

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

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**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**AS OF AND FOR THE YEAR  
ENDED JUNE 30, 2014**



**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, 2014, 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 and the *Louisiana Governmental Audit Guide*. 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, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4–7 and 36–40 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 to Mayor and Town Council is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 paid to Mayor and Town Council is 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, 2014

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2014, 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 Town of Oak Grove, Louisiana's internal control over financial reporting and compliance.

BOSCH & STATHAM, LLC



Jonesboro, Louisiana  
December 17, 2014

## TOWN OF OAK GROVE, LOUISIANA

### Management's Discussion and Analysis As of and for the Year Ended June 30, 2014

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, 2014. 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, 2014, net position was as follows:

	NET POSITION			
	Governmental Activities		Business-type Activities	
	2014	2013	2014	2013
Current and other assets	\$ 2,526,942	\$ 2,512,500	\$ 748,406	\$ 570,136
Capital assets, net	2,148,155	2,286,669	3,317,525	3,199,841
Total assets	<u>4,675,097</u>	<u>4,799,169</u>	<u>4,065,931</u>	<u>3,769,977</u>
Liabilities:				
Current	20,539	15,885	89,594	101,346
Long-term	525,745	643,336	5,492	5,778
Total liabilities	<u>546,284</u>	<u>659,221</u>	<u>95,086</u>	<u>107,124</u>
Net position:				
Net investment in capital assets	1,646,155	1,672,669	3,317,525	3,199,841
Restricted	484,798	504,257	80,702	140,232
Unrestricted	1,997,860	1,963,022	572,618	322,780
Total net position	<u>\$ 4,128,813</u>	<u>\$ 4,139,948</u>	<u>\$ 3,970,845</u>	<u>\$ 3,662,853</u>

## TOWN OF OAK GROVE, LOUISIANA

### Management's Discussion and Analysis As of and for the Year Ended June 30, 2014

Net position of the Town's governmental activities decreased four percent during the year ended June 30, 2014. 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, changed less than one percent.

Net position of the business-type activities increased from \$3,662,853 to \$3,851,095. This increase can be explained by the variance in revenues for projects funded by grants.

For the year ended June 30, 2014, net position changed as follows:

#### CHANGE IN NET POSITION

	Governmental Activities		Business-type Activities	
	2014	2013	2014	2013
Program revenues:				
Charges for services	\$ 210,749	\$ 187,984	\$ 586,255	\$ 592,543
Operating grants and contributions	31,118	40,114	-	-
Capital grants and contributions	-	-	245,430	32,768
General revenues:				
Property taxes	195,026	190,996	-	-
Sales and use taxes	755,473	706,918	-	-
Other taxes, licenses and permits	71,495	71,981	-	-
Other	18,977	17,735	7,001	8,386
Total revenues	<u>1,282,838</u>	<u>1,215,728</u>	<u>838,686</u>	<u>633,697</u>
Expenses:				
General government	416,487	379,554	-	-
Public safety	398,656	394,389	-	-
Highways and streets	334,699	309,721	-	-
Health and welfare	8,562	3,733	-	-
Culture and recreation	24,689	3,375	-	-
Economic development	42,895	8,928	-	-
Interest expense	21,035	25,461	-	9,621
Water	-	-	345,122	352,664
Sewer	-	-	232,522	221,235
Total expenses	<u>1,247,023</u>	<u>1,125,161</u>	<u>577,644</u>	<u>583,520</u>
Transfers	<u>(46,950)</u>	<u>(261,687)</u>	<u>46,950</u>	<u>261,687</u>
<b>Change in net position</b>	<b>(11,135)</b>	<b>(171,120)</b>	<b>307,992</b>	<b>311,864</b>
Net position at beginning of year	<u>4,139,948</u>	<u>4,311,068</u>	<u>3,662,853</u>	<u>3,350,989</u>
<b>Net position at end of year</b>	<b><u>\$ 4,128,813</u></b>	<b><u>\$ 4,139,948</u></b>	<b><u>\$ 3,970,845</u></b>	<b><u>\$ 3,662,853</u></b>

## TOWN OF OAK GROVE, LOUISIANA

### Management's Discussion and Analysis As of and for the Year Ended June 30, 2014

As of June 30, 2014, none of the Town's funds have a deficit balance. The General Fund has a fund balance of \$247,600 which is a nine percent increase from prior year. Fund balance is equal to approximately six 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 \$42,140 or three percent and represents approximately three and a half years of expenditures based on 2014 expenditures. Revenues increased only slightly while expenditures increased fifteen percent and transfers out decreased thirty-five percent. The increase in expenditures included significant increases in general government such as \$18,944 in audit expense (previously allocated among funds), \$6,836 in group insurance, \$4,243 in liability and workers' compensation insurance. The increases are due to changes in allocation of expenses among funds. Also, culture and recreation expenditures increased \$5,635. The decrease in operating transfers out was due to a one-time transfer in the prior year to the Water & Sewer Fund to pay off debt.

Fund balances of the Street Fund, Economic Development Fund and Cemetery Fund decreased \$17,176 (22%), \$34,112 (13%), and \$4,994 (1%), respectively. Street Fund revenues and expenditures changed only slightly. Economic Development Fund's expenditures increased \$33,967 due to repairs made to the Turban Building. Cemetery Fund expenditures increased \$17,249 primarily due to a change in personnel.

