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TOWN OF OAK GROVE, LOUISIANA

*General Purpose Financial Statements
And Independent Auditor's Report
As Of And For The Year Ended June 30, 2000
With Supplemental Information Schedules*

Under provisions of state law, this report is a public document. A copy of this report is available for inspection to the clerk of court. The report is available for inspection at the office of the clerk of court. If you are unable to obtain a copy, you may request a copy from the clerk of court. The report is available for inspection at the office of the clerk of court. If you are unable to obtain a copy, you may request a copy from the clerk of court.

Release Date 01-03-00

DARLA S. TURNER, CPA
A Professional Accounting Corporation
3001 Armand Street, Suite C
Monroe, Louisiana 71201

TOWN OF OAK GROVE, LOUISIANA

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Member:
Louisiana State Society of CPAs
American Institute of CPAs

DARLA S. TURNER, CPA
A Professional Accounting Corporation
3001 Armand, Suite C
Monroe, Louisiana 71201
(318) 323-8891

Independent Auditor's Report

**To the Mayor and Council Members
Town of Oak Grove**

I have audited the accompanying general purpose financial statements of the Town of Oak Grove, Louisiana as of and for the year ended June 30, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Oak Grove's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Oak Grove, Louisiana, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 15, 2000, on my consideration of the Town of Oak Grove's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

My audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements of the Town of Oak Grove, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.



DARLA S. TURNER
CERTIFIED PUBLIC ACCOUNTANT

Monroe, Louisiana
November 15, 2000

TOWN OF OAK GROVE, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups

June 30, 2000

	GOVERNMENTAL FUND		
	General Fund	Special Revenue Funds	Debt Service Fund
ASSETS AND OTHER DEBITS			
ASSETS			
Cash and Cash Equivalents	\$ 110,005	\$ 1,320,679	\$ 299,246
Receivables - (net, where applicable, of allowance for uncollectibles):			
Ad Valorem taxes	22,585	37,640	-
Accounts	2,000	-	-
Inventory	-	-	-
Restricted assets	207,770	-	-
Notes receivable (Notes 7 & 10)	16,021	60,000	-
Fixed Assets			
Property and equipment (net of accumulated depreciation)	-	-	-
OTHER DEBITS			
Amount available in debt service fund	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
TOTAL ASSETS AND OTHER DEBITS	\$ 358,381	\$ 1,418,319	\$ 299,246
LIABILITIES, FUND EQUITY AND OTHER CREDITS			
LIABILITIES			
Accounts payable	\$ 2,864	4,371	-
Refundable sales tax	-	40,267	-
Payable from restricted assets:			
Revenue bond	-	-	-
Accrued interest and expenses	-	-	-
Customers' deposits	-	-	-
Deferred revenues	-	141,000	-
Refundable deposits	1,829	-	-
General obligation bonds payable	-	-	-
Revenue bonds payable	-	-	-
Total Liabilities	4,693	185,638	-
FUND EQUITY AND OTHER CREDITS			
Contributed capital	-	-	-
Investment in general fixed assets	-	-	-
Retained earnings:			
Reserved	-	-	-
Fund Balances:			
Reserved for debt service	-	-	299,246
Unreserved - undesignated (deficit)	353,688	1,232,681	-
Total Equity and Other Credits	353,688	1,232,681	299,246
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	\$ 358,381	\$ 1,418,319	\$ 299,246

TYPES	PROPRIETARY	FIDUCIARY	ACCOUNT GROUPS		Totals (Memorandum Only)
	FUND TYPE	FUND TYPE	General Fixed Assets	General Long-Term Debt	
Capital Projects Fund	Enterprise Fund	Trust and Agency Fund			
\$ 170,366	\$ 378,334	\$ 8,204	\$ -	\$ -	\$ 2,286,834
-	-	-	-	-	60,225
-	45,918	-	-	-	47,918
-	10,801	-	-	-	10,801
-	273,152	-	-	-	480,922
-	-	-	-	-	76,021
-	3,663,556	-	951,701	-	4,615,257
-	-	-	-	299,246	299,246
-	-	-	-	2,250,754	2,250,754
<u>\$ 170,366</u>	<u>\$ 4,371,761</u>	<u>\$ 8,204</u>	<u>\$ 951,701</u>	<u>\$ 2,550,000</u>	<u>\$ 10,127,978</u>
-	2,366	-	-	-	9,601
-	-	-	-	-	40,267
-	79,732	-	-	-	79,732
-	21,797	8,204	-	-	30,001
-	36,103	-	-	-	36,103
-	-	-	-	-	141,000
-	-	-	-	-	1,829
-	-	-	-	2,550,000	2,550,000
-	1,128,643	-	-	-	1,128,643
-	1,268,641	8,204	-	2,550,000	4,017,176
-	-	-	-	-	-
-	-	-	951,701	-	951,701
-	3,103,120	-	-	-	3,103,120
-	-	-	-	-	299,246
170,366	-	-	-	-	1,756,735
170,366	3,103,120	-	951,701	-	6,110,802
<u>\$ 170,366</u>	<u>\$ 4,371,761</u>	<u>\$ 8,204</u>	<u>\$ 951,701</u>	<u>\$ 2,550,000</u>	<u>\$ 10,127,978</u>

