

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**AS OF AND FOR THE YEAR
ENDED JUNE 30, 2022**

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

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INDEPENDENT AUDITOR'S REPORT

**To the Honorable Hubert Rollinson, Jr., Mayor
And the Honorable Members of the Town Council
Town of Oak Grove
Oak Grove, Louisiana**

Report on the Audit of the Financial Statements

Opinions

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 (the Town), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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, as of June 30, 2022, 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.

Basis for Opinions

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*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 41-45 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Management has omitted Management's Discussion and Analysis; the Schedule of Employer's Proportionate Share of Net Pension Liability; and the Schedule of Contributions that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Town of Oak Grove
Independent Auditor's Report
June 30, 2022

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Schedule of Compensation, Benefits, Reimbursements, And Other Payments to Or on Behalf of Agency Head; the Schedule of Compensation to Town Council; and the Justice Funding Schedule – Collecting/Disbursing Entity, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, Reimbursements, And Other Payments to Or on Behalf of Agency Head; the Schedule of Compensation to Town Council; and the Justice Funding Schedule – Collecting/Disbursing Entity are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2022, on our consideration of the Town'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 solely 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 effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

BOSCH & STATHAM, LLC

Ruston, Louisiana
December 20, 2022

BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF NET POSITION
AS OF JUNE 30, 2022**

| | Primary Government | | |
|--|------------------------------------|-------------------------------------|---------------------|
| | Governmental Activities | Business-type Activities | Total |
| ASSETS | | | |
| Cash and cash equivalents | \$ 3,531,006 | \$ 874,752 | \$ 4,405,758 |
| Cash and cash equivalents - restricted | 1,087 | 163,354 | 164,441 |
| Receivables, net of allowance for uncollectibles | 286,866 | 133,793 | 420,659 |
| Internal balances | 67,892 | (67,892) | - |
| Inventories | - | 9,150 | 9,150 |
| Capital assets not being depreciated | 306,629 | 10,756 | 317,385 |
| Capital assets, net of accumulated depreciation | 1,677,616 | 4,278,409 | 5,956,025 |
| TOTAL ASSETS | 5,871,096 | 5,402,322 | 11,273,418 |
| DEFERRED OUTFLOWS | | | |
| Pension related | 63,942 | 5,292 | 69,234 |
| LIABILITIES | | | |
| Accounts payable | 98,616 | 23,191 | 121,807 |
| Payroll and related liabilities | 23,468 | - | 23,468 |
| Accrued liabilities | - | 3,099 | 3,099 |
| Customer deposits payable | - | 74,639 | 74,639 |
| Due to others | 160 | - | 160 |
| Noncurrent liabilities: | | | |
| Due within one year | 8,442 | 41,537 | 49,979 |
| Due in more than one year | 33,362 | 509,067 | 542,429 |
| Net pension liability | 609,540 | 90,242 | 699,782 |
| TOTAL LIABILITIES | 773,588 | 741,775 | 1,515,363 |
| DEFERRED INFLOWS | | | |
| Pension related | 311,918 | 28,112 | 340,030 |
| Other | 1,087 | - | 1,087 |
| TOTAL DEFERRED INFLOWS | 313,005 | 28,112 | 341,117 |
| NET POSITION | | | |
| Net investment in capital assets | 1,984,245 | 3,747,464 | 5,731,709 |
| Restricted for: | | | |
| Street maintenance | 85,534 | - | 85,534 |
| Cemetery | 361,662 | - | 361,662 |
| Utilities | - | 87,824 | 87,824 |
| Unrestricted net position | 2,417,004 | 802,439 | 3,219,443 |
| TOTAL NET POSITION | \$ 4,848,445 | \$ 4,637,727 | \$ 9,486,172 |

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, 2022**

| FUNCTIONS/PROGRAMS | EXPENSES | PROGRAM REVENUES | | | NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS | | |
|---------------------------------------|---------------------|-------------------------|--|--|--|-----------------------------|---------------------|
| | | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL |
| Governmental activities: | | | | | | | |
| General government | \$ 721,197 | \$ 166,540 | \$ 327,658 | \$ - | \$ (226,999) | | \$ (226,999) |
| Public safety | 488,991 | 39,997 | 29,008 | - | (419,986) | | (419,986) |
| Highways and streets | 318,665 | 5,286 | - | - | (313,379) | | (313,379) |
| Cemeteries | 16,802 | 8,400 | - | - | (8,402) | | (8,402) |
| Health and welfare | 7,004 | - | - | 123,028 | 116,024 | | 116,024 |
| Culture and recreation | 45,610 | - | - | - | (45,610) | | (45,610) |
| Economic development | 33,482 | - | - | - | (33,482) | | (33,482) |
| Total governmental activities | <u>1,631,751</u> | <u>220,223</u> | <u>356,666</u> | <u>123,028</u> | <u>(931,834)</u> | | <u>(931,834)</u> |
| Business-type activities: | | | | | | | |
| Water operations | 380,550 | 556,811 | - | 91,560 | | \$ 267,821 | 267,821 |
| Interest expense on water debt | 2,480 | - | - | - | | (2,480) | (2,480) |
| Sewer operations | 474,013 | 399,935 | - | - | | (74,078) | (74,078) |
| Interest expense on sewer debt | 4,813 | - | - | - | | (4,813) | (4,813) |
| Total business-type activities | <u>861,856</u> | <u>956,746</u> | <u>-</u> | <u>91,560</u> | | <u>186,450</u> | <u>186,450</u> |
| Total primary government | <u>\$ 2,493,607</u> | <u>\$ 1,176,969</u> | <u>\$ 356,666</u> | <u>\$ 214,588</u> | <u>(931,834)</u> | <u>186,450</u> | <u>(745,384)</u> |
| General revenues: | | | | | | | |
| Property taxes | | | | | 246,430 | - | 246,430 |
| Sales and use taxes | | | | | 1,259,044 | - | 1,259,044 |
| Franchise taxes | | | | | 66,426 | - | 66,426 |
| Unrestricted investment earnings | | | | | 27,003 | 284 | 27,287 |
| Gain (loss) on sale of capital assets | | | | | 2,025 | - | 2,025 |
| Other | | | | | 154,514 | 52,152 | 206,666 |
| Transfers | | | | | 77,844 | (77,844) | - |
| Total general revenues and transfers | | | | | <u>1,833,286</u> | <u>(25,408)</u> | <u>1,807,878</u> |
| Change in net position | | | | | <u>901,452</u> | <u>161,042</u> | <u>1,062,494</u> |
| Net position at beginning of year | | | | | <u>3,946,993</u> | <u>4,476,685</u> | <u>8,423,678</u> |
| Net position at end of year | | | | | <u>\$ 4,848,445</u> | <u>\$ 4,637,727</u> | <u>\$ 9,486,172</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, 2022**

| ASSETS | General | Sales Tax | Street | Economic Development | Cemetery | LCDBG | American Rescue Plan | Total Governmental Funds |
|---|-------------------|---------------------|------------------|---------------------------------|-------------------|------------------|-------------------------------------|---|
| Cash and cash equivalents | \$ 278,705 | \$ 2,278,703 | \$ 83,757 | \$ 236,400 | \$ 365,933 | \$ - | \$ 287,508 | \$ 3,531,006 |
| Cash and cash equivalents - restricted | 1,087 | - | - | - | - | - | - | 1,087 |
| Receivables, net | 8,516 | 185,096 | - | - | - | 93,254 | - | 286,866 |
| Due from other funds | - | 87,174 | 4,271 | - | - | - | - | 91,445 |
| TOTAL ASSETS | \$ 288,308 | \$ 2,550,973 | \$ 88,028 | \$ 236,400 | \$ 365,933 | \$ 93,254 | \$ 287,508 | \$ 3,910,404 |
| LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable | \$ 2,513 | \$ 356 | \$ 2,494 | \$ - | \$ - | \$ 93,254 | \$ - | \$ 98,617 |
| Payroll and related liabilities | 23,468 | - | - | - | - | - | - | 23,468 |
| Due to other funds | 19,282 | - | - | - | 4,271 | - | - | 23,553 |
| Due to others | 160 | - | - | - | - | - | - | 160 |
| Total liabilities | <u>45,423</u> | <u>356</u> | <u>2,494</u> | <u>-</u> | <u>4,271</u> | <u>93,254</u> | <u>-</u> | <u>145,798</u> |
| Deferred inflows: | | | | | | | | |
| Unavailable revenues | <u>1,087</u> | <u>101,470</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>102,557</u> |
| Fund balances: | | | | | | | | |
| Restricted fund balances | - | 2,449,147 | 85,534 | - | 361,662 | - | 287,508 | 3,183,851 |
| Committed fund balances | - | - | - | 236,400 | - | - | - | 236,400 |
| Unassigned | 241,798 | - | - | - | - | - | - | 241,798 |
| Total fund balances | <u>241,798</u> | <u>2,449,147</u> | <u>85,534</u> | <u>236,400</u> | <u>361,662</u> | <u>-</u> | <u>287,508</u> | <u>3,662,049</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES | \$ 288,308 | \$ 2,550,973 | \$ 88,028 | \$ 236,400 | \$ 365,933 | \$ 93,254 | \$ 287,508 | \$ 3,910,404 |