#### **BUDGETARY HIGHLIGHTS**

During the year, in the General Fund, there was a \$9,352 increase in anticipated revenues. It was primarily due to increases in anticipated fines, offset by a decrease in licenses and permits. Anticipated expenditures increased \$38,394. The increase was a combination of an increase of \$15,000 in general government and an increase of \$23,394 in public safety. The increase in general government was comprised of several minor changes. The increase in public safety expenditures is primarily due to personnel changes.

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 \$4,613 to \$37,300 due to anticipated repairs to the Turban building.

#### **CAPITAL ASSET AND DEBT ADMINISTRATION**

##### *Capital Assets*

As of June 30, 2014, the Town's investment in capital assets for its governmental and business-type activities amounts to \$5,465,680 (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 \$283,592 came from a water system improvement project funded by CWEF, LGAP and DRA.



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

### **Management's Discussion and Analysis As of and for the Year Ended June 30, 2014**

#### *Debt*

At year end, the Town had a total of \$502,000 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 \$29,237 for compensated absences payable.

#### **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, 2014**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,385,092	\$ 549,998	\$ 2,935,090
Receivables, net of allowance for uncollectibles	141,850	189,258	331,108
Inventories	-	9,150	9,150
Capital assets not being depreciated	68,270	10,756	79,026
Capital assets, net of accumulated depreciation	2,079,885	3,306,769	5,386,654
<b>TOTAL ASSETS</b>	<b>4,675,097</b>	<b>4,065,931</b>	<b>8,741,028</b>
<b>LIABILITIES</b>			
Accounts payable	3,875	698	4,573
Payroll and related liabilities	15,574	576	16,150
Accrued liabilities	-	17,711	17,711
Accrued interest payable	990	-	990
Customer deposits payable	-	70,609	70,609
Due to others	100	-	100
Noncurrent liabilities:			
Due within one year	123,699	1,094	124,793
Due in more than one year	402,046	4,398	406,444
<b>TOTAL LIABILITIES</b>	<b>546,284</b>	<b>95,086</b>	<b>641,370</b>
<b>NET POSITION</b>			
Net investment in capital assets	1,646,155	3,317,525	4,963,680
Net position restricted for debt service	75,292	-	75,292
Net position restricted for street maintenance	60,236	-	60,236
Net position restricted for cemetery operation and maintenance	349,270	-	349,270
Net position restricted for customer meter deposits	-	80,702	80,702
Unrestricted net position	1,997,860	572,618	2,570,478
<b>TOTAL NET POSITION</b>	<b>\$ 4,128,813</b>	<b>\$ 3,970,845</b>	<b>\$ 8,099,658</b>

*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, 2014**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS		TOTAL
		CHARGES FOR SERVICES	GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Governmental activities:							
General government	\$ 416,487	\$ 152,015	\$ -	\$ -	\$ (264,472)		\$ (264,472)
Public safety	398,656	48,039	31,118	-	(319,499)		(319,499)
Highways and streets	334,699	10,695	-	-	(324,004)		(324,004)
Health and welfare	8,562	-	-	-	(8,562)		(8,562)
Culture and recreation	24,689	-	-	-	(24,689)		(24,689)
Economic development	42,895	-	-	-	(42,895)		(42,895)
Interest expense	21,035	-	-	-	(21,035)		(21,035)
Total governmental activities	<u>1,247,023</u>	<u>210,749</u>	<u>31,118</u>	<u>-</u>	<u>(1,005,156)</u>		<u>(1,005,156)</u>
Business-type activities:							
Water operations	345,122	363,024	-	245,430		\$ 263,332	263,332
Sewer operations	<u>232,522</u>	<u>223,231</u>	<u>-</u>	<u>-</u>		<u>(9,291)</u>	<u>(9,291)</u>
Total business-type activities	<u>577,644</u>	<u>586,255</u>	<u>-</u>	<u>245,430</u>		<u>254,041</u>	<u>254,041</u>
Total primary government	<u>\$ 1,824,667</u>	<u>\$ 797,004</u>	<u>\$ 31,118</u>	<u>\$ 245,430</u>	<u>(1,005,156)</u>	<u>254,041</u>	<u>(751,115)</u>
General revenues:							
Property taxes					195,026	-	195,026
Sales and use taxes					755,473	-	755,473
Franchise taxes					71,279	-	71,279
Other taxes, penalties and interest					216	-	216
Unrestricted investment earnings					16,356	2,034	18,390
Other					2,621	4,967	7,588
Transfers					(46,950)	46,950	-
Total general revenues and transfers					<u>994,021</u>	<u>53,951</u>	<u>1,047,972</u>
<b>Change in net position</b>					<u>(11,135)</u>	<u>307,992</u>	<u>296,857</u>
Net position at beginning of year					<u>4,139,948</u>	<u>3,662,853</u>	<u>7,802,801</u>
<b>Net position at end of year</b>					<u>\$ 4,128,813</u>	<u>\$ 3,970,845</u>	<u>\$ 8,099,658</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, 2014**