TOWN OF OAK GROVE, LOUISIANA

Governmental Funds

Combined Statement of Revenues, Expenditures, and Changes

In Fund Balances

For the Year Ended June 30, 2000

	GOVERNMENTAL	
	General Fund	Special Revenue Funds
REVENUES		
Local sources:		
Taxes:		
Ad valorem	\$ 65,763	\$ 65,929
Sales and use	-	445,062
Other	11,060	-
Licenses and permits	111,845	-
Restricted grants-in-aid		
Federal sources	11,689	-
State sources	28,000	-
Entergy grant	15,000	-
Fees, charges and commissions	71,508	-
Fines and forfeitures	20,476	-
Earned portion operating lease	-	4,114
Use of money and property	38,267	96,705
Other revenues	5,272	2,522
Total Revenues	378,880	614,332
EXPENDITURES		
General government	186,724	147,721
Public safety	139,570	-
Public works	544	179,839
Capital outlay	34,678	126,152
Industrial development	18	2,799
Debt service:		
Principal retirement	-	-
Interest and fiscal charges	-	-
Total Expenditures	361,534	456,511
Excess (Deficiency) Of Revenues Over Expenditures	17,346	157,821
OTHER FINANCING SOURCES (USES)		
Operating transfers in	-	10,000
Operating transfers (out)	-	(372,044)
Total Other Financing Sources (Uses)	-	(362,044)
Net Increase (Decrease)	17,346	(204,223)
Fund Balances, Beginning	336,342	1,436,904
Fund Balances, Ending	\$ 353,688	\$ 1,232,681

FUND TYPES		
Debt Service Fund	Capital Projects Fund	Totals (Memorandum Only)
\$ -	\$ -	\$ 131,692
-	-	445,062
-	-	11,060
-	-	111,845
-	-	11,689
-	103,700	131,700
-	-	15,000
-	-	71,508
-	-	20,476
-	-	4,114
12,799	49,805	197,576
-	-	7,794
12,799	153,505	1,159,516
21	-	334,466
-	-	139,570
-	-	180,383
-	2,352,813	2,513,643
-	-	2,817
-	-	-
134,383	-	134,383
134,404	2,352,813	3,305,262
(121,605)	(2,199,308)	(2,145,746)
185,489	186,555	382,044
-	(10,000)	(382,044)
185,489	176,555	-
63,884	(2,022,753)	(2,145,746)
235,362	2,193,119	4,201,727
<u>\$ 299,246</u>	<u>\$ 170,366</u>	<u>\$ 2,055,981</u>

TOWN OF OAK GROVE, LOUISIANA

Combined Statement of Revenues, Expenditures, and Changes In Fund Balances

Budget and Actual - General Fund, Special Revenue Funds and Capital Project Funds

For the Year Ended June 30, 2000

	<u>Budget</u>	<u>General Fund Actual</u>	<u>Variance</u>
REVENUES			
Local sources:			
Taxes:			
Ad valorem	\$ 64,230	\$ 65,763	\$ 1,533
Sales and use	-	-	-
Other	10,500	11,060	560
Licenses and permits	103,000	111,845	8,845
Restricted grants-in-aid			
Federal sources	-	11,689	11,689
State sources	25,000	28,000	3,000
Unrestricted grant - Entergy	15,000	15,000	-
Fees, charges and commissions	70,200	71,508	1,308
Fines and forfeitures	20,000	20,476	476
Earned portion operating lease	-	-	-
Use of money and property	35,463	38,267	2,804
Sale of cemetery lots	-	-	-
Other	7,800	5,272	(2,528)
Total Revenues	<u>351,193</u>	<u>378,880</u>	<u>27,687</u>
EXPENDITURES			
General Governmental	182,250	186,724	(4,474)
Public Safety	130,800	139,570	(8,770)
Public Works	543	544	(1)
Industrial development	100	18	82
Capital expenditures	33,000	34,678	(1,678)
Total Expenditures	<u>346,693</u>	<u>361,534</u>	<u>(14,841)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,500</u>	<u>17,346</u>	<u>12,846</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	-
Operating transfers (out)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease)	4,500	17,346	12,846
Fund Balances, Beginning		<u>336,342</u>	
Fund Balances, Ending		<u>\$ 353,688</u>	

