

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**AS OF AND FOR THE YEAR
ENDED JUNE 30, 2011**

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

Release Date DEC 21 2011

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

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Hulsey, Harwood & Sheridan, LLC

Certified Public Accountants

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, 2011, 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, 2011, 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 14, 2011, 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, 2011

The management's discussion and analysis and budgetary comparison information on pages 3 through 5 and 34 through 38, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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 inquires 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

HULSEY, HARWOOD & SHERIDAN, LLC

Hulsey, Harwood & Sheridan

November 14, 2011

TOWN OF OAK GROVE, LOUISIANA

Management's Discussion and Analysis As of and for the Year Ended June 30, 2011

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, 2011. 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, 2011, net assets were as follows:

	NET ASSETS	
	2011	Restated 2010
Current and other assets	\$ 2,995,619	\$ 2,962,571
Capital assets, net	<u>5,856,307</u>	<u>5,542,099</u>
Total assets	<u>8,851,926</u>	<u>8,504,670</u>
Liabilities:		
Current	274,816	327,237
Long-term	<u>1,066,030</u>	<u>1,210,264</u>
Total liabilities	<u>1,340,846</u>	<u>1,537,501</u>
Net assets:		
Invested in capital assets, net of debt	4,676,630	4,222,691
Restricted	205,047	175,072
Unrestricted	<u>2,629,403</u>	<u>2,569,406</u>
Total net assets	<u>\$ 7,511,080</u>	<u>\$ 6,967,169</u>

TOWN OF OAK GROVE, LOUISIANA

Management's Discussion and Analysis As of and for the Year Ended June 30, 2011

For the year ended June 30, 2011, net assets changed as follows:

CHANGE IN NET ASSETS		
	2011	Restated 2010
Program revenues:		
Charges for services	\$ 552,458	\$ 580,966
Operating grants and contributions	162,347	38,261
Capital grants and contributions	9,178	418,700
General revenues:		
Property taxes	181,404	182,888
Sales and use taxes	643,782	656,174
Other taxes, licenses and permits	219,106	192,468
Other	50,553	79,616
Total revenues	1,818,828	2,149,073
Expenses:		
General government	588,825	620,164
Public safety	257,943	241,661
Highways and streets	176,010	176,475
Health and welfare	6,549	20,750
Culture and recreation	1,396	-
Economic development	11,987	4,920
Interest expense	32,510	71,847
Capital outlay	-	407,404
Water and sewer	611,853	597,035
Total expenses	1,687,073	2,140,256
Capital contributions	412,156	
Change in net assets	543,911	8,817
Net assets at beginning of year (restated)	6,967,169	6,958,352
Net assets at end of year	\$ 7,511,080	\$ 6,967,169

BUDGETARY HIGHLIGHTS

During the year, in the General Fund, there was a \$41,200 increase in anticipated revenues. It was mainly due to police supplemental pay, a \$5,000 increase in franchise fees, as well as a \$4,000 increase in anticipated fines and a \$500 grant for police supplies. The increase was offset by a \$3,500 decrease in anticipated taxes as well as a decrease in anticipated earned interest. Budgeted expenditures were increased by \$37,821, mainly because of an increase in capital outlay related to the above described grant projects.

During the year in the Sales Tax Fund, there was no change in anticipated revenues. There was a \$19,465 increase in appropriations due to an increase in administrative salaries as well as a cooperative endeavor agreement with the West Carroll Parish Sheriff's Office for a dispatcher salary package.

In the Street Fund, budgeted revenue was not changed. Budgeted expenditures increased by \$7,500 due to general increases in anticipated expenditures.

TOWN OF OAK GROVE, LOUISIANA

Management's Discussion and Analysis As of and for the Year Ended June 30, 2011

In the Economic Development Fund, budgeted revenue increased by \$13,547 due to an expected increase in grant revenues offset by an expected decrease in interest earned on certificates of deposit. Budgeted expenditures were increased by \$8,350 due to expected repairs of the Tur-Ban roof and fees associated with the above described grant.

In the Cemetery Fund, budgeted revenue decreased by \$4,400 due to an anticipated decrease in the sale of cemetery plots and in interest earned. Budgeted expenditures decreased by \$278.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2011, the Town's investment in capital assets for its governmental and business-type activities amounts to \$5,856,307 (net of accumulated depreciation). This investment includes buildings and improvements, vehicles, machinery, equipment, and land.

This year's additions of \$569,107 include twelve radios, a 2005 Dodge Durango, land, improvements to the Turban building, water system improvements, sewer system improvements, and additions to construction in progress.

The sewer improvements project totaling \$412,156 funded by LCDBG was completed during the year and transferred to the Sewer Fund.

Debt

At year end, the Town had a total of \$829,000 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 \$350,677, payable in monthly installments of \$4,995 through March 20, 2038, and bearing interest at 4.875%.