	<b>General</b>	<b>Sales Tax</b>	<b>Street</b>	<b>Economic Development</b>	<b>Debt Service</b>	<b>Cemetery</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 245,199	\$ 1,417,613	\$ 61,439	\$ 234,935	\$ -	\$ 349,624	\$ 2,308,810
Cash and cash equivalents - restricted	-	-	-	-	76,282	-	76,282
Receivables, net	18,595	123,255	-	-	-	-	141,850
<b>TOTAL ASSETS</b>	<u>\$ 263,794</u>	<u>\$ 1,540,868</u>	<u>\$ 61,439</u>	<u>\$ 234,935</u>	<u>\$ 76,282</u>	<u>\$ 349,624</u>	<u>\$ 2,526,942</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 2,480	\$ 25	\$ 1,203	\$ -	\$ -	\$ 167	\$ 3,875
Payroll and related liabilities	13,614	1,773	-	-	-	187	15,574
Accrued liabilities	-	-	-	-	990	-	990
Due to others	100	-	-	-	-	-	100
Total liabilities	<u>16,194</u>	<u>1,798</u>	<u>1,203</u>	<u>-</u>	<u>990</u>	<u>354</u>	<u>20,539</u>
Deferred inflows:							
Unavailable revenues	<u>-</u>	<u>60,635</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,635</u>
Fund balances:							
Restricted fund balances	-	1,478,435	60,236	-	75,292	349,270	1,963,233
Committed fund balances	-	-	-	234,935	-	-	234,935
Unassigned	247,600	-	-	-	-	-	247,600
Total fund balances	<u>247,600</u>	<u>1,478,435</u>	<u>60,236</u>	<u>234,935</u>	<u>75,292</u>	<u>349,270</u>	<u>2,445,768</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>	<u>\$ 263,794</u>	<u>\$ 1,540,868</u>	<u>\$ 61,439</u>	<u>\$ 234,935</u>	<u>\$ 76,282</u>	<u>\$ 349,624</u>	<u>\$ 2,526,942</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, 2014**

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

<b>Total fund balances</b>	<b>\$ 2,445,768</b>
Capital assets used in governmental activities are not financial resources and, therefore, are deferred in the funds.	<b>2,148,155</b>
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	<b>60,635</b>
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u><b>(525,745)</b></u>
<b>Net position of governmental activities</b>	<u><u><b>\$ 4,128,813</b></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, 2014**

	<b>General</b>	<b>Sales Tax</b>	<b>Street</b>	<b>Economic Development</b>	<b>Debt Service</b>	<b>Cemetery</b>	<b>Total Governmental Funds</b>
Revenues:							
Taxes:							
Ad valorem	\$ 102,453	\$ -	\$ 66,213	\$ -	\$ -	\$ 26,360	\$ 195,026
Sales and use	-	755,683	-	-	-	-	755,683
Franchise	71,279	-	-	-	-	-	71,279
Other taxes, penalties and interest	216	-	-	-	-	-	216
Intergovernmental:							
State funds:							
Supplemental pay	31,118	-	-	-	-	-	31,118
Licenses and permits	149,542	-	-	-	-	-	149,542
Charges for services	6,570	-	-	-	-	4,125	10,695
Fines	48,039	-	-	-	-	-	48,039
Lease income	2,473	-	-	-	-	-	2,473
Interest earned	806	8,500	359	1,283	-	5,408	16,356
Other revenues	2,533	-	-	-	-	88	2,621
Total revenues	<u>415,029</u>	<u>764,183</u>	<u>66,572</u>	<u>1,283</u>	<u>-</u>	<u>35,981</u>	<u>1,283,048</u>
Expenditures:							
Current:							
General government	156,856	263,586	727	-	-	268	421,437
Public safety	356,419	24,855	-	-	-	-	381,274
Highways and streets	-	113,634	83,021	-	-	40,707	237,362
Health and welfare	300	8,262	-	-	-	-	8,562
Culture and recreation	25	9,010	-	-	-	-	9,035
Economic development	-	-	-	35,395	-	-	35,395
Debt service - principal	-	-	-	-	112,000	-	112,000
Debt service - interest	-	-	-	-	21,035	-	21,035
Total expenditures	<u>513,600</u>	<u>419,347</u>	<u>83,748</u>	<u>35,395</u>	<u>133,035</u>	<u>40,975</u>	<u>1,226,100</u>
Excess (deficiency) of revenues over expenditures	<u>(98,571)</u>	<u>344,836</u>	<u>(17,176)</u>	<u>(34,112)</u>	<u>(133,035)</u>	<u>(4,994)</u>	<u>56,948</u>
Other financing sources (uses):							
Transfers in	120,000	-	-	-	135,746	-	255,746
Transfers out	-	(302,696)	-	-	-	-	(302,696)
Total other financing sources and uses	<u>120,000</u>	<u>(302,696)</u>	<u>-</u>	<u>-</u>	<u>135,746</u>	<u>-</u>	<u>(46,950)</u>
<b>Net change in fund balances</b>	<u>21,429</u>	<u>42,140</u>	<u>(17,176)</u>	<u>(34,112)</u>	<u>2,711</u>	<u>(4,994)</u>	<u>9,998</u>
Fund balances at beginning of year	<u>226,171</u>	<u>1,436,295</u>	<u>77,412</u>	<u>269,047</u>	<u>72,581</u>	<u>354,264</u>	<u>2,435,770</u>
<b>Fund balances at end of year</b>	<u>\$ 247,600</u>	<u>\$ 1,478,435</u>	<u>\$ 60,236</u>	<u>\$ 234,935</u>	<u>\$ 75,292</u>	<u>\$ 349,270</u>	<u>\$ 2,445,768</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, 2014