<u>Special Revenue Funds</u>			<u>Capital Project Funds</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
\$ 63,700	\$ 65,929	\$ 2,229	\$ -	\$ -	\$ -
445,000	445,062	62	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	103,700	103,700	-
-	-	-	-	-	-
-	-	-	-	-	-
4,300	4,114	(186)	-	-	-
56,900	79,020	22,120	47,900	49,805	1,905
17,000	17,685	685	-	-	-
6,842	2,522	(4,320)	-	-	-
<u>593,742</u>	<u>614,332</u>	<u>20,590</u>	<u>151,600</u>	<u>153,505</u>	<u>1,905</u>
158,800	147,721	11,079	-	-	-
-	-	-	-	-	-
164,765	179,839	(15,074)	-	-	-
-	2,799	(2,799)	-	-	-
<u>35,450</u>	<u>126,152</u>	<u>(90,702)</u>	<u>2,467,146</u>	<u>2,352,813</u>	<u>114,333</u>
<u>359,015</u>	<u>456,511</u>	<u>(97,496)</u>	<u>2,467,146</u>	<u>2,352,813</u>	<u>114,333</u>
<u>234,727</u>	<u>157,821</u>	<u>(76,906)</u>	<u>(2,315,546)</u>	<u>(2,199,308)</u>	<u>(112,428)</u>
-	10,000	10,000	152,471	186,555	34,084
<u>(335,000)</u>	<u>(372,044)</u>	<u>(37,044)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
<u>(335,000)</u>	<u>(362,044)</u>	<u>(27,044)</u>	<u>142,471</u>	<u>176,555</u>	<u>34,084</u>
(100,273)	(204,223)	(103,950)	(2,173,075)	(2,022,753)	(78,344)
	<u>1,436,904</u>			<u>2,193,119</u>	
	<u>\$ 1,232,681</u>			<u>\$ 170,366</u>	

Statement of Revenues, Expenses and Changes In Fund Equity
 Proprietary Fund Type
 For the Year Ended June 30, 2000

REVENUES

Charges for services	\$ 466,692
Other income	7,109
Total Operating Revenues	<u>473,801</u>

OPERATING EXPENSES

Personal services	139,650
Materials, supplies and repairs	92,898
Other operating expenses	43,673
Depreciation	136,768
Total Operating Expenses	<u>412,989</u>

Operating Income 60,812

NONOPERATING REVENUES (EXPENSES)

Interest revenues	31,845
Interest expenses	(75,992)
Total Nonoperating Revenues and Expenses	<u>(44,147)</u>

NET INCOME 16,665

Retained Earnings at Beginning of Year	360,361
Add: Prior period adjustment (Note 17)	66,002

Retained Earnings at End of Year 443,028

Contributed Capital at Beginning of Year	2,139,953
Capital contributions	520,139
Contributed Capital at End of Year	<u>2,660,092</u>

Fund Equity at End of Year \$ 3,103,120

Statement of Cash Flows
Proprietary Fund Type
For the Year Ended June 30, 2000

Cash Flows From Operating Activities:

Operating income	\$ 60,812
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	136,768
Changes in assets and liabilities:	
Increase in accounts receivable	(60)
Decrease in amounts due from other governments	-
Increase in accounts payable	2
Increase in interest payable	11,027
Increase in customers' deposits	3,183
Total Adjustments	150,920
Net Cash Provided By Operating Activities	211,732

Cash Flows From Capital and Related Financing Activities:

Acquisition and construction of capital assets	(574,808)
Capital grants received	520,139
Interest paid on bonds	(75,992)
Principal payment on bonds	(150,093)
Proceeds from sale of bonds	-
Net Cash Used by Capital and Related Financing Activities	(280,754)

Cash Flows From Investing Activities:

Interest on cash and investments	31,845
Increase due to prior period adjustment (Note 17)	23,486
Net Cash Provided by Investing Activities	55,331
Net Increase in Cash And Cash Equivalents	(13,691)
Cash and Cash Equivalents at Beginning of Year	665,177
Cash and Cash Equivalents at End of Year	\$ 651,486

NOTES TO THE COMBINED FINANCIAL STATEMENTS**For the Year Ended June 30, 2000****NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****A. INTRODUCTION**

The financial statements of the Town of Oak Grove, Louisiana are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513, to the guides set forth in the Louisiana Governmental Audit Guide, and to industry audit guide, Audits of State and Local Governmental Units.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the Town's financial activities for the fiscal year ended June 30, 2000.

B. FINANCIAL REPORTING ENTITY - BASIS OF PRESENTATION

The Town of Oak Grove, Louisiana, was incorporated January 4, 1966, under 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. At June 30, 2000, the Town had a population of 2,262. The citizens elect the Mayor, who is the executive officer, and the five Council members. The Council elects the Mayor Pro-Tem.

As the municipal governing authority, for reporting purposes, the Town of Oak Grove, Louisiana is considered a separate financial entity. The financial reporting entity consists of (a) the primary government, (b) organizations for which primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government could cause the statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Town of Oak Grove, Louisiana for the financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body.
 - A. The ability of the municipality to impose its will on that organization and/or
 - B. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

NOTES TO THE COMBINED FINANCIAL STATEMENTS**For the Year Ended June 30, 2000****NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)****C. Funds and Account Groups**

The Town of Oak Grove uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not indirectly affect net expendable financial resources.