In addition, the Town had a total liability of \$40,938 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 repair and replace deteriorated water lines and water meters as well as purchase a backhoe for the maintenance department. 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, 2011**

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 2,445,950	\$ 353,100	\$ 2,799,050
Receivables, net of allowance for uncollectibles	125,917	61,502	187,419
Inventories	-	9,150	9,150
Capital assets not being depreciated	73,022	10,756	83,778
Capital assets, net of accumulated depreciation	2,431,846	3,340,683	5,772,529
TOTAL ASSETS	5,076,735	3,775,191	8,851,926
LIABILITIES			
Accounts payable	-	15,488	15,488
Payroll and related liabilities	22,794	3,629	26,423
Accrued liabilities	-	7,923	7,923
Accrued interest payable	2,278	4,778	7,056
Customer deposits payable	-	63,241	63,241
Due to others	100	-	100
Noncurrent liabilities:			
Due within one year	109,939	44,646	154,585
Due in more than one year	749,357	316,673	1,066,030
TOTAL LIABILITIES	884,468	456,378	1,340,846
NET ASSETS			
Investment in capital assets, net of related debt	1,675,868	3,000,762	4,676,630
Restricted for debt service	69,322	135,725	205,047
Unrestricted	2,447,077	182,326	2,629,403
TOTAL NET ASSETS	\$ 4,192,267	\$ 3,318,813	\$ 7,511,080

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, 2011**

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	\$ 588,825	\$ 46,149	\$ -	\$ -	\$ (542,676)		\$ (542,676)
Public safety	257,943	19,284	70,300	-	(168,359)		(168,359)
Highways and streets	176,010	-	-	-	(176,010)		(176,010)
Health and welfare	6,549	-	-	9,178	2,629		2,629
Culture and recreation	1,396	-	-	-	(1,396)		(1,396)
Economic development	11,987	-	-	-	(11,987)		(11,987)
Interest expense	32,510	-	-	-	(32,510)		(32,510)
Total governmental activities	<u>1,075,220</u>	<u>65,433</u>	<u>70,300</u>	<u>9,178</u>	<u>(930,309)</u>		<u>(930,309)</u>
Business-type activities:							
Water and sewer	611,853	487,025	92,047	-	-	\$ (32,781)	(32,781)
Total business-type activities	<u>611,853</u>	<u>487,025</u>	<u>92,047</u>	<u>-</u>	<u>-</u>	<u>(32,781)</u>	<u>(32,781)</u>
Total primary government	<u>\$ 1,687,073</u>	<u>\$ 552,458</u>	<u>\$ 162,347</u>	<u>\$ 9,178</u>	<u>(930,309)</u>	<u>(32,781)</u>	<u>(963,090)</u>
General revenues:							
Property taxes					181,404	-	181,404
Sales and use taxes					643,782	-	643,782
Franchise taxes					72,506	-	72,506
Licenses and permits					146,307	-	146,307
Other taxes, penalties and interest					293	-	293
Unrestricted investment earnings					30,024	4,208	34,232
Other					11,063	5,258	16,321
Transfers					(2,653)	2,653	-
Capital contributions					-	412,156	412,156
Total general revenues and transfers					<u>1,082,726</u>	<u>424,275</u>	<u>1,507,001</u>
Change in net assets					<u>152,417</u>	<u>391,494</u>	<u>543,911</u>
Net assets at beginning of year (restated)					<u>4,039,850</u>	<u>2,927,319</u>	<u>6,967,169</u>
Net assets at end of year					<u>\$ 4,192,267</u>	<u>\$ 3,318,813</u>	<u>\$ 7,511,080</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, 2011**

ASSETS	General	Sales Tax	Street	Economic Development	Debt Service	Cemetery	Total Governmental Funds
Cash and cash equivalents	\$ 286,973	\$ 987,483	\$ 134,740	\$ 269,565	\$ -	\$ 346,814	\$ 2,025,575
Cash and cash equivalents - restricted	-	348,775	-	-	71,600	-	420,375
Receivables, net	16,191	109,726	-	-	-	-	125,917
TOTAL ASSETS	<u>\$ 303,164</u>	<u>\$ 1,445,984</u>	<u>\$ 134,740</u>	<u>\$ 269,565</u>	<u>\$ 71,600</u>	<u>\$ 346,814</u>	<u>\$ 2,571,867</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Payroll and related liabilities	\$ 19,149	\$ 3,369	\$ -	\$ -	\$ -	\$ 276	\$ 22,794
Accrued liabilities	-	-	-	-	2,278	-	2,278
Unearned revenue	-	57,059	-	-	-	-	57,059
Due to others	100	-	-	-	-	-	100
Total liabilities	<u>19,249</u>	<u>60,428</u>	<u>-</u>	<u>-</u>	<u>2,278</u>	<u>276</u>	<u>82,231</u>
Fund balances:							
Restricted for debt service	-	-	-	-	69,322	-	69,322
Assigned	-	1,385,556	134,740	269,565	-	346,538	2,136,399
Unassigned	283,915	-	-	-	-	-	283,915
Total fund balances	<u>283,915</u>	<u>1,385,556</u>	<u>134,740</u>	<u>269,565</u>	<u>69,322</u>	<u>346,538</u>	<u>2,489,636</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 303,164</u>	<u>\$ 1,445,984</u>	<u>\$ 134,740</u>	<u>\$ 269,565</u>	<u>\$ 71,600</u>	<u>\$ 346,814</u>	<u>\$ 2,571,867</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 ASSETS
AS OF JUNE 30, 2011**