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<b>Amounts reported for governmental activities in the statement of net position are different because:</b>	
Net change in fund balances - total governmental funds	\$ 9,998
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.	(138,514)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(210)
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.	112,000
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.	<u>5,591</u>
<b>Change in net position of governmental activities</b>	<u><u>\$ (11,135)</u></u>

*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, 2014**

<b>ASSETS</b>	<b>Water</b>	<b>Sewer</b>	<b>Total Proprietary Funds</b>
<b>Current assets:</b>			
Cash and cash equivalents	\$ 264,278	\$ 205,018	\$ 469,296
Receivables, net	168,091	21,167	189,258
Inventories	9,150	-	9,150
Due from other funds	5,934	-	5,934
<b>Total current assets</b>	<b>447,453</b>	<b>226,185</b>	<b>673,638</b>
<b>Noncurrent assets:</b>			
Cash and cash equivalents - restricted	80,702	-	80,702
Capital assets, net	1,815,103	1,502,422	3,317,525
<b>Total noncurrent assets</b>	<b>1,895,805</b>	<b>1,502,422</b>	<b>3,398,227</b>
<b>TOTAL ASSETS</b>	<b>2,343,258</b>	<b>1,728,607</b>	<b>4,071,865</b>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	698	-	698
Due to other funds	-	5,934	5,934
Payroll and related liabilities	288	288	576
Accrued liabilities	16,044	1,667	17,711
Compensated absences payable - current	1,094	-	1,094
Customer deposits payable	70,609	-	70,609
<b>Total current liabilities</b>	<b>88,733</b>	<b>7,889</b>	<b>96,622</b>
<b>Noncurrent liabilities:</b>			
Compensated absences payable	4,398	-	4,398
<b>Total noncurrent liabilities</b>	<b>4,398</b>	<b>-</b>	<b>4,398</b>
<b>TOTAL LIABILITIES</b>	<b>93,131</b>	<b>7,889</b>	<b>101,020</b>
<b>NET POSITION</b>			
Net investment in capital assets	1,815,103	1,502,422	3,317,525
Restricted net position	80,702	-	80,702
Unrestricted net position	354,322	218,296	572,618
<b>TOTAL NET POSITION</b>	<b>\$ 2,250,127</b>	<b>\$ 1,720,718</b>	<b>\$ 3,970,845</b>

*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, 2014

	Water	Sewer	Total Proprietary Funds
Operating revenues:			
Charges for sales and services:			
Water and sewer fees	\$ 363,024	\$ 223,231	\$ 586,255
Other revenues	4,967	-	4,967
Total operating revenues	<u>367,991</u>	<u>223,231</u>	<u>591,222</u>
Operating expenses:			
Administration	266,356	176,148	442,504
Depreciation expense	78,766	56,374	135,140
Total operating expenses	<u>345,122</u>	<u>232,522</u>	<u>577,644</u>
Operating income (loss)	<u>22,869</u>	<u>(9,291)</u>	<u>13,578</u>
Nonoperating revenues (expenses):			
Intergovernmental revenues	245,430	-	245,430
Interest earned	1,688	346	2,034
Total nonoperating revenue (expenses)	<u>247,118</u>	<u>346</u>	<u>247,464</u>
Income (loss) before transfers	<u>269,987</u>	<u>(8,945)</u>	<u>261,042</u>
Capital contributions	-	-	-
Transfers in	<u>46,950</u>	<u>-</u>	<u>46,950</u>
<b>Change in net position</b>	316,937	(8,945)	307,992
Net position at beginning of year	1,933,190	1,729,663	3,662,853
Net position at end of year	<u>\$ 2,250,127</u>	<u>\$ 1,720,718</u>	<u>\$ 3,970,845</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, 2014**