Funds of the Town of Oak Grove are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds

Governmental funds account for all or most of the Town of Oak Grove's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds include:

General Fund - the general operating fund of the Town of Oak Grove and accounts for all financial resources, except those required to be accounted for in other funds.

Special Revenue Funds - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Funds - account for transactions relating to resources retained and used for the payment of principal and interest on those long-term obligations recorded in the general long-term obligations account group.

Proprietary Funds

Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include enterprise funds and internal service funds.

Proprietary funds include:

Enterprise Fund - accounts for operations (a) that are financed and operated in a manner similar to a private business enterprise where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user fees; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

NOTES TO THE COMBINED FINANCIAL STATEMENTS
For the Year Ended June 30, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Fiduciary Funds

Agency Funds - account for assets held by the Town of Oak Grove on behalf of others as its agent. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds, expendable trust funds, and agency funds. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Revenues

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied by the Town in September or October and are actually billed on October 1, and are mailed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year they are billed. The Town bills and collects its own property taxes using the assessed value determined by the tax assessor of West Carroll Parish. The year ended June 30, 2000, taxes of 16.89 mills were levied on property with assessed valuations totaling \$7,705.595, and were deducted as follows:

General corporate purposes	8.43 mills
Street Maintenance	6.05 mills
Cemetery	2.41 mills

Property tax revenues are recognized when they become available. Available includes those property tax receivables elected to be collected within sixty days after year end. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided.

Fines, bond forfeiture, and fees are recognized when collected by the Town. Interest income is recorded when it is credited to accounts by the Bank.

Expenditures

Salaries are recorded as expenditures when earned by employees.

Purchases of various operating supplies, etc. are recorded as expenditures when the related fund liability is incurred.

Principal and interest on general long-term debt and installment purchase payments are recognized when due.

(Continued)

NOTES TO THE COMBINED FINANCIAL STATEMENTS**For the Year Ended June 30, 2000****NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)****Deferred Revenues**

The Town of Oak Grove reports deferred revenues on its combined balance sheet. Deferred revenues arise when resources are received by the Town of Oak Grove before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the Town of Oak Grove has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

E. Budgets

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

1. 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.
2. Public hearings are conducted to obtain taxpayer comment.
3. During the month of July the budget is legally enacted through passage of an ordinance.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds and Debt Service Fund.
5. Budgets for the General, Capital Projects, and Special Revenue Funds are adopted on the cash/expenditures/expenses basis.
6. Appropriations lapse at the end of each fiscal year.
7. The Mayor and Council Members may authorize supplemental appropriations during the year.

Budgets are also adopted for the Proprietary Fund

F. Encumbrances

Encumbrance accounting is not used.

G. Cash and Cash Equivalents

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

(Continued)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the Year Ended June 30, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

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

H. Fixed Assets

Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures, such as street overlays, sidewalks and lighting are not capitalized. It is the policy of the Town to capitalize purchases over \$200. All fixed assets are valued at cost.

Fixed assets used in the proprietary fund operations are included on the balance sheet of the funds net of accumulated depreciation. Depreciation of all exhaustible fixed assets used by proprietary fund operations is charged as an expense against operations. No depreciation has been provided for general fixed assets. Depreciation is computed using the straight-line method and the following useful lives:

Plant/Sewer Collection System	50 years
Machinery and Equipment	5-10 years

I. Long-Term Obligations

Long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due. Long-term obligations expected to be financed from proprietary fund operations are accounted for in those funds.

J. Compensated Absences

Town employees are entitled to three days of compensated absences. However, compensated absences do not vest or accumulate and are recorded as expenditures when they are paid.

K. Restricted Assets

These assets consist of cash and cash equivalents restricted for both water works and sewer system, debt service and general funds.

L. Fund Equity**Contributed Capital**

Contributed capital is recorded in the Enterprise Fund for capital grants restricted for the acquisition or construction of capital assets. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources.

NOTES TO THE COMBINED FINANCIAL STATEMENTS
For the Year Ended June 30, 2000**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)****Reserves**

Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use.

Designated Fund Balances

Designated fund balances represent tentative plans for future use of financial resources.

M. Total Columns on Combined Statements

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks, having principal offices in Louisiana. The Town's deposits are categorized to give an indication of the level of risk assumed by the Town at fiscal year-end. The categories are described as follows:

Category 1 - Insured or collateralized with securities held by the Town or by its agent in the
Town's name

Category 2 - Collateralized with securities held by the pledging financial institution's trust
department or agent in the Town's name

Category 3 - Uncollateralized

The Town's level of risk assumed at fiscal year-end was a Category 1.

