

TOWN OF OAK GROVE
OAK GROVE, LOUISIANA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**AS OF AND FOR THE YEAR
ENDED JUNE 30, 2015**



**TOWN OF OAK GROVE
OAK GROVE, LOUISIANA**

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INDEPENDENT AUDITOR'S REPORT

**To the Honorable Adam Holland, Mayor,
and Members of the Town Council
Town of Oak Grove, 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 Oak Grove, Louisiana, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Oak Grove'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 Oak Grove, Louisiana, as of June 30, 2015, 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 (pages 4-8), budgetary comparison information (pages 43-47), Schedules of Employer's Proportionate Share of Net Pension Liability (48 and 50), and Schedules of Employer's Contributions (49 and 51) 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 Oak Grove, Louisiana's basic financial statements.

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

Town of Oak Grove
Independent Auditor's Report
June 30, 2015

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2015, on our consideration of the Town of Oak Grove'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 Oak Grove, Louisiana's internal control over financial reporting and compliance.

BOSCH & STATHAM, LLC



Jonesboro, Louisiana
December 31, 2015

TOWN OF OAK GROVE, LOUISIANA

Management's Discussion and Analysis As of and for the Year Ended June 30, 2015

Our discussion and analysis of the Town of Oak Grove, Louisiana (the Town) provides an overview of the Town's activities for the year ended June 30, 2015. Please read it in conjunction with the Town's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Town as a whole.

Reporting the Town as a Whole The Statement of Net Position and the Statement of Activities

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Town's net position and changes in net position. The Town's net position (i.e., the difference between assets and liabilities) is a measure of the Town's financial position. The increases or decreases in the Town's net position are an indicator of whether its financial position is improving or deteriorating.

THE TOWN AS A WHOLE

At June 30, 2015, net position was as follows:

TOWN OF OAK GROVE, LOUISIANA

Management's Discussion and Analysis
As of and for the Year Ended June 30, 2015

| | NET POSITION | | | |
|-------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | Governmental Activities | | Business-type Activities | |
| | 2015 | Restated 2014 | 2015 | 2014 |
| Current and other assets | \$ 2,587,456 | \$ 2,526,942 | \$ 679,474 | \$ 748,406 |
| Capital assets, net | <u>2,023,048</u> | <u>2,148,155</u> | <u>3,196,742</u> | <u>3,317,525</u> |
| Total assets | <u>4,610,504</u> | <u>4,675,097</u> | <u>3,876,216</u> | <u>4,065,931</u> |
| Deferred outflows - pension related | <u>61,947</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Liabilities: | | | | |
| Current | 20,033 | 20,539 | 110,178 | 89,594 |
| Long-term | <u>1,125,363</u> | <u>1,295,866</u> | <u>5,492</u> | <u>5,492</u> |
| Total liabilities | <u>1,145,396</u> | <u>1,316,405</u> | <u>115,670</u> | <u>95,086</u> |
| Deferred outflows - pension related | <u>95,755</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net position: | | | | |
| Net investment in capital assets | 1,639,048 | 1,646,155 | 3,196,742 | 3,317,525 |
| Restricted | 496,514 | 484,798 | 83,070 | 80,702 |
| Unrestricted | <u>1,295,738</u> | <u>1,227,739</u> | <u>480,734</u> | <u>572,618</u> |
| Total net position | <u><u>\$ 3,431,300</u></u> | <u><u>\$ 3,358,692</u></u> | <u><u>\$ 3,760,546</u></u> | <u><u>\$ 3,970,845</u></u> |

TOWN OF OAK GROVE, LOUISIANA

Management's Discussion and Analysis As of and for the Year Ended June 30, 2015

Net position of the Town's governmental activities increased two percent during the year ended June 30, 2015. Unrestricted net position, the part that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, decreased four percent.

Net position of the business-type activities decreased from \$3,970,848 to \$3,760,546. This decrease can be explained by the variance in revenues for projects funded by grants.

For the year ended June 30, 2015, net position changed as follows:

| | CHANGE IN NET POSITION | | | |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| | Governmental Activities | | Business-type Activities | |
| | 2015 | Restated 2014 | 2015 | 2014 |
| Program revenues: | | | | |
| Charges for services | \$ 229,898 | \$ 210,749 | \$ 554,094 | \$ 586,255 |
| Operating grants and contributions | 27,898 | 31,118 | - | - |
| Capital grants and contributions | 28,829 | - | 26,829 | 245,430 |
| General revenues: | | | | |
| Property taxes | 193,799 | 195,026 | - | - |
| Sales and use taxes | 738,760 | 755,473 | - | - |
| Other taxes, licenses and permits | 75,035 | 71,495 | - | - |
| Other | 28,047 | 18,977 | 11,042 | 7,001 |
| Total revenues | <u>1,322,266</u> | <u>1,282,838</u> | <u>591,965</u> | <u>838,686</u> |
| Expenses: | | | | |
| General government | 421,624 | 1,186,607 | - | - |
| Public safety | 425,072 | 398,656 | - | - |
| Highways and streets | 330,517 | 334,699 | - | - |
| Health and welfare | 8,842 | 8,562 | - | - |
| Culture and recreation | 21,876 | 24,689 | - | - |
| Economic development | 24,698 | 42,895 | - | - |
| Interest expense | 17,030 | 21,035 | - | - |
| Water | - | - | 483,178 | 345,122 |
| Sewer | - | - | 319,089 | 232,522 |
| Total expenses | <u>1,249,659</u> | <u>2,017,143</u> | <u>802,267</u> | <u>577,644</u> |
| Transfers | - | (46,950) | - | 46,950 |
| Change in net position | 72,607 | (781,255) | (210,302) | 307,992 |
| Net position at beginning of year (restated) | <u>3,358,693</u> | <u>4,139,948</u> | <u>3,970,848</u> | <u>3,662,853</u> |
| Net position at end of year | <u>\$ 3,431,300</u> | <u>\$ 3,358,693</u> | <u>\$ 3,760,546</u> | <u>\$ 3,970,845</u> |

TOWN OF OAK GROVE, LOUISIANA

Management's Discussion and Analysis As of and for the Year Ended June 30, 2015

As of June 30, 2015, none of the Town's funds have a deficit balance. The General Fund has a fund balance of \$243,725 which is a two percent decrease from prior year. Fund balance is equal to approximately five months of expenditures. During the year the Town transferred \$120,000 from the Sales Tax Fund to the General Fund.

The Sales Tax Fund balance increased \$54,416 or four percent and represents approximately four years of expenditures based on 2015 expenditures. Revenues decreased only slightly while expenditures decreased eight percent and transfers out decreased slightly.

Fund balance of the Street Fund increased \$37,789 or 63%. The Economic Development Fund, Debt Service Fund, and Cemetery Fund decreased \$5,291 (2%), \$9,560 (13%), and \$16,513 (5%), respectively. Street Fund revenues and expenditures changed only slightly but \$50,000 was transferred from the Sales Tax Fund. Economic Development Fund's expenditures decreased 50% due to repairs made to the Turban Building in the prior year. Cemetery Fund expenditures increased \$7,021 primarily due to mapping services.

BUDGETARY HIGHLIGHTS

During the year, in the General Fund, there was a \$26,907 increase in anticipated revenues. It was primarily due to increases in anticipated fines. Anticipated expenditures increased \$46,210. The increase was a combination of an increase of \$22,820 in public safety and decreases in general government and capital outlay.

During the year in the Sales Tax Fund, there was no change in anticipated revenues. Budgeted expenditures were increased \$40,282. The increase is due to increases in several different accounts primarily due to a change in the allocation of expenditures to funds.

There were only minor changes in budgeted amounts in the Street Fund and the Cemetery Fund.

The Economic Development Fund budgeted expenditures were increased from \$3,800 to \$31,800 due to anticipated repairs to the Turban building.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2015, the Town's investment in capital assets for its governmental and business-type activities amounts to \$5,219,790 (net of accumulated depreciation). This investment includes the water and sewer systems, buildings and improvements, vehicles, machinery, equipment, and land.

This year's additions of \$64,591 came from various small purchases.

Debt

At year end, the Town had a total of \$384,000 in general obligation bonds, Series 2009, outstanding. The bonds bear interest at 3.69% and are due to mature in 2017.

In addition, the Town had a total liability of \$28,828 for compensated absences payable.

TOWN OF OAK GROVE, LOUISIANA

Management's Discussion and Analysis
As of and for the Year Ended June 30, 2015

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town of Oak Grove is located in a depressed area of the state. The Town's revenues are derived mainly from a special sales and use tax, property tax assessments, and fees for services. The Town intends to use monies from the Local Government Assistance Program and Community Water Enrichment Fund grants to make necessary repairs and upgrades to the town's water plant.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Town Clerk, Mrs. Mellissa Corley.

