

TOWN OF OAK GROVE

OAK GROVE, LOUISIANA

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

AS OF AND FOR THE YEAR
ENDED JUNE 30, 2012



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

**TABLE OF CONTENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

	Page
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-5
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Assets	6
Statement of Activities	7
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	8
Reconciliation of the Governmental Funds' Balance Sheet to the Statement of Net Assets	9
Statement of Revenues, Expenditures, and Changes in Fund Balances	10
Reconciliation of the Governmental Funds' Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	11
Proprietary Funds:	
Statement of Net Assets	12
Statement of Revenues, Expenses, and Changes in Net Assets	13
Statement of Cash Flows	14
Notes to the Financial Statements	15-33
REQUIRED SUPPLEMENTAL INFORMATION	
Budgetary Comparison Schedules:	
General Fund	34
Special Revenue Fund – Sales Tax Fund	35
Special Revenue Fund – Street Fund	36
Special Revenue Fund – Economic Development Fund	37
Special Revenue Fund – Cemetery Fund	38
OTHER SUPPLEMENTAL SCHEDULE	
Schedule of Compensation to Mayor and Town Council	39
OTHER REPORTS	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	40-41
Schedule of Findings	42
Status of Prior Audit Findings	43



INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council Members Town of Oak Grove, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Oak Grove, Louisiana, as of and for the year ended June 30, 2012, which collectively comprise the Town of Oak Grove's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Oak Grove, Louisiana's, management. 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Oak Grove, Louisiana, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2012, on our consideration of the Town of Oak Grove, Louisiana's, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Town of Oak Grove
Independent Auditor's Report
June 30, 2012

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 5 and 34 through 38, 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.

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 as a whole. The Schedule of Compensation to Mayor and Town Council is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Compensation to Mayor and Town Council is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BOSCH & STATHAM, LLC



Jonesboro, Louisiana
November 26, 2012

TOWN OF OAK GROVE, LOUISIANA

Management's Discussion and Analysis As of and for the Year Ended June 30, 2012

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, 2012. 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 Assets 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 Assets 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 assets and changes in them. The Town's net assets (i.e., the difference between assets and liabilities) are a measure of the Town's financial position. The increases or decreases in the Town's net assets are an indicator of whether its financial position is improving or deteriorating.

THE TOWN AS A WHOLE

At June 30, 2012, net assets were as follows:

NET ASSETS

	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 3,127,962	\$ 2,995,619
Capital assets, net	<u>5,714,345</u>	<u>5,856,307</u>
Total assets	<u>8,842,307</u>	<u>8,851,926</u>
Liabilities:		
Current	277,281	274,816
Long-term	<u>902,969</u>	<u>1,066,030</u>
Total liabilities	<u>1,180,250</u>	<u>1,340,846</u>
Net assets:		
Invested in capital assets, net of debt	4,681,514	4,676,630
Restricted	212,244	205,047
Unrestricted	<u>2,768,299</u>	<u>2,629,403</u>
Total net assets	<u>\$ 7,662,057</u>	<u>\$ 7,511,080</u>

TOWN OF OAK GROVE, LOUISIANA

Management's Discussion and Analysis
As of and for the Year Ended June 30, 2012

For the year ended June 30, 2012, net assets changed as follows:

CHANGE IN NET ASSETS

	2012	2011
Program revenues:		
Charges for services	\$ 780,886	\$ 552,458
Operating grants and contributions	36,691	162,347
Capital grants and contributions	103,000	9,178
General revenues:		
Property taxes	182,376	181,404
Sales and use taxes	682,310	643,782
Other taxes, licenses and permits	70,216	219,106
Other	30,123	50,553
Total revenues	1,885,602	1,818,828
Expenses:		
General government	405,926	588,825
Public safety	347,179	257,943
Highways and streets	286,135	176,010
Health and welfare	2,960	6,549
Culture and recreation	4,804	1,396
Economic development	10,138	11,987
Interest expense	45,172	32,510
Water and sewer	632,311	611,853
Total expenses	1,734,625	1,687,073
Capital contributions	-	412,156
Change in net assets	150,977	543,911
Net assets at beginning of year (restated)	7,511,080	6,967,169
Net assets at end of year	\$ 7,662,057	\$ 7,511,080

BUDGETARY HIGHLIGHTS

During the year, in the General Fund, there was a \$5,700 increase in anticipated revenues. It was mainly due to a \$4,999 increase in anticipated Occupational Licenses, as well as and increase in revenues from fines. Anticipated expenditures also increased \$10,775, mainly due to an increase in police retirement, as well as an increase in health insurance premiums. There were also expenses associated with the demolition of condemned property.

During the year in the Sales Tax Fund, there was no change in anticipated revenues. There was only a slight increase in appropriations.

In the Street Fund, budgeted revenue increased \$33,500 to include LGAP funds. Budgeted expenditures decreased by \$5,500 due to general decreases in anticipated expenditures.

In the Economic Development fund, budgeted revenue decreased by \$1,000 due to an expected decrease in interest rates. Budgeted expenditures were increased by \$2,313 due to expected utilities and liability insurance on the Tur-Ban building.