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, 2022**

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

| | |
|--|----------------------------|
| Total fund balances | \$ 3,662,049 |
| Capital assets used in governmental activities are not financial resources and, therefore, are deferred in the funds. | 1,984,245 |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. | 101,470 |
| Deferred outflows - pension related | 63,942 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds: | |
| Compensated absences payable | (41,804) |
| Net pension liability | (609,540) |
| Deferred inflows - pension related | <u>(311,917)</u> |
| Net position of governmental activities | <u>\$ 4,848,445</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, 2022**

| | General | Sales Tax | Street | Economic Development | Cemetery | LCDBG | American Rescue Plan | Total Governmental Funds |
|---|-------------------|---------------------|------------------|-------------------------|-------------------|-----------------|----------------------------|--------------------------------|
| Revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| Ad valorem | \$ 127,527 | \$ - | \$ 84,999 | \$ - | \$ 33,904 | \$ - | \$ - | \$ 246,430 |
| Sales and use | - | 1,244,225 | - | - | - | - | - | 1,244,225 |
| Franchise | 66,426 | - | - | - | - | - | - | 66,426 |
| Intergovernmental: | | | | | | | | |
| Federal funds | 1,175 | - | - | - | - | 123,028 | 287,658 | 411,861 |
| State funds: | | | | | | | | |
| Supplemental pay | 27,833 | - | - | - | - | - | - | 27,833 |
| Other state funds | 40,000 | - | - | - | - | - | - | 40,000 |
| Licenses and permits | 148,337 | - | - | - | - | - | - | 148,337 |
| Charges for services | 5,286 | - | - | - | 8,400 | - | - | 13,686 |
| Fines | 39,997 | - | - | - | - | - | - | 39,997 |
| Lease income | 10,403 | - | - | 7,800 | - | - | - | 18,203 |
| Interest earned | 1,188 | 16,300 | 328 | 2,590 | 6,597 | - | - | 27,003 |
| Other revenues | 5,761 | 371 | 2,063 | - | - | - | - | 8,195 |
| Total revenues | <u>473,933</u> | <u>1,260,896</u> | <u>87,390</u> | <u>10,390</u> | <u>48,901</u> | <u>123,028</u> | <u>287,658</u> | <u>2,292,196</u> |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| General government | 197,864 | 451,282 | 976 | - | 471 | - | 250 | 650,843 |
| Public safety | 429,263 | 32,190 | - | - | - | - | - | 461,453 |
| Highways and streets | - | 114,519 | 104,322 | - | - | - | - | 218,841 |
| Cemeteries | - | - | - | - | 16,802 | - | - | 16,802 |
| Health and welfare | 2,550 | 4,454 | - | - | - | - | - | 7,004 |
| Culture and recreation | 15,685 | 19,611 | - | - | - | - | - | 35,296 |
| Economic development | 25,000 | - | - | 3,234 | - | - | - | 28,234 |
| Capital outlay | - | - | - | - | - | 200,872 | - | 200,872 |
| Total expenditures | <u>670,362</u> | <u>622,056</u> | <u>105,298</u> | <u>3,234</u> | <u>17,273</u> | <u>200,872</u> | <u>250</u> | <u>1,619,345</u> |
| Excess (deficiency) of revenues over expenditures | <u>(196,429)</u> | <u>638,840</u> | <u>(17,908)</u> | <u>7,156</u> | <u>31,628</u> | <u>(77,844)</u> | <u>287,408</u> | <u>672,851</u> |
| Other financing sources (uses): | | | | | | | | |
| Transfers in | 140,000 | - | 32,397 | - | - | 77,844 | 100 | 250,341 |
| Transfers out | (100) | (172,397) | - | - | - | - | - | (172,497) |
| Sale of capital assets | 2,025 | - | - | - | - | - | - | 2,025 |
| Total other financing sources and uses | <u>141,925</u> | <u>(172,397)</u> | <u>32,397</u> | <u>-</u> | <u>-</u> | <u>77,844</u> | <u>100</u> | <u>79,869</u> |
| Net change in fund balances | (54,504) | 466,443 | 14,489 | 7,156 | 31,628 | - | 287,508 | 752,720 |
| Fund balances at beginning of year | 296,302 | 1,982,704 | 71,045 | 229,244 | 330,034 | - | - | 2,909,329 |
| Fund balances at end of year | \$ 241,798 | \$ 2,449,147 | \$ 85,534 | \$ 236,400 | \$ 361,662 | \$ - | \$ 287,508 | \$ 3,662,049 |

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,
EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

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

Net change in fund balances - total governmental funds **\$ 752,720**

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.

| | |
|----------------------|------------------|
| Capital outlay | 200,872 |
| Depreciation expense | (146,477) |

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

| | |
|--|-----------------|
| Amount deferred in current year governmental balance sheet | 101,470 |
| Amount deferred in prior year governmental balance sheet | (86,651) |

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

| | |
|---|-----------------|
| Change in net pension liability and deferred inflows and outflows | (66,802) |
| Town's share of nonemployer contributions to the retirement systems | 146,320 |

Change in net position of governmental activities **\$ 901,452**

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, 2022**

| ASSETS | Water | Sewer | Total Proprietary Funds |
|---|---------------------|---------------------|--|
| Current assets: | | | |
| Cash and cash equivalents - unrestricted | \$ 766,864 | \$ 107,888 | \$ 874,752 |
| Cash and cash equivalents - restricted | 124,341 | 39,013 | 163,354 |
| Receivables, net | 89,351 | 44,442 | 133,793 |
| Inventories | 9,150 | - | 9,150 |
| Total current assets | <u>989,706</u> | <u>191,343</u> | <u>1,181,049</u> |
| Noncurrent assets: | | | |
| Capital assets, net | <u>2,195,999</u> | <u>2,093,166</u> | <u>4,289,165</u> |
| TOTAL ASSETS | <u>3,185,705</u> | <u>2,284,509</u> | <u>5,470,214</u> |
| DEFERRED OUTFLOWS | | | |
| Deferred outflows - pension related | 2,646 | 2,646 | 5,292 |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 9,614 | 13,577 | 23,191 |
| Due to other funds | - | 67,892 | 67,892 |
| Accrued liabilities | 3,098 | - | 3,099 |
| Customer deposits payable | 74,639 | - | 74,639 |
| Non-current liabilities due within one year | 11,537 | 30,000 | 41,537 |
| Total current liabilities | <u>98,888</u> | <u>111,470</u> | <u>210,358</u> |
| Noncurrent liabilities: | | | |
| Non-current liabilities due in more than one year | 61,366 | 447,701 | 509,067 |
| Net pension liability | 45,121 | 45,121 | 90,242 |
| Total noncurrent liabilities | <u>106,487</u> | <u>492,822</u> | <u>599,309</u> |
| TOTAL LIABILITIES | <u>205,375</u> | <u>604,292</u> | <u>809,667</u> |
| DEFERRED INFLOWS | | | |
| Deferred inflows - pension related | <u>14,056</u> | <u>14,056</u> | <u>28,112</u> |
| NET POSITION | | | |
| Net investment in capital assets | 2,131,999 | 1,615,465 | 3,747,464 |
| Restricted net position | 87,824 | - | 87,824 |
| Unrestricted net position | 749,097 | 53,342 | 802,439 |
| TOTAL NET POSITION | <u>\$ 2,968,920</u> | <u>\$ 1,668,807</u> | <u>\$ 4,637,727</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 POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