BASIC FINANCIAL STATEMENTS

**TOWN OF OAK GROVE
OAK GROVE, LOUISIANA**

**STATEMENT OF NET POSITION
AS OF JUNE 30, 2015**

| | Primary Government | | |
|--|------------------------------------|-------------------------------------|---------------------|
| | Governmental Activities | Business-type Activities | Total |
| ASSETS | | | |
| Cash and cash equivalents | \$ 2,441,304 | \$ 614,715 | \$ 3,056,019 |
| Receivables, net of allowance for uncollectibles | 146,152 | 55,609 | 201,761 |
| Inventories | - | 9,150 | 9,150 |
| Capital assets not being depreciated | 68,270 | 10,756 | 79,026 |
| Capital assets, net of accumulated depreciation | 1,954,778 | 3,185,986 | 5,140,764 |
| TOTAL ASSETS | 4,610,504 | 3,876,216 | 8,486,720 |
| DEFERRED OUTFLOWS | | | |
| Pension related | 61,947 | - | 61,947 |
| LIABILITIES | | | |
| Accounts payable | 6,321 | 18,132 | 24,453 |
| Payroll and related liabilities | 13,049 | 1,294 | 14,343 |
| Accrued liabilities | - | 18,041 | 18,041 |
| Accrued interest payable | 563 | - | 563 |
| Due to others | 100 | - | 100 |
| Customer deposits payable | - | 72,711 | 72,711 |
| Noncurrent liabilities: | | | |
| Due within one year | 134,964 | 1,094 | 136,058 |
| Due in more than one year | 272,769 | 4,398 | 277,167 |
| Net pension liability | 717,630 | - | 717,630 |
| TOTAL LIABILITIES | 1,145,396 | 115,670 | 1,261,066 |
| DEFERRED INFLOWS | | | |
| Pension related | 95,755 | - | 95,755 |
| NET POSITION | | | |
| Net investment in capital assets | 1,639,048 | 3,196,742 | 4,835,790 |
| Net position restricted for debt service | 65,732 | - | 65,732 |
| Net position restricted for street maintenance | 98,025 | - | 98,025 |
| Net position restricted for cemetery operation and maintenance | 332,757 | - | 332,757 |
| Net position restricted for customer meter deposits | - | 83,070 | 83,070 |
| Unrestricted net position | 1,295,738 | 480,734 | 1,776,472 |
| TOTAL NET POSITION | \$ 3,431,300 | \$ 3,760,546 | \$ 7,191,846 |

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

**TOWN OF OAK GROVE
OAK GROVE, LOUISIANA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

| FUNCTIONS/PROGRAMS | PROGRAM REVENUES | | | | NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS | | TOTAL |
|--|---------------------|-------------------------|-----------------------------|--|--|-----------------------------|---------------------|
| | EXPENSES | CHARGES FOR SERVICES | GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | |
| Governmental activities: | | | | | | | |
| General government | \$ 421,624 | \$ 144,019 | \$ - | \$ - | \$ (277,605) | | \$ (277,605) |
| Public safety | 425,072 | 76,656 | 27,898 | 28,829 | (291,689) | | (291,689) |
| Highways and streets | 330,517 | 9,223 | - | - | (321,294) | | (321,294) |
| Health and welfare | 8,842 | - | - | - | (8,842) | | (8,842) |
| Culture and recreation | 21,876 | - | - | - | (21,876) | | (21,876) |
| Economic development | 24,698 | - | - | - | (24,698) | | (24,698) |
| Interest expense | 17,030 | - | - | - | (17,030) | | (17,030) |
| Total governmental activities | <u>1,249,659</u> | <u>229,898</u> | <u>27,898</u> | <u>28,829</u> | <u>(963,034)</u> | | <u>(963,034)</u> |
| Business-type activities: | | | | | | | |
| Water operations | 483,178 | 337,141 | - | 26,829 | | \$ (119,208) | (119,208) |
| Sewer operations | 319,089 | 216,953 | - | - | | (102,136) | (102,136) |
| Total business-type activities | <u>802,267</u> | <u>554,094</u> | <u>-</u> | <u>26,829</u> | | <u>(221,344)</u> | <u>(221,344)</u> |
| Total primary government | <u>\$ 2,051,926</u> | <u>\$ 783,992</u> | <u>\$ 27,898</u> | <u>\$ 55,658</u> | <u>(963,034)</u> | <u>(221,344)</u> | <u>(1,184,378)</u> |
| General revenues: | | | | | | | |
| Property taxes | | | | | 193,799 | - | 193,799 |
| Sales and use taxes | | | | | 738,760 | - | 738,760 |
| Franchise taxes | | | | | 75,035 | - | 75,035 |
| Unrestricted investment earnings | | | | | 4,917 | 2,055 | 6,972 |
| Gain (loss) on sale of capital assets | | | | | - | 4,500 | 4,500 |
| Other | | | | | 23,130 | 4,487 | 27,617 |
| Total general revenues and transfers | | | | | <u>1,035,641</u> | <u>11,042</u> | <u>1,046,683</u> |
| Change in net position | | | | | 72,607 | (210,302) | (137,695) |
| Net position at beginning of year (restated) | | | | | 3,358,693 | 3,970,848 | 7,329,541 |
| Net position at end of year | | | | | <u>\$ 3,431,300</u> | <u>\$ 3,760,546</u> | <u>\$ 7,191,846</u> |

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

**TOWN OF OAK GROVE
OAK GROVE, LOUISIANA**

**GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2015**

| | General | Sales Tax | Street | Economic Development | Debt Service | Cemetery | Total Governmental Funds |
|---|-------------------|---------------------|------------------|---------------------------------|-------------------------|-------------------|---|
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 239,292 | \$ 1,473,503 | \$ 99,143 | \$ 229,644 | \$ - | \$ 333,428 | \$ 2,375,010 |
| Cash and cash equivalents - restricted | - | - | - | - | 66,295 | - | 66,295 |
| Receivables, net | 19,149 | 127,003 | - | - | - | - | 146,152 |
| TOTAL ASSETS | <u>\$ 258,441</u> | <u>\$ 1,600,506</u> | <u>\$ 99,143</u> | <u>\$ 229,644</u> | <u>\$ 66,295</u> | <u>\$ 333,428</u> | <u>\$ 2,587,457</u> |
| LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | \$ 3,948 | \$ 872 | \$ 1,117 | \$ - | \$ - | \$ 384 | \$ 6,321 |
| Payroll and related liabilities | 10,668 | 2,094 | - | - | - | 287 | 13,049 |
| Accrued liabilities | - | - | - | - | 563 | - | 563 |
| Due to others | 100 | - | - | - | - | - | 100 |
| Total liabilities | <u>14,716</u> | <u>2,966</u> | <u>1,117</u> | <u>-</u> | <u>563</u> | <u>671</u> | <u>20,033</u> |
| Deferred inflows: | | | | | | | |
| Unavailable revenues | - | 64,689 | - | - | - | - | 64,689 |
| Fund balances: | | | | | | | |
| Restricted fund balances | - | 1,532,851 | 98,026 | - | 65,732 | 332,757 | 2,029,366 |
| Committed fund balances | - | - | - | 229,644 | - | - | 229,644 |
| Unassigned | 243,725 | - | - | - | - | - | 243,725 |
| Total fund balances | <u>243,725</u> | <u>1,532,851</u> | <u>98,026</u> | <u>229,644</u> | <u>65,732</u> | <u>332,757</u> | <u>2,502,735</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES | <u>\$ 258,441</u> | <u>\$ 1,600,506</u> | <u>\$ 99,143</u> | <u>\$ 229,644</u> | <u>\$ 66,295</u> | <u>\$ 333,428</u> | <u>\$ 2,587,457</u> |

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

**TOWN OF OAK GROVE
OAK GROVE, LOUISIANA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS' BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2015**

**Amounts reported for governmental activities
in the statement of net position are different because:**

| | |
|--|-----------------------------------|
| Total fund balances | \$ 2,502,735 |
| Capital assets used in governmental activities are not financial resources and, therefore, are deferred in the funds. | 2,023,048 |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. | 64,688 |
| Deferred outflows - pension related | 61,947 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | |
| General obligation bonds payable | (384,000) |
| Compensated absences | (23,733) |
| Net pension liability | (717,630) |
| Deferred inflows - pension related | (95,755) |
| Net position of governmental activities | <u><u>\$ 3,431,300</u></u> |

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

**TOWN OF OAK GROVE
OAK GROVE, LOUISIANA**

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015**

| | General | Sales Tax | Street | Economic Development | Debt Service | Cemetery | Total Governmental Funds |
|---|-------------------|----------------------|------------------|---------------------------------|-------------------------|-------------------|---|
| Revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Ad valorem | \$ 101,671 | \$ - | \$ 65,895 | \$ - | \$ - | \$ 26,233 | \$ 193,799 |
| Sales and use | - | 734,706 | - | - | - | - | 734,706 |
| Franchise | 75,035 | - | - | - | - | - | 75,035 |
| Intergovernmental: | | | | | | | |
| Federal funds | 1,147 | - | - | - | - | - | 1,147 |
| State funds: | | | | | | | |
| Supplemental pay | 35,653 | - | - | - | - | - | 35,653 |
| Local government assistance prog | - | - | 2,000 | - | - | - | 2,000 |
| Other state funds | 6,927 | - | - | 11,000 | - | - | 17,927 |
| Licenses and permits | 142,346 | - | - | - | - | - | 142,346 |
| Charges for services | 3,973 | - | - | - | - | 5,250 | 9,223 |
| Fines | 76,656 | - | - | - | - | - | 76,656 |
| Lease income | 1,673 | - | - | - | - | - | 1,673 |
| Interest earned | 453 | 3,198 | 359 | 907 | - | - | 4,917 |
| Other revenues | 3,799 | - | - | - | - | 5 | 3,804 |
| Total revenues | <u>449,333</u> | <u>737,904</u> | <u>68,254</u> | <u>11,907</u> | <u>-</u> | <u>31,488</u> | <u>1,298,886</u> |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| General government | 176,752 | 242,676 | 573 | - | - | 295 | 420,296 |
| Public safety | 386,224 | 24,855 | - | - | - | - | 411,079 |
| Highways and streets | - | 104,777 | 78,892 | - | - | 47,706 | 231,375 |
| Health and welfare | 300 | 8,542 | - | - | - | - | 8,842 |
| Culture and recreation | - | 7,168 | - | - | - | - | 7,168 |
| Economic development | - | - | - | 17,198 | - | - | 17,198 |
| Debt service - principal | - | - | - | - | 118,000 | - | 118,000 |
| Debt service - interest | - | - | - | - | 17,030 | - | 17,030 |
| Capital outlay | 9,932 | - | 1,000 | - | - | - | 10,932 |
| Total expenditures | <u>573,208</u> | <u>388,018</u> | <u>80,465</u> | <u>17,198</u> | <u>135,030</u> | <u>48,001</u> | <u>1,241,920</u> |
| Excess (deficiency) of revenues over expenditures | <u>(123,875)</u> | <u>349,886</u> | <u>(12,211)</u> | <u>(5,291)</u> | <u>(135,030)</u> | <u>(16,513)</u> | <u>56,966</u> |
| Other financing sources (uses): | | | | | | | |
| Transfers in | 120,000 | - | 50,000 | - | 125,470 | - | 295,470 |
| Transfers out | - | (295,470) | - | - | - | - | (295,470) |
| Total other financing sources and uses | <u>120,000</u> | <u>(295,470)</u> | <u>50,000</u> | <u>-</u> | <u>125,470</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | <u>(3,875)</u> | <u>54,416</u> | <u>37,789</u> | <u>(5,291)</u> | <u>(9,560)</u> | <u>(16,513)</u> | <u>56,966</u> |
| Fund balances at beginning of year | 247,600 | 1,478,435 | 60,237 | 234,935 | 75,292 | 349,270 | 2,445,769 |
| Fund balances at end of year | <u>\$ 243,725</u> | <u>\$ 1,532,851</u> | <u>\$ 98,026</u> | <u>\$ 229,644</u> | <u>\$ 65,732</u> | <u>\$ 332,757</u> | <u>\$ 2,502,735</u> |