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

Total fund balances	\$ 2,489,636
Capital assets used in governmental activities are not financial resources and, therefore, are deferred in the funds.	2,504,868
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	57,059
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(859,296)</u>
Net assets of governmental activities	<u><u>\$ 4,192,267</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, 2011**

	General	Sales Tax	Street	Economic Development	Debt Service	Cemetery	LCDBG	Total Governmental Funds
Revenues:								
Property taxes	\$ 93,441	\$ -	\$ 62,916	\$ -	\$ -	\$ 25,047	\$ -	\$ 181,404
Sales and use taxes	-	639,656	-	-	-	-	-	639,656
Franchise taxes	72,506	-	-	-	-	-	-	72,506
Other taxes, penalties and interest	293	-	-	-	-	-	-	293
Licenses and permits	146,307	-	-	-	-	-	-	146,307
Intergovernmental revenues	70,300	-	-	9,178	-	-	-	79,478
Charges for services	11,321	-	-	-	-	1,800	-	13,121
Fines	19,284	-	-	-	-	-	-	19,284
Lease income	33,028	-	-	-	-	-	-	33,028
Interest earned	2,950	17,521	2,053	3,048	23	4,429	-	30,024
Other revenues	7,991	2,681	391	-	-	-	-	11,063
Total revenues	457,421	659,858	65,360	12,226	23	31,276	-	1,226,164
Expenditures:								
Current:								
General government	237,091	302,630	487	-	-	-	-	540,208
Public safety	233,088	24,855	-	-	-	-	-	257,943
Highways and streets	-	-	75,402	-	-	12,463	-	87,865
Health and welfare	-	-	-	-	-	-	6,549	6,549
Culture and recreation	1,396	-	-	-	-	-	-	1,396
Economic development	-	-	-	4,550	-	-	-	4,550
Debt service - principal	-	-	-	-	97,000	-	-	97,000
Debt service - interest	-	-	-	-	32,510	-	-	32,510
Capital outlay	34,300	34,000	-	5,249	-	-	4,753	78,302
Total expenditures	505,875	361,485	75,889	9,799	129,510	12,463	11,302	1,106,323
Excess (deficiency) of revenues over (under) expenditures	(48,454)	298,373	(10,529)	2,427	(129,487)	18,813	(11,302)	119,841
Other financing sources (uses):								
Transfers in	-	-	-	-	133,165	-	11,302	144,467
Transfers out	-	(133,165)	-	(13,955)	-	-	-	(147,120)
Total other financing sources and uses	-	(133,165)	-	(13,955)	133,165	-	11,302	(2,653)
Net change in fund balances	(48,454)	165,208	(10,529)	(11,528)	3,678	18,813	-	117,188
Fund balances at beginning of year	332,369	1,220,348	145,269	281,093	65,644	327,725	-	2,372,448
Fund balances at end of year	\$ 283,915	\$ 1,385,556	\$ 134,740	\$ 269,565	\$ 69,322	\$ 346,538	\$ -	\$ 2,489,636

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, 2011**

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

Net change in fund balances - total governmental funds **\$ 117,188**

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period. (66,217)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 4,127

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. 97,000

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. 319

Change in net assets of governmental activities **\$ 152,417**

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, 2011**

ASSETS	Water	Sewer	Total Proprietary Funds
Current assets:			
Cash and cash equivalents	\$ 207,375	\$ 10,000	\$ 217,375
Receivables, net	49,848	11,654	61,502
Inventories	9,150	-	9,150
Due from other funds	61,342	-	61,342
Total current assets	<u>327,715</u>	<u>21,654</u>	<u>349,369</u>
Noncurrent assets:			
Cash and cash equivalents - restricted	135,725	-	135,725
Capital assets, net	1,683,817	1,667,622	3,351,439
Total noncurrent assets	<u>1,819,542</u>	<u>1,667,622</u>	<u>3,487,164</u>
TOTAL ASSETS	<u>2,147,257</u>	<u>1,689,276</u>	<u>3,836,533</u>
LIABILITIES			
Current liabilities:			
Accounts payable	15,488	-	15,488
Due to other funds	-	61,342	61,342
Payroll and related liabilities	2,077	1,552	3,629
Accrued liabilities	6,256	-	1,800
Accrued interest on revenue bonds	4,778	-	63,241
Compensated absences payable - current	1,800	1,667	7,923
Customer deposits payable	63,241	-	4,778
Revenue bonds payable - current	42,846	-	42,846
Total current liabilities	<u>136,486</u>	<u>64,561</u>	<u>201,047</u>
Noncurrent liabilities:			
Compensated absences payable	8,842	-	8,842
Revenue bonds payable	307,831	-	307,831
Total noncurrent liabilities	<u>316,673</u>	<u>-</u>	<u>316,673</u>
TOTAL LIABILITIES	<u>453,159</u>	<u>64,561</u>	<u>517,720</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,333,140	1,667,622	3,000,762
Restricted for debt service	135,725	-	135,725
Unrestricted	225,233	(42,907)	182,326
TOTAL NET ASSETS	<u>\$ 1,694,098</u>	<u>\$ 1,624,715</u>	<u>\$ 3,318,813</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, 2011**