| | Water | Sewer | Total Proprietary Funds |
|---------------------------------------|---------------------|---------------------|-------------------------------|
| Operating revenues: | | | |
| Charges for sales and services: | | | |
| Water and sewer fees | \$ 556,811 | \$ 399,935 | \$ 956,746 |
| Other revenues | <u>15,867</u> | <u>36,285</u> | <u>52,152</u> |
| Total operating revenues | <u>572,678</u> | <u>436,220</u> | <u>1,008,898</u> |
| Operating expenses: | | | |
| Administration | 258,837 | 390,565 | 649,402 |
| Depreciation expense | <u>121,713</u> | <u>83,448</u> | <u>205,161</u> |
| Total operating expenses | <u>380,550</u> | <u>474,013</u> | <u>854,563</u> |
| Operating income (loss) | <u>192,128</u> | <u>(37,793)</u> | <u>154,335</u> |
| Nonoperating revenues (expenses): | | | |
| Intergovernmental revenues | 67,060 | 24,500 | 91,560 |
| Interest earned | 284 | - | 284 |
| Interest expense | <u>(2,480)</u> | <u>(4,813)</u> | <u>(7,293)</u> |
| Total nonoperating revenue (expenses) | <u>64,864</u> | <u>19,687</u> | <u>84,551</u> |
| Income (loss) before transfers | <u>256,992</u> | <u>(18,106)</u> | <u>238,886</u> |
| Transfers out | <u>(77,844)</u> | <u>-</u> | <u>(77,844)</u> |
| Change in net position | 179,148 | (18,106) | 161,042 |
| Net position at beginning of year | <u>2,789,772</u> | <u>1,686,913</u> | <u>4,476,685</u> |
| Net position at end of year | <u>\$ 2,968,920</u> | <u>\$ 1,668,807</u> | <u>\$ 4,637,727</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, 2022**

| | Water | Sewer | Total Proprietary Funds |
|--|-------------------|--------------------|-------------------------------|
| Cash flows from operating activities: | | | |
| Receipts from customers and users | \$ 554,978 | \$ 438,556 | \$ 993,534 |
| Payments to suppliers | (235,642) | (343,919) | (579,561) |
| Payments to employees | (65,881) | (65,881) | (131,762) |
| Net cash provided by operating activities | <u>253,455</u> | <u>28,756</u> | <u>282,211</u> |
| Cash flows from noncapital financing activities: | | | |
| Transfer to other funds | (77,844) | - | (77,844) |
| Subsidy from grants | 67,060 | 24,500 | 91,560 |
| Net cash provided by noncapital and related financing activities | <u>(10,784)</u> | <u>24,500</u> | <u>13,716</u> |
| Cash flows from capital and related financing activities: | | | |
| Purchases of capital assets | (53,550) | - | (53,550) |
| Principal paid on capital debt | (27,000) | (29,000) | (56,000) |
| Interest paid on capital debt | (2,480) | (4,813) | (7,293) |
| Net cash used by capital and related financing activities | <u>(83,030)</u> | <u>(33,813)</u> | <u>(116,843)</u> |
| Cash flows from investing activities: | | | |
| Interest received | 284 | - | 284 |
| Net cash provided by investing activities | <u>284</u> | <u>-</u> | <u>284</u> |
| Net increase (decrease) in cash and cash equivalents | 159,925 | 19,443 | 179,368 |
| Cash and cash equivalents, beginning of year (including amounts in restricted accounts) | <u>731,280</u> | <u>127,458</u> | <u>858,738</u> |
| Cash and cash equivalents, end of year (including amounts in restricted accounts) | <u>\$ 891,205</u> | <u>\$ 146,901</u> | <u>\$ 1,038,106</u> |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | | |
| Operating income (loss) | <u>\$ 192,128</u> | <u>\$ (37,793)</u> | <u>\$ 154,335</u> |
| Adjustments to reconcile operating loss to cash provided by operating activities: | | | |
| Depreciation expense | 121,713 | 83,448 | 205,161 |
| Pension related income and expense | (7,099) | (7,099) | (14,198) |
| (Increase) decrease in accounts receivable | (10,601) | 2,336 | (8,265) |
| (Increase) decrease in interfund balances | (17,236) | (3,000) | (20,236) |
| Increase (decrease) in accounts payable | (2,553) | (7,817) | (10,370) |
| Increase (decrease) in payroll related liabilities | (1,318) | (1,318) | (2,636) |
| Increase (decrease) in customer deposits | 1,685 | - | 1,685 |
| Increase (decrease) in accrued liabilities | (23,264) | - | (23,264) |
| Total adjustments | <u>61,327</u> | <u>66,550</u> | <u>127,877</u> |
| Net cash provided by operating activities | <u>\$ 253,455</u> | <u>\$ 28,757</u> | <u>\$ 282,212</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, 2022**

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 of the Town and the cash flows of the proprietary funds as of and for the year ended June 30, 2022.

Reporting Entity

The Town's basic financial statements consist of financial information of the various funds and activities that comprise the Town's legal entity. GASB Statement No. 14, *The Financial Reporting Entity*, as amended, provides that 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 and there is a potential financial benefit/burden to the State.
- 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.

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 basic financial statements include the government-wide financial statements, fund financial statements, notes to the basic financial statements, and required supplementary information other than the MD&A.

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

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

The government-wide financial statements consist of a governmental activities column and a business-type activities column. Together these two columns comprise the financial information of the primary government. Fund financial statements are presented to provide additional detail supporting the information presented in the government-wide financial statements. The fund financial statements consist of financial statements for governmental funds and proprietary funds (enterprise funds).

The government-wide 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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.

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, and 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 2017 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 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 American Rescue Plan Fund accounts for funds received under the federal American Rescue Plan Act.

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

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

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

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, 2022, taxes of 20.56 mills were levied on property with assessed valuations totaling \$11,947,162, as follows:

| | |
|----------------------------|-------------|
| General corporate purposes | 10.60 mills |
| Street maintenance | 7.12 mills |
| Cemetery | 2.84 mills |

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

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position, Equity, or Net Fund Balances (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 | \$ 891,000 | 7% | \$ 18,319 |
| Regions Bank | 638,550 | 5% | 13,129 |
| Wal-Mart Louisiana, LLC | 559,126 | 5% | 11,496 |
| West Carroll Hospital | 507,547 | 4% | 10,435 |
| Guaranty Bank and Trust Co. | 449,713 | 4% | 9,246 |
| Superior Group of Companies | 315,012 | 3% | 6,477 |
| Commerce Community Bank | 314,291 | 3% | 6,462 |
| Commerical Capital Bank | 233,993 | 2% | 4,811 |
| b1 Bank | 224,746 | 2% | 4,621 |
| Entergy Louisiana Holdings, Inc. | 200,510 | 2% | 4,123 |
| Totals | <u>\$ 4,334,488</u> | <u>37%</u> | <u>\$ 89,119</u> |

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position, Equity, or Net Fund Balances (Continued)

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. Capital 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
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

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. Any employee who dies while employed by the Town of Oak Grove is entitled to be paid any vacation days not taken during that calendar year. All payments will be made to the employee's estate.

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 of 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 the 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 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. |
| 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
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

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
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

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, 2022, the Town has cash and cash equivalents (book balances) totaling \$4,570,199 as follows:

| | |
|--|-----------------------------------|
| Cash and cash equivalents: | |
| Demand deposits | \$ 2,362,876 |
| Time deposits | 2,041,819 |
| Other | <u>1,063</u> |
| Total | <u>4,405,758</u> |
| Cash and cash equivalents – restricted: | |
| Demand deposits | 97,341 |
| Time deposits | <u>67,100</u> |
| Total | <u>164,441</u> |
| Total | <u><u>\$ 4,570,199</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, 2022, \$1,828,358 of the Town's bank balances of \$4,602,684 was exposed to custodial credit risk as follows:

| | |
|---|-----------------------------------|
| Insured by FDIC | <u>\$ 1,828,358</u> |
| Uninsured and uncollateralized | |
| Collateralized by pledged securities not in the Town's name | <u>2,774,326</u> |
| Total balances exposed to custodial credit risk | <u>2,774,326</u> |
| Total bank balances | <u><u>\$ 4,602,684</u></u> |

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

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 3 – RECEIVABLES

The following is a summary of receivables at June 30, 2022:

| | <u>General</u> | <u>Sales Tax</u> | <u>LCDBG</u> | <u>Water</u> | <u>Sewer</u> | <u>Total</u> |
|--------------------------------------|------------------------|-------------------------|------------------------|-------------------------|------------------------|-------------------------|
| Receivables: | | | | | | |
| Taxes | \$ - | \$185,096 | \$ - | \$ - | \$ - | \$185,096 |
| Accounts and other | <u>8,516</u> | <u>-</u> | <u>93,254</u> | <u>94,523</u> | <u>44,442</u> | <u>240,735</u> |
| Gross receivables | 8,516 | 185,096 | 93,254 | 94,523 | 44,442 | 425,831 |
| Less allowance for uncollectibles | <u>-</u> | <u>-</u> | <u>-</u> | <u>(5,172)</u> | <u>-</u> | <u>(5,172)</u> |
| Net total receivables | <u>\$ 8,516</u> | <u>\$185,096</u> | <u>\$93,254</u> | <u>\$ 89,351</u> | <u>\$44,442</u> | <u>\$420,659</u> |

