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## TOWN OF OBERLIN, LOUISIANA

Financial Report

Year Ended June 30, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10/14/09

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## INDEPENDENT AUDITORS' REPORT

The Honorable Phillip W. Beard, Mayor,  
and Members of the Board of Aldermen  
Town of Oberlin, Louisiana

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, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these basic 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated August 18, 2009, on our consideration of the Town of Oberlin, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The required supplementary information on pages 36 through 39 is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Town of Oberlin has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Oberlin's basic financial statements. The other supplementary information on pages 42 through 48 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Town of Oberlin, Louisiana. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The prior year comparative information on the other supplementary information has been derived from the Town of Oberlin's 2008 financial statements, which was subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, except for that portion marked "unaudited" on which we express no opinion, was fairly presented in all material respects in relation to the basic financial statements taken as a whole.

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

Oberlin, Louisiana  
August 18, 2009

**BASIC FINANCIAL STATEMENTS**

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

TOWN OF OBERLIN, LOUISIANA

Statement of Net Assets  
June 30, 2009

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and interest-bearing deposits	\$ 235,637	\$ 45,883	\$ 281,520
Receivables, net	16,131	166,854	182,985
Internal balances	73,319	(73,319)	-
Due from other governmental units	81,496	-	81,496
Total current assets	<u>406,583</u>	<u>139,418</u>	<u>546,001</u>
Noncurrent assets:			
Restricted assets:			
Cash and interest-bearing deposits	-	171,304	171,304
Capital assets, net	<u>876,718</u>	<u>7,022,539</u>	<u>7,899,257</u>
Total noncurrent assets	<u>876,718</u>	<u>7,193,843</u>	<u>8,070,561</u>
Total assets	<u>1,283,301</u>	<u>7,333,261</u>	<u>8,616,562</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts and other payables	26,904	17,118	44,022
Deferred revenue	145,180	-	145,180
Bonds payable	<u>-</u>	<u>29,989</u>	<u>29,989</u>
Total current liabilities	<u>172,084</u>	<u>47,107</u>	<u>219,191</u>
Noncurrent liabilities:			
Customers' deposits payable	-	76,965	76,965
Compensated absences payable	22,419	-	22,419
Bonds payable	<u>-</u>	<u>2,386,482</u>	<u>2,386,482</u>
Total noncurrent liabilities	<u>22,419</u>	<u>2,463,447</u>	<u>2,485,866</u>
Total liabilities	<u>194,503</u>	<u>2,510,554</u>	<u>2,705,057</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	876,718	4,636,057	5,512,775
Restricted for debt service	-	64,350	64,350
Unrestricted	<u>212,080</u>	<u>122,300</u>	<u>334,380</u>
Total net assets	<u>\$1,088,798</u>	<u>\$4,822,707</u>	<u>\$5,911,505</u>

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

TOWN OF OBERLIN, LOUISIANA

Statement of Activities  
Year Ended June 30, 2009

Activities	Program Revenues			Net (Expense) Revenues and		
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Governmental Activities	Changes in Net Assets Business-Type Activities	Total
<b>Governmental activities:</b>						
General government	\$ 193,997	\$ 42,400	\$ -	\$ (151,597)	\$ -	\$ (151,597)
Public safety:						
Police	489,343	163,416	139,491	(149,955)	-	(149,955)
Streets	226,656	-	111,598	(115,058)	-	(115,058)
<b>Total governmental activities</b>	<u>909,996</u>	<u>205,816</u>	<u>251,089</u>	<u>(416,610)</u>	<u>-</u>	<u>(416,610)</u>
<b>Business-type activities:</b>						
Gas	383,750	414,789	-	-	34,179	34,179
Water and sewer	651,400	477,077	-	-	157,409	157,409
<b>Total business-type activities</b>	<u>1,035,150</u>	<u>891,866</u>	<u>-</u>	<u>-</u>	<u>191,588</u>	<u>191,588</u>
<b>Total</b>	<u>\$1,945,146</u>	<u>\$1,097,682</u>	<u>\$251,089</u>	<u>(416,610)</u>	<u>191,588</u>	<u>(225,022)</u>

General revenues:

Taxes -	
Property taxes, levied for general purposes	22,347
Sales and use taxes, levied for general purposes	173,769
Franchise taxes	69,170
Grants and contributions not restricted to specific programs -	
Federal sources	2,251
State sources	3,060
Interest and investment earnings	981
Miscellaneous	12,491
Transfers	33,121
<b>Total general revenues and transfers</b>	<u>317,190</u>
Change in net assets	(99,420)
<b>Net assets - July 1, 2008</b>	<u>1,188,218</u>
<b>Net assets - June 30, 2009</b>	<u>\$1,088,798</u>

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

**FUND FINANCIAL STATEMENTS (FFS)**

## **MAJOR FUND DESCRIPTIONS**

### **General Fund**

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

### **Special Revenue Funds**

#### **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; and shall the Town be further 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 shall be 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 administration of grant funds received from the U.S. Department of Housing and Urban Development to provide rental assistance to low income persons.

#### **Cemetery Fund**

Monies in this fund are received from sales of burial spaces. The cost of improvements to the cemetery grounds are accounted for in this fund.

### **Enterprise Funds**

#### **Gas Utility Fund**

To account for the provisions of gas service 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.

#### **Water and Sewer Utility 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.

TOWN OF OBERLIN, LOUISIANA  
Balance Sheet - Governmental Funds  
June 30, 2009

	<u>General</u>	<u>Sales Tax</u>	<u>Section 8</u>	<u>Cemetery</u>	<u>Total</u>
<b>ASSETS</b>					
Cash	\$ 29,535	\$ 1,420	\$150,523	\$1,470	\$182,948
Interest-bearing deposits, at cost	-	45,008	-	7,681	52,689
Receivables:					
Taxes	4,313	11,670	-	-	15,983
Other	148	-	-	-	148
Due from other funds	73,319	-	-	-	73,319
Due from other governmental units	81,496	-	-	-	81,496
Total assets	<u>\$188,811</u>	<u>\$58,098</u>	<u>\$150,523</u>	<u>\$9,151</u>	<u>\$406,583</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 21,071	\$ -	\$ -	\$ -	\$ 21,071
Accrued liabilities	5,833	-	-	-	5,833
Deferred revenue	-	-	145,180	-	145,180
Total liabilities	<u>26,904</u>	<u>-</u>	<u>145,180</u>	<u>-</u>	<u>172,084</u>
Fund balances -					
Unreserved, undesignated	<u>161,907</u>	<u>58,098</u>	<u>5,343</u>	<u>9,151</u>	<u>234,499</u>
Total fund balances	<u>161,907</u>	<u>58,098</u>	<u>5,343</u>	<u>9,151</u>	<u>234,499</u>
Total liabilities and fund balances	<u>\$188,811</u>	<u>\$58,098</u>	<u>\$150,523</u>	<u>\$9,151</u>	<u>\$406,583</u>

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

TOWN OF OBERLIN, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Assets  
June 30, 2009