	<b>Water</b>	<b>Sewer</b>	<b>Total Proprietary Funds</b>
Cash flows from operating activities:			
Receipts from customers and users	\$ 279,290	\$ 230,797	\$ 510,087
Payments to suppliers	(219,745)	(150,207)	(369,952)
Payments to employees	(61,495)	(25,887)	(87,382)
<b>Net cash provided by operating activities</b>	<u>(1,950)</u>	<u>54,703</u>	<u>52,753</u>
Cash flows from noncapital financing activities:			
Transfer from other funds	46,950	-	46,950
Subsidy from grants	245,428	-	245,428
<b>Net cash provided by noncapital and related financing activities</b>	<u>292,378</u>	<u>-</u>	<u>292,378</u>
Cash flows from capital and related financing activities:			
Purchases of capital assets	(252,824)	-	(252,824)
<b>Net cash used by capital and related financing activities</b>	<u>(252,824)</u>	<u>-</u>	<u>(252,824)</u>
Cash flows from investing activities:			
Interest received	1,688	346	2,034
<b>Net cash provided by investing activities</b>	<u>1,688</u>	<u>346</u>	<u>2,034</u>
Net increase (decrease) in cash and cash equivalents	39,292	55,049	94,341
Cash and cash equivalents, beginning of year (including amounts in restricted accounts)	<u>305,688</u>	<u>149,969</u>	<u>455,657</u>
<b>Cash and cash equivalents, end of year (including amounts in restricted accounts)</b>	<u>\$ 344,980</u>	<u>\$ 205,018</u>	<u>\$ 549,998</u>
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss	\$ 22,869	\$ (9,291)	\$ 13,578
Adjustments to reconcile operating loss to cash provided by operating activities:			
Depreciation expense	78,766	56,374	135,140
(Increase) decrease in accounts receivable	(91,495)	7,566	(83,929)
Increase (decrease) in accounts payable	(17,932)	-	(17,932)
Increase (decrease) in payroll related liabilities	54	54	108
Increase (decrease) in compensated absences payable	(286)	(1,667)	(1,953)
Increase (decrease) in customer deposits	2,794	-	2,794
Increase (decrease) in accrued liabilities	3,280	1,667	4,947
Total adjustments	<u>(24,819)</u>	<u>63,994</u>	<u>39,175</u>
<b>Net cash provided by operating activities</b>	<u>\$ (1,950)</u>	<u>\$ 54,703</u>	<u>\$ 52,753</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, 2014

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**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, 2014.

**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.

TOWN OF OAK GROVE  
OAK GROVE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

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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, 2014

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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, 2014.

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, 2014

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, 2014, taxes of 18.27 mills were levied on property with assessed valuations totaling \$10,544,686, 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	782,810	7%	14,302
Regions Bank	653,750	6%	11,944
Hibernia National Bank C/O Capital	288,350	3%	5,268
Totals	<u>\$ 2,647,710</u>	<u>25%</u>	<u>\$ 48,374</u>

TOWN OF OAK GROVE  
OAK GROVE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

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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, 2014

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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.
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TOWN OF OAK GROVE  
OAK GROVE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

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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, 2014

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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, 2014

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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, 2014, the Town has cash and cash equivalents (book balances) totaling \$2,935,090 as follows:

<b>Cash and cash equivalents:</b>	
Demand deposits	\$ 750,969
Time deposits	2,026,273
Other	864
Total	<u>2,778,106</u>
<b>Cash and cash equivalents – restricted:</b>	
Demand deposits	94,806
Time deposits	62,178
Total	<u>156,984</u>
<b>Total</b>	<u><u>\$ 2,935,090</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, 2014, \$690,935 of the Town's bank balances of \$2,976,727 was exposed to custodial credit risk as follows:

Insured by FDIC	<u>\$ 2,285,792</u>
Uninsured and uncollateralized	88,202
Collateralized by pledged securities not in the Town's name	602,733
Total balances exposed to custodial credit risk	<u>690,935</u>
<b>Total bank balances</b>	<u><u>\$ 2,976,727</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014**

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**NOTE 3 – RECEIVABLES**

The following is a summary of receivables at June 30, 2014:

	<u>General</u>	<u>Sales Tax</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>Receivables:</b>					
Taxes and licenses	\$ 14,625	\$ 123,255	\$ -	\$ -	\$ 137,880
Accounts	-	-	53,514	21,167	74,681
Intergovernmental	-	-	119,750	-	119,750
Other	3,970	-	-	-	3,970
<b>Gross receivables</b>	<u>18,595</u>	<u>123,255</u>	<u>173,264</u>	<u>21,167</u>	<u>336,281</u>
Less allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>(5,173)</u>	<u>-</u>	<u>(5,173)</u>
<b>Net total receivables</b>	<u><u>\$ 18,595</u></u>	<u><u>\$ 123,255</u></u>	<u><u>\$ 168,091</u></u>	<u><u>\$ 21,167</u></u>	<u><u>\$ 331,108</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 4 – CAPITAL ASSETS**

A schedule of changes in capital assets for the year ended June 30, 2014, follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
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>
<b>Capital assets being depreciated:</b>				
Infrastructure	2,870,655	-	-	2,870,655
Buildings	451,737	-	-	451,737
Building improvements	149,493	-	-	149,493
Furniture and equipment	447,210	-	-	447,210
Vehicles	224,081	-	-	224,081
Total capital assets being depreciated	<u>4,143,176</u>	<u>-</u>	<u>-</u>	<u>4,143,176</u>
<b>Less accumulated depreciation for:</b>				
Infrastructure	946,040	78,753	-	1,024,793
Buildings	384,750	3,942	-	388,692
Building improvements	146,803	12,731	-	159,534
Furniture and equipment	279,645	28,026	-	307,671
Vehicles	167,539	15,062	-	182,601
Total accumulated depreciation	<u>1,924,777</u>	<u>138,514</u>	<u>-</u>	<u>2,063,291</u>
Total capital assets being depreciated	<u>2,218,399</u>	<u>(138,514)</u>	<u>-</u>	<u>2,079,885</u>
Governmental activities, capital assets, net	<u>\$ 2,286,669</u>	<u>\$ (138,514)</u>	<u>\$ -</u>	<u>\$ 2,148,155</u>

TOWN OF OAK GROVE  
OAK GROVE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