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

TOWN OF OAK GROVE
OAK GROVE, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS' STATEMENT OF REVENUES,
EXENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Amounts reported for governmental activities

in the statement of net position are different because:

Net change in fund balances - total governmental funds \$ 56,966

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. This is the amount by which

| | |
|----------------------|-----------|
| Capital outlays | 10,933 |
| Depreciation expense | (136,040) |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

| | |
|---|----------|
| Add back current year revenue deferred in the fund statements | 64,689 |
| Subtract prior year revenue recognized in the fund statements | (60,635) |

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

118,000

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

| | |
|--|--------|
| Change in compensated absences payable | 12 |
| Change in GASB 68 pension liability | 18,682 |

Change in net position of governmental activities \$ 72,607

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

**TOWN OF OAK GROVE
OAK GROVE, LOUISIANA**

**PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2015**

| ASSETS | Water | Sewer | Total Proprietary Funds |
|--|---------------------|---------------------|--|
| Current assets: | | | |
| Cash and cash equivalents | \$ 356,148 | \$ 175,497 | \$ 531,645 |
| Receivables, net | 40,375 | 15,234 | 55,609 |
| Inventories | 9,150 | - | 9,150 |
| Due from other funds | 5,934 | - | 5,934 |
| Total current assets | 411,607 | 190,731 | 602,338 |
| Noncurrent assets: | | | |
| Cash and cash equivalents - restricted | 83,070 | - | 83,070 |
| Capital assets, net | 1,750,696 | 1,446,046 | 3,196,742 |
| Total noncurrent assets | 1,833,766 | 1,446,046 | 3,279,812 |
| TOTAL ASSETS | 2,245,373 | 1,636,777 | 3,882,150 |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 8,403 | 9,729 | 18,132 |
| Due to other funds | - | 5,934 | 5,934 |
| Payroll and related liabilities | 647 | 647 | 1,294 |
| Accrued liabilities | 16,374 | 1,667 | 18,041 |
| Compensated absences payable - current | 1,094 | - | 1,094 |
| Customer deposits payable | 72,711 | - | 72,711 |
| Total current liabilities | 99,229 | 17,977 | 117,206 |
| Noncurrent liabilities: | | | |
| Compensated absences payable | 4,398 | - | 4,398 |
| TOTAL LIABILITIES | 103,627 | 17,977 | 121,604 |
| NET POSITION | | | |
| Net investment in capital assets | 1,750,696 | 1,446,046 | 3,196,742 |
| Restricted net position | 83,070 | - | 83,070 |
| Unrestricted net position | 307,980 | 172,754 | 480,734 |
| TOTAL NET POSITION | \$ 2,141,746 | \$ 1,618,800 | \$ 3,760,546 |

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

TOWN OF OAK GROVE
OAK GROVE, LOUISIANA

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

| | Water | Sewer | Total Proprietary Funds |
|---------------------------------------|---------------------|---------------------|-------------------------------|
| Operating revenues: | | | |
| Charges for sales and services: | | | |
| Water and sewer fees | \$ 337,141 | \$ 216,953 | \$ 554,094 |
| Other revenues | 4,487 | - | 4,487 |
| Total operating revenues | <u>341,628</u> | <u>216,953</u> | <u>558,581</u> |
| Operating expenses: | | | |
| Administration | 391,942 | 262,713 | 654,655 |
| Depreciation expense | 91,236 | 56,376 | 147,612 |
| Total operating expenses | <u>483,178</u> | <u>319,089</u> | <u>802,267</u> |
| Operating income (loss) | <u>(141,550)</u> | <u>(102,136)</u> | <u>(243,686)</u> |
| Nonoperating revenues (expenses): | | | |
| Intergovernmental revenues | 26,829 | - | 26,829 |
| Interest earned | 1,841 | 214 | 2,055 |
| Gain (loss) on sale of capital assets | 4,500 | - | 4,500 |
| Total nonoperating revenue (expenses) | <u>33,170</u> | <u>214</u> | <u>33,384</u> |
| Change in net position | (108,380) | (101,922) | (210,302) |
| Net position at beginning of year | <u>2,250,126</u> | <u>1,720,722</u> | <u>3,970,848</u> |
| Net position at end of year | <u>\$ 2,141,746</u> | <u>\$ 1,618,800</u> | <u>\$ 3,760,546</u> |

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

**TOWN OF OAK GROVE
OAK GROVE, LOUISIANA**

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015**

| | Water | Sewer | Total Proprietary Funds |
|--|-------------------|--------------------|--|
| Cash flows from operating activities: | | | |
| Receipts from customers and users | \$ 471,446 | \$ 222,886 | \$ 694,332 |
| Payments to suppliers | (322,633) | (226,885) | (549,518) |
| Payments to employees | (60,915) | (25,740) | (86,655) |
| Net cash provided by operating activities | <u>87,898</u> | <u>(29,739)</u> | <u>58,159</u> |
| Cash flows from noncapital financing activities: | | | |
| Subsidy from grants | 26,829 | - | 26,829 |
| Net cash provided by noncapital and related financing activities | <u>26,829</u> | <u>-</u> | <u>26,829</u> |
| Cash flows from capital and related financing activities: | | | |
| Purchases of capital assets | (26,829) | - | (26,829) |
| Proceeds from sales of capital assets | 4,500 | - | 4,500 |
| Net cash used by capital and related financing activities | <u>(22,329)</u> | <u>-</u> | <u>(22,329)</u> |
| Cash flows from investing activities: | | | |
| Interest received | 1,840 | 218 | 2,058 |
| Net cash provided by investing activities | <u>1,840</u> | <u>218</u> | <u>2,058</u> |
| Net increase (decrease) in cash and cash equivalents | 94,238 | (29,521) | 64,717 |
| Cash and cash equivalents, beginning of year (including amounts in restricted accounts) | <u>344,980</u> | <u>205,018</u> | <u>549,998</u> |
| Cash and cash equivalents, end of year (including amounts in restricted accounts) | <u>\$ 439,218</u> | <u>\$ 175,497</u> | <u>\$ 614,715</u> |
| Reconciliation of operating loss to net cash provided by operating activities: | | | |
| Operating loss | \$ (141,550) | \$ (102,136) | \$ (243,686) |
| Adjustments to reconcile operating loss to cash provided by operating activities: | | | |
| Depreciation expense | 91,236 | 56,376 | 147,612 |
| (Increase) decrease in accounts receivable | 127,716 | 5,933 | 133,649 |
| Increase (decrease) in accounts payable | 7,705 | 9,729 | 17,434 |
| Increase (decrease) in payroll related liabilities | 359 | 359 | 718 |
| Increase (decrease) in compensated absences payable | - | (1,667) | (1,667) |
| Increase (decrease) in customer deposits | 2,102 | - | 2,102 |
| Increase (decrease) in accrued liabilities | 330 | 1,667 | 1,997 |
| Total adjustments | <u>229,448</u> | <u>72,397</u> | <u>301,845</u> |
| Net cash provided by operating activities | <u>\$ 87,898</u> | <u>\$ (29,739)</u> | <u>\$ 58,159</u> |
| Noncash investing, capital, and financing activities: None | | | |

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

TOWN OF OAK GROVE
OAK GROVE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Oak Grove, Louisiana, (the Town) was incorporated January 13, 1909, and on January 4, 1966, adopted the provisions of The Home Rule Charter as provided by State Law Reference L.R.S. 33:1381-1390. A copy of the ratified charter is recorded in Charter Book "B" at page 401 of the records of West Carroll Parish, Louisiana. As of 2010, the Town had a population of 1,727. The citizens elect the Mayor, who is the executive officer, and the five Council members. The Council elects the Mayor Pro-Tem.

The accompanying basic financial statements of the Town of Oak Grove have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

The basic financial statements present the financial position and results of operations of the various funds by the Town and the cash flows of the proprietary funds as of and for the year ended June 30, 2015.

Reporting Entity

The Town reporting entity consists of the various departments and activities that are within the control and authority of the Mayor and the Town Council.

