000	21,000	19,170	1,830	22,690
Rent	4,700	4,700	1,576	3,124	1,941
Repairs and maintenance	200	6,000	24,236	(18,236)	5,854
Retirement	3,400	4,000	3,871	129	3,940
Salaries	42,500	30,000	38,963	(8,963)	29,452
Salaries-Mayor and Council	32,400	32,400	32,400	-	32,400
Travel	2,600	2,500	2,608	(108)	3,011
Utilities and telephone	4,500	4,000	2,491	1,509	4,445
Total general government	<u>\$ 229,000</u>	<u>\$ 214,000</u>	<u>\$ 195,389</u>	<u>\$ 18,611</u>	<u>\$ 211,999</u>
Public Safety:					
Police-					
Auto expenditures	\$ 32,000	\$ 32,000	\$ 31,455	\$ 545	\$ 30,791
Contract labor	25,000	18,000	14,722	3,278	23,107
Dog pound expenditures	2,000	1,500	1,018	482	5,539
Health insurance	110,355	104,000	86,504	17,496	104,056
Insurance	13,500	7,000	15,378	(8,378)	11,325
Miscellaneous	200	1,200	1,081	119	1,018
Office supplies	1,500	600	366	234	964
Payroll taxes	20,000	18,000	17,458	542	18,675
Professional fees	2,500	2,500	2,278	222	2,309
Repairs and maintenance	9,500	9,600	9,145	455	8,705
Retirement	21,000	24,000	22,659	1,341	18,715
Salaries	223,000	220,000	224,834	(4,834)	226,011
Training	300	300	-	300	-
Travel	2,000	500	442	58	1,539
Uniforms and supplies	7,600	7,600	5,839	1,761	6,579
Utilities and telephone	2,500	3,070	2,988	82	2,489
Total public safety	<u>\$ 472,955</u>	<u>\$ 449,870</u>	<u>\$ 436,167</u>	<u>\$ 13,703</u>	<u>\$ 461,822</u>

(continued)

TOWN OF OBERLIN, LOUISIANA
 General Fund
 Budgetary Comparison Schedule-Expenditures (continued)
 Year Ended June 30, 2013
 With Comparative Actual Amounts for Year Ended June 30, 2012

	2013				
	Budget		Actual	Variance Favorable (Unfavorable)	2012 Actual
	Original	Final			
Highways and streets:					
Contract labor	\$ 1,500	\$ 1,500	\$ 2,110	\$ (610)	\$ 986
Health insurance	30,000	18,000	15,754	2,246	17,791
Insurance	10,500	10,000	3,608	6,392	8,494
Miscellaneous	2,500	3,500	6,027	(2,527)	3,454
Payroll taxes	2,660	3,600	2,880	720	3,081
Professional fees	-	700	593	107	-
Rent	14,500	14,500	14,600	(100)	14,280
Salaries	20,000	41,000	41,812	(812)	34,048
Street lighting	39,000	35,000	33,252	1,748	35,181
Supplies, materials and repairs	25,000	24,000	36,986	(12,986)	22,492
Utilities and telephone	14,000	14,500	22,381	(7,881)	13,978
Total highways and streets	<u>\$ 159,660</u>	<u>\$ 166,300</u>	<u>\$ 180,003</u>	<u>\$ (13,703)</u>	<u>\$ 153,785</u>
Capital Outlays:					
General government-					
Building	\$ -	\$ 4,000	\$ 4,000	\$ -	\$ 5,000
Equipment, furniture, and fixtures	25,000	7,000	4,950	2,050	5,560
Vehicles	-	-	-	-	-
Public Safety-					
Police equipment	-	3,000	-	3,000	500
Police vehicles	25,000	-	-	-	-
Highways and streets-					
Infrastructure	-	5,000	4,535	465	11,308
Total capital outlay	<u>\$ 50,000</u>	<u>\$ 19,000</u>	<u>\$ 13,485</u>	<u>\$ 5,515</u>	<u>\$ 22,368</u>
Debt service:					
Interest	\$ 4,221	\$ 2,300	\$ 1,812	\$ 488	\$ 2,672
Principal retirement	21,375	26,000	26,371	(371)	18,337
Total debt service	<u>\$ 25,596</u>	<u>\$ 28,300</u>	<u>\$ 28,183</u>	<u>\$ 117</u>	<u>\$ 21,009</u>
Total expenditures	<u>\$ 937,211</u>	<u>\$ 877,470</u>	<u>\$ 853,227</u>	<u>\$ 24,243</u>	<u>\$ 870,983</u>