NOTE 4 – CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities - Water:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 10,756	\$ -	\$ -	\$ 10,756
Construction in progress	30,768	-	(30,768)	-
Total capital assets not being depreciated	<u>41,524</u>	<u>-</u>	<u>(30,768)</u>	<u>10,756</u>
<b>Capital assets being depreciated:</b>				
Infrastructure	3,675,522	283,592	-	3,959,114
Building improvements	27,954	-	-	27,954
Furniture and equipment	111,155	-	-	111,155
Vehicles	91,844	-	-	91,844
Total capital assets being depreciated	<u>3,906,475</u>	<u>283,592</u>	<u>-</u>	<u>4,190,067</u>
<b>Less accumulated depreciation for:</b>				
Infrastructure	2,103,283	74,172	-	2,177,455
Building improvements	12,571	2,021	-	14,592
Furniture and equipment	107,873	330	-	108,203
Vehicles	83,227	2,243	-	85,470
Total accumulated depreciation	<u>2,306,954</u>	<u>78,766</u>	<u>-</u>	<u>2,385,720</u>
Total capital assets being depreciated	<u>1,599,521</u>	<u>204,826</u>	<u>-</u>	<u>1,804,347</u>
Business-type activities - Water, capital assets, net	<u>\$ 1,641,045</u>	<u>\$ 204,826</u>	<u>\$ (30,768)</u>	<u>\$ 1,815,103</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities - Sewer:</b>				
<b>Capital assets being depreciated:</b>				
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>
<b>Less accumulated depreciation for:</b>				
Infrastructure	604,027	54,343	-	658,370
Buildings	1,331	121	-	1,452
Building improvements	-	496	-	496
Furniture and equipment	23,868	1,414	-	25,282
Total accumulated depreciation	<u>629,226</u>	<u>56,374</u>	<u>-</u>	<u>685,600</u>
Total capital assets being depreciated	<u>1,558,796</u>	<u>(56,374)</u>	<u>-</u>	<u>1,502,422</u>
Business-type activities - Sewer, capital assets, net	<u>\$ 1,558,796</u>	<u>\$ (56,374)</u>	<u>\$ -</u>	<u>\$ 1,502,422</u>

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 4 – CAPITAL ASSETS (CONTINUED)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities - total:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 10,756	\$ -	\$ -	\$ 10,756
Construction in progress	30,768	-	(30,768)	-
Total capital assets not being depreciated	<u>41,524</u>	<u>-</u>	<u>(30,768)</u>	<u>10,756</u>
<b>Capital assets being depreciated:</b>				
Infrastructure	5,830,383	283,592	-	6,113,975
Buildings	1,815	-	-	1,815
Building improvements	31,426	-	-	31,426
Furniture and equipment	139,029	-	-	139,029
Vehicles	91,844	-	-	91,844
Total capital assets being depreciated	<u>6,094,497</u>	<u>283,592</u>	<u>-</u>	<u>6,378,089</u>
<b>Less accumulated depreciation for:</b>				
Infrastructure	2,707,310	128,515	-	2,835,825
Buildings	1,331	121	-	1,452
Building improvements	12,571	2,517	-	15,088
Furniture and equipment	131,741	1,744	-	133,485
Vehicles	83,227	2,243	-	85,470
Total accumulated depreciation	<u>2,936,180</u>	<u>135,140</u>	<u>-</u>	<u>3,071,320</u>
Total capital assets being depreciated	<u>3,158,317</u>	<u>148,452</u>	<u>-</u>	<u>3,306,769</u>
Business-type activities - total, capital assets, net	<u>\$ 3,199,841</u>	<u>\$ 148,452</u>	<u>\$ (30,768)</u>	<u>\$ 3,317,525</u>

Depreciation expense was charged as follows:

**Governmental activities:**

General government	\$ 1,086
Public safety	17,382
Highways and streets	96,892
Culture and recreation	15,654
Economic development	7,500
Total	<u>\$ 138,514</u>

**Business-type activities:**

Water	\$ 78,766
Sewer	56,374
Total	<u>\$ 135,140</u>



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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 5 – INTERFUND TRANSFERS**

Interfund transfers during the year ended June 30, 2014, were as follows:

		Transfers out				
		General	Sales Tax	Street	Economic Development	Total
Transfers in	General	\$ -	\$ 120,000	\$ -	\$ -	\$ 120,000
	Debt Service	-	135,746	-	-	135,746
	LCDBG	-	-	-	-	-
	Water	-	46,950	-	-	46,950
	Sewer	-	-	-	-	-
	Total	<u>\$ -</u>	<u>\$ 302,696</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 302,696</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 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, 2014, 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.

**\$ 502,000**

TOWN OF OAK GROVE  
OAK GROVE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

NOTE 6 – LONG-TERM OBLIGATIONS (CONTINUED)

Long-term liability activity for the year ended June 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
General obligation bonds payable	\$ 614,000	\$ -	\$ (112,000)	\$ 502,000	\$ 118,000
Compensated absences	29,336	17,099	(22,690)	23,745	5,699
<b>Governmental activity long-term liabilities</b>	<u>\$ 643,336</u>	<u>\$ 17,099</u>	<u>\$ (134,690)</u>	<u>\$ 525,745</u>	<u>\$ 123,699</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Business-type activities:</b>					
Compensated absences	<u>\$ 5,778</u>	<u>\$ 3,662</u>	<u>\$ (3,948)</u>	<u>\$ 5,492</u>	<u>\$ 1,094</u>

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

	<u>General Obligation Principal</u>	<u>General Obligation Interest</u>
2015	\$ 118,000	\$ 16,347
2016	123,000	11,900
2017	128,000	7,269
2018	133,000	2,454
Totals	<u>\$ 502,000</u>	<u>\$ 37,970</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, 2014, totaled \$21,035.