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

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 4 – CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2022, follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|------------------------------|------------------|------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 74,750 | \$ - | \$ - | \$ 74,750 |
| Recreational vehicle hookups at park | 1,270 | - | - | 1,270 |
| Construction in progress | 29,737 | 200,872 | - | 230,609 |
| Total capital assets not being depreciated | <u>105,757</u> | <u>200,872</u> | <u>-</u> | <u>306,629</u> |
| Capital assets being depreciated: | | | | |
| Infrastructure | 2,870,655 | - | - | 2,870,655 |
| Buildings | 399,237 | - | - | 399,237 |
| Building improvements | 411,953 | - | - | 411,953 |
| Furniture and equipment | 578,896 | - | - | 578,896 |
| Other improvements | 142,996 | - | - | 142,996 |
| Vehicles | 343,955 | - | (22,095) | 321,860 |
| Total capital assets being depreciated | <u>4,747,692</u> | <u>-</u> | <u>(22,095)</u> | <u>4,725,597</u> |
| Less accumulated depreciation for: | | | | |
| Infrastructure | 1,561,989 | 74,337 | - | 1,636,326 |
| Buildings | 399,237 | - | - | 399,237 |
| Building improvements | 197,890 | 6,908 | - | 204,798 |
| Furniture and equipment | 509,366 | 25,644 | - | 535,010 |
| Other improvements | 21,924 | 7,588 | - | 29,512 |
| Vehicles | 233,193 | 32,000 | (22,095) | 243,098 |
| Total accumulated depreciation | <u>2,923,599</u> | <u>146,477</u> | <u>(22,095)</u> | <u>3,047,981</u> |
| Total capital assets being depreciated | <u>1,824,093</u> | <u>(146,477)</u> | <u>-</u> | <u>1,677,616</u> |
| Governmental activities, capital assets, net | <u>\$ 1,929,850</u> | <u>\$ 54,395</u> | <u>\$ -</u> | <u>\$ 1,984,245</u> |

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

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 4 – CAPITAL ASSETS (CONTINUED)

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|--------------------|------------------|---------------------------|
| Business-type activities - Water: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 10,756 | \$ - | \$ - | \$ 10,756 |
| Total capital assets not being depreciated | <u>10,756</u> | <u>-</u> | <u>-</u> | <u>10,756</u> |
| Capital assets being depreciated: | | | | |
| Infrastructure | 5,165,036 | 53,550 | - | 5,218,586 |
| Building improvements | 27,954 | - | - | 27,954 |
| Furniture and equipment | 114,080 | - | - | 114,080 |
| Vehicles | 115,237 | - | - | 115,237 |
| Total capital assets being depreciated | <u>5,422,307</u> | <u>53,550</u> | <u>-</u> | <u>5,475,857</u> |
| Less accumulated depreciation for: | | | | |
| Infrastructure | 2,932,566 | 115,763 | - | 3,048,329 |
| Building improvements | 27,051 | 903 | - | 27,954 |
| Furniture and equipment | 113,008 | 585 | - | 113,593 |
| Vehicles | 96,276 | 4,462 | - | 100,738 |
| Total accumulated depreciation | <u>3,168,901</u> | <u>121,713</u> | <u>-</u> | <u>3,290,614</u> |
| Total capital assets being depreciated | <u>2,253,406</u> | <u>(68,163)</u> | <u>-</u> | <u>2,185,243</u> |
| Business-type activities - Water, capital assets, net | <u>\$ 2,264,162</u> | <u>\$ (68,163)</u> | <u>\$ -</u> | <u>\$ 2,195,999</u> |

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

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 4 – CAPITAL ASSETS (CONTINUED)

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|--------------------|------------------|---------------------------|
| Business-type activities - Sewer: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ - | \$ - | \$ - | \$ - |
| Construction in progress | - | - | - | - |
| Total capital assets not being depreciated | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Capital assets being depreciated: | | | | |
| Infrastructure | \$ 3,295,698 | \$ - | \$ - | \$ 3,295,698 |
| Buildings | 1,815 | - | - | 1,815 |
| Building improvements | 3,472 | - | - | 3,472 |
| Furniture and equipment | 30,799 | - | - | 30,799 |
| Total capital assets being depreciated | <u>3,331,784</u> | <u>-</u> | <u>-</u> | <u>3,331,784</u> |
| Less accumulated depreciation for: | | | | |
| Infrastructure | 1,120,155 | 82,863 | - | 1,203,018 |
| Buildings | 1,815 | - | - | 1,815 |
| Building improvements | 3,472 | - | - | 3,472 |
| Furniture and equipment | 29,727 | 585 | - | 30,312 |
| Total accumulated depreciation | <u>1,155,169</u> | <u>83,448</u> | <u>-</u> | <u>1,238,617</u> |
| Total capital assets being depreciated | <u>2,176,615</u> | <u>(83,448)</u> | <u>-</u> | <u>2,093,167</u> |
| Business-type activities - Sewer capital assets, net | <u>\$ 2,176,615</u> | <u>\$ (83,448)</u> | <u>\$ -</u> | <u>\$ 2,093,167</u> |

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

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 4 – CAPITAL ASSETS (CONTINUED)

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|---------------------|------------------|---------------------------|
| Business-type activities - total: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 10,756 | \$ - | \$ - | \$ 10,756 |
| Recreational vehicle hookups at park | - | - | - | - |
| Construction in progress | - | - | - | - |
| Total capital assets not being depreciated | <u>10,756</u> | <u>-</u> | <u>-</u> | <u>10,756</u> |
| Capital assets being depreciated: | | | | |
| Infrastructure | 8,460,734 | 53,550 | - | 8,514,284 |
| Buildings | 1,815 | - | - | 1,815 |
| Building improvements | 31,426 | - | - | 31,426 |
| Furniture and equipment | 144,879 | - | - | 144,879 |
| Vehicles | 96,276 | - | - | 115,237 |
| Total capital assets being depreciated | <u>8,735,130</u> | <u>53,550</u> | <u>-</u> | <u>8,807,641</u> |
| Less accumulated depreciation for: | | | | |
| Infrastructure | 4,052,721 | 198,626 | - | 3,050,144 |
| Buildings | 1,815 | - | - | 3,472 |
| Building improvements | 30,523 | 903 | - | 58,266 |
| Furniture and equipment | 142,735 | 1,170 | - | 113,593 |
| Vehicles | 96,276 | 4,462 | - | 1,339,355 |
| Total accumulated depreciation | <u>4,324,070</u> | <u>205,161</u> | <u>-</u> | <u>4,529,231</u> |
| Total capital assets being depreciated | <u>4,411,060</u> | <u>(151,611)</u> | <u>-</u> | <u>4,278,409</u> |
| Business-type activities - total, capital assets, net | <u>\$ 4,440,777</u> | <u>\$ (151,611)</u> | <u>\$ -</u> | <u>\$ 4,289,166</u> |

Depreciation expense was charged as follows:

Governmental activities:

| | |
|------------------------|-------------------|
| General government | \$ 3,552 |
| Public safety | 27,538 |
| Highways and streets | 99,824 |
| Culture and recreation | 10,314 |
| Economic development | 5,249 |
| Total | <u>\$ 146,477</u> |

Business-type activities:

| | |
|-------|-------------------|
| Water | \$ 121,713 |
| Sewer | 83,448 |
| Total | <u>\$ 205,161</u> |

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

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 5 – INTERFUND BALANCES AND TRANSFERS

Interfund balances and transfers during the year ended June 30, 2022, were as follows:

| | | Due To | | |
|----------|--------------|------------------|-----------------|------------------|
| | | Sales | | |
| | | Tax | Street | Total |
| Due From | General | \$ 19,282 | \$ - | \$ 19,282 |
| | Cemetery | - | 4,271 | 4,271 |
| | Sewer | 67,892 | - | 67,892 |
| | Total | \$ 87,174 | \$ 4,271 | \$ 91,445 |

| | | Transfers out | | | |
|--------------|-------------------------|---------------|-------------------|------------------|-------------------|
| | | Sales | | | |
| | | General | Tax | Water | Total |
| Transfers in | General | \$ - | \$ 140,000 | \$ - | \$ 140,000 |
| | Street | - | 32,397 | - | 32,397 |
| | LCDBG | - | - | 77,844 | 77,844 |
| | American Rescue Plan | 100 | - | - | 100 |
| | Total | \$ 100 | \$ 172,397 | \$ 77,844 | \$ 250,341 |

Balances are due to electronic transfers from grantors, bills paid by other funds, or errors. Transfers are used to move unrestricted 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 projects. In addition, transfers included amounts transferred for reserve fund requirements for revenue bonds.