	Water	Sewer	Total Proprietary Funds
Operating revenues:			
Charges for sales and services:			
Water and sewer fees	\$ 344,925	\$ 142,100	\$ 487,025
Other revenues	5,258	-	5,258
Total operating revenues	<u>350,183</u>	<u>142,100</u>	<u>492,283</u>
Operating expenses:			
Administration	315,515	164,552	480,067
Depreciation expense	76,069	39,063	115,132
Total operating expenses	<u>391,584</u>	<u>203,615</u>	<u>595,199</u>
Operating income (loss)	<u>(41,401)</u>	<u>(61,515)</u>	<u>(102,916)</u>
Nonoperating revenues (expenses):			
Intergovernmental revenues	92,047	-	92,047
Interest earned	4,208	-	4,208
Interest expense	(16,654)	-	(16,654)
Total nonoperating revenue (expenses)	<u>79,601</u>	<u>-</u>	<u>79,601</u>
Income (loss) before contributions and transfers	38,200	(61,515)	(23,315)
Capital contributions	-	412,156	412,156
Transfers in	<u>2,653</u>	<u>-</u>	<u>2,653</u>
Change in net assets	40,853	350,641	391,494
Net assets at beginning of year	1,653,245	1,274,074	2,927,319
Net assets at end of year	<u>\$ 1,694,098</u>	<u>\$ 1,624,715</u>	<u>\$ 3,318,813</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, 2011**

	Water	Sewer	Total Proprietary Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ 358,164	\$ 130,446	\$ 488,610
Payments to suppliers	(203,147)	(140,909)	(344,056)
Payments to employees	(112,169)	(21,102)	(133,271)
Net cash provided by operating activities	<u>42,848</u>	<u>(31,565)</u>	<u>11,283</u>
Cash flows from noncapital financing activities:			
Transfer from other funds	2,653	-	2,653
Advances from other funds	(61,342)	61,342	-
Subsidy from grants	92,047	-	92,047
Net cash provided by noncapital and related financing activities	<u>33,358</u>	<u>61,342</u>	<u>94,700</u>
Cash flows from capital and related financing activities:			
Purchases of capital assets	(63,624)	(19,777)	(83,401)
Principal paid on capital debt	(42,731)	-	(42,731)
Interest paid on capital debt	(17,210)	-	(17,210)
Net cash used by capital and related financing activities	<u>(123,565)</u>	<u>(19,777)</u>	<u>(143,342)</u>
Cash flows from investing activities:			
Interest received	4,208	-	4,208
Net cash provided by investing activities	<u>4,208</u>	<u>-</u>	<u>4,208</u>
Net increase in cash and cash equivalents	(43,151)	10,000	(33,151)
Cash and cash equivalents, beginning of year (including amounts in restricted accounts)	<u>386,251</u>	<u>-</u>	<u>386,251</u>
Cash and cash equivalents, end of year (including amounts in restricted accounts)	<u>\$ 343,100</u>	<u>\$ 10,000</u>	<u>\$ 353,100</u>
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss	\$ (41,401)	\$ (61,515)	\$ (102,916)
Adjustments to reconcile operating loss to cash provided by operating activities:			
Depreciation expense	76,069	39,063	115,132
(Increase) decrease in accounts receivable	3,863	(11,654)	(7,791)
Increase (decrease) in accounts payable	663	-	663
Increase (decrease) in payroll related liabilities	113	874	987
Increase (decrease) in compensated absences payable	1,738	1,667	3,405
Increase (decrease) in customer deposits	4,118	-	4,118
Increase (decrease) in accrued liabilities	(2,315)	-	(2,315)
Total adjustments	<u>84,249</u>	<u>29,950</u>	<u>114,199</u>
Net cash provided by operating activities	<u>\$ 42,848</u>	<u>\$ (31,565)</u>	<u>\$ 11,283</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, 2011**

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 2009, the Town had a population of 1,932. 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 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, 2011**

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, 2011**

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, 2011**

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, 2011.