Total fund balances for governmental funds at June 30, 2009		\$ 234,499
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$193,812	
Construction in progress	4,200	
Buildings, net of \$163,529 accumulated depreciation	25,878	
Infrastructure, net of \$324,850 accumulated depreciation	562,872	
Vehicles, net of \$183,196 accumulated depreciation	47,001	
Equipment, furniture, and fixtures net of \$249,303 accumulated depreciation	<u>42,955</u>	<u>876,718</u>
Long-term liabilities at June 30, 2009:		
Compensated absences payable		<u>(22,419)</u>
Total net assets of governmental activities at June 30, 2009		<u>\$1,088,798</u>

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

TOWN OF OBERLIN, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Governmental Funds  
Year Ended June 30, 2009

	<u>General</u>	<u>Sales Tax</u>	<u>Section 8</u>	<u>Cemetery</u>	<u>Total</u>
<b>Revenues:</b>					
Taxes	\$ 91,517	\$ 173,769	\$ -	\$ -	\$265,286
Licenses and permits	40,885	-	-	-	40,885
Intergovernmental	292,881	-	-	-	292,881
Fines and forfeits	163,416	-	-	-	163,416
Charges for services	-	-	-	1,515	1,515
Miscellaneous	<u>12,530</u>	<u>635</u>	<u>220</u>	<u>87</u>	<u>13,472</u>
Total revenues	<u>601,229</u>	<u>174,404</u>	<u>220</u>	<u>1,602</u>	<u>\$777,455</u>
<b>Expenditures:</b>					
Current -					
General government	166,799	3,826	-	2,371	172,996
Public safety -					
Police	471,943	-	-	-	471,943
Highways and streets	181,842	-	-	-	181,842
Capital outlay	<u>37,905</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,905</u>
Total expenditures	<u>858,489</u>	<u>3,826</u>	<u>-</u>	<u>2,371</u>	<u>864,686</u>
Excess (deficiency) of revenues over expenditures	<u>(257,260)</u>	<u>170,578</u>	<u>220</u>	<u>(769)</u>	<u>(87,231)</u>
<b>Other financing sources (uses):</b>					
Transfers in	261,946	-	-	856	262,802
Transfers out	<u>(856)</u>	<u>(228,825)</u>	<u>-</u>	<u>-</u>	<u>(229,681)</u>
Total other financing sources (uses)	<u>261,090</u>	<u>(228,825)</u>	<u>-</u>	<u>856</u>	<u>33,121</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	3,830	(58,247)	220	87	(54,110)
Fund balances, beginning	<u>158,077</u>	<u>116,345</u>	<u>5,123</u>	<u>9,064</u>	<u>288,609</u>
Fund balances, ending	<u>\$ 161,907</u>	<u>\$ 58,098</u>	<u>\$5,343</u>	<u>\$9,151</u>	<u>\$234,499</u>

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



TOWN OF OBERLIN, LOUISIANA

Statement of Net Assets  
Proprietary Funds  
June 30, 2009

	Gas Utility Fund	Water and Sewer Utility Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash	\$ 1,024	\$ 3,362	\$ 4,386
Interest-bearing deposits	16,824	24,673	41,497
Accounts receivable, net	75,399	89,061	164,460
Other receivable	-	2,394	2,394
Due from other funds	-	15,733	15,733
Total current assets	<u>93,247</u>	<u>135,223</u>	<u>228,470</u>
Restricted assets:			
Cash	6,150	12,941	19,091
Interest-bearing deposits	23,265	128,948	152,213
Total restricted assets	<u>29,415</u>	<u>141,889</u>	<u>171,304</u>
Property, plant and equipment, at cost, net of accumulated depreciation (\$2,351,314)	<u>74,018</u>	<u>6,948,521</u>	<u>7,022,539</u>
Total assets	<u>196,680</u>	<u>7,225,633</u>	<u>7,422,313</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	1,475	10,020	11,495
Other accrued liabilities	2,499	3,124	5,623
Due to other funds	20,135	68,917	89,052
Payable from restricted assets - Revenue bonds	<u>-</u>	<u>29,989</u>	<u>29,989</u>
Total current liabilities	<u>24,109</u>	<u>112,050</u>	<u>136,159</u>
Noncurrent liabilities:			
Revenue bonds payable	-	2,386,482	2,386,482
Customers' deposits	<u>29,415</u>	<u>47,550</u>	<u>76,965</u>
Total noncurrent liabilities	<u>29,415</u>	<u>2,434,032</u>	<u>2,463,447</u>
Total liabilities	<u>53,524</u>	<u>2,546,082</u>	<u>2,599,606</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	74,018	4,562,039	4,636,057
Restricted for debt service	-	64,350	64,350
Unrestricted	<u>69,138</u>	<u>53,162</u>	<u>122,300</u>
Total net assets	<u>\$143,156</u>	<u>\$4,679,551</u>	<u>\$4,822,707</u>

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

TOWN OF OBERLIN, LOUISIANA

Statement of Revenues, Expenses, and Changes in Net Assets  
 Proprietary Funds  
 Year Ended June 30, 2009

	Gas Utility Fund	Water and Sewer Utility Fund	Total
<b>Operating revenues:</b>			
Charges for services -			
Gas sales	\$391,729	\$ -	\$ 391,729
Water sales	-	200,142	200,142
Sewer sales	-	275,610	275,610
Delinquent charges	22,583	100	22,683
Miscellaneous	477	1,225	1,702
Total operating revenues	<u>414,789</u>	<u>477,077</u>	<u>891,866</u>
<b>Operating expenses:</b>			
Gas department expenses	383,750	-	383,750
Water and sewer department expenses	-	564,089	564,089
Total operating expenses	<u>383,750</u>	<u>564,089</u>	<u>947,839</u>
Operating income (loss)	<u>31,039</u>	<u>(87,012)</u>	<u>(55,973)</u>
<b>Nonoperating revenues (expenses):</b>			
Interest income	923	1,747	2,670
Interest expense	-	(87,311)	(87,311)
Total nonoperating revenues (expenses)	<u>923</u>	<u>(85,564)</u>	<u>(84,641)</u>
Income (loss) before transfers	<u>31,962</u>	<u>(172,576)</u>	<u>(140,614)</u>
<b>Transfers in (out):</b>			
Water and Sewer Utility Fund	1,000	-	1,000
Sales Tax Fund	17,100	-	17,100
General Fund	(44,448)	(5,773)	(50,221)
Gas Fund	-	(1,000)	(1,000)
Total transfers out	<u>(26,348)</u>	<u>(6,773)</u>	<u>(33,121)</u>
Net income (loss)	5,614	(179,349)	(173,735)
Capital contributions	<u>3,140</u>	<u>331,732</u>	<u>334,872</u>
Change in net assets	8,754	152,383	161,137
Net assets, beginning	<u>134,402</u>	<u>4,527,168</u>	<u>4,661,570</u>
Net assets, ending	<u>\$143,156</u>	<u>\$4,679,551</u>	<u>\$4,822,707</u>