TOWN OF OBERLIN, LOUISIANA
Enterprise Funds
Utility Funds
(Unaudited)

Schedule of Number of Utility Customers

June 30, 2013

Records maintained by the Town indicate the following average number of customers being served during the months of June 2013 and June, 2012, respectively:

<u>Department</u>	<u>2013</u>	<u>2012</u>
Gas (metered)	377	383
Water (metered)	933	946
Sewerage	738	741

TOWN OF OBERLIN, LOUISIANA
Schedule of Insurance in Force
(Unaudited)
June 30, 2013

Description of Coverage	Coverage Amounts
Workmen's Compensation:	
Employer's liability - Disease	\$ 500,000
- Accident	100,000
-Bodily injury by accident	100,000
Blanket Bond	380,000
Surety Bonds:	
Mayor, Mayor Pro-Tem, Town Clerk, Clerks, Chief of Police, other employees	65,100
Chief of Police	5,000
Assistant Chief of Police	10,000
Police clerk	-
Utility collection clerk	-
City superintendent	6,274
Councilman, P. Beard	10,000
General liability:	
Town-	
Each occurrence	500,000
Aggregate	500,000
Police-	
Each occurrence	-
Aggregate	-
Public official's error and omissions	500,000
Fire, extended coverage, blanket policy:	
Buildings	-
Contents	-
Comprehensive liability and collision:	
Liability	500,000
Uninsured motorist bodily injury	-

TOWN OF OBERLIN, LOUISIANA
Enterprise Funds
Utility Funds

Departmental Analysis of Revenues and Expenses
Year Ended June 30, 2013

	<u>Totals</u>	<u>Gas</u>	<u>Water and Sewer</u>
	<u>2013</u>	<u>2013</u>	<u>2013</u>
Operating revenues:			
Charges for services-			
Customers	\$ 829,604	\$ 336,942	\$ 492,662
Miscellaneous	<u>3,899</u>	<u>510</u>	<u>3,389</u>
Total operating revenues	<u>833,503</u>	<u>337,452</u>	<u>496,051</u>
Operating expenses:			
Contract labor	2,441	-	2,441
Depreciation	289,157	6,664	282,493
Health insurance	66,396	29,924	36,472
Insurance	34,491	21,364	13,127
Miscellaneous	8,298	2,581	5,717
Natural gas purchases	90,524	90,524	-
Office expense	185	47	138
Payroll taxes	13,701	6,849	6,852
Professional fees	45,022	21,933	23,089
Repairs and maintenance	44,968	1,748	43,220
Salaries	151,425	80,157	71,268
Supplies	63,161	15,839	47,322
Telephone and utilities	<u>70,362</u>	<u>7,947</u>	<u>62,415</u>
Total operating expenses	<u>880,131</u>	<u>285,577</u>	<u>594,554</u>
Operating income (loss)	<u>(46,628)</u>	<u>51,875</u>	<u>(98,503)</u>
Non-operating revenues (expenses):			
Interest income	147	37	110
Interest expense	(101,997)	-	(101,997)
Intergovernmental	<u>41,391</u>	<u>-</u>	<u>41,391</u>
Total non-operating revenues (expenses)	<u>(60,459)</u>	<u>37</u>	<u>(60,496)</u>
Income (loss) before transfers	(107,087)	51,912	(158,999)
Operating transfers	<u>(142,320)</u>	<u>(59,737)</u>	<u>(82,583)</u>
Change in net position	<u>\$ (249,407)</u>	<u>\$ (7,825)</u>	<u>\$ (241,582)</u>

TOWN OF OBERLIN, LOUISIANA
Schedule of Compensation Paid to Mayor and Council Members
Year Ended June 30, 2013

Rick Smith, Mayor	\$ 14,400
Phil Beard, Council	3,600
Mark E. Manuel, Council	3,600
Linda Boulden, Council	2,100
Janice Simon, Council	3,600
Joseph W. Courville, Council	2,100
Ricky Mahaffey, Council	1,500
Benny Manuel, Council	<u>1,500</u>
 Total Compensation Paid to Mayor and Council Members	 <u>\$ 32,400</u>