TOWN OF OAK GROVE, LOUISIANA

Management's Discussion and Analysis As of and for the Year Ended June 30, 2012

In the Cemetery Fund, budgeted revenue increased by \$3,100 due to an anticipated increase in sale of cemetery plots. Budgeted expenditures decreased by \$21,320 due to a cemetery mapping project that was not yet completed.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2012, the Town's investment in capital assets for its governmental and business-type activities amounts to \$5,719,097 (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 \$142,846 include a backhoe, water system improvements and sewer system improvements.

Debt

At year end, the Town had a total of \$725,000 in general obligation bonds, Series 2009, outstanding. The bonds bear interest at 3.69% and are due to mature in 2017. The Town also has outstanding Water and Sewer Revenue Bonds, totaling \$307,831, payable in monthly installments of \$4,995 through March 20, 2038, and bearing interest at 4.875%. The Town is ahead of the payment schedule on these bonds.

In addition, the Town had a total liability of \$33,420 for compensated absences.

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. The Town does anticipate an increase in expenditures due to required employer contribution rates to the Municipal Police Employees Retirement System continuing to increase and an expected increase in the required employer contribution rates to the Municipal Employees Retirement System.

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 ASSETS
AS OF JUNE 30, 2012**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,517,953	\$ 359,553	\$ 2,877,506
Receivables, net of allowance for uncollectibles	132,754	108,552	241,306
Inventories	-	9,150	9,150
Capital assets not being depreciated	68,270	10,756	79,026
Capital assets, net of accumulated depreciation	2,359,415	3,275,904	5,635,319
TOTAL ASSETS	5,078,392	3,763,915	8,842,307
LIABILITIES			
Accounts payable	-	14,823	14,823
Payroll and related liabilities	13,416	492	13,908
Accrued liabilities	-	11,163	11,163
Accrued interest payable	1,963	4,194	6,157
Customer deposits payable	-	67,844	67,844
Due to others	100	-	100
Noncurrent liabilities:			
Due within one year	116,900	46,386	163,286
Due in more than one year	634,945	268,024	902,969
TOTAL LIABILITIES	767,324	412,926	1,180,250
NET ASSETS			
Investment in capital assets, net of related debt	1,702,685	2,978,829	4,681,514
Restricted for debt service	73,096	139,148	212,244
Unrestricted	2,535,287	233,012	2,768,299
TOTAL NET ASSETS	\$ 4,311,068	\$ 3,350,989	\$ 7,662,057

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, 2012**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS		TOTAL
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Governmental activities:							
General government	\$ 405,926	\$ 150,535	\$ -	\$ -	\$ (255,391)		\$ (255,391)
Public safety	347,179	20,535	36,691	-	(289,953)		(289,953)
Highways and streets	286,135	-	-	35,000	(251,135)		(251,135)
Health and welfare	2,960	-	-	-	(2,960)		(2,960)
Culture and recreation	4,804	-	-	-	(4,804)		(4,804)
Economic development	10,138	-	-	-	(10,138)		(10,138)
Interest expense	28,660	-	-	-	(28,660)		(28,660)
Total governmental activities	<u>1,085,802</u>	<u>171,070</u>	<u>36,691</u>	<u>35,000</u>	<u>(843,041)</u>		<u>(843,041)</u>
Business-type activities:							
Water operations	421,187	355,606	-	68,000		\$ 2,419	2,419
Interest expense on water debt	16,512	-	-	-		(16,512)	(16,512)
Sewer operations	211,124	254,210	-	-		43,086	43,086
Total business-type activities	<u>648,823</u>	<u>609,816</u>	<u>-</u>	<u>68,000</u>		<u>28,993</u>	<u>28,993</u>
Total primary government	<u>\$ 1,734,625</u>	<u>\$ 780,886</u>	<u>\$ 36,691</u>	<u>\$ 103,000</u>	<u>(843,041)</u>	<u>28,993</u>	<u>(814,048)</u>
General revenues:							
Property taxes					182,376	-	182,376
Sales and use taxes					682,310	-	682,310
Franchise taxes					69,863	-	69,863
Other taxes, penalties and interest					353	-	353
Unrestricted investment earnings					10,218	1,830	12,048
Other					16,722	1,353	18,075
Total general revenues and transfers					<u>961,842</u>	<u>3,183</u>	<u>965,025</u>
Change in net assets					118,801	32,176	150,977
Net assets at beginning of year (restated)					4,192,267	3,318,813	7,511,080
Net assets at end of year					<u>\$ 4,311,068</u>	<u>\$ 3,350,989</u>	<u>\$ 7,662,057</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, 2012**

ASSETS	General	Sales Tax	Street	Economic Development	Debt Service	Cemetery	Total Governmental Funds
Cash and cash equivalents	\$ 244,457	\$ 1,491,649	\$ 94,871	\$ 268,361	\$ -	\$ 343,556	\$ 2,442,894
Cash and cash equivalents - restricted	-	-	-	-	75,059	-	75,059
Receivables, net	16,133	116,621	-	-	-	-	132,754
TOTAL ASSETS	<u>\$ 260,590</u>	<u>\$ 1,608,270</u>	<u>\$ 94,871</u>	<u>\$ 268,361</u>	<u>\$ 75,059</u>	<u>\$ 343,556</u>	<u>\$ 2,650,707</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Payroll and related liabilities	\$ 12,605	\$ 754	\$ -	\$ -	\$ -	\$ 57	\$ 13,416
Accrued liabilities	-	-	-	-	1,963	-	1,963
Unearned revenue	-	60,847	-	-	-	-	60,847
Due to others	100	-	-	-	-	-	100
Total liabilities	<u>12,705</u>	<u>61,601</u>	<u>-</u>	<u>-</u>	<u>1,963</u>	<u>57</u>	<u>76,326</u>
Fund balances:							
Restricted for debt service	-	-	-	-	73,096	-	73,096
Assigned	-	1,546,669	94,871	268,361	-	343,499	2,253,400
Unassigned	247,885	-	-	-	-	-	247,885
Total fund balances	<u>247,885</u>	<u>1,546,669</u>	<u>94,871</u>	<u>268,361</u>	<u>73,096</u>	<u>343,499</u>	<u>2,574,381</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 260,590</u>	<u>\$ 1,608,270</u>	<u>\$ 94,871</u>	<u>\$ 268,361</u>	<u>\$ 75,059</u>	<u>\$ 343,556</u>	<u>\$ 2,650,707</u>