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

TOWN OF OBERLIN, LOUISIANA

Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2009

	Gas Utility Fund	Water and Sewer Utility Fund	Totals
Cash flows from operating activities:			
Receipts from customers	\$ 393,962	\$ 494,918	\$ 888,880
Payments to suppliers	(259,021)	(287,415)	(546,436)
Payments to employees	(99,455)	(99,456)	(198,911)
Other receipts	477	1,225	1,702
<i>Net cash provided by operating activities</i>	<u>35,963</u>	<u>109,272</u>	<u>145,235</u>
Cash flows from noncapital financing activities:			
Cash received (paid) from other funds	(13,706)	19,731	6,025
Transfers to other funds	(26,348)	(6,773)	(33,121)
<i>Net cash provided (used) by noncapital     financing activities</i>	<u>(40,054)</u>	<u>12,958</u>	<u>(27,096)</u>
Cash flows from capital and related financing activities:			
Principal paid on revenue bonds payable	-	(26,460)	(26,460)
Interest paid on revenue bonds payable	-	(111,925)	(111,925)
Increase in customers' meter deposits	715	2,135	2,850
Acquisition of property, plant and equipment	(1,412)	(530,519)	(531,931)
Contribution from federal grant	3,140	421,039	424,179
<i>Net cash provided (used) by capital     and related financing activities</i>	<u>2,443</u>	<u>(245,730)</u>	<u>(243,287)</u>
Cash flows from investing activities:			
Purchase of interest-bearing deposits	(40,089)	(153,621)	(193,710)
Proceeds from maturities of interest-bearing deposits	39,166	231,806	270,972
Interest received on interest-bearing deposits	923	1,747	2,670
<i>Net cash provided by investing activities</i>	<u>-</u>	<u>79,932</u>	<u>79,932</u>
<i>Net decrease in cash and     cash equivalents</i>	<u>(1,648)</u>	<u>(43,568)</u>	<u>(45,216)</u>
Cash and cash equivalents, beginning of period	<u>8,822</u>	<u>59,871</u>	<u>68,693</u>
Cash and cash equivalents, end of period	<u>\$ 7,174</u>	<u>\$ 16,303</u>	<u>\$ 23,477</u>

(continued)

TOWN OF OBERLIN, LOUISIANA

Statement of Cash Flows (continued)

Proprietary Funds

Year Ended June 30, 2009

	Gas Utility Fund	Water and Sewer Utility Fund	Totals
Reconciliation of operating loss to net cash provided (used) by operating activities			
Operating income (loss)	\$ 31,039	\$ (87,012)	\$ (55,973)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities -			
Depreciation	4,869	222,956	227,825
Changes in current assets and liabilities:			
Decrease in accounts receivable	2,233	19,166	21,399
Increase in other receivable	-	(2,394)	(2,394)
Decrease in accounts payable	(2,531)	(44,617)	(47,148)
Increase in other accrued liabilities	353	1,173	1,526
Net cash provided by operating activities	<u>\$ 35,963</u>	<u>\$ 109,272</u>	<u>\$ 145,235</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:			
Cash and cash equivalents, beginning of period -			
Cash - unrestricted	\$ 3,312	\$ 14,017	\$ 17,329
Cash - restricted	5,510	45,854	51,364
Interest-bearing deposits - unrestricted	15,976	23,389	39,365
Interest-bearing deposits - restricted	23,190	208,417	231,607
Less: Interest-bearing deposits with a maturity over three months when purchased	<u>(39,166)</u>	<u>(231,806)</u>	<u>(270,972)</u>
Total cash and cash equivalents	<u>8,822</u>	<u>59,871</u>	<u>68,693</u>
Cash and cash equivalents, end of period -			
Cash - unrestricted	1,024	3,362	4,386
Cash - restricted	6,150	12,941	19,091
Interest-bearing deposits - unrestricted	16,824	24,673	41,497
Interest-bearing deposits - restricted	23,265	128,948	152,213
Less: Interest-bearing deposits with a maturity over three months when purchased	<u>(40,089)</u>	<u>(153,621)</u>	<u>(193,710)</u>
Total cash and cash equivalents	<u>7,174</u>	<u>16,303</u>	<u>23,477</u>
Net decrease	<u>\$ (1,648)</u>	<u>\$ (43,568)</u>	<u>\$ (45,216)</u>

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

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Town of Oberlin (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 subsequent subsections of this note.

A. Financial Reporting Entity

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

This report includes all funds that are controlled by or dependent on the Town's executive and legislative branches (the Mayor and Board of Aldermen). 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 general oversight responsibility.

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. This organization is the Oberlin Housing Authority. Although the Town does appoint its board, no control is exercised over its operations.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the reporting government 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 nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

## TOWN OF OBERLIN, LOUISIANA

### Notes to Basic Financial Statements (Continued)

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

#### Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major funds of the Town are described below:

#### Governmental Funds -

##### General Fund

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

## TOWN OF OBERLIN, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Special Revenue Funds -

##### Sales Tax Fund -

The Sales Tax Fund is used to account for the proceeds of a one percent sales and use tax and a .3% sales and use tax that are legally restricted to expenditures for specific purposes.

##### Section 8 Housing Fund -

The Section 8 Housing Fund is used to account for the administration of grant funds received from the U.S. Department of Housing and Urban Development to provide rental assistance to low income persons.

##### Cemetery Fund -

The Cemetery Fund is used to account for the monies received from sales of burial spaces. The cost of improvements to the cemetery grounds are accounted for in this fund.

#### Proprietary Funds -

##### Enterprise Funds

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

#### C. 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 assets and the 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:

## TOWN OF OBERLIN, LOUISIANA

### Notes to Basic Financial Statements (Continued)

- 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 balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

#### Basis of Accounting

In the government-wide statement of net assets 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 outlay) 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 fund utilizes 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.

#### D. Assets, Liabilities and Equity

##### Cash and interest-bearing deposits

For purposes of the statement of net assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Town.

## TOWN OF OBERLIN, LOUISIANA

### Notes to Basic Financial Statements (Continued)

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

#### Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables."

Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets.

#### Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes and grants. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible amounts due for customer's utility service receivables are recognized as bad debts through the establishment of an allowance for uncollectible accounts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for uncollectible accounts at June 30, 2009 was \$15,662 for the Gas Utility Fund and \$18,386 for the Water and Sewer Utility Fund. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are not recorded due to immateriality at June 30, 2009.

#### Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide or fund 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 capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to July 1, 2001, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

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 assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Vehicles and equipment	5 years
Utility system and improvements	20-40 years
Infrastructure	20 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.

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary funds that are legally restricted as to their use. The restricted assets are related to debt service and to the utility meter deposits.

Long-term debt

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

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

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

## TOWN OF OBERLIN, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Compensated Absences

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

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

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

At June 30, 2009, employees of the City have accumulated and vested \$22,419 compensated absence benefits. The estimated liabilities include required salary-related payments.

#### Equity Classifications

In the government-wide statements, equity is classified as net assets 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 assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

E. Revenues, Expenditures, and Expenses

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. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

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

In the fund financial statements, expenditures are classified as follows:

- Governmental Funds - by character
- Proprietary Fund - by operating and nonoperating

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

Interfund Transfers

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

F. Revenue Restrictions

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

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

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

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

G. Budget and Budgetary Accounting

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

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

H. Capitalization of Interest Expense

It is the policy of the Town of Oberlin to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets in the Proprietary Funds. At June 30, 2009, there was no capitalized interest recorded due to immateriality.