ROYCE T. SCIMEMI, CPA, APAC



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Member
Society of Louisiana
Certified Public Accountants

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

December 31, 2013

Mayor and the Town Council
Town of Oberlin, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Oberlin, Louisiana, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Oberlin, Louisiana's basic financial statements and have issued our report thereon dated December 31, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Oberlin, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Oberlin, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Oberlin, Louisiana's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses, referred to as findings 2013-2 I/C, 2013-3 I/C, 2013-4 I/C, 2013-7 I/C, 2013-9 I/C, to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and responses, referred to as findings 2013-1 I/C, 2013-5 I/C, 2013-6 I/C, 2013-8 I/C, 2013-10 I/C to be significant deficiencies.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether Town of Oberlin, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as finding 2013-1 C through 2013-7 C.

Town of Oberlin, Louisiana's Response to Findings

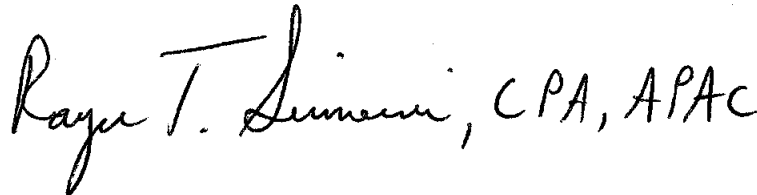
The Town of Oberlin, Louisiana's response to the findings identified in our audit is described in the accompanying management's corrective action plan for current year audit findings and responses. Such responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

This report is intended solely for the information and use of management, the Town Council, others within the entity, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor of the State of Louisiana as a public document.

Royce T. Scimemi, CPA, APAC



TOWN OF OBERLIN, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2013

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Control deficiencies(s) identified that are
 not considered to be material weakness(es)? yes none reported

Noncompliance material to financial
statements identified?

yes no

Findings -- Financial Statement Audit

Finding #2013-1 I/C:
Significant Deficiency

Inadequate Segregation of Duties

Because of the lack of a large staff, more specifically accounting personnel, there is insufficient segregation of duties necessary for proper controls. We do note that this situation is inherent in most entities of this type and is difficult to solve due to the funding limitations of the Town. We recommend that the Mayor as well as the Town Council take an active interest in the review of all of the financial information. This was also a prior year finding.

Finding #2013-2 I/C:
Material Weakness

Receivable Collection Efforts

Criteria: Critical internal controls should always ensure that adequate collection efforts are in effect. Significant amounts of utility accounts receivable are over 90 days old. Town ordinances require the utilities of a customer be disconnected after an invoice is not paid by a certain date. Extensions/payment plans are often granted on utility invoices to give customers more time to pay their debts. This was also a prior year finding.

Cause: Inconsistent/ineffective monitoring of receivables and enforcement of collections.

Effect: Cash flow shortages can be a result of this ineffective internal control. A possible Article 7, Section 14 of the Louisiana Constitution violation.

Recommendation: The Town should consider constant monitoring of receivables and actually shutting off utilities when both the payment plan installments and the current month's invoices are not paid on time.

Finding #2013-3 I/C:
Material Weakness

Daily Deposits of Receipts

Criteria: Cash and other daily receipts are not deposited daily. This was also a prior year finding.

Cause: Inconsistent/ineffective monitoring and handling of daily receipts.

Effect: Cash flow shortages can be a result of this ineffective internal control.

Recommendation: Authority to monitor and inspect daily deposits should be given to the Town Clerk so that timely reconciliations of daily activity and postings of revenues to the general ledger can occur.

TOWN OF OBERLIN, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES-CONTINUED
Year Ended June 30, 2013

Finding #2013-4 I/C:
Material Weakness

Deposits of Cash Overages

- Criteria: Cash overages, often referred to as "cash over or (short)", which occur when collections are made without having or obtaining the necessary customer information, are not being timely deposited.
- Cause: Inconsistent/ineffective handling of daily cash receipts.
- Effect: Cash flow shortages can be a result of this ineffective internal control.
- Recommendation: Proper collection of customer information should be obtained at time of receipt and any overage should be deposited along with other daily receipts. Authority to monitor and inspect daily deposits should be given to the Town Clerk so that all collections are timely deposited.