Bank One Trust Company, N.A. , Global Corporate Trust, holds investments in One Group U.S. Treasury Money Market accounts in the Town's name. These accounts are for servicing the 1973 bonds issued by the Town.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the Year Ended June 30, 2000

NOTE 2- CASH AND CASH EQUIVALENTS (Cont'd.)

The Town's investments in U. S. Treasury Securities are categorized to give an indication of the level of risk assumed by the Town at fiscal year-end. The categories are described below:

- Category 1 - Insured, registered, or securities held by the Town or its agent in the Town's name
- Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department in the Town's name
- Category 3 - Uninsured and unregistered, with securities held by the counterparty, or its trust department or agent but not in the Town's name

The Town's assumed risk on these money market investments is a Category 2.

At June 30, 2000, the Town had cash and cash equivalents totaling \$2,767,756, as follows:

Non-Pooled Deposits:	Cost	Fair Value
Non-pooled cash and cash equivalents:		
General Fund	\$ 317,775	\$ 317,775
Special Revenue Funds	1,098,268	1,098,268
Capital Projects Funds	170,366	170,366
Proprietary Fund	473,439	473,439
Proprietary Fund - Investments	178,047	178,047
Economic Development Fund	222,411	222,411
Debt Service Fund	299,246	299,246
Trust and Agency Fund	8,204	8,204
	<u>\$ 2,767,756</u>	<u>\$ 2,767,756</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 bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These securities are held in the name of the pledging bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances) at June 30, 2000, are secured as follows:

Bank Balances	<u>\$ 2,767,756</u>
Federal Deposit Insurance	400,000
Pledged Securities	2,464,924
Total	<u>\$ 2,864,924</u>

NOTE 3 - FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance 7/1/99	Additions	Retired Deletions	Balance 6/30/00
Land	\$ 166,850	\$ -	\$ 18,925	\$ 147,925
Building	127,628	-	-	127,628
Equipment	515,329	160,819	-	676,148
Total	<u>\$ 809,807</u>	<u>\$ 160,819</u>	<u>\$ 18,925</u>	<u>\$ 951,701</u>

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the Year Ended June 30, 2000

NOTE 3 - FIXED ASSETS (Cont'd.)

A summary of proprietary fund type property, land and equipment at June 30, 2000:

Land	\$ 10,756
Water/sewer treatment system	4,746,843
Vehicles and equipment	112,821
Furniture and equipment	21,116
	<u>4,891,536</u>
Less accumulated depreciation	1,227,980
Total	<u><u>3,663,556</u></u>

NOTE 4 - GENERAL LONG TERM OBLIGATIONS

The following is a summary of bond transactions for the Town for the year ended June 30, 2000:

	General Obligation	1973 Revenue Bonds	1998 Revenue Bond	Total
Bonds payable at July 1, 1999	\$2,550,000	359,000	\$ 987,292	\$ 3,896,292
New bonds issued
Bonds retired	.	63,000	74,917	137,917
Bonds payable at June 30, 2000	<u>\$2,550,000</u>	<u>\$ 296,000</u>	<u>\$ 912,375</u>	<u>\$ 3,758,375</u>

Bonds payable at June 30, 2000, are comprised of the following issues:

General Obligation Bonds:

\$2,550,000 State of Louisiana Sales Tax Bonds Series 99 dated June 1, 1999, due in annual installments commencing December 1, 2000 with an amount of \$90,000 and increasing in \$5,000 increments each year through 2017; interest at various rates from 4.30% to 4.70% due each year on June 1 and December 1.

\$ 2,550,000

Revenue Bonds:

\$1,075,000 Water and Sewer Revenue Bonds dated July 1, 1973, due in various annual installment from \$15,000 to \$81,000 through July 1, 2003; interest at various rates from 5.5% to 6.0%.

296,000

Revenue Bond:

\$1,045,000 Water and Sewer Revenue Bond dated March 20, 1998, due in monthly installment \$4,995 beginning April 20 1999 through March 20, 2038; an interest only payment of \$50,944 is due March 20, 1999; interest rate is 4.875%.

912,375

Total \$ 3,758,375

(Continued)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
For the Year Ended June 30, 2000

NOTE 4 - GENERAL LONG TERM OBLIGATIONS (Cont'd.)

Principal on the general obligation and revenue bonds is scheduled to be repaid as follows:

Year ending June 30,

	General Obligation	1973 Revenue Bonds	1998 Revenue Bonds	Total
2001	\$ 95,000	\$ 67,000	\$ 12,732	\$ 174,732
2002	100,000	72,000	13,367	185,367
2003	105,000	76,000	14,033	195,033
2004	110,000	81,000	14,733	205,733
2005	115,000	.	15,784	130,784
Thereafter	2,025,000	.	841,726	2,866,726
Total	2,550,000	296,000	912,375	3,758,375

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

Interest expense for the period totaled \$209,600.