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

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 6 – LONG-TERM OBLIGATIONS

Bonds payable at June 30, 2022, are comprised of the following:

Taxable Sewer Revenue Bonds:

Sewer Revenue Bonds, Series 2017 (DEQ) - \$1,000,000 issued August 10, 2017, principal due in annual installments of \$3,000 to \$34,000 through April 1, 2037, interest 0.4500% payable semiannually, payments are made from the Sewer Fund.

\$ 477,701

Revenue Bonds:

Water Revenue Bonds, Series 2019 - \$100,000 issued October 1, 2019, principal due in annual installments of \$9,000 to \$11,000 through October 1, 2029, interest 3.20% payable annually, payments are made from the Water Fund.

64,000

Total

\$ 541,701

The annual requirements to amortize all certificated of indebtedness outstanding at June 30, 2022, are as follows:

| Year Ended | Sewer Revenue Bonds, Series 2017 (DEQ) | | Water Revenue Bonds, Series 2019 | |
|-------------------|---|------------------|---|------------------|
| | Principal | Interest | Principal | Interest |
| June 30, | | | | |
| 2023 | \$ 30,000 | \$ 2,150 | \$ 9,000 | \$ 2,624 |
| 2024 | 30,000 | 2,015 | 10,000 | 2,336 |
| 2025 | 30,000 | 1,880 | 10,000 | 2,016 |
| 2026 | 31,000 | 1,745 | 10,000 | 1,696 |
| 2027 | 31,000 | 1,605 | 10,000 | 1,376 |
| 2028-2032 | 159,000 | 5,906 | 15,000 | 1,760 |
| 2033-2037 | 166,701 | 2,185 | - | - |
| Total | <u>\$ 477,701</u> | <u>\$ 17,486</u> | <u>\$ 64,000</u> | <u>\$ 11,808</u> |

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

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 6 – LONG-TERM OBLIGATIONS (CONTINUED)

Long-term obligation activity for the year ended June 30, 2022, 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: | | | | | |
| Compensated absences | \$ 41,804 | \$ 15,781 | \$ (15,781) | \$ 41,804 | \$ 8,442 |
| Net pension liability - MERS | 300,888 | - | (100,025) | 200,863 | - |
| Net pension liability - MPERS | 698,582 | - | (289,905) | 408,677 | - |
| Governmental activity long-term liabilities | <u>\$1,041,274</u> | <u>\$ 15,781</u> | <u>\$(405,711)</u> | <u>\$ 651,344</u> | <u>\$ 8,442</u> |
| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
| Business-type activities: | | | | | |
| Sewer Revenue Bonds, Series 2017 (DEQ) | \$ 506,701 | \$ - | \$ (29,000) | \$ 477,701 | \$ 29,000 |
| Water Revenue Bonds, Series 2019 | 91,000 | - | (27,000) | 64,000 | 9,000 |
| Compensated absences | 8,903 | 3,361 | (3,361) | 8,903 | 2,537 |
| Net Pension Liability - MERS | 148,199 | - | (57,957) | 90,242 | - |
| Business-type activity long-term liabilities | <u>\$ 754,803</u> | <u>\$ 3,361</u> | <u>\$(117,318)</u> | <u>\$ 640,846</u> | <u>\$ 40,537</u> |

As discussed in Note 1, upon separation from service, employees are paid for accumulated vacation leave at their then current rate of pay. Historically, adjustments to the compensated absences liability included adjusting the ending liability to ending pay rates and to limitations on the hours for which an employee will be paid. Management concluded that the 2019 liability balance is a fair estimate of the liability as of June 30, 2022. Additions were estimated. Deductions were assumed to be equal to additions to arrive at the same liability.

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

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 7 – RETIREMENT SYSTEMS

Municipal Employees' Retirement System of Louisiana (System)

Plan Description

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

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

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

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

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 7 – RETIREMENT SYSTEMS (CONTINUED)

Municipal Employees' Retirement System of Louisiana (System) (Continued)

Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended June 30, 2022, the actual employer contribution rate was 15.50% for Plan B, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities but are not considered special funding situations.

Under Plan B, members are required by state statute to contribute 5.00% of their annual covered salary. The contributions are deducted from the employee's wages or salary and remitted by the Town of Oak Grove to the System monthly. The Town of Oak Grove's contributions to the System under Plan B for the year ending June 30, 2022 were \$82,218.

Municipal Police Employees' Retirement System of Louisiana (System)

Plan Description

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

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

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

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

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

Hazardous Duty

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

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

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 7 – RETIREMENT SYSTEMS (CONTINUED)

Municipal Police Employees' Retirement System of Louisiana (System) (Continued)

Non-Hazardous Duty

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

The benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. The system also provides death and disability benefits. Benefits are established or amended by state statute.

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

Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended June 30, 2022, the actual employer contribution rate was 33.75%, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities but are not considered special funding situations.

Members are required by state statute to contribute 10.00% of their annual covered salary. The contributions are deducted from the employee's wages or salary and remitted by the Town of Oak Grove to the System monthly. The Town of Oak Grove's contributions to the System for the year ending June 30, 2022, were \$77,598.

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 \$27,833. The related expenditures of \$27,833 are included in public safety expenditures in the General Fund.

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

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 9 – COMMITMENTS AND 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.

At June 30, 2022, the Town was involved in litigation. However, based on consultation with legal counsel, management estimates there to be no losses.

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 – STEWARDSHIP

For the year ended June 30, 2022, the following funds’ total expenditures and other uses exceeded final budgeted amounts:

| <u>Fund</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Unfavorable Variance</u> |
|----------------------|----------------------------|-------------------------|---------------|---------------------------------|
| Sales Tax | \$ 520,000 | \$ 762,000 | \$ 794,453 | \$ (32,453) |
| Street | \$ 75,000 | \$ 101,000 | \$ 105,298 | \$ (4,298) |
| Economic Development | \$ 1,000 | \$ 3,000 | \$ 3,234 | \$ (234) |

NOTE 12 – NEW ACCOUNTING STANDARDS

The following summaries of recently issued Statements include the Statements’ original effective dates. In response to the COVID-19 global pandemic, GASB issued Statement Number 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which changes effective dates for Statements 83 through 93 to June 15, 2020 through December 31, 2022.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, was issued in November 2016. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. This statement is not expected to affect the Police Jury’s financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 12 –NEW ACCOUNTING STANDARDS (CONTINUED)

GASB Statement No. 84, *Fiduciary Activities*, was issued in January 2017. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. This statement was implemented during 2019.

GASB Statement No. 87, *Leases*, was issued in June 2017. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, was issued in April 2018. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

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

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 12 –NEW ACCOUNTING STANDARDS (CONTINUED)

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued June 2018. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*, was issued August 2018. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

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

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 12 –NEW ACCOUNTING STANDARDS (CONTINUED)

GASB Statement No. 91, *Conduit Debt Obligations*, was issued May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

GASB Statement No. 92, *Omnibus 2020*, was issued January 2020. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports, reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan, the applicability of Statements No. 73, 74, and 84, measurement of liabilities (and assets, if any) related to asset retirement obligations in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, and terminology used to refer to derivative instruments.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, was issued March 2020. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, was issued March 2020. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. PPPs should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or if applicable to earlier periods, the beginning of the earliest period restated).

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

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 12 –NEW ACCOUNTING STANDARDS (CONTINUED)

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, The primary objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective as follows: The requirements in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately. The requirements in paragraphs 6–9 of this Statement are effective for fiscal years beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

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

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 12 –NEW ACCOUNTING STANDARDS (CONTINUED)

GASB Statement No. 98, *The Annual Comprehensive Financial Report* was issued October 2021. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement’s introduction of the new term is founded on a commitment to promoting inclusiveness. The requirements of this Statement are effective for fiscal years ending after December 15, 2021. Earlier application is encouraged.