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

**RECONCILIATION OF THE GOVERNMENTAL FUNDS' BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012**

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

Total fund balances	\$ 2,574,381
Capital assets used in governmental activities are not financial resources and, therefore, are deferred in the funds.	2,427,685
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	60,847
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(751,845)</u>
Net assets of governmental activities	<u>\$ 4,311,068</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, 2012**

	General	Sales Tax	Street	Economic Development	Debt Service	Cemetery	Total Governmental Funds
Revenues:							
Ad valorem	\$ 93,964	\$ -	\$ 63,237	\$ -	\$ -	\$ 25,175	\$ 182,376
Sales and use	-	678,521	-	-	-	-	678,521
Franchise	69,863	-	-	-	-	-	69,863
Other taxes, penalties and interest	353	-	-	-	-	-	353
Intergovernmental:							
State funds:							
Supplemental pay	36,691	-	-	-	-	-	36,691
Local government assistance program	-	-	35,000	-	-	-	35,000
Licenses and permits	132,673	-	-	-	-	-	132,673
Charges for services	11,030	-	-	-	-	4,200	15,230
Fines	20,535	-	-	-	-	-	20,535
Lease income	2,632	-	-	-	-	-	2,632
Interest earned	2,973	5,617	194	1,434	-	-	10,218
Other revenues	3,891	4,161	8,403	-	-	267	16,722
Total revenues	<u>374,605</u>	<u>688,299</u>	<u>106,834</u>	<u>1,434</u>	<u>-</u>	<u>29,642</u>	<u>1,200,814</u>
Expenditures:							
Current:							
General government	137,027	219,933	606	-	-	290	357,856
Public safety	343,608	3,571	-	-	-	-	347,179
Highways and streets	-	89,483	71,509	-	-	32,391	193,383
Health and welfare	-	2,960	-	-	-	-	2,960
Economic development	-	-	-	2,638	-	-	2,638
Debt service - principal	-	-	-	-	104,000	-	104,000
Debt service - interest	-	-	-	-	28,661	-	28,661
Capital outlay	-	-	74,588	-	-	-	74,588
Total expenditures	<u>480,635</u>	<u>320,751</u>	<u>146,703</u>	<u>2,638</u>	<u>132,661</u>	<u>32,681</u>	<u>1,116,069</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(106,030)</u>	<u>367,548</u>	<u>(39,869)</u>	<u>(1,204)</u>	<u>(132,661)</u>	<u>(3,039)</u>	<u>84,745</u>
Other financing sources (uses):							
Transfers in	70,000	-	-	-	136,435	-	206,435
Transfers out	-	(206,435)	-	-	-	-	(206,435)
Total other financing sources and uses	<u>70,000</u>	<u>(206,435)</u>	<u>-</u>	<u>-</u>	<u>136,435</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(36,030)</u>	<u>161,113</u>	<u>(39,869)</u>	<u>(1,204)</u>	<u>3,774</u>	<u>(3,039)</u>	<u>84,745</u>
Fund balances at beginning of year	283,915	1,385,556	134,740	269,565	69,322	346,538	2,489,636
Fund balances at end of year	<u>\$ 247,885</u>	<u>\$ 1,546,669</u>	<u>\$ 94,871</u>	<u>\$ 268,361</u>	<u>\$ 73,096</u>	<u>\$ 343,499</u>	<u>\$ 2,574,381</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, 2012**

Amounts reported for governmental activities

in the statement of net assets are different because:

Net change in fund balances - total governmental funds **\$ 84,745**

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 depreciation expense exceeded capital outlays in the current period. **(72,431)**

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. **3,789**

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 assets. 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. **104,000**