Finding #2013-5 I/C:
Significant Deficiency

Inappropriate Payroll Recordkeeping

- Criteria: Payroll time cards are used to document time manually and there is no time clock available to the employees to accurately and properly document time worked. The control environment in place does not provide adequate safeguards to prevent payroll overpayments. Dry line has been used on a manual time card that was not authorized on the face of the timecard. This practice could be used to manipulate time.
- Cause: Inconsistent/ineffective monitoring/supervision of time.
- Effect: Inappropriate payroll transactions can result from this ineffective internal control and more time being paid than worked.
- Recommendation: Purchase and install time clocks and require all employees besides the salaried employees to use them.

Finding #2013-6 I/C:
Significant Deficiency

Utility Adjustment Authorization Documentation

- Criteria: Utility adjustments appear to be authorized for the most part by the appropriate authorities, but documentation of authorization was lacking in several instances tested. This was also a prior year finding.
- Cause: The Town maintains no monthly recap report of adjustments that can be used to document authorization.
- Effect: Utility adjustments without required documentation of authorization by appropriate authorities.
- Recommendation: Maintain a complete file of authorized adjustments and a monthly recap with a column where the appropriate authority can initial and approve.

TOWN OF OBERLIN, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES-CONTINUED
Year Ended June 30, 2013

Finding #2013-7 I/C:
Material Weakness

Undated Deposit Slips

- Criteria: Various deposits for the water and sewer funds were not dated except for the date stamped on the deposit advice received from the bank. If they were dated the date of that activity, it would highlight the fact that deposits are not being made daily. This was also a prior year finding.
- Cause: Inconsistent completion of deposit slips.
- Effect: Cash cut-off can be distorted by activity not deposited.
- Recommendation: Ensure that all deposit slips are dated the business day of receipt of the collection. Authority to monitor and inspect daily deposits should be given to the Town Clerk so that timely deposits of all collections occur.

Finding #2013-8 I/C:
Significant Deficiency

Inconsistent Enforcement of Cut-Off Procedures for Customers

- Criteria: Certain customers are shown preference in the collection of utility receivables while others are treated according to the ordinances. This was also a prior year finding.
- Cause: Non-uniform enforcement of the Town's utility cut-off policy.
- Effect: Utilities are being provided to customers with seriously past due balances.
- Recommendation: Management should enforce the Town ordinance and cut-off customer's utilities by the cut-off date and/or provide the Mayor an ordinance that will allow payment plans. Then the Town should treat all customers equally and set policies for the extensions or payment plans in the Town's ordinances.

Finding #2013-9 I/C:
Material Weakness

Not Depositing All Funds on a Timely Basis

- Criteria: On October 4, 2012, a manila folder was located in the utility clerk's money drawer that contained difficult to understand receipts and associated money. One receipt with associated cash was included for gas money received and dated September 18, 2012 and was later traced to a deposit on October 17, 2012. Also, an NSF fee of \$25 that was collected from a customer on August 21, 2012 was included in that manila folder. On October 5, 2012, the day this firm performed a cash count, an entry to the cash blotter originally reflected the depositing of this money. However, dry line was used to remove this money from that daily deposit. This money was later deposited in October. Also, a reconnect fee that was collected on September 28, 2012 was included in the manila folder.
- Cause: Inconsistent handling of cash receipts.
- Effect: Cash flow shortages occur from this type of activity. A possible Article 7, Section 14 of the Louisiana Constitution violation.

TOWN OF OBERLIN, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES-CONTINUED
Year Ended June 30, 2013

Recommendation: Ensure policies and procedures for consistently depositing all Town collections daily.

Finding #2013-10 I/C:

Occupational License Fees Not Being Collected

Criteria: Certain businesses operating within the Town's geographic limits have not filed and paid their occupational licenses for 2013. When requested, we were provided no documentation of enforcement on these businesses. This was also a prior year finding.

Cause: Ineffective/inconsistent lack of enforcement on all accounts.

Effect: Cash flow shortages occur from this type of activity.