GASB Statement No. 99, *Omnibus 2022*. The requirements of this Statement are effective as follows: The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

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

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 12 –NEW ACCOUNTING STANDARDS (CONTINUED)

GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles. This Statement is effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

REQUIRED SUPPLEMENTARY INFORMATION

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

**GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2022**

| | Budgeted Amounts | | Actual | Variance |
|---|---------------------|---------------------|--------------------------|----------------------|
| | Original | Final | | with Final Budget |
| Revenues: | | | | |
| Taxes | \$ 193,000 | \$ 191,000 | \$ 193,953 | \$ 2,953 |
| Intergovernmental revenues | 106,000 | 145,000 | 69,008 | (75,992) |
| Licenses and permits | 118,000 | 132,000 | 148,337 | 16,337 |
| Charges for services | 6,850 | 7,000 | 5,286 | (1,714) |
| Fines | 37,000 | 38,000 | 39,997 | 1,997 |
| Lease income | 8,000 | 10,000 | 10,403 | 403 |
| Interest earned | 2,000 | 1,000 | 1,188 | 188 |
| Other revenues | 29,000 | 6,000 | 5,761 | (239) |
| Total revenues | <u>499,850</u> | <u>530,000</u> | <u>473,933</u> | <u>(56,067)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 185,000 | 208,000 | 197,864 | 10,136 |
| Public safety | 450,684 | 445,000 | 429,263 | 15,737 |
| Health and welfare | 1,000 | 3,000 | 2,550 | 450 |
| Culture and recreation | 2,000 | 16,000 | 15,685 | 315 |
| Economic development | - | 50,000 | 25,000 | 25,000 |
| Capital outlay | 8,000 | - | - | - |
| Total expenditures | <u>646,684</u> | <u>722,000</u> | <u>670,362</u> | <u>51,638</u> |
| Excess (deficiency) of revenues over expenditures | <u>(146,834)</u> | <u>(192,000)</u> | <u>(196,429)</u> | <u>(4,429)</u> |
| Other financing sources (uses): | | | | |
| Transfers in | - | 140,000 | 140,000 | - |
| Transfers out | - | (53,000) | (100) | 52,900 |
| Proceeds from sale of capital assets | - | 2,000 | 2,025 | 25 |
| Total other financing sources (uses) | <u>-</u> | <u>89,000</u> | <u>141,925</u> | <u>52,925</u> |
| Net change in fund balances | (146,834) | (103,000) | (54,504) | 48,496 |
| Fund balances at beginning of year | - | - | 296,302 | 296,302 |
| Fund balances at end of year | <u>\$ (146,834)</u> | <u>\$ (103,000)</u> | <u>\$ 241,798</u> | <u>\$ 344,798</u> |

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

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

**SPECIAL REVENUE FUND – SALES TAX FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2022**

| | Budgeted Amounts | | Actual | Variance |
|---|-------------------|-------------------|---------------------|----------------------|
| | Original | Final | | with Final Budget |
| Revenues: | | | | |
| Taxes | \$ 873,000 | \$ 1,244,000 | \$ 1,244,225 | \$ 225 |
| Interest earned | 19,000 | 14,000 | 16,300 | 2,300 |
| Other revenues | 7,000 | 3,000 | 371 | (2,629) |
| Total revenues | <u>899,000</u> | <u>1,261,000</u> | <u>1,260,896</u> | <u>(104)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 398,000 | 450,000 | 451,282 | (1,282) |
| Public safety | 25,000 | 32,000 | 32,190 | (190) |
| Highways and streets | 85,000 | 116,000 | 114,519 | 1,481 |
| Health and welfare | 4,000 | 4,000 | 4,454 | (454) |
| Culture and recreation | 8,000 | 20,000 | 19,611 | 389 |
| Total expenditures | <u>520,000</u> | <u>622,000</u> | <u>622,056</u> | <u>(56)</u> |
| Excess (deficiency) of revenues over expenditures | <u>379,000</u> | <u>639,000</u> | <u>638,840</u> | <u>(160)</u> |
| Other financing sources: | | | | |
| Transfers out | <u>-</u> | <u>(140,000)</u> | <u>(172,397)</u> | <u>(32,397)</u> |
| Net change in fund balances | 379,000 | 499,000 | 466,443 | (32,557) |
| Fund balances at beginning of year | <u>-</u> | <u>-</u> | <u>1,982,704</u> | <u>1,982,704</u> |
| Fund balances at end of year | <u>\$ 379,000</u> | <u>\$ 499,000</u> | <u>\$ 2,449,147</u> | <u>\$ 1,950,147</u> |

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

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

**SPECIAL REVENUE FUND – STREET FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2022**

| | Budgeted Amounts | | Actual | Variance |
|---|------------------|--------------------|------------------|----------------------|
| | Original | Final | | with Final Budget |
| Revenues: | | | | |
| Taxes | \$ 89,000 | \$ 85,000 | \$ 84,999 | \$ (1) |
| Interest earned | 1,000 | 1,000 | 328 | (672) |
| Other revenues | - | - | 2,063 | 2,063 |
| Total revenues | <u>90,000</u> | <u>86,000</u> | <u>87,390</u> | <u>1,390</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 1,000 | 1,000 | 976 | 24 |
| Highways and streets | <u>74,000</u> | <u>100,000</u> | <u>104,322</u> | <u>(4,322)</u> |
| Total expenditures | <u>75,000</u> | <u>101,000</u> | <u>105,298</u> | <u>(4,298)</u> |
| Excess (deficiency) of revenues over expenditures | <u>15,000</u> | <u>(15,000)</u> | <u>(17,908)</u> | <u>(2,908)</u> |
| Other financing sources: | | | | |
| Transfers in | <u>-</u> | <u>-</u> | <u>32,397</u> | <u>32,397</u> |
| Net change in fund balances | 15,000 | (15,000) | 14,489 | 29,489 |
| Fund balances at beginning of year | <u>-</u> | <u>-</u> | <u>71,045</u> | <u>71,045</u> |
| Fund balances at end of year | <u>\$ 15,000</u> | <u>\$ (15,000)</u> | <u>\$ 85,534</u> | <u>\$ 100,534</u> |

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

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

**SPECIAL REVENUE FUND – ECONOMIC DEVELOPMENT FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2022**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|------------------|-----------------|-------------------|----------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Lease income | \$ 9,000 | \$ 8,000 | \$ 7,800 | \$ (200) |
| Interest earned | 3,000 | 3,000 | 2,590 | (410) |
| Total revenues | <u>12,000</u> | <u>11,000</u> | <u>10,390</u> | <u>(610)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Economic development | <u>1,000</u> | <u>3,000</u> | <u>3,234</u> | <u>(234)</u> |
| Total expenditures | <u>1,000</u> | <u>3,000</u> | <u>3,234</u> | <u>(234)</u> |
| Excess (deficiency) of revenues over expenditures | <u>11,000</u> | <u>8,000</u> | <u>7,156</u> | <u>(844)</u> |
| Net change in fund balances | 11,000 | 8,000 | 7,157 | (844) |
| Fund balances at beginning of year | - | - | 229,244 | 229,244 |
| Fund balances at end of year | <u>\$ 11,000</u> | <u>\$ 8,000</u> | <u>\$ 236,400</u> | <u>\$ 228,400</u> |

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

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

**SPECIAL REVENUE FUND – CEMETERY FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2022**

| | Budgeted Amounts | | Actual | Variance |
|-------------------------------------|------------------|------------------|-------------------|----------------------|
| | Original | Final | | with Final Budget |
| Revenues: | | | | |
| Taxes | \$ 32,000 | \$ 34,000 | \$ 33,904 | \$ (96) |
| Charges for services | 7,000 | 9,000 | 8,400 | (600) |
| Interest earned | 5,000 | 4,000 | 6,597 | 2,597 |
| Total revenues | <u>44,000</u> | <u>47,000</u> | <u>48,901</u> | <u>1,901</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 1,000 | 1,000 | 471 | 529 |
| Cemeteries | 14,000 | 20,000 | 16,802 | 3,198 |
| Total expenditures | <u>15,000</u> | <u>21,000</u> | <u>17,273</u> | <u>3,727</u> |
| Net change in fund balances | 29,000 | 26,000 | 31,628 | 5,628 |
| Fund balances at beginning of year | - | - | 330,034 | 330,034 |
| Fund balances at end of year | <u>\$ 29,000</u> | <u>\$ 26,000</u> | <u>\$ 361,662</u> | <u>\$ 335,662</u> |

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

OTHER SUPPLEMENTARY SCHEDULES

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

**SCHEDULE OF COMPENSATION, BENEFITS, REIMBURSEMENTS
AND OTHER PAYMENTS TO OR ON BEHALF OF AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2022**

Adam T. Holland, Mayor:

| | |
|--|------------------|
| Salary | \$ 18,000 |
| Benefits | 1,377 |
| Reimbursements: | |
| Conference registrations and travel expenses | 4,123 |
| Membership fees | 210 |
| Other | 545 |
| Total | <u>\$ 24,255</u> |