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, 2011**

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, 2011, taxes of 18.25 mills were levied on property with assessed valuations totaling \$9,941,620, 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, 2011**

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	9%	\$ 16,932
Wal-Mart Louisiana, LLC	760,400	8%	13,877
Regions Bank	728,160	7%	13,289
Totals	<u>\$ 2,416,360</u>	<u>24%</u>	<u>\$ 44,098</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 for the General, Capital Projects, and Special Revenue Funds 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, 2011**

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.

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

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 and all accumulated sick leave is forfeited upon termination of employment.

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.

Fund equity

Reservations of fund balance represent amounts that are not appropriable for expenditure or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Equity is classified as net assets 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.

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund equity (continued)

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

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, 2011, the Town has cash and cash equivalents (book balances) totaling \$2,799,050 as follows:

Cash and cash equivalents:	
Demand deposits	\$ 272,155
Time deposits	1,969,932
Other	863
Total	<u>2,242,950</u>
Cash and cash equivalents – restricted:	
Demand deposits	433,978
Time deposits	122,122
Total	<u>556,100</u>
Total	<u><u>\$ 2,799,050</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

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, 2011, \$562,640 of the Town's bank balances of \$2,825,820 was exposed to custodial credit risk as follows:

Insured by FDIC	<u>\$ 2,263,180</u>
Uninsured and uncollateralized	-
Collateralized by pledged securities not in the Town's name	<u>562,640</u>
Total balances exposed to custodial credit risk	<u>562,640</u>
Total bank balances	<u><u>\$ 2,825,820</u></u>

NOTE 3 – RECEIVABLES

The following is a summary of receivables at June 30, 2011:

	<u>General</u>	<u>Sales Tax</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Receivables:					
Taxes and licenses	\$ -	\$ 109,726	\$ -	\$ -	\$ 109,726
Accounts	<u>16,191</u>	-	<u>55,021</u>	<u>11,654</u>	<u>82,866</u>
Gross receivables	<u>16,191</u>	<u>109,726</u>	<u>55,021</u>	<u>11,654</u>	<u>192,592</u>
Less allowance for uncollectibles	-	-	<u>(5,173)</u>	-	<u>(5,173)</u>
Net total receivables	<u><u>\$ 16,191</u></u>	<u><u>\$ 109,726</u></u>	<u><u>\$ 49,848</u></u>	<u><u>\$ 11,654</u></u>	<u><u>\$ 187,419</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 4 – CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2011, follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 33,000	\$ 34,000	\$ -	\$ 67,000
Recreational vehicle hookups at park	1,270	-	-	1,270
Construction in progress (restated)	-	-	-	-
Total capital assets not being depreciated	<u>34,270</u>	<u>34,000</u>	<u>-</u>	<u>68,270</u>
Capital assets being depreciated:				
Infrastructure	2,854,048	-	-	2,854,048
Buildings	446,487	5,250	-	451,737
Building improvements	149,493	-	-	149,493
Furniture and equipment	373,929	15,300	-	389,229
Vehicles	224,836	19,000	(19,755)	224,081
Total capital assets being depreciated	<u>4,048,793</u>	<u>39,550</u>	<u>(19,755)</u>	<u>4,068,588</u>
Less accumulated depreciation for:				
Infrastructure	712,580	76,503	-	789,083
Buildings	372,921	3,943	-	376,864
Building improvements	107,903	12,928	-	120,831
Furniture and equipment	200,569	22,842	-	223,411
Vehicles	118,005	28,303	(19,755)	126,553
Total accumulated depreciation	<u>1,511,978</u>	<u>144,519</u>	<u>(19,755)</u>	<u>1,636,742</u>
Total capital assets being depreciated	<u>2,536,815</u>	<u>(104,969)</u>	<u>-</u>	<u>2,431,846</u>
Governmental activities, capital assets, net	<u>\$ 2,571,085</u>	<u>\$ (70,969)</u>	<u>\$ -</u>	<u>\$ 2,500,116</u>