As required by GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, a legally separate entity is considered a component unit of the Town if at least one of the following criteria is met:

- The Town appoints a voting majority of the organization's governing body and is either able to impose its will on the organization or there is a potential financial benefit/burden to the Town.
- The entity is fiscally dependent on the Town.
- The nature and significant of the relationship between the Town and the entity is such that exclusion would cause the financial statements of the Town to be misleading or incomplete.

Under provisions of this Statement, the Town is considered a primary government since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. The Town has no component units.

Basis of Presentation

The financial report consists of Management's Discussion and Analysis (MD&A), basic financial statements, notes to basic financial statements, and required supplementary information other than the MD&A. The MD&A provides an overview of the financial activities of the Town. The basic financial statements include the government-wide financial statements, fund financial statements, and the notes to the basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Major revenues such as ad valorem taxes and sales taxes are assessed, collected and susceptible to accrual. Assets, liabilities, revenues, and expenses of the government are reported in the financial statements. The statements distinguish between the governmental and business-type activities of the Town by reporting each in a separate column.

All capital (long-lived) assets, receivables, and long-term obligations are reported in the Statement of Net Position. The Statement of Activities reports revenues and expenses in a format that allows the reader to focus on the net cost of each function of the Town. Both the gross and net cost per function, which is otherwise being supported by general government revenues, is compared to the revenues generated directly by the function. In the Statement of Activities, gross expenses, including depreciation, are reduced by related program revenues, which are comprised of charges for services, operating grants, and capital grants. Direct and indirect expenses are reported as program expenses for individual functions and activities. The program revenues must be directly associated with the function or a business-type activity. The types of transactions included in program revenues are licenses and permits, fines, lease income, court costs, charges for mowing, and charges for gravesites. The operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The fund financial statements report the Town as a collection of major and nonmajor funds presented on separate schedules by fund category – governmental, proprietary, and fiduciary funds.

- The governmental fund statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances, with one column for the general fund, one for each of the other major funds, and one column combining all the nonmajor governmental funds. The Town does not have any nonmajor governmental funds. The statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period, generally considered sixty days after the end of the fiscal year. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest payments on general long-term liabilities which are recognized when due.
- The proprietary fund statements include a statement of net position; a statement of revenues, expenses, and changes in fund net position; and a statement of cash flows. Each statement has a column for each major enterprise fund. The Town does not have any nonmajor proprietary funds or internal service funds. The proprietary fund statements are prepared using the economic resources measurement focus and the accrual basis of accounting in order to make a determination of net income, financial position, and cash flows.

Although the financial statements presented in each of these three schedules contain “total” columns, they merely combine rather than consolidate the funds. Hence, interfund transactions that generate receivables and payables or transfers from one fund to another are not eliminated.

TOWN OF OAK GROVE
OAK GROVE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Major funds are those whose revenues, expenditures/expenses, assets, or liabilities are at least ten percent of the total for their fund category or type (governmental or enterprise) and at least five percent of the corresponding element total for all governmental and enterprise funds combined.

The data on the face of the three sets of financial statements must be accompanied by certain disclosures to ensure accurate information is presented in the form of a single set of notes to the basic financial statements.

The major governmental funds of the Town are the General Fund, the Sales Tax Fund, the Street Fund, the Economic Development Fund, The Debt Service Fund, the Cemetery Fund, and the LCDBG Capital Projects Fund.

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Sales Tax Special Revenue Fund accounts for a twenty-year one percent sales tax levied in 1997 for the purpose of maintaining streets and drainage, purchasing police equipment, and other legal purposes consistent with the Town's purpose.

The Street Special Revenue Fund accounts for property taxes dedicated to street maintenance.

The Economic Development Fund accounts for funds committed by the Council for economic development within the Town.

The Debt Service Fund accounts for funds reserved for repayment of general obligation bonds.

The Cemetery Special Revenue Fund accounts for property taxes dedicated to the operation and maintenance of the cemetery.

The LCDBG Capital Projects Fund accounts for grants received from the Louisiana Community Development Block Grant program and expenditures related to those grants. There was no activity in this fund during the fiscal year ended June 30, 2015.

The Town reports two major enterprise funds, the Water and Sewer Funds.

TOWN OF OAK GROVE
OAK GROVE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position, Equity, or Net Fund Balances

Cash and Investments

The Town Clerk pools those cash resources for which she is responsible and invests them accordingly. For purposes of the financial statements, including the Statement of Cash Flows, the Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Investments are reported at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Cash and investment earnings are recorded in the Fund that holds the investment.

Receivables and Payables

Activity between funds that is outstanding at the end the fiscal year is referred to as either “due to or from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” All internal balances are eliminated in the total primary government column. Receivables include all amounts susceptible to accrual that have not been collected at June 30, but will be collected soon enough after the end of the year to pay liabilities of that year. They include all amounts earned, but not collected at June 30. Receivables (net of any uncollectible amounts) and payables are reported on separate lines.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied by the Town in September or October, are actually billed on October 1, and are mailed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year they are billed. The Town bills and collects its own property taxes using the assessed value determined by the assessor of West Carroll Parish. For the year ended June 30, 2015, taxes of 18.27 mills were levied on property with assessed valuations totaling \$10,589,847, as follows:

| | |
|----------------------------|------------|
| General corporate purposes | 9.42 mills |
| Street maintenance | 6.33 mills |
| Cemetery | 2.52 mills |

The following are the principal taxpayers and related property tax revenue for the Town:

| <u>Taxpayer</u> | <u>Assessed Valuation</u> | <u>% of Total Assessed Valuation</u> | <u>Ad Valorem Tax Revenue for Municipality</u> |
|-------------------------------------|-------------------------------|--|--|
| Wal-Mart Real Estate Business Trust | \$ 922,800 | 9% | \$ 16,860 |
| Wal-Mart Louisiana, LLC | 814,000 | 8% | 14,872 |
| Regions Bank | 645,610 | 6% | 11,795 |
| Hibernia National Bank C/O Capital | 263,780 | 2% | 4,819 |
| Totals | <u>\$ 2,646,190</u> | <u>25%</u> | <u>\$ 48,346</u> |

TOWN OF OAK GROVE
OAK GROVE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position, Equity, or Net Fund Balances

Inventories and Prepaid Items

Inventories consisting of office supplies and water and sewer plant supplies held for consumption are valued using the average cost method. The consumption method is used for financial reporting. Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Restricted assets represent primarily cash and investments held separately and restricted according to bond indenture agreements. Cash held for water customer meter deposits is also reported as restricted.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure is reported from 1997 and forward and includes streets. Capital assets are recorded as expenditures in each fund and capitalized at the government-wide level; fixed assets of enterprise funds are reported in the respective funds. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. For reporting purposes, the Town defines capital assets as follows:

- Land is an inexhaustible asset with no capitalization threshold and an unlimited useful life; therefore, it is not depreciated.
- Buildings are permanent structures erected above ground, while improvements are major repairs, renovations, or additions that increase the future service potential of the asset. Leasehold improvements are improvements made by the lessee to leased property. The capitalization threshold for buildings and improvements is \$5,000. They are depreciated principally using the straight-line method with an estimated useful life typically of 40 years for structures and improvements and 20 years for depreciable land improvements. Leasehold improvements are depreciated using the straight-line method with an estimated useful life depending on the term of the lease. Construction-in-progress is not depreciated.
- Movable property (furniture, equipment, and vehicles) consists of assets that are not fixed or stationary in nature with an initial, individual cost of at least \$1,000. The straight-line method of depreciation is used, which divides the historical cost by the estimated useful life of the asset, generally 5 to 10 years.
- Infrastructure assets are roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems. Infrastructure has a capitalization threshold of \$5,000, and is depreciated using the straight-line method with an estimated useful life of 40 years.
- Purchased computer software has a capitalization threshold of \$1,000 and is depreciated using the straight-line method over an estimated useful life of 3 years.
- Donated capital assets are recorded at their estimated fair value at the date of donation.

TOWN OF OAK GROVE
OAK GROVE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position, Equity, or Net Fund Balances

Compensated absences

An employee must have been in the service of the Town for at least one year to be eligible for annual leave. Employees' vacations are determined by length of service with the Town according to the following: one–two years, one week; two–ten years, two weeks; and more than ten years, three weeks. Employees may not carry over or accumulate annual leave from one year to another. After one year, employees are entitled to three hardship days to be approved by the department head and the mayor. Unused annual leave is paid to an employee upon retirement, separation, or death at hourly rates being earned by that employee upon separation.

Leave from work with pay may be charged as sick leave if the absence is due to sickness, bodily injury, quarantine, required physical or dental examinations or treatment, exposure to a contagious disease when continued work might jeopardize the health of others, and illness in the employee's immediate family. Employees are entitled to sick leave when they have worked full-time for the Town for six months. Each employee earns sick leave at the rate of one day for each month worked. An employee cannot accumulate more than 30 days sick leave. All accumulated sick leave is forfeited upon termination of employment except upon retirement.

A municipal employee who is called for jury duty or as a witness for the federal or state governments or a subdivision thereof is entitled to leave with pay for such duty during the required absence. A municipal employee who is a member of Reserved Military or National Guard is entitled to leave with pay for up to 15 days per year.

The Town does not provide compensatory time as a means of compensation.

Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental or business-type activities. In the fund financial statements, proprietary fund long-term obligations are reported as liabilities in the proprietary fund type statement of net position. Individual funds have been used to liquidate other long-term liabilities such as compensated absences, claims and litigation payable, etc. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. In accordance with paragraph 16 of the Accounting Principles board Opinion No. 21, unamortized balances of premiums and discounts are netted against the outstanding balance of the related bonds payable.