NOTE 5 - CHANGES IN FIDUCIARY FUND TYPE

A summary of changes in fiduciary fund type is as follows:

	Balance 7/1/99	Additions	Deletions	Balance 6/30/00
Cash	\$ 9,154	\$ 678,506	\$ 679,456	\$ 8,204

NOTE 6 - LEASES

The Town is the Lessor in an operating lease with Garan, Inc., an apparel cutting factory. The lease is for a term of five years and one and one-half months, commencing September 15, 1999 and ending October 31, 2004. The rental for the months of September and October, 1999 were waived. Those months were rent free. Thereafter, the consideration and rental under this lease is \$1,500 per month, payable in advance on the first day of each calendar month, beginning November 1, 1999. Garan, Inc., at its own expense, agreed to remove all existing asbestos from the building and to purchase and install a new air conditioning system for the building. In exchange, the Town agreed to give to Garan, Inc. a 60-month credit on the rentals due, commencing November 1, 1999.

The following schedule provides the Town's investment in property held for the operating lease to Garan, Inc.

Building	\$ 152,628
Improvements	90,000
Total	\$ 242,628

NOTES TO THE COMBINED FINANCIAL STATEMENTS
For the Year Ended June 30, 2000

NOTE 6 - LEASES (Cont'd.)

Minimum lease payments for each of the remaining fiscal years are as follows:

<u>Year</u>	<u>Amount</u>
2001	18,000
2002	18,000
2003	18,000
2004	18,000
2005	6,000
Total	\$ 78,000

The building and improvements are recorded at cost in the General Fixed Assets Account Group. Carrying value and cost are similar. The cost of the improvements is the total cost of the rental payments for the five year term of the operating lease. These improvements were not taken into account during the budgeting process and therefore contributed to the variance in budgeted capital expenditures versus actual capital expenditures in the Special Revenue Funds.

NOTE 7 - COOPERATIVE ENDEAVOR

In July, 1997, the Oak Grove Fire District purchased from the Town of Oak Grove a 1996 GMC fire truck for \$75,000. A Credit Sale of a Movable was executed by the Town and the Fire District on July 14, 1997. The terms of the promissory note, executed that same day, were that seventy-one installments of \$1,000 each were to be paid beginning July 15, 1997 and on or before the same day each succeeding month thereafter with the final payment of \$4,000 being paid on the seventy-second month. In October, 1998, after making 15 payments of \$1,000 each, the Oak Grove Fire District requested the Town to postpone the payments for 18 months for the Fire District to get the rating lowered for the District. This request was granted. A representative of the Fire District appeared before the Town Council April 11, 2000 and requested an additional six months postponement on the payments for the fire truck. The Town Council granted this request.

NOTE 8 - INTERFUND TRANSACTIONS

During the course of normal operations, the Town has numerous transactions between funds including expenditures and transfers of resources primarily to provide services. The governmental and proprietary type funds financial statements generally reflect such transactions as transfers.

NOTE 9 - GRANT REVENUE

Grants received by the Town were as follows:

State of Louisiana -Governor's Office of Rural Development	\$ 28,000
Entergy - Matchmaker Grant	15,000
U.S. Department of Justice-Universal Hiring Program	11,689
State of Louisiana - DOTD	103,701
State of Louisiana-Office of Community Development-LCDBG	520,139
Total	\$ 678,529

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the Year Ended June 30, 2000

NOTE 10- NOTES RECEIVABLE

During the fiscal year, the Town sold 10.23 acres of land in the industrial part of Thames Construction, Inc. Under the terms of the Louisiana Installment Note executed by Kiley Thames, President, Thames Construction, Inc. is to pay the Town 36 equal monthly installments of \$558, beginning November 1, 1999, and monthly thereafter until paid in full. The total selling price was \$20,485. Rent in the amount of \$400 paid during the fiscal was credited toward the purchase price of this property, making the total financed amount amount \$20,085.

Following is detailed schedule regarding the sale of this property and annual payments required to amortize the note receivable:

<u>Year</u>	<u>Total</u>
2000/01	\$ 6,696
2001/02	6,696
2002/03	2,629
Total	<u>\$ 16,021</u>

NOTE 11 - PENSION COST

Municipal Employees' Retirement System

Plan Description

Substantially all full-time employees except police and firemen of the Town of Oak Grove are covered under the Municipal Employees' Retirement System of Louisiana (Plan B), a cost sharing multiple employer defined benefit plan retirement system (PERS), controlled and administered by a separate board of trustees. The System was established and provided for by R. S. 11:1731 of the Louisiana Revised Statutes (LRS). The System provides retirement benefits to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system and which elect to become members of the System.

The Municipal Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for Municipal Employees' Retirement System.

That report, dated September 17, 1999, for the year ended June 30, 1999, may be obtained by writing to Duplantier, Hrapmann, Hogan & Maher, L.L.P., Certified Public Accountants, 1340 Poydras St., Suite 2000, New Orleans, Louisiana 70122, or by calling (504)586-8866.