Recommendation: Ensure policies and procedures for consistently identifying businesses without licenses and Notify taxpayers of their responsibility to file and pay occupational licenses. Initiate audit procedures for those businesses who fail to do this. An alternative method would be to hire an outside firm, as done by other towns in the area, to administer the occupational license program.

Finding #2013-1 C:

Local Governmental Budget Act Compliance

Criteria: According to the R.S. 39:1309(B) of the Louisiana Local Governmental Budget Act; the budget must be adopted in an open meet before the end of the prior fiscal year. The Town did not adopt its original budget until a meeting on July 9, 2012 and may not have complied with the Louisiana Local Government Budget Act as a result.

Cause: Delayed consideration and timely adoption of budget.

Effect: Possible violation of the Local Governmental Budget Act.

Recommendation: Management should monitor the budgets on an interim basis, adopt its budgets timely, and make amendments when necessary in accordance with the Local Governmental Budget Act.

Finding #2013-2 C:

Article 7, Section 14 of the Louisiana Constitution and the Town's Subdivision Regulations dated May 24, 1999

Criteria: The Town subdivision regulations require that "6. ... no land shall hereafter be subdivided and no street or other public space shall hereafter be laid out within the town limits until the plan of such subdivision or street or other public space shall have been submitted to and approved by the board of aldermen pursuant to the provisions herein below". The ordinance also states "7. ... that any person subdividing any piece or parcel of land within the town limits shall make a plat thereof, and before recording the same in the office of the clerk of court for the parish, shall submit it with a duplicate thereof to the board of alderman for approval or rejection. No lot, tract, or parcel of land within any such subdivision shall be offered for sale nor shall any sale, contract for sale, or option to be made or given, until such subdivision has been formally approved." Finally it also states "8. ... no plat or subdivision shall be approved unless all street and sidewalk pavements, water and sewer mains and facilities, and gas lines and facilities have been installed or provision has been made to ensure such installation, in compliance with safety regulation of the town, parish, and state, and in compliance with the requirements and specifications of the town engineer, consultant, or superintendent as provided for herein below."

The Mayor, before he was elected as such, utilized his personal real estate to create a subdivision within the town limits. The Town council had approved and taken responsibility to maintain the streets, not the subdivision itself, on May 14, 2001 provided they met the specifications of the Town's ordinances.

TOWN OF OBERLIN, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES-CONTINUED
Year Ended June 30, 2013

The ordinances were never complied with since only part of the subdivision's sewer and water mains had been installed on the south side of the subdivision and a plat was not filed. It would appear that the property on the north side of the tract would be part of the original subdivision and no sewer and water mains had been installed by the Mayor. If so, in accordance with the above mentioned regulations, property should never have been offered for sale or sold.

The Mayor contends that the property on the north side of the subdivision is not part of the original subdivision. Neither the Town nor the Mayor were able to provide a copy of the plat that would help establish exactly what properties were included in the original subdivision. Therefore, it would be reasonable to assume the north property was included in the original subdivision and that proper easements or right of ways may have never been properly established for utilities there. This would preclude the Town from maintaining the streets, sewer, water, and gas infrastructure without violating Article 7, Section 14 of the 1974 Louisiana Constitution or trespassing on private property.

In December of 2013, the Town finished installing the sewer and water mains to the properties in the north part of the subdivision. All of the materials (totaling \$693), labor, and equipment used in the completion of these installations were borne by the Town possibly at the Mayor's instruction. Also, the Town may have infringed on private property in the process. The costs to install the sewer and water mains should have been borne by the Mayor as developer of the subdivision and not the Town.

Cause: Possibly the Mayor's instruction.

Effect: Possible violations of Article 7, Section 14 of the Louisiana Constitution, the Town's subdivision regulations, and Louisiana trespass laws.

Recommendation: Management should never incur costs that benefit individuals privately in real estate transactions or any other transactions. Formal action is possibly required to enforce the subdivision regulations and adopt the subdivision once compliance is completed.

Finding #2013-3 C:

Reserve Fund Requirements on Sewer Revenue Bond Issue

Criteria: For the year ended June 30, 2013, the Town did not completely fund the required reserve accounts in accordance with the USDA Sewer Revenue Bond Agreement associated with its Sewer Revenue Bond Issue. Only eleven of the twelve payments were made.

Cause: Management oversight.

Effect: Possible violation of bond covenants.