Fund Balance Classifications and Net Position

Fund balances are reported under the following fund balance classifications:

| | |
|---------------|---|
| Non-spendable | Includes fund balance amounts that cannot be spent either because it is not in spendable form or are legally or contractually required to be maintained intact. |
|---------------|---|

TOWN OF OAK GROVE
OAK GROVE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Classifications and Net Position (Continued)

| | |
|------------|---|
| Restricted | Includes amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. |
| Committed | Includes amounts that can only be used for specific purposes pursuant to constraints that are internally imposed by the government through formal action of the Town Council and does not lapse at year-end. |
| Assigned | Includes amounts that are constrained by the Council's intent to be used for specific purposes that are neither considered restricted or committed. |
| Unassigned | Includes amounts that have not been assigned to other funds and that have not been restricted, committed or assigned to specific purposes within the General Fund. Negative fund balances in other governmental funds can also be classified as unassigned. |

The Town has a general policy to first use restricted resources for expenditures incurred for which both restricted and unrestricted (committed, assigned, and unassigned) resources are available. When expenditures are incurred for which only unrestricted resources are available, the general policy of the Town is to use committed resources first, followed by assigned, and then unassigned. The use of restricted/committed resources may be deferred based on a review of the specific transaction.

The difference between assets and liabilities is "net position" on the government-wide, proprietary, and fiduciary fund statements. Net position is segregated into three categories on the government-wide statement of net position:

Net investment in capital assets - Consists of capital assets including restricted capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position - Consists of net position 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 legislations. The Town first uses restricted net position for expenses incurred when both restricted and unrestricted net position are available for use. The use of restricted net position may be deferred based on a review of the specific transaction.

Unrestricted net position – The balance of net position that does not meet the definition of "restricted" or "net investment in capital assets."

TOWN OF OAK GROVE
OAK GROVE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Classifications and Net Position (Continued)

Reconciliation of Government-wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation of the government-wide statements to the governmental fund financial statements. This reconciliation is necessary to bring the financial statements from the current financial resources measurement focus and modified accrual basis of accounting to the economic measurement focus and full accrual basis of accounting. Major items included in the reconciliation are capital assets, inventories and prepaids, long-term debt, accrued interest, long-term liabilities, and deferred revenue, which are shown on the government-wide but not the governmental fund statements.

Budgets

The Town of Oak Grove (Mayor and Council) uses the following budget practices:

Prior to June 30, the Town Clerk submits to the Mayor and Council Members a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year. The budget is submitted in summary form. In addition, more detailed line item budgets are included for administrative control. The level of control for the detailed budgets is at the department head/function level.

Public hearings are conducted to obtain taxpayer comment.

During the month of July, the budget is legally enacted through passage of an ordinance.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and the Debt Service Fund.

Budgets are adopted on the modified accrual basis.

Appropriations lapse at the end of each fiscal year.

The Mayor and Council Members may authorize supplemental appropriations during the year.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

TOWN OF OAK GROVE
OAK GROVE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

NOTE 2 - CASH AND CASH EQUIVALENTS

Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy to ensure that there is no exposure to this risk is to require each financial institution to pledge its own securities to cover any amount in excess of Federal Depository Insurance Coverage. The policy is not a formal written policy. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the Town that the fiscal agent bank has failed to pay deposited funds upon demand.

At June 30, 2015, the Town has cash and cash equivalents (book balances) totaling \$3,056,019 as follows:

| | |
|--|----------------------------|
| Cash and cash equivalents: | |
| Demand deposits | \$ 874,482 |
| Time deposits | 2,031,309 |
| Other | 863 |
| Total | <u>2,906,654</u> |
| Cash and cash equivalents – restricted: | |
| Demand deposits | 86,524 |
| Time deposits | 62,841 |
| Total | <u>149,365</u> |
| Total | <u><u>\$ 3,056,019</u></u> |

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. As of June 30, 2015, \$1,010,875 of the Town's bank balances of \$3,125,902 was exposed to custodial credit risk as follows:

| | |
|---|----------------------------|
| Insured by FDIC | \$ 2,115,027 |
| Uninsured and uncollateralized | - |
| Collateralized by pledged securities not in the Town's name | 1,010,875 |
| Total balances exposed to custodial credit risk | <u>1,010,875</u> |
| Total bank balances | <u><u>\$ 3,125,902</u></u> |

TOWN OF OAK GROVE
OAK GROVE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

NOTE 3 – RECEIVABLES

The following is a summary of receivables at June 30, 2015:

| | <u>General</u> | <u>Sales Tax</u> | <u>Water</u> | <u>Sewer</u> | <u>Total</u> |
|--------------------------------------|-------------------------|--------------------------|-------------------------|-------------------------|--------------------------|
| Receivables: | | | | | |
| Taxes and licenses | \$ 15,000 | \$ 127,003 | \$ - | \$ - | \$ 142,003 |
| Accounts | - | - | 45,548 | 15,234 | 60,782 |
| Other | 4,149 | - | - | - | 4,149 |
| Gross receivables | <u>19,149</u> | <u>127,003</u> | <u>45,548</u> | <u>15,234</u> | <u>206,934</u> |
| Less allowance for uncollectibles | <u>-</u> | <u>-</u> | <u>(5,173)</u> | <u>-</u> | <u>(5,173)</u> |
| Net total receivables | <u><u>\$ 19,149</u></u> | <u><u>\$ 127,003</u></u> | <u><u>\$ 40,375</u></u> | <u><u>\$ 15,234</u></u> | <u><u>\$ 201,761</u></u> |

**TOWN OF OAK GROVE
OAK GROVE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 4 – CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2015, follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------------|------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 67,000 | \$ - | \$ - | \$ 67,000 |
| Recreational vehicle hookups at park | 1,270 | - | - | 1,270 |
| Total capital assets not being depreciated | <u>68,270</u> | <u>-</u> | <u>-</u> | <u>68,270</u> |
| Capital assets being depreciated: | | | | |
| Infrastructure | 2,870,655 | - | - | 2,870,655 |
| Buildings | 399,237 | - | - | 399,237 |
| Building improvements | 201,993 | - | - | 201,993 |
| Furniture and equipment | 447,210 | 10,933 | - | 458,143 |
| Vehicles | 224,081 | - | - | 224,081 |
| Total capital assets being depreciated | <u>4,143,176</u> | <u>10,933</u> | <u>-</u> | <u>4,154,109</u> |
| Less accumulated depreciation for: | | | | |
| Infrastructure | 1,024,793 | 78,752 | - | 1,103,545 |
| Buildings | 388,692 | 3,943 | - | 392,635 |
| Building improvements | 159,534 | 9,313 | - | 168,847 |
| Furniture and equipment | 307,671 | 29,521 | - | 337,192 |
| Vehicles | 182,601 | 14,511 | - | 197,112 |
| Total accumulated depreciation | <u>2,063,291</u> | <u>136,040</u> | <u>-</u> | <u>2,199,331</u> |
| Total capital assets being depreciated | <u>2,079,885</u> | <u>(125,107)</u> | <u>-</u> | <u>1,954,778</u> |
| Governmental activities, capital assets, net | <u>\$ 2,148,155</u> | <u>\$ (125,107)</u> | <u>\$ -</u> | <u>\$ 2,023,048</u> |

**TOWN OF OAK GROVE
OAK GROVE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 4 – CAPITAL ASSETS (CONTINUED)

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|--------------------|------------------|---------------------------|
| Business-type activities - Water: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 10,756 | \$ - | \$ - | \$ 10,756 |
| Total capital assets not being depreciated | <u>10,756</u> | <u>-</u> | <u>-</u> | <u>10,756</u> |
| Capital assets being depreciated: | | | | |
| Infrastructure | 3,959,114 | - | - | 3,959,114 |
| Building improvements | 27,954 | - | - | 27,954 |
| Furniture and equipment | 111,155 | - | - | 111,155 |
| Vehicles | 91,844 | 26,829 | (19,744) | 98,929 |
| Total capital assets being depreciated | <u>4,190,067</u> | <u>26,829</u> | <u>(19,744)</u> | <u>4,197,152</u> |
| Less accumulated depreciation for: | | | | |
| Infrastructure | 2,177,455 | 81,596 | - | 2,259,051 |
| Building improvements | 14,592 | 2,021 | - | 16,613 |
| Furniture and equipment | 108,203 | 270 | - | 108,473 |
| Vehicles | 85,470 | 7,347 | (19,744) | 73,073 |
| Total accumulated depreciation | <u>2,385,720</u> | <u>91,234</u> | <u>(19,744)</u> | <u>2,457,210</u> |
| Total capital assets being depreciated | <u>1,804,347</u> | <u>(64,405)</u> | <u>-</u> | <u>1,739,942</u> |
| Business-type activities - Water, capital assets, net | <u>\$ 1,815,103</u> | <u>\$ (64,405)</u> | <u>\$ -</u> | <u>\$ 1,750,698</u> |
| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
| Business-type activities - Sewer: | | | | |
| Capital assets being depreciated: | | | | |
| Infrastructure | \$ 2,154,861 | \$ - | \$ - | \$ 2,154,861 |
| Buildings | 1,815 | - | - | 1,815 |
| Building improvements | 3,472 | - | - | 3,472 |
| Furniture and equipment | 27,874 | - | - | 27,874 |
| Total capital assets being depreciated | <u>2,188,022</u> | <u>-</u> | <u>-</u> | <u>2,188,022</u> |
| Less accumulated depreciation for: | | | | |
| Infrastructure | 658,370 | 54,345 | - | 712,715 |
| Buildings | 1,452 | 121 | - | 1,573 |
| Building improvements | 496 | 496 | - | 992 |
| Furniture and equipment | 25,282 | 1,414 | - | 26,696 |
| Total accumulated depreciation | <u>685,600</u> | <u>56,376</u> | <u>-</u> | <u>741,976</u> |
| Total capital assets being depreciated | <u>1,502,422</u> | <u>(56,376)</u> | <u>-</u> | <u>1,446,046</u> |
| Business-type activities - Sewer, capital assets, net | <u>\$ 1,502,422</u> | <u>\$ (56,376)</u> | <u>\$ -</u> | <u>\$ 1,446,046</u> |