TOWN OF OAK GROVE  
OAK GROVE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

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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 officers 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, 2014**

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**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 8.75% 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, 2014, 2013, and 2012, were \$23,537, \$22,544, and \$22,635, 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 31% 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, 2014, 2013, and 2012, were \$53,250, \$57,936, and \$52,836, 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, 2014**

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**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 \$31,118. The related expenditures of \$31,118 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, 2014.

**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 17, 2014, the date on which the financial statements were available to be released.

**NOTE 12 – STEWARDSHIP**

For the year ended June 30, 2014, 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	\$460,855	\$ 499,249	\$ 513,600	\$ 14,351
Sales Tax	581,240	718,472	722,043	3,571
Street	76,800	78,300	83,748	5,448

TOWN OF OAK GROVE  
OAK GROVE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

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NOTE 13 – ADOPTION OF NEW ACCOUNTING STANDARDS

For the year ended June 30, 2014, the Town of Oak Grove implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The Statement of Net Assets was renamed the Statement of Net Position and the components were revised to comply with the standard.

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 revises the treatment of a variety of transactions previously reported as either assets or liabilities on the statement of financial position to classification as either deferred outflows or deferred inflows.

In March 2012, GASB issued Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*. GASB 66 resolves conflicting guidance that resulted from the issuance of Statements 54 and 62. The provisions of the statement are effective for financial statements for periods beginning after December 31, 2012. The statement has no impact on the Town's current financial statements.

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 are effective for financial statements for periods beginning after June 15, 2014. Management has not completed the process of evaluating the impact that will result from adopting GASB 68 and is therefore unable to disclose the impact that the adoption of the statement will have on the Town's financial position and the results of its operations.

**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, 2014**

	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget
Revenues:				
Taxes	\$ 170,923	\$ 174,575	<b>\$ 173,948</b>	\$ (627)
Intergovernmental revenues	36,000	36,000	<b>31,118</b>	(4,882)
Licenses and permits	140,400	133,600	<b>149,542</b>	15,942
Charges for services	2,930	2,930	<b>6,570</b>	3,640
Fines	29,000	43,000	<b>48,039</b>	5,039
Lease income	4,000	4,000	<b>2,473</b>	(1,527)
Interest earned	1,000	1,000	<b>806</b>	(194)
Other revenues	8,500	7,000	<b>2,533</b>	(4,467)
Total revenues	<u>392,753</u>	<u>402,105</u>	<u><b>415,029</b></u>	<u>12,924</u>
Expenditures:				
Current:				
General government	128,414	143,414	<b>156,856</b>	(13,442)
Public safety	332,141	355,535	<b>356,419</b>	(884)
Health and welfare	300	300	<b>300</b>	-
Culture and recreation	-	-	<b>25</b>	(25)
Total expenditures	<u>460,855</u>	<u>499,249</u>	<u><b>513,600</b></u>	<u>(14,351)</u>
Excess (deficiency) of revenues over expenditures	<u>(68,102)</u>	<u>(97,144)</u>	<u><b>(98,571)</b></u>	<u>(1,427)</u>
Other financing sources (uses):				
Transfers in	<u>70,000</u>	<u>120,000</u>	<u><b>120,000</b></u>	<u>-</u>
Total other financing sources (uses)	<u>70,000</u>	<u>120,000</u>	<u><b>120,000</b></u>	<u>-</u>
<b>Net change in fund balances</b>	1,898	22,856	<b>21,429</b>	(1,427)
Fund balances at beginning of year	<u>231,848</u>	<u>226,171</u>	<u><b>226,171</b></u>	<u>-</u>
<b>Fund balances at end of year</b>	<u><b>\$ 233,746</b></u>	<u><b>\$ 249,027</b></u>	<u><b>\$ 247,600</b></u>	<u><b>\$ (1,427)</b></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, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 660,000	\$ 660,000	\$ 755,683	\$ 95,683
Interest earned	15,000	15,000	8,500	(6,500)
Total revenues	<u>675,000</u>	<u>675,000</u>	<u>764,183</u>	<u>89,183</u>
Expenditures:				
Current:				
General government	231,110	256,892	263,586	(6,694)
Public safety	24,855	24,855	24,855	-
Highways and streets	111,340	111,340	113,634	(2,294)
Health and welfare	4,000	12,000	8,262	3,738
Culture and recreation	3,500	10,000	9,010	990
Total expenditures	<u>374,805</u>	<u>415,087</u>	<u>419,347</u>	<u>(4,260)</u>
Excess (deficiency) of revenues over expenditures	<u>300,195</u>	<u>259,913</u>	<u>344,836</u>	<u>84,923</u>
Other financing sources:				
Transfers out	<u>(206,435)</u>	<u>(303,385)</u>	<u>(302,696)</u>	<u>689</u>
Total other financing sources	<u>(206,435)</u>	<u>(303,385)</u>	<u>(302,696)</u>	<u>689</u>
<b>Net change in fund balances</b>	93,760	(43,472)	42,140	85,612
Fund balances at beginning of year	<u>1,384,244</u>	<u>1,436,295</u>	<u>1,436,295</u>	<u>-</u>
<b>Fund balances at end of year</b>	<u>\$ 1,478,004</u>	<u>\$ 1,392,823</u>	<u>\$ 1,478,435</u>	<u>\$ 85,612</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, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 66,145	\$ 66,655	\$ 66,213	\$ (442)
Interest earned	500	500	359	(141)
Total revenues	<u>66,645</u>	<u>67,155</u>	<u>66,572</u>	<u>(583)</u>
Expenditures:				
Current:				
General government	-	-	727	(727)
Highways and streets	76,800	78,300	83,021	(4,721)
Total expenditures	<u>76,800</u>	<u>78,300</u>	<u>83,748</u>	<u>(5,448)</u>
<b>Net change in fund balances</b>	(10,155)	(11,145)	<b>(17,176)</b>	(6,031)
Fund balances at beginning of year	86,716	77,412	77,412	-
<b>Fund balances at end of year</b>	<u>\$ 76,561</u>	<u>\$ 66,267</u>	<u>\$ 60,236</u>	<u>\$ (6,031)</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, 2014**