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. **(1,302)**

Change in net assets of governmental activities **\$ 118,801**

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

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

**PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012**

ASSETS	Water	Sewer	Total Proprietary Funds
Current assets:			
Cash and cash equivalents	\$ 122,400	\$ 98,005	\$ 220,405
Receivables, net	83,384	25,168	108,552
Inventories	9,150	-	9,150
Due from other funds	20,504	-	20,504
Total current assets	<u>235,438</u>	<u>123,173</u>	<u>358,611</u>
Noncurrent assets:			
Cash and cash equivalents - restricted	139,148	-	139,148
Capital assets, net	1,675,845	1,610,815	3,286,660
Total noncurrent assets	<u>1,814,993</u>	<u>1,610,815</u>	<u>3,425,808</u>
TOTAL ASSETS	<u>2,050,431</u>	<u>1,733,988</u>	<u>3,784,419</u>
LIABILITIES			
Current liabilities:			
Accounts payable	14,823	-	14,823
Due to other funds	-	20,504	20,504
Payroll and related liabilities	246	246	492
Accrued liabilities	9,496	-	11,163
Accrued interest on revenue bonds	4,194	-	4,194
Compensated absences payable - current	1,452	1,667	1,452
Customer deposits payable	67,844	-	67,844
Revenue bonds payable - current	44,934	-	44,934
Total current liabilities	<u>142,989</u>	<u>22,417</u>	<u>165,406</u>
Noncurrent liabilities:			
Compensated absences payable	5,127	-	5,127
Revenue bonds payable	262,897	-	262,897
Total noncurrent liabilities	<u>268,024</u>	<u>-</u>	<u>268,024</u>
TOTAL LIABILITIES	<u>411,013</u>	<u>22,417</u>	<u>433,430</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,368,014	1,610,815	2,978,829
Restricted for debt service	139,148	-	139,148
Unrestricted	132,256	100,756	233,012
TOTAL NET ASSETS	<u>\$ 1,639,418</u>	<u>\$ 1,711,571</u>	<u>\$ 3,350,989</u>

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 ASSETS
FOR THE YEAR ENDED JUNE 30, 2012**

	Water	Sewer	Total Proprietary Funds
Operating revenues:			
Charges for sales and services:			
Water and sewer fees	\$ 355,606	\$ 254,210	\$ 609,816
Other revenues	1,353	-	1,353
Total operating revenues	<u>356,959</u>	<u>254,210</u>	<u>611,169</u>
Operating expenses:			
Administration	344,957	154,317	499,274
Depreciation expense	76,230	56,807	133,037
Total operating expenses	<u>421,187</u>	<u>211,124</u>	<u>632,311</u>
Operating income (loss)	<u>(64,228)</u>	<u>43,086</u>	<u>(21,142)</u>
Nonoperating revenues (expenses):			
Intergovernmental revenues	68,000	-	68,000
Interest earned	1,830	-	1,830
Interest expense	(16,512)	-	(16,512)
Total nonoperating revenue (expenses)	<u>53,318</u>	<u>-</u>	<u>53,318</u>
Income (loss) before transfers	<u>(10,910)</u>	<u>43,086</u>	<u>32,176</u>
Transfers in	-	43,770	43,770
Transfers out	(43,770)	-	(43,770)
Total transfers	<u>(43,770)</u>	<u>43,770</u>	<u>-</u>
Change in net assets	(54,680)	86,856	32,176
Net assets at beginning of year	1,694,098	1,624,715	3,318,813
Net assets at end of year	<u>\$ 1,639,418</u>	<u>\$ 1,711,571</u>	<u>\$ 3,350,989</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, 2012**

	Water	Sewer	Total Proprietary Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ 328,026	\$ 240,696	\$ 568,722
Payments to suppliers	(227,694)	(132,394)	(360,088)
Payments to employees	(120,582)	(23,229)	(143,811)
Net cash provided by operating activities	<u>(20,250)</u>	<u>85,073</u>	<u>64,823</u>
Cash flows from noncapital financing activities:			
Advances from other funds	(2,932)	2,932	-
Subsidy from grants	68,000	-	68,000
Net cash provided by noncapital and related financing activities	<u>65,068</u>	<u>2,932</u>	<u>68,000</u>
Cash flows from capital and related financing activities:			
Purchases of capital assets	(68,258)	-	(68,258)
Principal paid on capital debt	(42,846)	-	(42,846)
Interest paid on capital debt	(17,096)	-	(17,096)
Net cash used by capital and related financing activities	<u>(128,200)</u>	<u>-</u>	<u>(128,200)</u>
Cash flows from investing activities:			
Interest received	1,830	-	1,830
Net cash provided by investing activities	<u>1,830</u>	<u>-</u>	<u>1,830</u>
Net increase (decrease) in cash and cash equivalents	(81,552)	88,005	6,453
Cash and cash equivalents, beginning of year (including amounts in restricted accounts)	343,100	10,000	353,100
Cash and cash equivalents, end of year (including amounts in restricted accounts)	<u>\$ 261,548</u>	<u>\$ 98,005</u>	<u>\$ 359,553</u>
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss	\$ (64,228)	\$ 43,086	\$ (21,142)
Adjustments to reconcile operating loss to cash provided by operating activities:			
Depreciation expense	76,230	56,807	133,037
(Increase) decrease in accounts receivable	(33,536)	(13,514)	(47,050)
Increase (decrease) in accounts payable	(665)	-	(665)
Increase (decrease) in payroll related liabilities	(1,831)	(1,306)	(3,137)
Increase (decrease) in compensated absences payable	(4,063)	-	(4,063)
Increase (decrease) in customer deposits	4,603	-	4,603
Increase (decrease) in accrued liabilities	3,240	-	3,240
Total adjustments	<u>43,978</u>	<u>41,987</u>	<u>85,965</u>
Net cash provided by operating activities	<u>\$ (20,250)</u>	<u>\$ 85,073</u>	<u>\$ 64,823</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, 2012**

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.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. 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. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

Basis of Presentation

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and reporting standards. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the GASB. The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

Fund Balance Type Definitions

In accordance with Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Town of Oak Grove classifies governmental fund balances as follows:

- | | |
|---------------|---|
| Non-spendable | Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. |
| Restricted | Includes fund balance 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 fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. Fund balance may be committed by the council of the Town of Oak Grove. |

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assigned	Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the council of the Town of Oak Grove.
Unassigned	Includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus, basis of accounting, and financial statement presentation

The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus, basis of accounting, and financial statement presentation (continued)

The Town reports the following major governmental funds:

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 Special Revenue Fund accounts for funds designated 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.