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(2) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to taxpayers in November or December. Billed taxes become delinquent on January 1 of the following year. The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of Allen Parish. Property tax revenues are recognized when levied to the extent that they result in current receivables.

For the year ended June 30, 2009, taxes of 3.43 mills were levied on property with assessed valuations totaling \$5,607,750 and were dedicated as follows:

General corporate purposes	3.43 mills
----------------------------	------------

Total taxes levied were \$19,234. Ad valorem tax receivable at June 30, 2009 amounted to \$4,313.

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

Proceeds of a 1% sales and use tax levied by the Town of Oberlin (2009 collections \$133,802; 2008 collections \$128,516) are dedicated to the following purposes:

To be used for the purposes of 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 furnishings for any of the aforesaid public works, improvements and facilities, or for any one or more said purposes; and shall the Town be further authorized to fund the proceeds of the tax into bonds to be issued in series from time to time for the purpose of defraying the costs of constructing, improving, and/or acquiring any one or more of the aforesaid capital improvements to the extent and in the manner permitted by the laws of Louisiana.

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

Proceeds of a .3% sales and use tax levied by the Town of Oberlin (2009 collections \$39,967; 2008 collections \$38,388 are dedicated to the following purposes:

Seventy percent to be used for constructing, improving, maintaining and operating public streets, sidewalks, and alleys. Thirty percent to be used for acquiring, constructing, improving, maintaining and operating recreational facilities. The Town of Oberlin shall be further 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.

(4) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2009, the Town had cash and interest-bearing deposits (book balances) totaling \$452,824 as follows:

Demand deposits	\$ 206,425
Time and money market accounts	<u>246,399</u>
Total	<u>\$ 452,824</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the Town or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2009 are secured as follows:

Bank balances	<u>\$ 507,523</u>
Federal deposit insurance	486,269
Pledged securities (Category 3)	<u>21,254</u>
Total FDIC insurance and pledged securities	<u>\$ 507,523</u>

As of June 30, 2009, the Town's total bank balances were fully insured and collateralized with securities held in the name of the Town by the pledging financial institution's agent and, therefore, not exposed to custodial credit risk.

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

(5) Receivables

Receivables at June 30, 2009 of \$182,985 consist of the following:

	<u>General</u>	<u>Sales Tax</u>	<u>Utility</u>	<u>Total</u>
Accounts	\$ 148	\$ -	\$198,508	\$198,656
Allowance	-	-	(34,048)	(34,048)
Other	-	-	2,394	2,394
Taxes:				
Ad valorem	4,313	-	-	4,313
Sales tax	-	<u>11,670</u>	-	<u>11,670</u>
Totals	<u>\$4,461</u>	<u>\$11,670</u>	<u>\$166,854</u>	<u>\$182,985</u>

(6) Due from Other Governmental Units

The amount due from other governmental units in the amount of \$81,496 at June 30, 2009 is from the Coushatta Tribe of Louisiana for the Town's share of grant revenue earned through June 30, 2009. The grant revenue is received from a compact agreed upon by the Coushatta Tribe and the State of Louisiana. The revenues are received by the Town of Oberlin directly from the Coushatta Tribe. The compact states that the Town of Oberlin is to use the funds to assist in the furnishing of fire protection to the tribal-owned casino resort in Kinder, Louisiana; to assist in the development, construction, maintenance and repair of apartment housing; to assist in furnishing municipal police services; and to assist in the construction, maintenance and repair of municipal infrastructure and housing.

Grant revenue for fiscal year ended June 30, 2009 was \$191,402. The amount receivable at June 30, 2009 of \$81,496 was dedicated for police protection and maintenance of municipal infrastructure.

(7) Restricted Assets - Proprietary Fund Types

Restricted assets consisted of the following at June 30, 2009:

Revenue bond and interest sinking account	\$ 8,949
Revenue bond reserve account	33,628
Revenue bond contingency account and short-lived asset account	51,762
Customer deposits - gas	29,415
Customer deposits - water and sewer	<u>47,550</u>
Total restricted assets	<u>\$ 171,304</u>

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

(8) Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

	Balance 07/01/08	Additions	Deletions	Balance 06/30/09
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 188,312	\$ 5,500	\$ -	\$ 193,812
Construction in progress	4,200	-	-	4,200
Other capital assets:				
Buildings	189,407	-	-	189,407
Infrastructure	887,722	-	-	887,722
Vehicles	205,847	24,350	-	230,197
Equipment, furniture and fixtures	284,203	8,055	-	292,258
Totals	<u>1,759,691</u>	<u>37,905</u>	<u>-</u>	<u>1,797,596</u>
Less accumulated depreciation				
Buildings	160,154	3,375	-	163,529
Infrastructure	301,269	23,581	-	324,850
Vehicles	167,210	15,986	-	183,196
Equipment, furniture and fixtures	231,449	17,854	-	249,303
Total accumulated depreciation	<u>860,082</u>	<u>60,796</u>	<u>-</u>	<u>920,878</u>
<b>Governmental activities, capital assets, net</b>	<u>\$ 899,609</u>	<u>\$ (22,891)</u>	<u>\$ -</u>	<u>\$ 876,718</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 7,224	\$ -	\$ -	\$ 7,224
Construction in progress	861,331	354,157	1,215,488	-
Other capital assets:				
Gas system	308,495	38,819	-	347,314
Water and sewer system	7,732,725	1,176,173	-	8,908,898
Equipment	110,417	-	-	110,417
Totals	<u>9,020,192</u>	<u>1,569,149</u>	<u>1,215,488</u>	<u>9,373,853</u>
Less accumulated depreciation				
Gas system	268,616	4,788	-	273,404
Water and sewer system	1,793,281	216,009	-	2,009,290
Equipment	61,592	7,028	-	68,620
Total accumulated depreciation	<u>2,123,489</u>	<u>227,825</u>	<u>-</u>	<u>2,351,314</u>
<b>Business-type activities, capital assets, net</b>	<u>\$6,896,703</u>	<u>\$1,341,324</u>	<u>\$1,215,488</u>	<u>\$7,022,539</u>

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 2,610
Police	17,400
Highways and streets	<u>40,786</u>
 Total depreciation expense	 <u>\$60,796</u>

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

Gas	\$ 4,869
Water and sewer	<u>222,956</u>
 Total depreciation expense	 <u>\$227,825</u>

(9) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at June 30, 2009:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$21,071	\$ 11,495	\$ 32,566
Other liabilities	<u>5,833</u>	<u>5,623</u>	<u>11,456</u>
Totals	<u>\$26,904</u>	<u>\$ 17,118</u>	<u>\$ 44,022</u>

(10) Changes in Long-term Debt

The following is a summary of long-term debt transactions of the Town for the year ended June 30, 2009:

	<u>Activities</u>
Long-term debt payable, July 1, 2008	\$ 2,442,931
Long-term debt issued	-
Long-term debt retired	<u>(26,460)</u>
Long-term debt payable, June 30, 2009	<u>\$ 2,416,471</u>

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

Long-term debt payable at June 30, 2009 is comprised of the following individual issues:

Sewer revenue bonds -

\$1,687,000 Sewer Revenue Bonds Series 2003 dated January 28, 2003; due in monthly installments of \$7,659 through January 28, 2043; interest at 4.5 percent, secured by Utility Fund revenues	\$1,588,835
\$280,000 Sewer Revenue bonds Series 2005 dated August 16, 2005; due in monthly installments of \$1,207 through July 28, 2045; interest at 4.125 percent, secured by Utility Fund revenues	270,946
\$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	432,445
\$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>124,245</u>
Total	<u>\$2,416,471</u>

The bond is due as follows:

Year ending June 30,	Principal payments	Interest payments
2010	\$ 29,990	\$ 106,252
2011	31,343	104,897
2012	32,757	103,483
2013	34,235	102,005
2014	35,554	100,460
2015-2019	204,865	476,563
2020-2024	255,195	326,007
2025-2029	318,308	362,944
2030-2034	395,889	284,280
2035-2039	493,054	186,138
2040-2044	476,603	68,121
2045-2048	<u>108,678</u>	<u>7,536</u>
Total	<u>\$ 2,416,471</u>	<u>\$ 2,228,686</u>

## TOWN OF OBERLIN, LOUISIANA

### Notes to Basic Financial Statements (Continued)

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

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

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

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

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

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

(12) 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, 2009, 2008 and 2007 amounted to \$40,447, \$39,032, and \$33,139, respectively, equal to the required contribution for each year.

The Town of Oberlin employees also contribute to tax-deferred individual retirement accounts or Internal Revenue Code Section 403b retirement accounts. The Town matches a portion of each of these plans for employees. Retirement contributions for the Town amounted to \$3,396, \$1,982, and \$2,344 for the years ended June 30, 2009, 2008 and 2007, respectively. Neither the Town nor its employees are obligated to make contributions and the Town has no further liability to these retirement plans. Data concerning the actuarial status of the plans are not available.

Municipal Police Employees' Retirement System of Louisiana

One police officer belongs to the Municipal and State Police Retirement System. This System is a cost-sharing, multiple-employer defined benefit pension plan, controlled and administered by a separate board of trustees. Pertinent information relative to the plan follows.

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

Plan members are required to contribute 7.5 percent of their annual covered salary to the system while the Town is required to contribute the statutory rate of 9.5 percent of the total annual covered salary. The Town's contributions to the system for the years ended June 30, 2009, 2008, and 2007 were \$897, \$2,674, and \$4,983, respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Municipal Police Employee's Retirement System, P.O. Box 94095 - Capital Station, Baton Rouge, Louisiana 70804-9095.

(13) Segment Information - Enterprise Fund

The Town of Oberlin maintains two utility departments within its two enterprise funds which provide gas, water, and sewer services. Segment information for the year ended June 30, 2009 is as follows:

	<u>Gas Department</u>	<u>Water and Sewer Department</u>	<u>Total Enterprise Fund</u>
Operating revenues	\$414,789	\$477,077	\$891,866
Operating expenses	<u>383,750</u>	<u>564,089</u>	<u>947,839</u>
Operating income (loss)	<u>\$ 31,039</u>	<u>\$ (87,012)</u>	<u>\$ (55,973)</u>

(14) Litigation and Claims

At June 30, 2009, the Town is involved in several lawsuits claiming damages. In the opinion of the Town's legal counsel, the exposure to the Town at June 30, 2009 is not determinable.

(15) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended June 30, 2009 follows:

Mayor:		
Phillip Beard		\$ 14,400
Aldermen:		
Mark Manuel		3,600
Troy Meaux		3,600
James Ryder		3,600
Robert Vest		3,600
Janice Simon		<u>3,600</u>
Total		<u>\$ 32,400</u>

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

(16) Risk Management

The Town is exposed to risks of loss in the areas of health care, general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

(17) On-behalf Payments for Salaries

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

Intergovernmental Revenues:

State	<u>\$24,650</u>
-------	-----------------

Expenditures:

Salaries	<u>\$24,650</u>
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(18) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables consisted of the following at June 30, 2009:

Due to the General Fund from the Utility Funds representing short-term loans	\$73,319
Due to the Water and Sewer Utility Fund from the Gas Utility Fund for reimbursement for expenditures paid	<u>15,733</u>
Total	<u>\$89,052</u>

Summary of balances due from other funds reported in fund financial statements:

Due from other funds, Balance Sheet - Governmental Funds	\$73,319
Due from other funds, Statement of Net Assets - Proprietary Funds	<u>15,733</u>
Total	<u>\$89,052</u>

TOWN OF OBERLIN, LOUISIANA

Notes to Basic Financial Statements (Continued)

B. Transfers

Transfers consisted of the following at June 30, 2009:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General Fund	\$ 261,946	\$ 856
Sales Tax Special Revenue Fund	-	228,825
Cemetery Fund	856	-
Proprietary funds:		
Gas Utility Fund	18,100	44,448
Water and Sewer Utility Fund	-	6,773
Total	<u>\$ 280,902</u>	<u>\$ 280,902</u>

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

**REQUIRED SUPPLEMENTARY  
INFORMATION**

TOWN OF OBERLIN, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
Year Ended June 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 88,257	\$ 89,850	\$ 91,517	\$ 1,667
Licenses and permits	50,000	50,000	40,885	(9,115)
Intergovernmental	246,654	287,719	292,881	5,162
Fines and forfeits	180,000	135,500	163,416	27,916
Miscellaneous	<u>13,000</u>	<u>13,600</u>	<u>12,530</u>	<u>(1,070)</u>
Total revenues	<u>577,911</u>	<u>576,669</u>	<u>601,229</u>	<u>24,560</u>
<b>Expenditures:</b>				
Current -				
General government	200,150	185,590	166,799	18,791
Public safety - police	460,400	459,588	471,943	(12,355)
Highways and streets	205,260	168,130	181,842	(13,712)
Capital outlay	-	30,417	37,905	(7,488)
Total expenditures	<u>865,810</u>	<u>843,725</u>	<u>858,489</u>	<u>(14,764)</u>
Deficiency of revenues over expenditures	<u>(287,899)</u>	<u>(267,056)</u>	<u>(257,260)</u>	<u>9,796</u>
<b>Other financing sources (uses):</b>				
Transfer from Utility Funds	50,000	70,000	50,221	(19,779)
Transfer from Sales Tax Fund	200,000	217,725	211,725	(6,000)
Transfer to Cemetery Fund	<u>(1,400)</u>	<u>(1,400)</u>	<u>(856)</u>	<u>544</u>
Total other financing sources	<u>248,600</u>	<u>286,325</u>	<u>261,090</u>	<u>(25,235)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(39,299)</u>	19,269	3,830	(15,439)
Fund balances, beginning	<u>158,077</u>	<u>158,077</u>	<u>158,077</u>	<u>-</u>
Fund balances, ending	<u>\$118,778</u>	<u>\$177,346</u>	<u>\$161,907</u>	<u>\$(15,439)</u>