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

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	5,266,568	(1,722,928)	63,624	-	3,607,264
Buildings	1,815	(1,815)	-	-	-
Building improvements	16,982	-	-	-	16,982
Furniture and equipment	139,029	(27,874)	-	-	111,155
Vehicles	91,844	-	-	-	91,844
Total capital assets being depreciated	<u>5,516,238</u>	<u>(1,752,617)</u>	<u>63,624</u>	<u>-</u>	<u>3,827,245</u>
Less accumulated depreciation for:					
Infrastructure	2,346,034	(458,108)	70,181	-	1,958,107
Buildings	968	(968)	-	-	-
Building improvements	10,866	-	564	-	11,430
Furniture and equipment	123,217	(18,789)	1,880	-	106,308
Vehicles	74,895	-	3,444	-	78,339
Total accumulated depreciation	<u>2,555,980</u>	<u>(477,865)</u>	<u>76,069</u>	<u>-</u>	<u>2,154,184</u>
Total capital assets being depreciated	<u>2,960,258</u>	<u>(1,274,752)</u>	<u>(12,445)</u>	<u>-</u>	<u>1,673,061</u>
Business-type activities - Water, capital assets, net	<u>\$ 2,971,014</u>	<u>\$ (1,274,752)</u>	<u>\$ (12,445)</u>	<u>\$ -</u>	<u>\$ 1,683,817</u>
	<u>Beginning Balance</u>	<u>Adjustments</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities - Sewer:					
Capital assets being depreciated:					
Infrastructure	\$ -	\$ 1,722,928	\$ 431,933	\$ -	\$ 2,154,861
Buildings	-	1,815	-	-	1,815
Furniture and equipment	-	27,874	-	-	27,874
Total capital assets being depreciated	<u>-</u>	<u>1,752,617</u>	<u>431,933</u>	<u>-</u>	<u>2,184,550</u>
Less accumulated depreciation for:					
Infrastructure	-	458,108	37,529	-	495,637
Buildings	-	968	121	-	1,089
Furniture and equipment	-	18,789	1,413	-	20,202
Total accumulated depreciation	<u>-</u>	<u>477,865</u>	<u>39,063</u>	<u>-</u>	<u>516,928</u>
Total capital assets being depreciated	<u>-</u>	<u>1,274,752</u>	<u>392,870</u>	<u>-</u>	<u>1,667,622</u>
Business-type activities - Sewer, capital assets, net	<u>\$ -</u>	<u>\$ 1,274,752</u>	<u>\$ 392,870</u>	<u>\$ -</u>	<u>\$ 1,667,622</u>

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

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	5,266,568	-	495,557	-	5,762,125
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>5,516,238</u>	<u>-</u>	<u>495,557</u>	<u>-</u>	<u>6,011,795</u>
Less accumulated depreciation for:					
Infrastructure	2,346,034	-	107,710	-	2,453,744
Buildings	968	-	121	-	1,089
Building improvements	10,866	-	564	-	11,430
Furniture and equipment	123,217	-	3,293	-	126,510
Vehicles	74,895	-	3,444	-	78,339
Total accumulated depreciation	<u>2,555,980</u>	<u>-</u>	<u>115,132</u>	<u>-</u>	<u>2,671,112</u>
Total capital assets being depreciated	<u>2,960,258</u>	<u>-</u>	<u>380,425</u>	<u>-</u>	<u>3,340,683</u>
Business-type activities - total, capital assets, net	<u>\$ 2,971,014</u>	<u>\$ -</u>	<u>\$ 380,425</u>	<u>\$ -</u>	<u>\$ 3,351,439</u>

During the year ended June 30, 2011, the Town separated the Water and Sewer Fund into two separate funds. The capital assets were separated and included in adjustments above. Also, during the year, a sewer improvements project totaling \$412,156 was completed and recorded in 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, 2011**

NOTE 4 – CAPITAL ASSETS (Continued)

Depreciation expense was charged as follows:

Governmental activities:		
General government		\$ 48,937
Highways and streets		88,145
Economic development		7,437
Total		<u>\$ 144,519</u>
 Business-type activities – water/sewer		
Water		\$ 76,069
Sewer		39,063
Total		<u>\$ 115,132</u>

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers during the year ended June 30, 2011, were as follows:

		Transfers out		
		Sales	Economic	
		Tax	Development	Total
Transfers in	Debt Service	\$ 133,165	\$ -	\$ 133,165
	LCDBG	-	11,302	11,302
	Water	-	2,653	2,653
	Total	<u>\$ 133,165</u>	<u>\$ 13,955</u>	<u>\$ 147,120</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. This resulted in the Water fund having a net due from the Sewer fund in the amount of \$61,342.

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 6 – LEASES

The Town leases a commercial building to a warehousing company under an operating lease dated July 10, 2001, (amended October 1, 2001) for an original five-year term. The lease contains an option to extend the lease for three additional five-year periods on the same terms and conditions. On June 5, 2006, the lessee exercised its right to extend the lease for an additional five years ending on July 10, 2011. Under the terms of the lease, the lessee is to 1) maintain insurance on the building and 2) pay monthly lease payments of \$1,000 plus 10% of the lessee's gross earnings. The warehouse is included in governmental activities capital assets at a cost of \$350,000 and is fully depreciated.

The Town entered into a second operating lease with the lessee on April 1, 2002, and ending March 31, 2007, for the land on which the above warehouse is situated. The lease was renewed for an additional five-year term ending on March 31, 2012. The lessee is to pay the Town \$1,000 per month or 10% of the gross earnings per month, whichever sum is greater. The lease allows the lessee the option to extend the lease for two additional five-year terms and a final additional four-year-and-three-month term which would terminate on July 10, 2021.

NOTE 7 – 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, 2011, 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.

\$ 829,000

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.