**TOWN OF OAK GROVE
OAK GROVE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 4 – CAPITAL ASSETS (CONTINUED)

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|---------------------|------------------|---------------------------|
| Business-type activities - total: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 10,756 | \$ - | \$ - | \$ 10,756 |
| Construction in progress | - | - | - | - |
| Total capital assets not being depreciated | <u>10,756</u> | <u>-</u> | <u>-</u> | <u>10,756</u> |
| Capital assets being depreciated: | | | | |
| Infrastructure | 6,113,975 | - | - | 6,113,975 |
| Buildings | 1,815 | - | - | 1,815 |
| Building improvements | 31,426 | - | - | 31,426 |
| Furniture and equipment | 139,029 | - | - | 139,029 |
| Vehicles | 91,844 | 26,829 | (19,744) | 98,929 |
| Total capital assets being depreciated | <u>6,378,089</u> | <u>26,829</u> | <u>(19,744)</u> | <u>6,385,174</u> |
| Less accumulated depreciation for: | | | | |
| Infrastructure | 2,835,825 | 135,941 | - | 2,971,766 |
| Buildings | 1,452 | 121 | - | 1,573 |
| Building improvements | 15,088 | 2,517 | - | 17,605 |
| Furniture and equipment | 133,485 | 1,684 | - | 135,169 |
| Vehicles | 85,470 | 7,347 | (19,744) | 73,073 |
| Total accumulated depreciation | <u>3,071,320</u> | <u>147,610</u> | <u>(19,744)</u> | <u>3,199,186</u> |
| Total capital assets being depreciated | <u>3,306,769</u> | <u>(120,781)</u> | <u>-</u> | <u>3,185,988</u> |
| Business-type activities - total, capital assets, net | <u>\$ 3,317,525</u> | <u>\$ (120,781)</u> | <u>\$ -</u> | <u>\$ 3,196,744</u> |

Depreciation expense was charged as follows:

Governmental activities:

| | |
|------------------------|-------------------|
| General government | \$ 3,077 |
| Public safety | 13,993 |
| Highways and streets | 96,762 |
| Culture and recreation | 14,708 |
| Economic development | 7,500 |
| Total | <u>\$ 136,040</u> |

Business-type activities:

| | |
|-------|-------------------|
| Water | \$ 91,234 |
| Sewer | 56,376 |
| Total | <u>\$ 147,610</u> |

**TOWN OF OAK GROVE
OAK GROVE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers during the year ended June 30, 2015, were as follows:

| | | Transfers out |
|--------------|--------------|---------------|
| | | Sales |
| | | Tax |
| Transfers in | General | \$ 120,000 |
| | Street | 50,000 |
| | Debt Service | 125,470 |
| | Total | \$ 295,470 |

Transfers are used to (1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, (2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, and (3) move unrestricted general fund and sales tax fund revenues to finance various programs that the Town must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

NOTE 6 – LONG-TERM OBLIGATIONS

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. The Town also issues bonds where the Town pledges income derived from the acquired or constructed asset to pay debt service.

Bonds payable at June 30, 2015, are comprised of the following issue:

General Obligation Bonds:

\$926,000 State of Louisiana Sales Tax Refunding Bonds Series 2009, dated December 1, 2009, payable in incrementally increasing annual installments commencing December 1, 2010, through December 1, 2017; interest payable each year on June 1 and December 1 at a rate of 3.69%. The Debt Service Fund services this debt.

\$ 384,000

TOWN OF OAK GROVE
OAK GROVE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

NOTE 6 – LONG-TERM OBLIGATIONS (CONTINUED)

Long-term liability activity for the year ended June 30, 2015, was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|--|------------------------------|------------------|---------------------|---------------------------|--------------------------------|
| Governmental activities: | | | | | |
| General obligation bonds payable | \$ 502,000 | \$ - | \$ (118,000) | \$ 384,000 | \$ 123,000 |
| Compensated absences | 23,745 | 16,656 | (16,668) | 23,733 | 6,265 |
| Governmental activity long-term liabilities | <u>\$ 525,745</u> | <u>\$ 16,656</u> | <u>\$ (134,668)</u> | <u>\$ 407,733</u> | <u>\$ 129,265</u> |
| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
| Business-type activities: | | | | | |
| Compensated absences | \$ 5,492 | \$ 3,133 | \$ (3,531) | \$ 5,095 | \$ 1,196 |

Annual debt service requirements to maturity for bonds are as follows:

| | <u>Governmental Activities</u> | |
|--------|---|--|
| | <u>General Obligation Principal</u> | <u>General Obligation Interest</u> |
| 2016 | \$ 123,000 | \$ 11,900 |
| 2017 | 128,000 | 7,269 |
| 2018 | 133,000 | 2,454 |
| Totals | <u>\$ 384,000</u> | <u>\$ 21,623</u> |

There are a number of limitations and restrictions contained in the various bond indentures. The Town is in compliance with all significant limitations and restrictions.

Interest expense for governmental activities for the year ended June 30, 2015, totaled \$17,030.

TOWN OF OAK GROVE
OAK GROVE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

NOTE 7 – RETIREMENT SYSTEMS

Municipal Employees Retirement System of Louisiana (the System)

Plan Description

The Town of Oak Grove contributes to the Municipal Employees' Retirement System of Louisiana (System) which is a cost sharing multiple employer defined benefit pension plan. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System.

Any member of Plan B who was hired before January 1, 2013, can retire providing the member meets one of the following criteria:

1. Any age with 30 years of creditable service.
2. Age 60 with a minimum of ten or more years of creditable service.
3. Any age with ten years of creditable service eligible for disability benefits.
4. Survivor's benefits require five years creditable service at death of member.

Eligibility for retirement for Plan B members hired on or after January 1, 2013 is as follows:

1. Age 67 with seven or more years of creditable service.
2. Age 62 with ten or more years of creditable service.
3. Age 55 with thirty or more years of creditable service.
4. Any age with twenty five years of creditable service, exclusive of military service and unused side leave. However, any member retiring under this subsection shall have their benefit actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any provision of this section, if the member had continued in service to that age.

Generally, the monthly amount of the retirement shall consist of an amount equal to 2% of the employee's final compensation multiplied by his or her years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. The System also provides death and disability benefits. Benefits are established or amended by state statute.

For the year ended June 30, 2015, the Town's total payroll for all employees was \$563,960. Total covered payroll was \$284,084. Covered payroll refers to all compensation paid by the Town to active employees covered by the Plan.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810, or by visiting the System's website www.mersla.com.

TOWN OF OAK GROVE
OAK GROVE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

NOTE 7 – RETIREMENT SYSTEMS (CONTINUED)

Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended June 30, 2015, the actual employer contribution rate was 9.50% for Plan B, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

Under Plan B, members are required by state statute to contribute 5.00% of their annual covered salary. The contributions are deducted from the employee’s wages or salary and remitted by the Town to the System monthly. The Town’s contributions to the System under Plan B for the year ending June 30, 2015 were \$26,988.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the Town reported a liability of \$226,767 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Town’s proportion of the Net Pension Liability was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the Town’s proportion was 0.448836%, which was a decrease of 0.010568% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Town recognized pension expense of \$24,919 plus employer’s amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, which was \$5,529.

At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ - | \$ (2,874) |
| Changes of assumptions | - | - |
| Net difference between projected and actual earnings on pension plan investments | - | (16,094) |
| Changes in proportion and differences between Employer contributions and proportionate share of contributions | 4,355 | - |
| Employer contributions subsequent to the measurement date | - | (208) |
| Total | <u>\$ 4,355</u> | <u>\$ (19,176)</u> |

TOWN OF OAK GROVE
OAK GROVE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

NOTE 7 – RETIREMENT SYSTEMS (CONTINUED)

The \$208 reported as deferred inflows of resources related to pensions resulting from the Town’s contributions subsequent to the measurement date will be recognized as an increase of Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| Year ended June 30: | |
|---------------------|--------------------|
| 2016 | \$ (7,758) |
| 2017 | (7,758) |
| 2018 | (7,758) |
| 2019 | (5,028) |
| | <u>\$ (28,302)</u> |

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2014, as follows:

| | |
|----------------------------------|--|
| Valuation Date | June 30, 2014 |
| Actuarial Cost Method | Entry Age Normal |
| Actuarial Assumptions: | |
| Investment Rate of Return | 7.75%, net of investment expense |
| Projected salary increases | 5.75% (3% inflation, 2.75% merit) |
| Mortality rates | RP-2000 Employee Table for active members RP-2000 Healthy Annuitant Table for healthy annuitants RP-2000 Disabled Lives Mortality Tables for disabled annuitants |
| Expected remaining service lives | 4 years for Plan B |
| Cost of Living Adjustments | The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees. |

TOWN OF OAK GROVE
OAK GROVE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

NOTE 7 – RETIREMENT SYSTEMS (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2014 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|------------------------------------|-------------------|--|
| Equity Securities | 50% | 2.75% |
| Bonds | 15% | 0.83% |
| Alternative investments | 35% | 1.92% |
| Total | 100% | 5.50% |
| Inflation | | 2.80% |
| Expected arithmetic nominal return | | 8.30% |

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Sensitivity of the Town’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.75%) or one percentage-point higher (8.75%) than the current rate:

| | 1% Decrease (6.75%) | Current Discount Rate (7.75%) | 1% Increase (8.75%) |
|---|------------------------|-------------------------------------|------------------------|
| Employer's proportionate share of net pension liability | \$ 308,243 | \$ 210,730 | \$ 127,458 |

**TOWN OF OAK GROVE
OAK GROVE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 7 – RETIREMENT SYSTEMS (CONTINUED)

Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued Municipal Employees' Retirement System of Louisiana Audit Report at www.mersla.com.