TOWN OF OBERLIN, LOUISIANA  
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule  
Year Ended June 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 170,000	\$ 171,000	\$ 173,769	\$ 2,769
Miscellaneous - interest	<u>1,500</u>	<u>750</u>	<u>635</u>	<u>(115)</u>
Total revenues	<u>171,500</u>	<u>171,750</u>	<u>174,404</u>	<u>2,654</u>
Expenditures:				
Current -				
General government:				
Collection fees	4,000	4,500	3,770	730
Miscellaneous expense	<u>-</u>	<u>200</u>	<u>56</u>	<u>144</u>
Total expenses	<u>4,000</u>	<u>4,700</u>	<u>3,826</u>	<u>874</u>
Excess of revenues over expenditures	<u>167,500</u>	<u>167,050</u>	<u>170,578</u>	<u>3,528</u>
Other financing uses:				
Transfer to General Fund	(200,000)	(217,725)	(211,725)	6,000
Transfer to Gas Fund	<u>-</u>	<u>(11,100)</u>	<u>(17,100)</u>	<u>(6,000)</u>
Total other financing uses	<u>(200,000)</u>	<u>(228,825)</u>	<u>(228,825)</u>	<u>-</u>
Deficiency of revenues over expenditures and other uses	(32,500)	(61,775)	(58,247)	3,528
Fund balances, beginning	<u>116,345</u>	<u>116,345</u>	<u>116,345</u>	<u>-</u>
Fund balances, ending	<u>\$ 83,845</u>	<u>\$ 54,570</u>	<u>\$ 58,098</u>	<u>\$ 3,528</u>

TOWN OF OBERLIN, LOUISIANA  
Section 8 Special Revenue Fund

Budgetary Comparison Schedule  
Year Ended June 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous - interest	\$ -	\$ -	\$ 220	\$ 220
Expenditures:				
Current -				
General government:				
Administration	5,119	-	-	-
Excess (deficiency) of revenues over expenditures	(5,119)	-	220	220
Fund balances, beginning	5,123	5,123	5,123	-
Fund balances, ending	\$ 4	\$5,123	\$ 5,343	\$ 220

TOWN OF OBERLIN, LOUISIANA  
Cemetary Special Revenue Fund

Budgetary Comparison Schedule  
Year Ended June 30, 2009

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 500	\$1,055	\$1,515	\$ 460
Miscellaneous - interest	<u>150</u>	<u>150</u>	<u>87</u>	<u>(63)</u>
Total revenues	<u>650</u>	<u>1,205</u>	<u>1,602</u>	<u>397</u>
Expenditures:				
Current -				
General government:				
Salaries	1,050	1,300	1,475	(175)
Payroll taxes	80	104	121	(17)
Insurance	1,000	740	775	(35)
Miscellaneous	<u>100</u>	<u>400</u>	<u>-</u>	<u>400</u>
Total expenditures	<u>2,230</u>	<u>2,544</u>	<u>2,371</u>	<u>173</u>
Deficiency of revenues over expenditures	(1,580)	(1,339)	(769)	570
Other financing source:				
Transfer from General Fund	<u>1,400</u>	<u>1,400</u>	<u>856</u>	<u>(544)</u>
Excess (deficiency) of revenues and other source over expenditures	<u>(180)</u>	61	87	26
Fund balances, beginning	<u>9,064</u>	<u>9,064</u>	<u>9,064</u>	<u>-</u>
Fund balances, ending	<u>\$ 8,884</u>	<u>\$9,125</u>	<u>\$9,151</u>	<u>\$ 26</u>

**OTHER SUPPLEMENTARY INFORMATION**

**OTHER FINANCIAL INFORMATION**

TOWN OF OBERLIN, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Revenues  
Year Ended June 30, 2009  
With Comparative Actual Amounts for Year Ended June 30, 2008

	2009			Variance with Final Budget Positive (Negative)	2008 Actual
	Budget		Actual		
	Original	Final			
Taxes:					
Ad valorem	\$ 17,600	\$ 19,000	\$ 19,197	\$ 197	\$ 19,552
Housing Authority payment in lieu of taxes	3,057	3,000	3,150	150	3,057
Franchise -					
Electric	58,000	58,000	59,291	1,291	56,552
Telephone	2,500	2,400	2,429	29	2,454
Cable	<u>7,100</u>	<u>7,450</u>	<u>7,450</u>	-	<u>7,137</u>
Total taxes	<u>88,257</u>	<u>89,850</u>	<u>91,517</u>	<u>1,667</u>	<u>88,752</u>
Licenses and permits	<u>50,000</u>	<u>50,000</u>	<u>40,885</u>	<u>(9,115)</u>	<u>60,170</u>
Intergovernmental:					
Federal -					
FEMA	-	30,527	30,527	-	-
Department of Treasury	-	-	2,251	2,251	-
State of Louisiana -					
Grants	40,000	5,232	36,481	31,249	10,393
Grass cutting	4,154	4,510	4,510	-	4,332
Beer taxes	2,500	3,000	3,060	60	2,744
Tobacco tax	-	-	-	-	2,758
Casino revenue	200,000	219,800	191,402	(28,398)	250,526
On-behalf payments	<u>-</u>	<u>24,650</u>	<u>24,650</u>	-	<u>28,900</u>
Total intergovernmental	<u>246,654</u>	<u>287,719</u>	<u>292,881</u>	<u>5,162</u>	<u>299,653</u>
Fines and forfeits	<u>180,000</u>	<u>135,500</u>	<u>163,416</u>	<u>27,916</u>	<u>100,730</u>
Miscellaneous:					
Interest on interest-bearing accounts	1,000	100	39	(61)	1,080
Section 8 housing administration fees	-	-	-	-	1,434
Insurance reimbursement	-	500	475	(25)	234
Other sources	<u>12,000</u>	<u>13,000</u>	<u>12,016</u>	<u>(984)</u>	<u>8,143</u>
Total miscellaneous	<u>13,000</u>	<u>13,600</u>	<u>12,530</u>	<u>(1,070)</u>	<u>10,891</u>
Total revenues	<u>\$577,911</u>	<u>\$576,669</u>	<u>\$601,229</u>	<u>\$ 24,560</u>	<u>\$560,196</u>

TOWN OF OBERLIN, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures  
Year Ended June 30, 2009  
With Comparative Actual Amounts for Year Ended June 30, 2008