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the Town's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. However, there were no payments-in-lieu of taxes for the year ended June 30, 2012.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus, basis of accounting, and financial statement presentation (continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The Water and Sewer Funds' principal operating revenues are water and sewer usage fees. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

Receivables and payables

Activity between funds outstanding at the end of the fiscal year, including lending and borrowing arrangements, is referred to as either "due to/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."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. All trade and property tax receivables are shown net of an allowance for uncollectibles, when material.

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 tax assessor of West Carroll Parish. For the year ended June 30, 2012, taxes of 18.25 mills were levied on property with assessed valuations totaling \$9,998,076, as follows:

General corporate purposes	9.40 mills
Street maintenance	6.33 mills
Cemetery	2.52 mills

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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	\$ 927,800	10%	\$ 60,298
Wal-Mart Louisiana, LLC	734,630	7%	47,744
Regions Bank	616,180	6%	40,127
BellSouth Telecommunications, Inc.	303,553	3%	19,758
Totals	<u>\$ 2,582,163</u>	<u>26%</u>	<u>\$ 167,927</u>

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.

Cash and cash equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town of Oak Grove may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Some of the cash and cash equivalents are restricted. Cash deposits are reported at carrying amount which reasonably approximates fair value.

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Under state law, the Town may invest in United States bonds, notes, or certificates. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

Short-term interfund receivables/payables

During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the fund financial statements balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

Elimination and reclassifications

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Inventories

Inventories are accounted for using the consumption method, where expenditures are recognized as the inventory is used. All purchased inventory items are valued at cost using the first-in/first-out method.

Capital assets

Capital assets are recorded at either historical cost or estimated historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets are recorded at their estimated fair value at the date of donation. The capitalization threshold for equipment is \$200. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used based on the following estimated useful lives:

Buildings	10-50
Computers and computer equipment	5-10
Furniture and equipment	5-20
Improvements other than buildings	10-50
Infrastructure	40
Vehicles	5-7

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.

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated absences (continued)

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.

Restricted net assets

For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

1. Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments.
2. Imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then the unrestricted resources as they are needed.

Net assets in the government-wide statement of net assets is classified and displayed in three components:

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

Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund activity

Interfund activity is reported either as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

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.

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. 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, 2012, the Town has cash and cash equivalents (book balances) totaling \$2,877,507 as follows:

Cash and cash equivalents:	
Demand deposits	\$ 807,720
Time deposits	1,854,716
Other	863
Total	<u>2,663,299</u>
Cash and cash equivalents – restricted:	
Demand deposits	91,408
Time deposits	122,799
Total	<u>214,207</u>
Total	<u><u>\$ 2,877,506</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)

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, 2012, \$687,379 of the Town's bank balances of \$2,955,091 was exposed to custodial credit risk as follows:

Insured by FDIC	<u>\$ 2,267,712</u>
Uninsured and uncollateralized	-
Collateralized by pledged securities not in the Town's name	<u>687,379</u>
Total balances exposed to custodial credit risk	<u>687,379</u>
Total bank balances	<u><u>\$ 2,955,091</u></u>

NOTE 3 – RECEIVABLES

The following is a summary of receivables at June 30, 2012:

	<u>General</u>	<u>Sales Tax</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Receivables:					
Taxes and licenses	\$ 12,307	\$ 116,621	\$ -	\$ -	\$ 128,928
Accounts	3,622	-	55,557	25,168	84,347
Intergovernmental	-	-	33,000	-	33,000
Other	<u>204</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>204</u>
Gross receivables	<u>16,133</u>	<u>116,621</u>	<u>88,557</u>	<u>25,168</u>	<u>246,479</u>
Less allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>(5,173)</u>	<u>-</u>	<u>(5,173)</u>
Net total receivables	<u><u>\$ 16,133</u></u>	<u><u>\$ 116,621</u></u>	<u><u>\$ 83,384</u></u>	<u><u>\$ 25,168</u></u>	<u><u>\$ 241,306</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 4 – CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2012, 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	2,854,048	16,607	-	2,870,655
Buildings	451,737	-	-	451,737
Building improvements	149,493	-	-	149,493
Furniture and equipment	389,229	57,981	-	447,210
Vehicles	224,081	-	-	224,081
Total capital assets being depreciated	<u>4,068,588</u>	<u>74,588</u>	<u>-</u>	<u>4,143,176</u>
Less accumulated depreciation for:				
Infrastructure	789,083	78,083	-	867,166
Buildings	376,864	3,943	-	380,807
Building improvements	120,831	12,986	-	133,817
Furniture and equipment	223,411	26,377	-	249,788
Vehicles	126,553	25,630	-	152,183
Total accumulated depreciation	<u>1,636,742</u>	<u>147,019</u>	<u>-</u>	<u>1,783,761</u>
Total capital assets being depreciated	<u>2,431,846</u>	<u>(72,431)</u>	<u>-</u>	<u>2,359,415</u>
Governmental activities, capital assets, net	<u>\$ 2,500,116</u>	<u>\$ (72,431)</u>	<u>\$ -</u>	<u>\$ 2,427,685</u>