350,677

Total

\$ 1,179,677

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 7 – LONG-TERM OBLIGATIONS (Continued)

Long-term liability activity for the year ended June 30, 2011, 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	\$ 926,000	\$ -	\$ (97,000)	\$ 829,000	\$104,000
Compensated absences	27,508	14,880	(12,092)	30,296	5,939
Governmental activity long-term liabilities	<u>\$ 953,508</u>	<u>\$ 14,880</u>	<u>\$ (109,092)</u>	<u>\$ 859,296</u>	<u>\$109,939</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	\$ 393,408	\$ -	\$ (42,731)	\$ 350,677	\$ 42,846
Compensated absences	8,904	5,353	(3,615)	10,642	1,800
Business-type activity long-term liabilities	<u>\$ 402,312</u>	<u>\$ 5,353</u>	<u>\$ (46,346)</u>	<u>\$ 361,319</u>	<u>\$ 44,646</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>
2012	\$ 104,000	\$ 28,671	\$ 42,846	\$ 17,096
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
2017-2019	261,000	9,723	114,519	5,583
Totals	<u>\$ 829,000</u>	<u>\$ 111,936</u>	<u>\$ 350,677</u>	<u>\$ 69,131</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, 2011, 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, 2011**

NOTE 8 – 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, 2011**

NOTE 8 – 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 6.75% 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, 2011, 2010, and 2009, were \$21,334, \$21,433, and \$17,961, 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 7.5% of their annual covered salary and the Town of Oak Grove is required to contribute at an actuarially determined rate. The current rate is 25% 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, 2011, 2010, and 2009, were \$48,884, \$20,601, and \$16,700, 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, 2011**

NOTE 9 – 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 \$36,000. The related expenditures of \$36,000 are included in public safety expenditures in the General Fund.

NOTE 10 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following funds had actual expenditures and other uses over budgeted appropriations for the year ended June 30, 2011:

<u>Fund</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General	\$430,400	\$ 468,221	\$ 471,575	\$ 3,354
Sales Tax	453,363	472,828	494,650	21,822

NOTE 11 – 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, 2011.

NOTE 12 – 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 13 – PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2010, sewer improvements totaling \$407,404 funded by the LCDBG program were recorded in construction in progress in governmental activities in error. The improvements should have been expensed in the LCDBG Fund in 2010 and contributed to the Sewer Fund in 2011. The beginning balances of capital assets not being depreciated and net assets in Governmental Activities have been reduced by \$407,404. During the year ended June 30, 2011, the sewer improvements totaling \$412,156 have been recorded in the Sewer Enterprise Fund and are presented as capital assets being depreciated and capital contributions in the Sewer Enterprise Fund and in Business Type Activities.

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 14, 2011, 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, 2011**

	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget
Revenues:				
Taxes	\$ 166,000	\$ 168,000	\$ 166,240	\$ (1,760)
Licenses and permits	132,000	133,000	146,307	13,307
Intergovernmental revenues	-	36,500	36,000	(500)
Charges for services	2,930	2,930	11,321	8,391
Fines	25,000	29,000	19,284	(9,716)
Lease income	29,400	33,400	33,028	(372)
Interest earned	5,500	5,000	2,950	(2,050)
Other revenues	12,800	7,000	7,991	991
Total revenues	<u>373,630</u>	<u>414,830</u>	<u>423,121</u>	<u>8,291</u>
Expenditures:				
Current:				
General government	214,600	252,071	237,091	14,980
Public safety	215,800	216,150	233,088	(16,938)
Culture and recreation	-	-	1,396	(1,396)
Total expenditures	<u>430,400</u>	<u>468,221</u>	<u>471,575</u>	<u>(3,354)</u>
Excess (deficiency) of revenues over expenditures	<u>(56,770)</u>	<u>(53,391)</u>	<u>(48,454)</u>	<u>4,937</u>
Net change in fund balances	<u>(56,770)</u>	<u>(53,391)</u>	<u>(48,454)</u>	<u>4,937</u>
Fund balances at beginning of year	387,983	332,369	332,369	-
Fund balances at end of year	<u>\$ 331,213</u>	<u>\$ 278,978</u>	<u>\$ 283,915</u>	<u>\$ 4,937</u>

Actual intergovernmental revenues and capital outlay amounts presented above are \$34,300 lower than amounts presented on the Statement of Revenues, Expenditures, and Changes in Fund Balances. The Town received a police car and radios from the West Carroll Parish Office of Homeland Security and Emergency Preparedness.