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

**SCHEDULE OF COMPENSATION TO TOWN COUNCIL
FOR THE YEAR ENDED JUNE 30, 2022**

| | |
|-------------------|-----------------|
| Cherry P. Rye | \$ 100 |
| Richard B. Allen | 900 |
| Robin Dunnahoe | 900 |
| Roy M. Gammill | 1,100 |
| Todd Nevels | 1,100 |
| Garland C. Walker | 900 |
| Total | <u>\$ 5,000</u> |

Town of Oak Grove
Justice System Funding Schedule - Collecting/Disbursing Entity
As Required by Act 87 of the 2020 Regular Legislative Session
FYE 6/30/2022

| | First Six Month Period Ended 12/31/2021 | Second Six Month Period Ended 6/30/2022 |
|--|--|--|
| Cash Basis Presentation | | |
| Beginning Balance of Amounts Collected (i.e. cash on hand) | - | - |
| Add: Collections | | |
| Criminal Court Costs/Fees | 3,597 | 4,399 |
| Criminal Fines - Other | 15,671 | 14,981 |
| Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees) | 1,148 | 1,334 |
| Subtotal Collections | 20,416 | 20,714 |
| Less: Disbursements To Governments & Nonprofits: <i>(Must include one agency name and one collection type on each line and may require multiple lines for the same agency if more than one collection type is applicable. Additional rows may be added as necessary.)</i> | | |
| <i>Town of Oak Grove, Criminal Court Costs/Fees</i> | 2,963 | 3,900 |
| <i>Town of Oak Grove, Criminal Fines - Other</i> | 15,671 | 14,982 |
| <i>DHH THSCI</i> | 115 | 70 |
| <i>Louisiana Supreme Court</i> | 46 | 34 |
| <i>Treasurer, State of Louisiana- CMIS</i> | 80 | 79 |
| <i>LA Commission on Law Enforcement</i> | 143 | 225 |
| <i>North Louisiana Criminalistics Laboratory Commission</i> | 250 | 90 |
| Less: Amounts Retained by Collecting Agency | | |
| Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection | 1,148 | 1,334 |
| Subtotal Disbursements/Retainage | 20,416 | 20,714 |
| Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand) | - | - |
| Ending Balance of "Partial Payments" Collected but not Disbursed <i>(only applies if collecting agency does not disburse partial payments until fully collected) - This balance is included in the Ending Balance of Amounts Collected but not Disbursed/Retained above.</i> | - | - |

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 Hubert Rollinson, Jr., Mayor
And the 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; 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*, the financial statements of the governmental activities, the business-type activities, and each major fund, of the Town of Oak Grove, Louisiana (the Town), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 20, 2022.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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 financial statements. 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*.

Town of Oak Grove
Oak Grove, Louisiana
Independent Auditor's Report - GAGAS
June 30, 2022

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 Louisiana Legislative Auditor as a public document.

BOSCH & STATHAM, LLC



Ruston, Louisiana
December 20, 2022

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

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2022**

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the Town of Oak Grove, Louisiana were prepared in accordance with GAAP.
2. No significant deficiencies or 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 of the Town of Oak Grove, Louisiana, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

PRIOR AUDIT FINDINGS – FINANCIAL STATEMENTS AUDIT

No prior year findings.

HUBERT ROLLINSON Jr.
MAYOR

TODD NEVELS
MAYOR PRO TEM

MELLISSA CORLEY
TOWN CLERK

JOHN M. LANCASTER
ATTORNEY

TOWN OF OAK GROVE

407 East Main Street
OAK GROVE, LOUISIANA 71263
(318) 428-3275
FAX (318) 428-4556

TOWN
COUNCIL

Garland Walker
Richie Allen
Todd Nevels
Jimmy Holland
Tim Phillips

December 20, 2022

**Bosch & Statham, LLC
Post Office Box 2377
Ruston, Louisiana 71273-2377**

In connection with your engagement to apply agreed-upon procedures to certain control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUPs), for the fiscal period **July 1, 2021, through June 30, 2022**, we confirm, to the best of our knowledge and belief, the following representations made to you during your engagement.

1. We acknowledge that we are responsible for the C/C areas identified in the SAUPs, including written policies and procedures; board or finance committee; bank reconciliations; collections; non-payroll disbursements; credit/debit/fuel/purchasing cards; travel and travel-related expense reimbursement; contracts; payroll and personnel; ethics; debt service; and other areas (*should be customized by entity, as applicable*).

Yes No

2. For the fiscal period **July 1, 2021, through June 30, 2022**, the C/C areas were administered in accordance with the best practices criteria presented in the SAUPs.

Yes No

3. We are responsible for selecting the criteria and procedures and for determining that such criteria and procedures are appropriate for our purposes.

Yes No

4. We have provided you with access to all records that we believe are relevant to the C/C areas and the agreed-upon procedures.

Yes No

5. We have disclosed to you all known matters contradicting the results of the procedures performed in C/C areas.

Yes No

6. We have disclosed to you any communications from regulatory agencies, internal auditors, other independent practitioners or consultants, and others affecting the C/C areas, including communications received between **June 30, 2022**, and **December 30, 2022**.

Yes No

7. We represent that the listing of bank accounts for the fiscal period that we provided to you is complete. We also represent that we have identified and disclosed to you our main operating account.

Yes No

8. We represent that the listing of deposit sites for the fiscal period that we provided to you is complete.

Yes No

9. We represent that the listing of collection locations for the fiscal period that we provided to you is complete.

Yes No

10. We represent that the listing of locations that process payments for the fiscal period that we provided to you is complete.

Yes No

11. We represent that the non-payroll disbursement transaction population for each location that processes payments for the fiscal period that we provided to you is complete.

Yes No

12. We represent that the listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards, that we provided to you is complete.

Yes No

13. We represent that the listing of all travel and travel-related expense reimbursements during the fiscal period that we provided to you is complete.

Yes No

14. We represent that the listing of all agreements/contracts (or active vendors) for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period that we provided to you is complete.

Yes No

15. We represent that the listing of employees/elected officials employed during the fiscal period that we provided to you is complete.

Yes No

16. We represent that the listing of employees/officials that received termination payments during the fiscal period that we provided to you is complete.

Yes No

17. We represent that the employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines during the fiscal period.

Yes No

18. We represent that the listing of bonds/notes issued during the fiscal period that we provided to you is complete.

Yes No

19. We represent that the listing of bonds/notes outstanding at the end of the fiscal period that we provided to you is complete.

Yes No

20. We represent that the listing of misappropriations of public funds and assets during the fiscal period that we provided to you is complete.

Yes No

21. We are not aware of any material misstatements in the C/C areas identified in the SAUPs.

Yes No

22. We have disclosed to you any matters we are aware of that are related to the matters listed above or to compliance with state laws.

Yes No

23. We have responded fully to all inquiries made by you during the engagement.

Yes No

24. We have disclosed to you all known events that have occurred subsequent to **June 30, 2022**, that would have a material effect on the C/C areas identified in the SAUPs, or would require adjustment to or modification of the results of the agreed-upon procedures.

Yes No

The previous responses have been made to the best of our belief and knowledge.

Signature Albert R. Bellman, Jr.

Title Mayor

Signature Melissa Corley

Title Town Clerk



Independent Accountant's Report
on Applying Agreed-Upon Procedures

To the Town of Oak Grove
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Town of Oak Grove (the Town) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021, through June 30, 2022. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

We obtained the policies and procedures.

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget

The policy included all of the referenced elements.

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

No such policy has been adopted.

Exceptions: See above

Management's Response: See Management's Corrective Action Plan.

**TOWN OF OAK GROVE
REPORT ON STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2022**

- c) **Disbursements**, including processing, reviewing, and approving

No such policy has been adopted.

Exceptions: See above

Management's Response: See Management's Corrective Action Plan.

- d) **Receipts**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

The entity's policy does not address all of the elements.

Exceptions: See above.

Management's Response: See Management's Corrective Action Plan.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

The policy includes the approving of leave and overtime. However, the policy does not address the other required elements.

Exceptions: See above

Management's Response: See Management's Corrective Action Plan.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

No such policy has been adopted.

Exceptions: See above.

Management's Response: See Management's Corrective Action Plan.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

No such policy has been adopted.

Exceptions: See above

Management's Response: See Management's Corrective Action Plan.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

The policy included all of the referenced elements except for the dollar thresholds by category of expense. However, the policy states that the State's policy will be followed.

Exceptions: None.

**TOWN OF OAK GROVE
REPORT ON STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2022**

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

The policy does not include the required elements.

Exceptions: See above

Management's Response: See Management's Corrective Action Plan.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

No such policy has been adopted.

Exceptions: See above

Management's Response: See Management's Corrective Action Plan.

- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tolls needed to recover operations after a critical event.