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 4 – CAPITAL ASSETS (Continued)

	<u>Beginning Balance</u>	<u>Adjustments</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
Capital assets being depreciated:					
Infrastructure	3,607,264	-	68,258	-	3,675,522
Buildings	-	-	-	-	-
Building improvements	16,982	-	-	-	16,982
Furniture and equipment	111,155	-	-	-	111,155
Vehicles	91,844	-	-	-	91,844
Total capital assets being depreciated	<u>3,827,245</u>	<u>-</u>	<u>68,258</u>	<u>-</u>	<u>3,895,503</u>
Less accumulated depreciation for:					
Infrastructure	1,958,107	(454)	72,134	-	2,029,787
Building improvements	11,430	-	509	-	11,939
Furniture and equipment	106,308	-	943	-	107,251
Vehicles	78,339	-	2,644	-	80,983
Total accumulated depreciation	<u>2,154,184</u>	<u>(454)</u>	<u>76,230</u>	<u>-</u>	<u>2,229,960</u>
Total capital assets being depreciated	<u>1,673,061</u>	<u>454</u>	<u>(7,972)</u>	<u>-</u>	<u>1,665,543</u>
Business-type activities - Water, capital assets, net	<u>\$ 1,683,817</u>	<u>\$ 454</u>	<u>\$ (7,972)</u>	<u>\$ -</u>	<u>\$ 1,676,299</u>
Business-type activities - Sewer:					
Capital assets being depreciated:					
Infrastructure	\$ 2,154,861	\$ -	\$ -	\$ -	\$ 2,154,861
Buildings	1,815	-	-	-	1,815
Furniture and equipment	27,874	-	-	-	27,874
Total capital assets being depreciated	<u>2,184,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,184,550</u>
Less accumulated depreciation for:					
Infrastructure	495,637	-	54,454	-	550,091
Buildings	1,089	-	121	-	1,210
Furniture and equipment	20,202	-	2,232	-	22,434
Total accumulated depreciation	<u>516,928</u>	<u>-</u>	<u>56,807</u>	<u>-</u>	<u>573,735</u>
Total capital assets being depreciated	<u>1,667,622</u>	<u>-</u>	<u>(56,807)</u>	<u>-</u>	<u>1,610,815</u>
Business-type activities - Sewer, capital assets, net	<u>\$ 1,667,622</u>	<u>\$ -</u>	<u>\$ (56,807)</u>	<u>\$ -</u>	<u>\$ 1,610,815</u>

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 4 – CAPITAL ASSETS (Continued)

	<u>Beginning Balance</u>	<u>Adjustments</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
Capital assets being depreciated:					
Infrastructure	5,762,125	-	68,258	-	5,830,383
Buildings	1,815	-	-	-	1,815
Building improvements	16,982	-	-	-	16,982
Furniture and equipment	139,029	-	-	-	139,029
Vehicles	91,844	-	-	-	91,844
Total capital assets being depreciated	<u>6,011,795</u>	<u>-</u>	<u>68,258</u>	<u>-</u>	<u>6,080,053</u>
Less accumulated depreciation for:					
Infrastructure	2,453,744	(454)	126,588	-	2,579,878
Buildings	1,089	-	121	-	1,210
Building improvements	11,430	-	509	-	11,939
Furniture and equipment	126,510	-	3,175	-	129,685
Vehicles	78,339	-	2,644	-	80,983
Total accumulated depreciation	<u>2,671,112</u>	<u>(454)</u>	<u>133,037</u>	<u>-</u>	<u>2,803,695</u>
Total capital assets being depreciated	<u>3,340,683</u>	<u>454</u>	<u>(64,779)</u>	<u>-</u>	<u>3,276,358</u>
Business-type activities - total, capital assets, net	<u>\$ 3,351,439</u>	<u>\$ 454</u>	<u>\$ (64,779)</u>	<u>\$ -</u>	<u>\$ 3,287,114</u>

Depreciation expense was charged as follows:

Governmental activities:

General government	\$ 46,767
Highways and streets	92,752
Economic development	7,500
Total	<u>\$ 147,019</u>

Business-type activities – water/sewer

Water	\$ 76,230
Sewer	56,807
Total	<u>\$ 133,037</u>

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers during the year ended June 30, 2012, were as follows:

		Transfers out		
		Sales		
		Tax	Water	Total
Transfers in	General	\$ 70,000	\$ -	\$ 70,000
	Debt Service	136,435	-	136,435
	Sewer	-	43,770	43,770
	Total	<u>\$ 206,435</u>	<u>\$ 43,770</u>	<u>\$ 250,205</u>

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 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.

During the year ended June 30, 2011, the Town was required to separate the Water and Sewer departments to individual funds. During the year ended June 30, 2012, the Town estimated that \$43,770 of a certificate of deposit was due to sewer operations and transferred that amount to the Sewer Fund.

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

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, 2012, are comprised of the following issues:

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.

\$ 725,000

Revenue Bonds:

\$1,045,000 Water and Sewer Revenue Bond dated March 20, 1998, payable in monthly installments of \$4,995 beginning April 20, 1999, and ending March 20, 2038, including interest at 4.875%. The Town has paid ahead of the payment schedule. The Water and Sewer Fund services this debt.