	2009		Actual	Variance with Final Budget Positive (Negative)	2008 Actual
	Budget				
	Original	Final			
Current:					
General government -					
Salaries - Mayor and council	\$ 32,400	\$ 32,670	\$ 32,400	\$ 270	\$ 32,400
Other salaries	48,000	48,000	30,821	17,179	36,745
Payroll taxes	6,500	7,100	7,411	(311)	7,690
Retirement	3,200	2,000	3,397	(1,397)	1,982
Utilities and telephone	500	440	502	(62)	411
Travel	-	306	306	-	234
Advertising	3,000	1,400	2,725	(1,325)	2,452
Repairs and maintenance	200	200	196	4	65
Professional fees	20,000	20,000	16,862	3,138	21,442
Insurance	28,000	13,000	12,983	17	12,095
Health insurance	42,850	44,124	44,341	(217)	41,481
Office supplies	13,000	10,350	9,742	608	10,914
Copier lease	-	-	1,937	(1,937)	1,908
Miscellaneous	<u>2,500</u>	<u>6,000</u>	<u>3,176</u>	<u>2,824</u>	<u>2,649</u>
Total general government	<u>200,150</u>	<u>185,590</u>	<u>166,799</u>	<u>18,791</u>	<u>172,468</u>
Public safety:					
Police -					
Salaries	230,000	236,500	240,200	(3,700)	227,946
Payroll taxes	18,300	18,100	19,753	(1,653)	18,413
Health insurance	95,000	106,000	109,618	(3,618)	110,095
Retirement	1,500	2,500	897	1,603	2,014
Repairs and maintenance	10,500	22,600	22,398	202	9,579
Utilities and telephone	2,600	2,300	2,443	(143)	2,389
Insurance	33,500	10,500	11,128	(628)	10,367
Professional fees	5,500	2,100	6,343	(4,243)	2,616
Auto expenditures	23,000	20,000	20,256	(256)	26,886
Uniforms and supplies	10,000	10,000	9,494	506	8,965
Dog pound expenditures	1,000	2,400	818	1,582	925
Contract labor	28,000	23,700	25,518	(1,818)	20,128
Office supplies	500	350	780	(430)	354
Training	500	300	-	300	-
Miscellaneous	<u>500</u>	<u>2,238</u>	<u>2,297</u>	<u>(59)</u>	<u>-</u>
Total public safety	<u>\$460,400</u>	<u>\$459,588</u>	<u>\$471,943</u>	<u>\$(12,355)</u>	<u>\$440,677</u>

(continued)

TOWN OF OBERLIN, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures (continued)  
Year Ended June 30, 2009  
With Comparative Actual Amounts for Year Ended June 30, 2008

	2009		Actual	Variance with Final Budget Positive (Negative)	2008 Actual
	Budget				
	Original	Final			
Highways and streets -					
Salaries	\$ 32,000	\$ 44,130	\$ 46,654	\$ (2,524)	\$ 42,529
Payroll taxes	2,560	3,530	3,837	(307)	3,435
Contract labor	5,000	9,325	11,070	(1,745)	6,634
Professional fees	2,100	1,300	1,540	(240)	3,410
Supplies, materials and repairs	35,000	22,000	22,050	(50)	26,340
Utilities and telephone	17,000	10,200	20,061	(9,861)	12,460
Insurance	30,000	9,300	8,346	954	7,775
Street lighting	31,500	26,345	26,804	(459)	32,245
Health insurance	26,300	20,000	18,318	1,682	19,016
Tractor lease	21,000	17,000	18,404	(1,404)	16,899
Miscellaneous	2,800	5,000	4,758	242	3,290
Total highways and streets	<u>205,260</u>	<u>168,130</u>	<u>181,842</u>	<u>(13,712)</u>	<u>174,033</u>
Capital outlay:					
Public safety -					
Police equipment	-	6,067	8,055	(1,988)	15,021
Police Vehicles	-	24,350	24,350	-	-
Culture and recreation-					
Land	-	-	5,500	(5,500)	-
Building	-	-	-	-	4,200
Total capital outlay	<u>-</u>	<u>30,417</u>	<u>37,905</u>	<u>(7,488)</u>	<u>19,221</u>
Total expenditures	<u>\$865,810</u>	<u>\$843,725</u>	<u>\$858,489</u>	<u>\$(14,764)</u>	<u>\$806,399</u>

TOWN OF OBERLIN, LOUISIANA  
Enterprise Fund  
Utility Funds

Schedule of Number of Utility Customers  
(Unaudited)  
June 30, 2009

Records maintained by the Town indicated the following number of customers were being served during the month of June 2009 and 2008:

<u>Department</u>	<u>2009</u>	<u>2008</u>
Gas (metered)	411	431
Water (metered)	725	744
Sewerage	691	695

TOWN OF OBERLIN, LOUISIANA

Schedule of Insurance in Force  
(Unaudited)  
June 30, 2009

Description of Coverage	Coverage Amounts
Workmen's Compensation - Employer's liability	\$ 500,000
Surety Bonds -	
Town clerk	107,000
Mayor	107,000
Police clerk	107,000
Utility collection clerk	107,000
Other	15,000
General liability:	
Town -	
Each occurrence	500,000
Aggregate	500,000
Police -	
Each occurrence	500,000
Aggregate	500,000
Public official's errors and omissions	500,000
Fire, extended coverage, blanket policy:	
Buildings	1,306,536
Contents	221,600
Comprehensive liability and collision:	
Liability	500,000
Uninsured motorist bodily injury	500,000

TOWN OF OBERLIN, LOUISIANA

Combined Schedule of Interest-Bearing Deposits - All Funds  
June 30, 2009

	Financial Institution	Maturity Date	Interest Rate	Amount
<b>Special Revenue Funds:</b>				
Sales Tax Fund certificate of deposit	(C)	10/22/2009	1.50%	22,579
Sales Tax Fund certificate of deposit	(F)	7/3/2009	0.50%	22,429
Cemetery Fund certificate of deposit	(C)	11/8/2009	0.70%	3,733
Cemetery Fund certificate of deposit	(C)	10/18/2009	0.35%	<u>3,948</u>
Total Special Revenue Funds				<u>52,689</u>
<b>Utility Funds:</b>				
Unrestricted assets -				
Certificate of deposit	(F)	11/15/2009	1.19%	21,675
Certificate of deposit	(F)	11/15/2009	1.19%	16,824
Certificate of deposit	(C)	11/8/2009	0.70%	2,998
Restricted assets -				
Sewer Revenue Bond Sinking fund money market account	(C)	N/A	0.05%	8,948
Sewer Revenue Bond Contingency fund money market account	(C)	N/A	0.05%	51,762
Sewer Revenue Bond Reserve fund money market account	(C)	N/A	0.05%	33,628
Certificate of deposit	(F)	11/15/2009	1.19%	34,610
Certificate of deposit	(F)	11/15/2009	1.19%	<u>23,265</u>
Total Utility Funds				<u>193,710</u>
Total - all funds				<u>\$246,399</u>

Investments with:

- (C) Cameron State Bank, Lake Charles, Louisiana
- (F) First Federal Bank of Louisiana

TOWN OF OBERLIN, LOUISIANA  
Enterprise Funds  
Utility Funds

Departmental Analysis of Revenues and Expenses  
Year Ended June 30, 2009  
With Comparative Actual Amounts for Year Ended June 30, 2008