**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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 660,000	\$ 660,000	\$ 639,656	\$ (20,344)
Interest earned	15,000	15,000	17,521	2,521
Other revenues	-	-	2,681	2,681
Total revenues	<u>675,000</u>	<u>675,000</u>	<u>659,858</u>	<u>(15,142)</u>
Expenditures:				
Current:				
General government	320,198	314,808	302,630	12,178
Public safety	-	24,855	24,855	-
Capital outlay	-	-	34,000	(34,000)
Total expenditures	<u>320,198</u>	<u>339,663</u>	<u>361,485</u>	<u>(21,822)</u>
Excess (deficiency) of revenues over expenditures	<u>354,802</u>	<u>335,337</u>	<u>298,373</u>	<u>(36,964)</u>
Other financing sources:				
Transfers out	(133,165)	(133,165)	(133,165)	-
Total other financing sources	<u>(133,165)</u>	<u>(133,165)</u>	<u>(133,165)</u>	<u>-</u>
Net change in fund balances	221,637	202,172	165,208	(36,964)
Fund balances at beginning of year	1,200,313	1,220,348	1,220,348	-
Fund balances at end of year	<u>\$ 1,421,950</u>	<u>\$ 1,422,520</u>	<u>\$ 1,385,556</u>	<u>\$ (36,964)</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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 64,800	\$ 64,800	\$ 62,916	\$ (1,884)
Interest earned	3,000	3,000	2,053	(947)
Other revenues	-	-	391	391
Total revenues	<u>67,800</u>	<u>67,800</u>	<u>65,360</u>	<u>(2,440)</u>
Expenditures:				
Current:				
General government	-	-	487	(487)
Highways and streets	77,300	84,800	75,402	9,398
Total expenditures	<u>77,300</u>	<u>84,800</u>	<u>75,889</u>	<u>8,911</u>
Excess (deficiency) of revenues over expenditures	<u>(9,500)</u>	<u>(17,000)</u>	<u>(10,529)</u>	<u>6,471</u>
Net change in fund balances	(9,500)	(17,000)	(10,529)	6,471
Fund balances at beginning of year	138,132	145,269	145,269	-
Fund balances at end of year	<u>\$ 128,632</u>	<u>\$ 128,269</u>	<u>\$ 134,740</u>	<u>\$ 6,471</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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ -	\$ 13,547	\$ 9,178	\$ (4,369)
Interest earned	3,000	3,000	3,048	48
Total revenues	<u>3,000</u>	<u>16,547</u>	<u>12,226</u>	<u>(4,321)</u>
Expenditures:				
Current:				
Economic development	2,000	10,350	4,550	5,800
Capital outlay	-	-	5,250	(5,250)
Total expenditures	<u>2,000</u>	<u>10,350</u>	<u>9,800</u>	<u>550</u>
Excess (deficiency) of revenues over expenditures	<u>1,000</u>	<u>6,197</u>	<u>2,426</u>	<u>(3,771)</u>
Other financing uses:				
Transfers out	-	(24,453)	(13,955)	10,498
Total other financing uses	<u>-</u>	<u>(24,453)</u>	<u>(13,955)</u>	<u>10,498</u>
Net change in fund balances	1,000	(18,256)	(11,529)	6,727
Fund balances at beginning of year	282,851	281,093	281,093	-
Fund balances at end of year	<u>\$ 283,851</u>	<u>\$ 262,837</u>	<u>\$ 269,564</u>	<u>\$ 6,727</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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 25,846	\$ 25,846	\$ 25,047	\$ (799)
Charges for services	6,500	2,200	1,800	(400)
Interest earned	5,100	5,000	4,429	(571)
Total revenues	<u>37,446</u>	<u>33,046</u>	<u>31,276</u>	<u>(1,770)</u>
Expenditures:				
Current:				
Highways and streets	15,640	15,362	12,463	(2,899)
Total expenditures	<u>15,640</u>	<u>15,362</u>	<u>12,463</u>	<u>(2,899)</u>
Net change in fund balances	21,806	17,684	18,813	1,129
Fund balances at beginning of year	324,530	327,725	327,725	-
Fund balances at end of year	<u>\$ 346,336</u>	<u>\$ 345,409</u>	<u>\$ 346,538</u>	<u>\$ 1,129</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, 2011**

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



Hulse, Harwood & Sheridan, LLC

Certified Public Accountants

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, 2011, which collectively comprise the Town of Oak Grove's basic financial statements and have issued our report thereon dated November 14, 2011. 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

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.

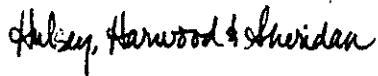
Town of Oak Grove
Oak Grove, Louisiana
Report on Internal Control over Financial Reporting
and on Compliance and Other Matters
June 30, 2011

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.

HULSEY, HARWOOD & SHERIDAN, LLC



November 14, 2011

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

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011**

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, 2011**

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken Yes, No, Partially	Planned Corrective Action/Partial Corrective Action Taken
ML 2010-1	2009	Failure to request that banks pledge securities to cover deposits.	Yes	N/A
ML 2010-2	2010	Failure to reconcile the utility accounts receivable subsidiary ledger to the general ledger control account.	Yes	N/A
ML 2010-3	2010	Failure to amend the General Fund budget.	Yes	N/A