No such policy has been adopted.

Exceptions: See above

Management's Response: See Management's Corrective Action Plan.

- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

The policy does not address annual reporting.

Exceptions: See above

Management's Response: See Management's Corrective Action Plan.

Board (or Finance Committee, if applicable)

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

We obtained the council's minutes and the Town's charter.

- a) Observe that the board/finance committee met with a quorum a least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

The council met at least monthly with a quorum.

Exceptions: None

**TOWN OF OAK GROVE
REPORT ON STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2022**

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe the minutes referenced or included financial activity relating public funds comprised more than 10% of the entity's collections during the fiscal period.*

We observed the minutes referenced or included monthly budget-to-actual comparisons for all funds, known as "financial statements".

Exceptions: None.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

We obtained the prior year audit report and observed a positive unrestricted fund balance in the General Fund.

Exceptions: None.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

We obtained a listing from management and selected the accounts and period for testing. We obtained the related documentation.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

No exceptions noted.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged);

One of the five bank reconciliations showed no evidence of review.

Exceptions: See above.

Management's Response: See management's corrective action plan.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Three of the five reconciliations showed no evidence of research of the reconciling items older than 12 months.

Exceptions: See above.

Management's Response: See management's corrective action plan.

**TOWN OF OAK GROVE
REPORT ON STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2022**

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

We obtained a listing from management. We selected all deposit sites listed.

Exceptions: None

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

We obtained a listing from management. We selected one collection location and obtained the policies and procedures.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Noted no exceptions.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

We noted each employee responsible for collecting cash prepares their own deposits. We noted no one reconciles collection documentation to the deposit.

Exceptions: See above.

Management's Response: See management's corrective action plan.

- c) Each employee responsible for collecting cash is not responsible for [posting collection entries to the general ledger or subsidiary ledgers, unless another employee/officials is responsible for reconciling ledger postings to each other and to the deposit.

We noted the Assistant Town Clerk and Water Clerk, who are both responsible for collecting cash, post collection entries to the general ledger. The Town Clerk periodically reviews the general ledgers for governmental funds.

Exceptions: See above.

Management's Response: See management's corrective action plan.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

We noted employees responsible for collecting cash also reconcile cash collections to the general ledger; however, the Town Clerk reviews the reconciliations.

Exceptions: None.

**TOWN OF OAK GROVE
REPORT ON STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2022**

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

We obtained a copy of the insurance policy and noted the policy was enforced during the fiscal period.

Exceptions: None

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

We selected two deposit dates for each bank account selected under procedure #3. We obtained the supporting documentation and noted the following.

- a) Observe that receipts are sequentially pre-numbered.

We noted some of the receipts written for Water payments did not include receipt numbers.

Exceptions: See above

Management’s Response: See management’s corrective action plan.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

We noted one deposit did not agree to the deposit slip.

Exceptions: See above

Management’s Response: See management’s corrective action plan.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

Noted no exceptions.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Noted no exceptions.

- e) Trace the actual deposit per the bank statement to the general ledger.

Noted no exceptions.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly select locations (or all locations if less than 5).

We obtained a listing of locations that process payments. We noted two locations.

**TOWN OF OAK GROVE
REPORT ON STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2022**

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

We obtained a listing of employees from management as well as observed the job duties of the employees.

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Noted no exceptions.

- b) At least two employees are involved in processing and approving payments to vendors.

Noted no exceptions.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

We noted the employees that process payments can also edit or add vendors to the listing. It was noted the Town Clerk periodically reviews changes.

Exceptions: See above.

Management's Response: See management's corrective action plan.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Noted no exceptions.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

We obtained a listing of non-payroll distributions from management. We selected five disbursements per location and obtained the relevant documentation.

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicated deliverables included on the invoice were received by the entity.

Noted no exceptions.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date electronic logging) of segregation of duties tested under #9, as applicable.

Noted no exceptions.

**TOWN OF OAK GROVE
REPORT ON STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2022**

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

We obtained a listing from management.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

We selected five cards from the listing and selected the statement date for testing. Per management, two of the cards selected were closed in prior years. For the remaining three cards, we obtained the related supporting documentation.

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

Noted no exceptions.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Noted no finance charges or late fees.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Using the statements from procedure #12, we selected all transactions listed on the statements. We noted a total of nine transactions selected for testing. We obtained the relevant supporting documentation.

(1) Noted no exceptions.

(2) We noted three transactions did not include the business/public purpose.

(3) Not applicable.

We noted no missing receipts.

**TOWN OF OAK GROVE
REPORT ON STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2022**

Travel and Travel-Related Expense Reimbursement (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

We obtained a listing from management and selected five reimbursements for testing. We obtained the related documentation and observed the following.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

We noted all five reimbursements included reimbursements at the per diem rate which did not agree to the GSA or State's rate.

Exceptions: See above.

Management's Response: See management's corrective action plan.

- b) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Noted no exceptions.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Noted no exceptions.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Noted no exceptions.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

We obtained a listing of all agreements from management. We noted two agreements that were initiated or renewed during the fiscal period. We obtained the related documentation and observed the following.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Not applicable due to the type of contracts.

**TOWN OF OAK GROVE
REPORT ON STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2022**

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

One contract was not approved by the board/governing body.

Exceptions: See above.

Management's Response: See management's corrective action plan.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

Not applicable.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

We selected one payment related to each contracted vendor. One of the payments was for work done outside the range of the contract. We noted no exceptions with the other contract's payment.

Exceptions: See above.

Management's Response: See management's corrective action plan.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

We obtained a listing from management and selected five employees/officials. We obtained the related documentation and agreed the paid rates to the authorized rates.

Exceptions: None.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

We selected one pay period and obtained the related documentation. We noted the following.

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

We noted one employee did not document their daily attendance and leave.

Exceptions: See above.

Management's Response: See management's corrective action plan.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

Of the four employees that documented their daily attendance/leave, we noted no exceptions.

**TOWN OF OAK GROVE
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FOR THE YEAR ENDED JUNE 30, 2022**

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Noted no exceptions.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Noted no exceptions.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files, and agree the termination payment to entity policy.

We obtained a listing from management and selected two employees for testing. We obtained the documentation and noted the hours paid were hours worked or actually taken. Neither payment selected were true termination payments. We agreed the paid salaries/rates to the authorized rates.

Exceptions: None.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

We obtained management's representation that employer and employee portions have been paid, and associated forms have been filed, by required deadlines.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

Using the five employees/officials selected under Procedure #16, we obtained the ethics documentation.

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Noted no exceptions.

- b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Not applicable.

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued.

Management listed none.

**TOWN OF OAK GROVE
REPORT ON STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2022**

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Management listed one bond/note. We selected the one listed. We noted no special covenants required as per the debt documents.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management listed none.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

We observed the Town posted the required notice on its premises as well as on its website.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
- Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such a backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
 - Obtain and inspect the entity's most recent documentation that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting systems software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain the sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

We obtained the relevant documentation for the selected employees under procedure #16. We noted no exceptions.

**TOWN OF OAK GROVE
REPORT ON STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2022**

27. Observe the entity has posted its sexual harassment policy and compliant procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

We observed the policy posted on the Town's website.

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before Feb. 1, and observe it includes the applicable requirements of R.S. 42:344:

- a. Number and percentage of public servants in the agency who have completed the training requirements;
- b. Number of sexual harassment complaints received by the agency;
- c. Number of complaints which resulted in a finding that sexual harassment occurred;
- d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e. Amount of time it took to resolve each complaint.

We obtained the entity's sexual harassment report. The report included the required elements, however, the report was not dated.

Exceptions: See above.

Management's Response: See management's corrective action plan.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

BOSCH & STATHAM, LLC

Bosch & Statham

Ruston, Louisiana
December 20, 2022

HUBERT ROLLINSON JR.
MAYOR

TODD NEVELS
MAYOR PRO TEM

MELLISSA CORLEY
TOWN CLERK

JOHN M. LANCASTER
ATTORNEY

TOWN OF OAK GROVE

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TOWN
COUNCIL

Garland Walker
Richie Allen
Todd Nevels
Jimmy Holland
Tim Phillips

December 20, 2022

Bosch & Statham
Certified Public Accountants
P.O. Box 2377
Ruston, Louisiana 71273-2377

In response to the findings in the Statewide Agreed-Upon Procedures for the fiscal period July 1, 2021, through June 30, 2022, we wish to advise you that the Town of Oak Grove will take the auditor's comments under advisement and take action as considered necessary. It may not be feasible to implement the auditor's recommendation

Sincerely,
Hubert Rollinson, Jr., Mayor