Recommendation: Management should make all agreed-upon payments timely.

Finding #2013-4 C:

Section 25 of Louisiana Constitution:

Criteria: For the ad valorem taxes delinquent after December 31, 2012 and not paid by a certain date, the Town is required to either adjudicate or conduct a tax sale of the associated real property. Neither of these occurred on delinquent properties in 2013.

Cause: Management oversight.

Effect: Possible violation of Section 25 of the Louisiana Constitution and cash shortages since all taxes are not collected.

Recommendation: Management should either adjudicate or conduct a tax sale on the related properties.

TOWN OF OBERLIN, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES-CONTINUED
Year Ended June 30, 2013

Finding #2013-5 C:

Improper Bonuses Given to Former Employees

Criteria: The Town prepared two paychecks to former employees under very unusual circumstances. In both paychecks in question, a time card had previously been completed by the employee and submitted to their supervisor for approval and subsequently submitted to the Clerk for normal payroll processing. In both instances a payroll check had been generated under normal payroll processing procedures and cashed by the employees. In both instances, a subsequent payroll check was generated with the Mayor's approval (once verbally and once written). In one instance, the Mayor's administrative assistant, who had never before prepared payroll checks, prepared the payroll check without the Town Clerk's prior knowledge. In both instances, direct supervisors of the employees stated that the employees did not work the corresponding hours. In one instance, additional hours worked on September 7, 2013 were paid on October 11, 2013 (over one month later).

Cause: Management oversight.

Effect: Possible violation of Article 7, Section 14 of the 1974 Louisiana Constitution.

Recommendation: Management should ensure that original payroll checks are proper and accurate and not issue paychecks subsequent to normal payroll processing. As noted in finding 2013-5, the purchase and installation of a time clock would ensure accuracy and prevent this kind of finding.

Finding #2013-6 C:

Basic Certification of a Peace Officer

Criteria: Louisiana Revised Statutes 40:2405 states that all full-time peace officers shall complete a basic training course, otherwise known as the police academy, and successfully pass the POST statewide examination within one year of employment. One of the Town's full-time officers was unable to complete the course within the required time period but remains employed full-time with the Town. Peace officers that do not qualify are not entitled to state supplemental pay.

Cause: Management oversight.

Effect: Possible violation of Louisiana Revised Statutes 40:2405.

Recommendation: Management should ensure that all police officers satisfy the qualification requirements for their employment positions.

Finding #2013-7 C:

Building Inspection Procedures Not Properly Enforced and Permit Fees Not Collected

Criteria: Louisiana Revised Statutes 40:1730.23 states "All municipalities and parishes shall use building code enforcement officers or certified third-party providers contracted by the municipality, parish, or regional planning commission to act in the capacity of a building code enforcement officer to enforce the provisions of this Part. Enforcement procedures by building code enforcement officers ... shall include examination or review of plans, drawings, or specifications; the conducting of inspections; and the issuance, denial, or revocation of permits." Town Ordinance No. 02-14-2011(c) states "Whereas in compliance with the Rapides Area Planning Commission, requirements it is necessary to charge a Local Permit fee in the amount of \$25.00 in addition to Building permit fees already required" for certain enumerated items including new services. New residential structures in Oberlin are generally required to pay a fee of 48 cents per square foot to the Town that is predominantly submitted to the Rapides Area Planning Commission who will in turn provide a qualified inspector who ensures the buildings are

TOWN OF OBERLIN, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES-CONTINUED
Year Ended June 30, 2013

constructed in accordance with current building codes and proper permits are issued. In May 2013, a building permit was issued for the construction of a residence that appears to be greater than 4,000 square feet in Oberlin. The required fee (at least \$1,920 on a 4,000 square foot residence) was not collected from the owner for either the Town or the Rapides Area Planning Commission. The permit was submitted to Cleco by the Town's prior utility clerk so that electricity could be provided to that resident. That utility clerk had never before handled these permits.

Cause: Management oversight.

Effect: Possible violation of Louisiana Revised Statutes 40:1730.23 and Town Ordinance No. 02-14-2011 (c).

Recommendation: Management should ensure that all building permit fees and inspections are properly collected and conducted.