Funding Policy

Plan members are required to contribute 5% of their annual covered salary and the Town of Oak Grove is required to contribute at an actuarially determined rate. The current rate for the Town of Oak Grove is 4.5% of the annual covered payroll. The contribution requirements of plan members and the Town of Oak Grove are established and may be amended by the Municipal Employees' Retirement System Board of Trustees.

The Town's contributions to the Municipal Employees' Retirement System for the years ending June 30, 1998, 1999 and 2000 were \$19,658, \$22,083 and \$25,616 respectively, equal to the required contributions for each year.

NOTES TO THE COMBINED FINANCIAL STATEMENTS**For the Year Ended June 30, 2000****NOTE 11 - PENSION COST(Cont'd.)**

Plan members who have been an active contributing member for one full year after becoming eligible to retire may elect to enter the Deferred Retirement Option Program (DROP), for up to three years and defer the receipts of benefits. Upon commencement of participation in the plan, membership in the System terminates. During participation in the plan, employer contributions are payable but member contributions cease. For the year ending June 30, 2000, there were 2 plan members participating in the DROP Program. The Town of Oak Grove's contributions for that period were 4.5% for a total of \$656.

Municipal Police Retirement System

Plan Description

Members of the police department of the Town of Oak Grove participate in a cost sharing multiple-employer plan, administered by the Municipal Police Employees' Retirement System.

The Municipal Police Employees' Retirement System provides retirement benefits for municipal police officers. Membership is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing they do not have to pay social security and providing they meet the statutory criteria.

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211 - 11:2233. The Municipal Police Employees' Retirement System issues a publicly available financial report that includes financial statements and required by supplementary information for the Municipal Police Employees' Retirement System. That report may be obtained by writing to Duplantier, Hrapmann, Hogan & Maher, L.L.P., Certified Public Accountants, 1340 Poydras St., Suite 2000, New Orleans, LA 70112, or by calling 1-504-586-8866.

Funding Policy

Plan members are required to contribute 7.5% of their annual covered salary and the Town of Oak Grove is required to contribute at an actuarially determined rate. The current rate for the Town of Oak Grove is 9% of the annual covered payroll. The contribution requirements of plan members and the Town of Oak Grove are established and may be amended by the Municipal Police Employees' Retirement System's Board of Trustees. The Town's contributions to the retirement system for the years ending June 30, 1998, 1999 and 2000 were \$17,269, \$19,860 and \$22,252, respectively, equal to the required contributions for each year.

NOTE 12 - BUDGETS

In addition to the budgets presented in the financial statements, the Town adopts budgets for the proprietary funds, the debt service fund, the USDA grant for water lines and the LCDBG sewer grant.

NOTE 13 - ENCUMBRANCES

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded.

NOTES TO THE COMBINED FINANCIAL STATEMENTS**For the Year Ended June 30, 2000****NOTE 14 - SUBSEQUENT EVENTS**

In October, 1999, the Town entered into a Cooperative Endeavor Agreement with the State of Louisiana, Division of Planning, Facility Planning and Control. The appropriation is entitled "Building Expansion for Industrial Prospect, Planning and Construction (\$1,200,000 In-Kind Local Match)(West Carroll) in the amount of \$600,000. The funds are for the expansion of the Oak Grove Industrial Complex.

In July, 2000, the Office of Community Development, State of Louisiana, performed a monitoring visit regarding the Louisiana Community Development Block Grant program. A copy of the final report is in the permanent files of the Town of Oak Grove.

NOTE 15 - COMMITMENTS AND CONTINGENCIES

During the later part of the fiscal year, The Town contracted to purchase a new police car for \$20,203. At year-end, the car had not been delivered. The funding for this purchase is to be provided by the State of Louisiana, Governor's Office of Rural Development.

NOTE 16 - USE OF ESTIMATES

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE 17 - PRIOR PERIOD ADJUSTMENTS

Adjustments to beginning retained earnings a result of the following:

It was discovered during the year that amounts paid to the USDA were incorrectly reported as interest expense for the period 1998-99. This mistake resulted in an overstatement of expenditures and an understatement to amounts due the USDA for that period.

Additionally, it was discovered that during the period dividends earned on investments had not been recorded in prior periods. This resulted in an understatement of current assets.