307,831

Total

\$ 1,032,831

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 6 – LONG-TERM OBLIGATIONS (Continued)

Long-term liability activity for the year ended June 30, 2012, 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	\$ 829,000	\$ -	\$ (104,000)	\$ 725,000	\$111,000
Compensated absences	30,296	14,260	(17,711)	26,845	5,900
Governmental activity long-term liabilities	<u>\$ 859,296</u>	<u>\$ 14,260</u>	<u>\$ (121,711)</u>	<u>\$ 751,845</u>	<u>\$116,900</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Revenue bonds payable	\$ 350,677	\$ -	\$ (42,846)	\$ 307,831	\$ 44,934
Compensated absences	10,642	5,456	(9,523)	6,575	1,448
Business-type activity long-term liabilities	<u>\$ 361,319</u>	<u>\$ 5,456</u>	<u>\$ (52,369)</u>	<u>\$ 314,406</u>	<u>\$ 46,382</u>

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>General Obligation Principal</u>	<u>General Obligation Interest</u>	<u>1998 Revenue Bonds Principal</u>	<u>1998 Revenue Bonds Interest</u>
2013	\$ 111,000	\$ 24,705	\$ 44,934	\$ 15,007
2014	112,000	20,590	47,125	12,816
2015	118,000	16,347	49,422	10,519
2016	123,000	11,900	51,831	8,110
2017	128,000	7,269	54,358	5,583
2018-2019	133,000	2,454	60,161	-
Totals	<u>\$ 725,000</u>	<u>\$ 83,265</u>	<u>\$ 307,831</u>	<u>\$ 52,035</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 the year ended June 30, 2012, totaled \$49,164.

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 7 – RETIREMENT SYSTEMS

Municipal Employees Retirement System of Louisiana (the System)

Plan Description

The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Substantially all full-time employees except police of the Town of Oak Grove 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. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2% of their final-average monthly salary in excess of \$100 for each year of creditable service.

Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3% for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100% of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 925-4810.

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 7 – RETIREMENT SYSTEMS (Continued)

Funding Policy

Under Plan B, members are required by state statute to contribute 5% of their annual covered salary and the Town of Oak Grove is required to contribute at an actuarially determined rate. The current rate is 8.00% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Oak Grove are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System under Plan B for the years ended June 30, 2012, 2011, and 2010, were \$22,635, \$21,334, and \$21,433, respectively, equal to the required contributions for each year.

Municipal Police Employees Retirement System of Louisiana (System)

Plan Description

All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

Funding Policy

Plan members are required by state statute to contribute 10.0% of their annual covered salary and the Town of Oak Grove is required to contribute at an actuarially determined rate. The current rate is 26.5% of annual covered payroll. The contribution requirements of plan members and the Town of Oak Grove are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System for the years ended June 30, 2012, 2011, and 2010, were \$52,836, \$48,884, and \$20,601, respectively, equal to the required contributions for each year.

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

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 \$36,691. The related expenditures of \$36,691 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 employs a professional wastewater management company to ensure compliance with the EPA regulations.

There was no litigation pending at June 30, 2012.

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 November 26, 2012, the date on which the financial statements were available to be released.

REQUIRED SUPPLEMENTAL INFORMATION

**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, 2012**

	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget
Revenues:				
Taxes	\$ 168,000	\$ 167,900	\$ 164,180	\$ (3,720)
Licenses and permits	126,300	129,100	132,673	3,573
Intergovernmental revenues	36,000	36,000	36,691	691
Charges for services	11,930	11,930	11,030	(900)
Fines	20,000	20,000	20,535	535
Lease income	4,000	4,000	2,632	(1,368)
Interest earned	5,000	5,000	2,973	(2,027)
Other revenues	7,000	10,000	3,891	(6,109)
Total revenues	<u>378,230</u>	<u>383,930</u>	<u>374,605</u>	<u>(9,325)</u>
Expenditures:				
Current:				
General government	149,650	149,400	137,027	12,373
Public safety	331,925	343,250	343,608	(358)
Total expenditures	<u>481,875</u>	<u>492,650</u>	<u>480,635</u>	<u>12,015</u>
Excess (deficiency) of revenues over expenditures	<u>(103,645)</u>	<u>(108,720)</u>	<u>(106,030)</u>	<u>2,690</u>
Other financing sources (uses):				
Transfers in	<u>-</u>	<u>70,000</u>	<u>70,000</u>	<u>-</u>
Net change in fund balances	(103,645)	(38,720)	(36,030)	2,690
Fund balances at beginning of year	<u>278,978</u>	<u>283,915</u>	<u>283,915</u>	<u>-</u>
Fund balances at end of year	<u>\$ 175,333</u>	<u>\$ 245,195</u>	<u>\$ 247,885</u>	<u>\$ 2,690</u>