Municipal Police Employees Retirement System of Louisiana (System)

Plan Description

The Town contributes to the Municipal Police Employees' Retirement System of Louisiana (System) which is a cost sharing multiple employer defined benefit pension plan. Membership in the System is mandatory for all full-time police officers employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria.

Any member of the Plan who was hired before January 1, 2013, can retire providing the member meets on of the following criteria:

1. Any age with 25 years of creditable service.
2. Age 50 with a minimum of twenty or more years of creditable service.
3. Age 55 with a minimum of twelve or more years of creditable service.
4. After 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

The monthly amount of benefits are 3 1/3% of their average final compensation (employee's average monthly earnings during the highest 36 consecutive or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Eligibility for retirement for members hired on or after January 1, 2013 is as follows:

Hazardous Duty

1. Any age with 25 years of creditable service.
2. Age 55 with twelve or more years of creditable service.
3. After 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Non Hazardous Duty

1. Any age with 30 years of creditable service.
2. Age 55 with 25 or more years of creditable service.
3. Age 60 with 10 or more years of creditable service.
4. After 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

TOWN OF OAK GROVE
OAK GROVE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

NOTE 7 – RETIREMENT SYSTEMS (CONTINUED)

The benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

The system also provides death and disability benefits. Benefits are established or amended by state statute.

For the year ended June 30, 2015, the Town's total payroll for all employees was \$563,960. Total covered payroll was \$184,102. Covered payroll refers to all compensation paid by the Town to active employees covered by the Plan.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Municipal Police Employees' Retirement System of Louisiana, 7722 Office Park Boulevard, Suite 200, Baton Rouge, Louisiana 70809, or by calling (225) 929-7411, or by visiting the System's website www.lampers.org.

Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended June 30, 2015, total contributions due for employers and employees were 41%, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 31% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 33% and 8%, respectively. In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

Members are required by state statute to contribute 10.00% of their annual covered salary. The contributions are deducted from the employee's wages or salary and remitted by the Town to the System monthly. The Town's contributions to the System for the year ending June 30, 2015 were \$57,992.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the Town reported a liability of \$490,864 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Town's proportion of the Net Pension Liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the Town's proportion was 0.055193%, which was a decrease of 0.009613% from its proportion measured as of June 30, 2013.

TOWN OF OAK GROVE
OAK GROVE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

NOTE 7 – RETIREMENT SYSTEMS (CONTINUED)

For the year ended June 30, 2015, the Town recognized pension expense of \$43,272 plus employer’s amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$64,199.

At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ - | \$ (4,555) |
| Changes of assumptions | - | (70) |
| Net difference between projected and actual earnings on pension plan investments | - | (62,512) |
| Changes in proportion and differences between Employer contributions and proportionate share of contributions | 57,592 | - |
| Employer contributions subsequent to the measurement date | - | (9,442) |
| Total | <u>\$ 57,592</u> | <u>\$ (76,579)</u> |

The \$9,442 reported as deferred outflows of resources related to pensions resulting from the Town’s contributions subsequent to the measurement date will be recognized as a reduction of Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| Year ended June 30: | |
|---------------------|---------------------|
| 2016 | \$ (40,787) |
| 2017 | (40,787) |
| 2018 | (40,787) |
| 2019 | (19,534) |
| | <u>\$ (141,895)</u> |

TOWN OF OAK GROVE
OAK GROVE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

NOTE 7 – RETIREMENT SYSTEMS (CONTINUED)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2014, are as follows:

| | | |
|----------------------------------|---------------------------------|--------------------|
| Valuation Date | June 30, 2014 | |
| Actuarial Cost Method | Entry Age Normal Cost | |
| Actuarial Assumptions: | | |
| Investment Rate of Return | 7.5%, net of investment expense | |
| Inflation rate | 3% | |
| Projected salary increases | Years of service | Salary growth rate |
| | 1 | 10.00% |
| | 2 | 6.00% |
| | 3 – 19 | 4.30% |
| | 20 – 29 | 5.50% |
| | 30 and over | 4.00% |
| Expected remaining service lives | 4 years | |

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|------------------------------------|-------------------|---|
| Equity | 52% | 5.43% |
| Fixed Income | 20% | 2.35% |
| Alternative | 23% | 4.51% |
| Other | 5% | 4.07% |
| Total | 100% | 16.36% |
| Inflation | | 3.25% |
| Expected arithmetic nominal return | | 19.61% |

**TOWN OF OAK GROVE
OAK GROVE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 7 – RETIREMENT SYSTEMS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Sensitivity of the Town’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.5%) or one percentage-point higher (8.5%) than the current rate:

| | <u>1% Decrease (6.5%)</u> | <u>Current Discount Rate (7.5%)</u> | <u>1% Increase (8.5%)</u> |
|---|-------------------------------|---|-------------------------------|
| Employer's proportionate share of net pension liability | \$ 498,551 | \$ 345,298 | \$ 216,579 |

Plan Fiduciary Net Position

Detailed information about the Plan’s fiduciary net position is available in the separately issued Municipal Police Employees’ Retirement System of Louisiana Audit Report at www.lampers.org.

NOTE 8 – ON-BEHALF PAYMENTS

Certain employees in the Town’s police department receive supplemental pay from the state of Louisiana. In accordance with GASB Statement No. 24, the Town has recorded revenues and expenditures for these payments in the General Fund. Revenues under this arrangement totaled \$41,409. The related expenditures of \$41,409 are included in public safety expenditures in the General Fund.

NOTE 9 – CONTINGENCIES

The Town operates water and sewer treatment plants. These operations pose a high risk for environmental liabilities. The Town is required to have EPA permits for wastewater. The Town relies on the EPA for periodic testing and inspections to help identify environmental liabilities or contingencies. The Town contracts with a professional wastewater management company to ensure compliance with the EPA regulations.

There was no litigation pending at June 30, 2015.

**TOWN OF OAK GROVE
OAK GROVE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 10 – RISK MANAGEMENT

The Town is exposed to various risks of loss relating to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 31, 2015, the date on which the financial statements were available to be released.

NOTE 12 – STEWARDSHIP

For the year ended June 30, 2015, for the sum of expenditures and other uses, actual amounts exceeded budgeted amounts in the following funds:

| <u>Fund</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Unfavorable Variance</u> |
|-------------|----------------------------|-------------------------|---------------|---------------------------------|
| General | \$515,533 | \$ 561,743 | \$ 573,208 | \$ 11,465 |
| Street | 78,300 | 87,520 | 80,465 | (7,055) |

NOTE 13 – ADOPTION OF NEW ACCOUNTING STANDARDS

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans-an amendment of GASB Statement No. 25* and GASB Statement No. 68, *Accounting for Financial Reporting for Pensions*. GASB 67 will not affect the Town. GASB 68 establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of Statement No. 67, as well as for non-employer governments that have a legal obligation to contribute to those plans. GASB 68 provisions were effective for financial statements for periods beginning after June 15, 2014. Management has not implemented the statement in these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**TOWN OF OAK GROVE
OAK GROVE, LOUISIANA**

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

| | Budgeted Amounts | | Actual | Variance |
|---|-------------------|-------------------|-------------------|----------------------|
| | Original | Final | | with Final Budget |
| Revenues: | | | | |
| Taxes | \$ 178,975 | \$ 178,235 | \$ 176,706 | \$ (1,529) |
| Intergovernmental revenues | 36,000 | 38,147 | 43,727 | 5,580 |
| Licenses and permits | 133,600 | 133,600 | 142,346 | 8,746 |
| Charges for services | 2,930 | 2,930 | 3,973 | 1,043 |
| Fines | 43,000 | 74,000 | 76,656 | 2,656 |
| Lease income | 4,000 | 2,000 | 1,673 | (327) |
| Interest earned | 1,000 | 500 | 453 | (47) |
| Other revenues | 7,000 | 4,000 | 3,799 | (201) |
| Total revenues | <u>406,505</u> | <u>433,412</u> | <u>449,333</u> | <u>15,921</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 128,041 | 149,052 | 176,752 | (27,700) |
| Public safety | 387,192 | 409,044 | 386,224 | 22,820 |
| Health and welfare | 300 | 300 | 300 | - |
| Capital outlay | - | 3,347 | 9,932 | (6,585) |
| Total expenditures | <u>515,533</u> | <u>561,743</u> | <u>573,208</u> | <u>(11,465)</u> |
| Excess (deficiency) of revenues over expenditures | <u>(109,028)</u> | <u>(128,331)</u> | <u>(123,875)</u> | <u>4,456</u> |
| Other financing sources (uses): | | | | |
| Transfers in | <u>120,000</u> | <u>120,000</u> | <u>120,000</u> | <u>-</u> |
| Net change in fund balances | 10,972 | (8,331) | (3,875) | 4,456 |
| Fund balances at beginning of year | <u>226,171</u> | <u>247,600</u> | <u>247,600</u> | <u>-</u> |
| Fund balances at end of year | <u>\$ 237,143</u> | <u>\$ 239,269</u> | <u>\$ 243,725</u> | <u>\$ 4,456</u> |

Note: This schedule is prepared on the modified accrual basis.