	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget
Revenues:				
Interest earned	\$ 2,000	\$ 2,000	\$ 1,283	\$ (717)
Expenditures:				
Current:				
Economic development	4,613	37,300	35,395	1,905
<b>Net change in fund balances</b>	(2,613)	(35,300)	<b>(34,112)</b>	1,188
Fund balances at beginning of year	265,748	269,047	269,047	-
<b>Fund balances at end of year</b>	<b>\$ 263,135</b>	<b>\$ 233,747</b>	<b>\$ 234,935</b>	<b>\$ 1,188</b>

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, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 26,354	\$ 26,535	\$ 26,360	\$ (175)
Charges for services	5,000	5,000	4,125	(875)
Interest earned	2,500	2,500	5,408	2,908
Other revenues	100	100	88	(12)
Total revenues	<u>33,954</u>	<u>34,135</u>	<u>35,981</u>	<u>1,846</u>
<b>Expenditures:</b>				
Current:				
General government	300	300	268	(32)
Highways and streets	41,974	40,977	40,707	(270)
Total expenditures	<u>42,274</u>	<u>41,277</u>	<u>40,975</u>	<u>(302)</u>
<b>Net change in fund balances</b>	(8,320)	(7,142)	(4,994)	2,148
Fund balances at beginning of year	<u>348,216</u>	<u>354,264</u>	<u>354,264</u>	-
<b>Fund balances at end of year</b>	<u>\$ 339,896</u>	<u>\$ 347,122</u>	<u>\$ 349,270</u>	<u>\$ 2,148</u>

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

**OTHER SUPPLEMENTARY SCHEDULE**

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

**SCHEDULE OF COMPENSATION TO MAYOR AND TOWN COUNCIL  
FOR THE YEAR ENDED JUNE 30, 2014**

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Lavelle Brown, Mayor	\$ 18,000
Brenda Bradley	1,200
Noel Haynes	1,200
Jim Holland, Mayor Pro Tem	1,800
Robert McFarlin	1,200
Jerry Waters	1,200
Total	<u>\$ 24,600</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, 2014, 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 17, 2014.

**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.

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency, described in the accompanying schedule of findings as item 2014-1, to be a material weakness.



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, 2014

**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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2014-1.

**Town of Oak Grove's Response to Findings**

Town of Oak Grove, Louisiana's response to the finding identified in our audit is described in the accompanying schedule of findings. Town of Oak Grove, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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 17, 2014

TOWN OF OAK GROVE  
OAK GROVE, LOUISIANA

SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2014

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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. One material weakness is 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. One instance of noncompliance material to the financial statements which is required to be reported in accordance with *Government Auditing Standards* was disclosed during the audit.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

*Current Year*

**2014-1 No Pledged Securities Covering Bank Balances Exceeding FDIC Coverage at One Bank**

**Condition**

At one bank, balances totaling \$338,202 exceeded FDIC coverage by \$88,202. The bank did not pledge securities to cover the uninsured balance.

**Criteria**

Louisiana Revised Statutes 39:1225, requires that the amount of security for deposits at financial institutions at all times be equal to one hundred percent of the amount of funds on deposit that exceed FDIC insurance.

**Cause**

The financial institution had not previously been used by the Town but had assured management that proper security would be pledged. The Town's procedures did not identify that there was a failure to provide coverage.

**Effect**

The Town's deposits were at risk in the event the institution failed. The Town was not in compliance with state law.

**Recommendation**

We recommend that management prepare a monthly analysis of bank balances, FDIC coverage, and pledged securities. Management should contact the bank when reports are missing and when coverage is inadequate.

TOWN OF OAK GROVE  
OAK GROVE, LOUISIANA

SCHEDULE OF FINDINGS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2014

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**Management's Response**

The Town has moved the deposits referred to in the finding to a new financial institution. The Town Clerk will prepare the monthly analysis recommended by the auditor.

*Prior Year*

No findings were reported.