	Totals		Gas		Water and Sewer	
	2009	2008	2009	2008	2009	2008
<b>Operating revenues:</b>						
Charges for services -						
Customers	\$ 867,481	\$ 803,832	\$391,729	\$371,255	\$ 475,752	\$ 432,577
Delinquent charges	22,683	20,485	22,583	20,172	100	313
Miscellaneous	1,702	3,350	477	2,000	1,225	1,350
Total operating revenues	<u>891,866</u>	<u>827,667</u>	<u>414,789</u>	<u>393,427</u>	<u>477,077</u>	<u>434,240</u>
<b>Operating expenses:</b>						
Salaries	180,572	174,884	90,286	87,442	90,286	87,442
Payroll taxes	18,339	16,406	9,169	8,181	9,170	8,225
Health insurance	85,740	85,867	38,758	37,949	46,982	47,918
Natural gas purchases	145,879	152,437	145,879	152,437	-	-
Repairs and maintenance	30,975	12,091	1,532	894	29,443	11,197
Insurance	60,279	56,154	30,603	28,509	29,676	27,645
Office expense	216	3,619	73	663	143	2,956
Supplies	57,493	73,327	17,212	21,511	40,281	51,816
Professional fees	48,201	45,230	27,614	25,285	20,587	19,945
Telephone and utilities	66,313	78,994	5,560	5,351	60,753	73,643
Bad debts	17,024	17,024	7,831	7,831	9,193	9,193
Depreciation	227,825	208,856	4,869	2,310	222,956	206,546
Miscellaneous	8,983	9,566	4,364	4,359	4,619	5,207
Total operating expenses	<u>947,839</u>	<u>934,455</u>	<u>383,750</u>	<u>382,722</u>	<u>564,089</u>	<u>551,733</u>
Operating income (loss)	<u>(55,973)</u>	<u>(106,788)</u>	<u>31,039</u>	<u>10,705</u>	<u>(87,012)</u>	<u>(117,493)</u>
<b>Nonoperating revenues (expenses):</b>						
Interest income	2,670	4,759	923	1,359	1,747	3,400
Interest expense	(87,311)	(108,858)	-	-	(87,311)	(108,858)
Total nonoperating revenues (expenses)	<u>(84,641)</u>	<u>(104,099)</u>	<u>923</u>	<u>1,359</u>	<u>(85,564)</u>	<u>(105,458)</u>
Income (loss) before transfers	<u>(140,614)</u>	<u>(210,887)</u>	<u>31,962</u>	<u>12,064</u>	<u>(172,576)</u>	<u>(222,951)</u>
<b>Transfers in (out):</b>						
Water and Sewer Utility Fund	1,000	(12,000)	1,000	(12,000)	-	-
General Fund	(50,221)	(16,829)	(44,448)	(37,698)	(5,773)	20,869
Sales Tax Fund	17,100	20,000	17,100	20,000	-	-
Gas Utility Fund	(1,000)	12,000	-	-	(1,000)	12,000
Total transfers in (out)	<u>(33,121)</u>	<u>3,171</u>	<u>(26,348)</u>	<u>(29,698)</u>	<u>(6,773)</u>	<u>32,869</u>
Net income (loss)	<u>(173,735)</u>	<u>(207,716)</u>	<u>5,614</u>	<u>(17,634)</u>	<u>(179,349)</u>	<u>(190,082)</u>
Capital contributions	334,872	326,608	3,140	29,392	331,732	297,216
Increase in net assets	161,137	118,892	8,754	11,758	152,383	107,134
Net assets, beginning	<u>4,661,570</u>	<u>4,542,678</u>	<u>134,402</u>	<u>122,644</u>	<u>4,527,168</u>	<u>4,420,034</u>
Net assets, ending	<u>\$4,822,707</u>	<u>\$4,661,570</u>	<u>\$143,156</u>	<u>\$134,402</u>	<u>\$4,679,551</u>	<u>\$4,527,168</u>

**INTERNAL CONTROL, COMPLIANCE**

**AND**

**OTHER MATTERS**

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

The Honorable Phillip W. Beard, Mayor  
and Members of the Board of Aldermen  
Town of Oberlin, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Town of Oberlin, Louisiana (the Town) as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements and have issued our report thereon dated August 18, 2009. 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.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying summary schedule of current and prior year audit findings and corrective action plan as items 09-1(IC) and 09-2(IC) to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. However, we believe that item 08-1(IC) is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We also noted other matters involving the internal control over financial reporting that we have reported to management of the Town in a separate letter dated August 18, 2009.

This report is intended solely for the information of management and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

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

Oberlin, Louisiana  
August 18, 2009

TOWN OF OBERLIN, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan  
Year Ended June 30, 2009

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
<u>CURRENT YEAR (6/30/09) --</u>						
<u>Internal Control:</u>						
09-1(IC)	Unknown	Due to the small number of employees, the Town did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Barbara Murray, Town Clerk	N/A
09-2(IC)	6/30/2007	The Town does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.		The Town has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Barbara Murray, Town Clerk	N/A
<u>Management Letter:</u>						
09-3(ML)	2007	Management should continue efforts to improve the Town's collection procedures and enforce town policy to ensure cash flows.		Town personnel print an accounts receivable subsidiary report on a monthly basis, and management reviews for delinquent accounts and enforcement of collection procedures. The Town will focus efforts on old accounts delinquent over 90 days and write off uncollectible accounts if uncollectible.	Barbara Murray, Town Clerk	6/30/2010

(continued)

TOWN OF OBERLIN, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan (Continued)  
Year Ended June 30, 2009

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
<u>PROR. YEAR (6/30/08) --</u>						
<u>Internal Control:</u>						
08-1(IC)	Unknown	Due to the small number of employees, the Town did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Barbara Murray, Town Clerk	N/A
08-2(IC)	6/30/2007	The Town does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	Yes	The Town has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Barbara Murray, Town Clerk	N/A
<u>Compliance:</u>						
08-3(C)	06/30/08	The Louisiana State Police are currently investigating possible unauthorized withdrawals of police fines in the General Fund. The outcome of this investigation is pending. Missing police fines collections amounted to approximately \$70,000 over a three year period.	Yes	The employee in question has been charged with felony theft and trial date has been set for November 16, 2009. Testing of police fines for fiscal year ending 06/30/09 were completed with no exceptions and town internal controls over fines have been improved.	Barbara Murray, Town Clerk	6/30/2009

(continued)

TOWN OF OBERLIN, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan (Continued)  
Year Ended June 30, 2009

Ref. No. PRIOR YEAR (6/30/08) -- Management Letter: (Continued)	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
08-4(ML)	6/30/2000	Consideration should be given to increasing rates and/or decreasing expenses in order to generate a profit in the Gas and Water and Sewer Utility Funds.	Yes	The Town's revenues are sufficient to generate adequate income and cash flows for paying operating expenses and debt service.	Barbara Murray, Town Clerk	Immediately
08-5(ML)	2007	Management should review the Town's collection procedures and enforce town policy to ensure cash flows.	No	Town personnel print an accounts receivable subsidiary report on a monthly basis, and management reviews for delinquent accounts and enforcement of collection procedures. Collections have improved, but monitoring is still ongoing.	Barbara Murray, Town Clerk	6/30/2009

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## MANAGEMENT LETTER

The Honorable Phillip W. Beard, Mayor  
and Members of the Board of Aldermen  
Town of Oberlin, Louisiana

During our audit of the basic financial statements of the Town of Oberlin for the year ended June 30, 2009, we noted one area in which the efficiency and effectiveness of the operations of the Town could be improved. This item was also included in our management letter dated September 10, 2008 relative to our audit of the financial statements for the year ended June 30, 2008, but is mentioned again for re-emphasis:

Management should review the Town's collection procedures and enforce town policy to ensure adequate cash flows.

We would like to express our appreciation to you and your staff, particularly your office staff, for the courtesies and assistance rendered to us in the performance of our audit. Should you have any questions or need assistance please feel free to contact us.

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

Lafayette, Louisiana  
August 18, 2009