**TOWN OF OAK GROVE
OAK GROVE, LOUISIANA**

**SPECIAL REVENUE FUND – SALES TAX FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|---------------------|---------------------|---------------------|----------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 660,000 | \$ 660,000 | \$ 734,706 | \$ 74,706 |
| Interest earned | 15,000 | 15,000 | 3,198 | (11,802) |
| Total revenues | <u>675,000</u> | <u>675,000</u> | <u>737,904</u> | <u>62,904</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 266,136 | 253,725 | 242,676 | 11,049 |
| Public safety | 24,855 | 24,855 | 24,855 | - |
| Highways and streets | 114,372 | 106,150 | 104,777 | 1,373 |
| Health and welfare | 12,000 | 12,000 | 8,542 | 3,458 |
| Culture and recreation | 10,000 | 10,000 | 7,168 | 2,832 |
| Total expenditures | <u>427,363</u> | <u>406,730</u> | <u>388,018</u> | <u>18,712</u> |
| Excess (deficiency) of revenues over expenditures | <u>247,637</u> | <u>268,270</u> | <u>349,886</u> | <u>81,616</u> |
| Other financing sources: | | | | |
| Transfers out | <u>(303,385)</u> | <u>(306,900)</u> | <u>(295,470)</u> | <u>11,430</u> |
| Net change in fund balances | (55,748) | (38,630) | 54,416 | 93,046 |
| Fund balances at beginning of year | <u>1,436,295</u> | <u>1,478,435</u> | <u>1,478,435</u> | <u>-</u> |
| Fund balances at end of year | <u>\$ 1,380,547</u> | <u>\$ 1,439,805</u> | <u>\$ 1,532,851</u> | <u>\$ 93,046</u> |

Note: This schedule is prepared on the modified accrual basis.

**TOWN OF OAK GROVE
OAK GROVE, LOUISIANA**

**SPECIAL REVENUE FUND – STREET FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|-------------------------|-------------------------|--------------------------------|----------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 66,655 | \$ 66,655 | \$ 65,895 | \$ (760) |
| Intergovernmental revenues | - | 2,000 | 2,000 | - |
| Interest earned | 500 | 500 | 359 | (141) |
| Total revenues | <u>67,155</u> | <u>69,155</u> | <u>68,254</u> | <u>(901)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | 573 | (573) |
| Highways and streets | 78,300 | 85,520 | 78,892 | 6,628 |
| Capital outlay | - | 2,000 | 1,000 | 1,000 |
| Total expenditures | <u>78,300</u> | <u>87,520</u> | <u>80,465</u> | <u>7,055</u> |
| Excess (deficiency) of revenues over expenditures | <u>(11,145)</u> | <u>(18,365)</u> | <u>(12,211)</u> | <u>6,154</u> |
| Other financing sources: | | | | |
| Transfers in | - | - | 50,000 | 50,000 |
| Net change in fund balances | (11,145) | (18,365) | 37,789 | 56,154 |
| Fund balances at beginning of year | <u>77,412</u> | <u>60,237</u> | <u>60,237</u> | <u>-</u> |
| Fund balances at end of year | <u><u>\$ 66,267</u></u> | <u><u>\$ 41,872</u></u> | <u><u>\$ 98,026</u></u> | <u><u>\$ 56,154</u></u> |

Note: This schedule is prepared on the modified accrual basis.

**TOWN OF OAK GROVE
OAK GROVE, LOUISIANA**

**SPECIAL REVENUE FUND – ECONOMIC DEVELOPMENT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

| | Budgeted Amounts | | Actual | Variance |
|-------------------------------------|-------------------|-------------------|-------------------|----------------------|
| | Original | Final | | with Final Budget |
| Revenues: | | | | |
| Intergovernmental revenues | \$ - | \$ 26,000 | \$ 11,000 | \$ (15,000) |
| Interest earned | 2,000 | 2,000 | 907 | (1,093) |
| Total revenues | <u>2,000</u> | <u>28,000</u> | <u>11,907</u> | <u>(16,093)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Economic development | <u>3,800</u> | <u>31,800</u> | <u>17,198</u> | <u>14,602</u> |
| Net change in fund balances | (1,800) | (3,800) | (5,291) | (1,491) |
| Fund balances at beginning of year | <u>269,047</u> | <u>234,935</u> | <u>234,935</u> | - |
| Fund balances at end of year | <u>\$ 267,247</u> | <u>\$ 231,135</u> | <u>\$ 229,644</u> | <u>\$ (1,491)</u> |

Note: This schedule is prepared on the modified accrual basis.

**TOWN OF OAK GROVE
OAK GROVE, LOUISIANA**

**SPECIAL REVENUE FUND – CEMETERY FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|-------------------|-------------------|-------------------|----------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 26,535 | \$ 26,535 | \$ 26,233 | \$ (302) |
| Licenses and permits | - | - | - | - |
| Intergovernmental revenues | - | - | - | - |
| Charges for services | 5,000 | 5,000 | 5,250 | 250 |
| Fines | - | - | - | - |
| Lease income | - | - | - | - |
| Interest earned | 2,500 | 2,500 | - | (2,500) |
| Other revenues | 100 | 100 | 5 | (95) |
| Total revenues | <u>34,135</u> | <u>34,135</u> | <u>31,488</u> | <u>(2,647)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 300 | 300 | 295 | (5) |
| Public safety | - | - | - | - |
| Highways and streets | 43,035 | 47,507 | 47,706 | 199 |
| Health and welfare | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Debt service | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | <u>43,335</u> | <u>47,807</u> | <u>48,001</u> | <u>194</u> |
| Excess (deficiency) of revenues over expenditures | <u>(9,200)</u> | <u>(13,672)</u> | <u>(16,513)</u> | <u>(2,841)</u> |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Capital leases | - | - | - | - |
| Proceeds from sale of capital assets | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | (9,200) | (13,672) | (16,513) | (2,841) |
| Fund balances at beginning of year | 354,264 | 349,270 | 349,270 | - |
| Fund balances at end of year | <u>\$ 345,064</u> | <u>\$ 335,598</u> | <u>\$ 332,757</u> | <u>\$ (2,841)</u> |

Note: This schedule is prepared on the modified accrual basis.

**TOWN OF OAK GROVE
OAK GROVE , LOUISIANA**

**SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY'
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2015**

| | <u>2015</u> |
|---|-------------|
| Employer's proportion of the net pension liability | 0.448836% |
| Employer's proportionate share of the net pension liability | \$ 226,767 |
| Employer's covered employee payroll | \$ 284,084 |
| Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll | 79.82% |
| Plan fiduciary net position as a percentage of the total pension liability | 76.94% |

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

**TOWN OF OAK GROVE
OAK GROVE , LOUISIANA**

**SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2015**

| | <u>2015</u> |
|--|-----------------|
| Contractually required contribution | \$ 26,988 |
| Contributions in relation to contractually required contribution | <u>(26,988)</u> |
| Contribution deficiency (excess) | \$ - |
| | |
| Employer's covered payroll | \$ 284,084 |
| Contributions as a percentage of covered employee payroll | 9.50% |

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

**TOWN OF OAK GROVE
OAK GROVE , LOUISIANA**

**SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2015**

| | <u>2015</u> |
|---|-------------|
| Employer's proportion of the net pension liability | 0.055194% |
| Employer's proportionate share of the net pension liability | \$ 490,864 |
| Employer's covered employee payroll | \$ 184,102 |
| Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll | 266.63% |
| Plan fiduciary net position as a percentage of the total pension liability | 75.10% |

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

**TOWN OF OAK GROVE
OAK GROVE , LOUISIANA**

**SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2015**

| | <u>2015</u> |
|--|-----------------|
| Contractually required contribution | \$ 57,992 |
| Contributions in relation to contractually required contribution | <u>(57,992)</u> |
| Contribution deficiency (excess) | \$ - |
| | |
| Employer's covered payroll | \$ 184,102 |
| Contributions as a percentage of covered employee payroll | 31.50% |

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

OTHER SUPPLEMENTARY SCHEDULE

**TOWN OF OAK GROVE
OAK GROVE, LOUISIANA**

**SCHEDULE OF COMPENSATION, BENEFITS, REIMBURSEMENTS
AND OTHER PAYMENTS TO OR ON BEHALF OF AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2015**

Adam T. Holland, Mayor:

| | |
|-----------------|-----------|
| Salary | \$ 18,000 |
| Benefits: | 1,200 |
| Medicare | 261 |
| Social Security | 1,116 |
| Reimbursements | |
| Other: | |
| Conventions | 585 |
| Lodging | 1,875 |
| Meals | 520 |
| Parking | 27 |

**TOWN OF OAK GROVE
OAK GROVE, LOUISIANA**

**SCHEDULE OF COMPENSATION TO TOWN COUNCIL
FOR THE YEAR ENDED JUNE 30, 2015**

| | |
|----------------------------|-----------------|
| Noel Haynes | \$ 1,200 |
| Todd Nevels, Mayor Pro Tem | 1,800 |
| James E. Philley | 1,200 |
| Cherry P. Rye | 1,200 |
| Garland C. Walker | 1,200 |
| Total | <u>\$ 6,600</u> |

OTHER REPORTS



Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

**To the Honorable Adam Holland, Mayor
and Honorable Members of the Town Council
Town of Oak Grove
Oak Grove, 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 Town of Oak Grove, Louisiana, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Oak Grove, Louisiana's basic financial statements, and have issued our report thereon dated December 31, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Oak Grove, 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 Town of Oak Grove, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Oak Grove, Louisiana's internal control.

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. 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.

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

Town of Oak Grove
Oak Grove, Louisiana
Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters
June 30, 2015

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Oak Grove, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, it is issued by the Legislative Auditor as a public document.

BOSCH & STATHAM, LLC



Jonesboro, Louisiana
December 31, 2015

**TOWN OF OAK GROVE
OAK GROVE, LOUISIANA**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the Town of Oak Grove.
2. No material weaknesses are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements which is required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

Current Year

No findings were reported.

Prior Year

2014-1 Pledged Securities

Corrective action was taken.