Federal Award Findings and Questioned Costs

- None

TOWN OF OBERLIN, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN FOR
CURRENT YEAR AUDIT FINDINGS AND
RESPONSES (UNAUDITED)
Year Ended June 30, 2013

Internal Control and Compliance Material to the Financial Statements

Finding #2013-1 I/C:

Segregation of Duties:

This is an ongoing finding that cannot be corrected due to lack of financial resources and the size of the entity.
Contact Person: Rick Smith, Mayor of the Town of Oberlin

Finding #2013-2 I/C:

Receivable Collection Efforts

Management is now aware of the requirements and will only grant extensions in rare extenuating circumstances in the future.
Contact Person: Rick Smith, Mayor of the Town of Oberlin

Finding #2013-3 I/C:

Daily Deposits of Receipts

The Town Clerk will be formally authorized to monitor and inspect daily deposits to ensure that cash registers are balanced daily and all moneys are deposited by the day after receipt. The Town Clerk will report directly to the Mayor any deviations from the policy of daily deposits.
Contact Person: Rick Smith, Mayor of the Town of Oberlin

Finding #2013-4 I/C:

Deposits of Cash Overages

The Town Clerk will be formally authorized to oversee and determine whether any overages have occurred and ensure that all of this money is deposited in the proper bank account and reported to the Mayor.
Contact Person: Rick Smith, Mayor of the Town of Oberlin

Finding #2013-5 I/C:

Inappropriate Payroll Recordkeeping

The Town has purchased a time clock and all non-salaried employees will be required to clock in and out when performing services as an employee of the Town.
Contact Person: Rick Smith, Mayor of the Town of Oberlin

Finding #2013-6 I/C:

Utility Adjustment Authorization Documentation

The Town will begin utilizing a spreadsheet that recaps all previously authorized utility adjustments on a monthly basis. The final column on the spreadsheet will require the initials of the official authorizing the adjustment.
Contact Person: Rick Smith, Mayor of the Town of Oberlin

Finding #2013-7 I/C:

Undated Deposit Slips

The Town Clerk will be charged with reviewing the daily deposits to ensure that all deposit slips are dated and correspond with the actual deposit remittance advice received from the bank on the deposit. The Town Clerk will report directly to the Mayor any deviations from the policy of properly dating daily deposit slips.
Contact Person: Rick Smith, Mayor of the Town of Oberlin

TOWN OF OBERLIN, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN FOR
CURRENT YEAR AUDIT FINDINGS AND
RESPONSES (UNAUDITED) - CONTINUED
Year Ended June 30, 2013

Finding #2013-8 I/C:

Inconsistent Enforcement of Cut-Off Procedures for Customers

The Utility Clerk will be charged with reviewing the unpaid utility accounts that are appropriate for cut-off. Any installment plans will have to remain current on both the installment payment as well as the current utility invoices to avoid utility cut-off. The utility clerk will also prepare a monthly cut-off report and submit it to the Town Clerk and the Mayor for documentation of any exceptions. All customers/taxpayers will be expected to be treated equally by the Town staff.

Contact Person: Rick Smith, Mayor of the Town of Oberlin

Finding #2013-9 I/C:

Not Depositing All Funds on a Timely Basis

All deposits, including all cash receipts, will be made daily by the Town staff.

Contact Person: Rick Smith, Mayor of the Town of Oberlin

Finding #2013-10 I/C:

Occupational License Fees Not Being Collected

The Town intends to initiate a policy that will ensure that all applicable businesses comply with the requirement to file an application for and pay the appropriate occupational license.

Contact Person: Rick Smith, Mayor of the Town of Oberlin

Finding #2013-1 C:

Local Governmental Budget Act Compliance

Management will adopt the budget in an open meeting before the end of the prior fiscal year to comply with the Local Governmental Budget Act.

Contact Person: Rick Smith, Mayor of the Town of Oberlin

Finding #2013-2 C:

Article 7, Section 14 of the Louisiana Constitution and the Town's Subdivision Regulations dated May 24, 1999

The Louisiana Legislative Auditor and the Allen Parish District Attorney have been notified of the possible violation and are expected to conduct an investigation. Pending the outcome of that investigation, the Town will take the appropriate action.