**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, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 660,000	\$ 660,000	\$ 678,521	\$ 18,521
Interest earned	15,000	15,000	5,617	(9,383)
Other revenues	-	-	4,161	4,161
Total revenues	<u>675,000</u>	<u>675,000</u>	<u>688,299</u>	<u>13,299</u>
Expenditures:				
Current:				
General government	217,308	217,613	219,933	(2,320)
Public safety	-	5,500	3,571	1,929
Highways and streets	93,800	85,700	89,483	(3,783)
Health and welfare	4,000	4,000	2,960	1,040
Culture and recreation	2,000	5,000	4,804	196
Total expenditures	<u>317,108</u>	<u>317,813</u>	<u>320,751</u>	<u>(2,938)</u>
Excess (deficiency) of revenues over expenditures	<u>357,892</u>	<u>357,187</u>	<u>367,548</u>	<u>10,361</u>
Other financing sources:				
Transfers out	<u>(133,165)</u>	<u>(206,435)</u>	<u>(206,435)</u>	<u>-</u>
Total other financing sources	<u>(133,165)</u>	<u>(206,435)</u>	<u>(206,435)</u>	<u>-</u>
Net change in fund balances	224,727	150,752	161,113	10,361
Fund balances at beginning of year	<u>1,422,520</u>	<u>1,385,556</u>	<u>1,385,556</u>	<u>-</u>
Fund balances at end of year	<u>\$ 1,647,247</u>	<u>\$ 1,536,308</u>	<u>\$ 1,546,669</u>	<u>\$ 10,361</u>

**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, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 64,800	\$ 63,300	\$ 63,237	\$ (63)
Intergovernmental revenues	-	-	35,000	35,000
Interest earned	1,500	1,500	194	(1,306)
Other revenues	-	35,000	8,403	(26,597)
Total revenues	<u>66,300</u>	<u>99,800</u>	<u>106,834</u>	<u>7,034</u>
Expenditures:				
Current:				
General government	-	2,000	606	1,394
Highways and streets	84,800	77,300	71,509	5,791
Capital outlay	70,000	70,000	74,588	(4,588)
Total expenditures	<u>154,800</u>	<u>149,300</u>	<u>146,703</u>	<u>2,597</u>
Excess (deficiency) of revenues over expenditures	<u>(88,500)</u>	<u>(49,500)</u>	<u>(39,869)</u>	<u>9,631</u>
Net change in fund balances	(88,500)	(49,500)	(39,869)	9,631
Fund balances at beginning of year	<u>128,269</u>	<u>134,740</u>	<u>134,740</u>	-
Fund balances at end of year	<u><u>\$ 39,769</u></u>	<u><u>\$ 85,240</u></u>	<u><u>\$ 94,871</u></u>	<u><u>\$ 9,631</u></u>

**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, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Interest earned	3,000	2,000	1,434	(566)
Total revenues	<u>3,000</u>	<u>2,000</u>	<u>1,434</u>	<u>(566)</u>
Expenditures:				
Current:				
Economic development	2,800	5,113	2,638	2,475
Capital outlay	-	-	-	-
Total expenditures	<u>2,800</u>	<u>5,113</u>	<u>2,638</u>	<u>2,475</u>
Excess (deficiency) of revenues over expenditures	<u>200</u>	<u>(3,113)</u>	<u>(1,204)</u>	<u>1,909</u>
Other financing uses:				
Transfers out	-	-	-	-
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	200	(3,113)	(1,204)	1,909
Fund balances at beginning of year	<u>262,837</u>	<u>269,565</u>	<u>269,565</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 263,037</u></u>	<u><u>\$ 266,452</u></u>	<u><u>\$ 268,361</u></u>	<u><u>\$ 1,909</u></u>

**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, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 25,846	\$ 25,846	\$ 25,175	\$ (671)
Charges for services	2,000	5,300	4,200	(1,100)
Interest earned	3,000	3,000	-	(3,000)
Other revenues	200	-	267	267
Total revenues	<u>31,046</u>	<u>34,146</u>	<u>29,642</u>	<u>(4,504)</u>
Expenditures:				
Current:				
General government	300	300	290	(10)
Highways and streets	15,062	36,382	32,391	(3,991)
Total expenditures	<u>15,362</u>	<u>36,682</u>	<u>32,681</u>	<u>(4,001)</u>
Net change in fund balances	15,684	(2,536)	(3,039)	(503)
Fund balances at beginning of year	<u>350,109</u>	<u>346,538</u>	<u>346,538</u>	-
Fund balances at end of year	<u><u>\$ 365,793</u></u>	<u><u>\$ 344,002</u></u>	<u><u>\$ 343,499</u></u>	<u><u>\$ (503)</u></u>

OTHER SUPPLEMENTAL SCHEDULE

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

**SCHEDULE OF COMPENSATION TO MAYOR AND TOWN COUNCIL
FOR THE YEAR ENDED JUNE 30, 2012**

Lavelle Brown, Mayor	\$ 18,000
Brenda Bradley	1,200
Noel Haynes	1,200
Jim Holland	1,800
Robert McFarlin	1,200
W.B. Russell	1,200
Total	<u>\$ 24,600</u>

OTHER REPORTS



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*

**Town of Oak Grove
Oak Grove, Louisiana**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Oak Grove, as of and for the year ended June 30, 2012, which collectively comprise the Town of Oak Grove's basic financial statements and have issued our report thereon dated November 26, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor.

Internal Control over Financial Reporting

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

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Town of Oak Grove
Oak Grove, Louisiana
Report on Internal Control over Financial Reporting
and on Compliance and Other Matters
June 30, 2012

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Oak Grove's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Mayor, members of the Council, management, pass-through entities, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. 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
November 26, 2012

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

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012**

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 are required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

No findings are reported.

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

**STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012**

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken Yes, No, Partially	Planned Corrective Action/Partial Corrective Action Taken
-----------------	---	---------------------------------------	---	--

No findings were reported in the prior year.