Contact Person: Rick Smith, Mayor of the Town of Oberlin

Finding #2013-3 C:

Reserve Fund Requirements on Sewer Revenue Bond Issue

The Town will make the last monthly payment to the reserve account as soon as possible to comply with the contractual requirements.

Contact Person: Rick Smith, Mayor of the Town of Oberlin

Finding #2013-4 C:

Section 25 of Louisiana Constitution

The Town will advertise and conduct the required tax sales or adjudicate the associated properties.

Contact Person: Rick Smith, Mayor of the Town of Oberlin

Finding #2013-5 C:

Improper Bonuses Given to Former Employees

The Louisiana Legislative Auditor and the Allen Parish District Attorney have been notified of the possible violation and are expected to conduct an investigation. Pending the outcome of that investigation, the Town will take the appropriate action.

Contact Person: Rick Smith, Mayor of the Town of Oberlin

TOWN OF OBERLIN, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN FOR
CURRENT YEAR AUDIT FINDINGS AND
RESPONSES (UNAUDITED) - CONTINUED
Year Ended June 30, 2013

Finding #2013-6 C:

Basic Certification of a Peace Officer

Management will ensure that all police officers satisfy the qualification requirements for their employment positions.

Contact Person: Rick Smith, Mayor of the Town of Oberlin

Finding #2013-7 C:

Building Inspection and Permit Not Properly Performed

Management will ensure that all new construction, as well as other construction requiring permits and inspection, comply with Louisiana Revised Statutes 40:1730.23 and Town Ordinance No. 02-14-2011 (c).

Contact Person: Rick Smith, Mayor of the Town of Oberlin

TOWN OF OBERLIN, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2012

2012-1 I/C Segregation of Duties:

Corrective Action Taken: This is an ongoing finding that cannot be corrected due to lack of financial resources and the size of the entity.

2012-2 I/C Receivable Collection Efforts:

Corrective Action Taken: Management is now aware of the requirements and will comply in the future.

2012-3 I/C Daily Deposits of Receipts:

Corrective Action Taken: The Town Clerk will be formally authorized to monitor and inspect daily deposits to ensure that cash registers are balanced daily and all moneys are deposited by the day after receipt. The Town Clerk will report directly to the Mayor any deviations from the policy of daily deposits.

2012-4 I/C Deposits of Cash Overages:

Corrective Action Taken: The Town Clerk will be formally authorized to oversee and determine whether any overages have occurred and ensure that all of this money is deposited and reported to the Mayor.

2012-5 I/C Inappropriate Payroll Recordkeeping

Corrective Action Taken: The Town will purchase a time clock and all non-salaried employees will be required to clock in and out when performing services as an employee of the Town.

2012-6 I/C Utility Adjustment Authorization Documentation

Corrective Action Taken: The Town will begin utilizing a spreadsheet that recaps all previously authorized utility adjustments on a monthly basis. The final column on the spreadsheet will be requiring the initials of the official authorizing the adjustment.

2012-7 I/C Undated Deposit Slips

Corrective Action Taken: The Town Clerk will be charged with reviewing the daily deposit to ensure that all deposit slips are dated and correspond with the actual deposit remittance advice received from the bank on the deposit. The Town Clerk will report directly to the Mayor any deviations from the policy of properly dating daily deposit slips.

2012-8 I/C Inconsistent Enforcement of Cut-Off Procedures for Customers

Corrective Action Taken: The Utility Clerk will be charged with reviewing the unpaid utility accounts that are appropriate for cut-off. Any installment plans will have to remain current with not only the installment payment but with the payment of the current utility invoices as well to avoid utility cut-off. The Utility Clerk will also prepare a monthly cut-off report and submit it to the Town Clerk and the Mayor for documentation of any exceptions. All customers/taxpayers will be expected to be treated equally by the Town staff.

2012-9 I/C Not Depositing All Funds on a Timely Basis

Corrective Action Taken: Not only will deposits be made daily but all cash received will be deposited daily by the Town staff.

2012-10 I/C Occupational License Fees Not Being Collected

Corrective Action Taken: The Town intends to initiate a policy that will ensure that all applicable businesses comply with the requirement to file and pay the appropriate occupational license.

2012-1 C Local Governmental Budget Act Compliance

Corrective Action Taken: Management is monitoring revenues and expenditures monthly and amending the budgets necessary to comply with the Local Governmental Budget Act.