Supplementary Information Schedules

TOWN OF OAK GROVE, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2000

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development: Pass-through programs from: State of Louisiana Office of Community Development Community Development Block Grant	14.219	107-700169	\$ 522,889
U.S. Department of Justice: COPS Universal Hiring Program	16.710		11,689
Total Expenditures of Federal Awards			\$ 534,578

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Oak Grove and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

TOWN OF OAK GROVE, LOUISIANA

**Special Revenue Funds
Combined Balance Sheets
June 30, 2000**

	Sales Tax Fund	Street Fund	Cemetery Fund
ASSETS AND OTHER DEBITS			
Cash	\$ 813,848	\$ 148,564	\$ 135,856
Accounts receivable	37,640	-	-
Due from other funds	-	-	-
Note receivable	-	-	-
TOTAL ASSETS	\$ 851,488	\$ 148,564	\$ 135,856
LIABILITIES, FUND EQUITY AND OTHER CREDITS			
LIABILITIES			
Accounts payable	4,124	137	110
Accrued expenses	-	-	-
Due to other funds	-	-	-
Deferred revenues	-	-	-
Refundable sales tax	40,267	-	-
Total Liabilities	44,391	137	110
FUND EQUITY AND OTHER CREDITS			
Fund balances:			
Unreserved and undesignated	807,097	148,427	135,746
TOTAL LIABILITIES AND FUND EQUITY	\$ 851,488	\$ 148,564	\$ 135,856

<u>Economic Development</u>	<u>Total (Memorandum Only)</u>
\$ 222,411	\$ 1,320,679
-	37,640
-	-
60,000	60,000
<u>\$ 282,411</u>	<u>\$ 1,418,319</u>
-	4,371
-	-
-	-
141,000	141,000
-	40,267
<u>141,000</u>	<u>185,638</u>
<u>141,411</u>	<u>1,232,681</u>
<u>\$ 282,411</u>	<u>\$ 1,418,319</u>

TOWN OF OAK GROVE, LOUISIANA

Special Revenue Funds

**Combining Statement of Revenues, Expenditures, and
Changes In Fund Balances
For The Year Ended June 30, 2000**

	<u>Sales Tax Fund</u>	<u>Street Fund</u>	<u>Cemetery Fund</u>
REVENUES			
Taxes	\$ 445,062	\$ 47,148	\$ 18,781
Use of money and property	50,013	3,020	5,464
Earned portion of operating lease	-	-	-
Sale of graves	-	-	17,685
Other	1,342	-	1,180
Total Revenues	<u>496,417</u>	<u>50,168</u>	<u>43,110</u>
EXPENDITURES			
General government	132,758		14,963
Public works	174,118	5,721	-
Capital outlay	27,702	-	8,450
Economic development and assistance	-	-	-
Total Expenditures	<u>334,578</u>	<u>5,721</u>	<u>23,413</u>
Excess (Deficiency) Of Revenues Over Expenditures	161,839	44,447	19,697
OTHER FINANCING SOURCES (USES)			
Operating transfers from other funds	10,000	-	-
Operating transfers to other funds	(372,044)	-	-
Net Other Financing Sources (Uses)	<u>(362,044)</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease)	(200,205)	44,447	19,697
Fund Balances, Beginning	<u>1,007,302</u>	<u>103,980</u>	<u>116,049</u>
Fund Balances, Ending	<u>\$ 807,097</u>	<u>\$ 148,427</u>	<u>\$ 135,746</u>

<u>Economic Development</u>	<u>Total (Memorandum Only)</u>
\$ -	\$ 510,991
20,523	79,020
4,114	4,114
-	17,685
-	2,522
<u>24,637</u>	<u>614,332</u>
-	147,721
-	179,839
90,000	126,152
2,799	2,799
<u>92,799</u>	<u>456,511</u>
(68,162)	157,821
-	10,000
-	(372,044)
<u>-</u>	<u>(362,044)</u>
(68,162)	(204,223)
<u>209,573</u>	<u>1,436,904</u>
<u>\$ 141,411</u>	<u>\$ 1,232,681</u>

Capital Projects Funds
 Combined Balance Sheets
 June 30, 2000

	<u>Street Overlay</u>	<u>Sidewalk & Lighting</u>	<u>Total (Memorandum Only)</u>
ASSETS AND OTHER DEBITS			
Cash	\$ 148,745	\$ 21,621	\$ 170,366
TOTAL ASSETS	<u>148,745</u>	<u>21,621</u>	<u>170,366</u>
LIABILITIES, FUND EQUITY AND OTHER CREDITS			
Fund Balance	<u>148,745</u>	<u>21,621</u>	<u>170,366</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>148,745</u>	<u>21,621</u>	<u>170,366</u>

Capital Projects Funds
Combining Statement of Revenues, Expenditures, and
Changes In Fund Balances
For The Year Ended June 30, 2000

	<u>Street Overlay</u>	<u>Sidewalk Lighting</u>	<u>Total (Memorandum Only)</u>
REVENUES			
Louisiana state grants	\$ -	\$ 103,700	\$ 103,700
Use of money and property	49,439	366	49,805
Total Revenues	<u>49,439</u>	<u>104,066</u>	<u>153,505</u>
EXPENDITURES			
Capital outlay	2,192,012	-	2,192,012
Engineering fees	36,556	119,000	155,556
Miscellaneous expense	5,245	-	5,245
Total Expenditures	<u>2,233,813</u>	<u>119,000</u>	<u>2,352,813</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers from other funds	150,000	36,555	186,555
Operating transfers to other funds	(10,000)	-	(10,000)
Net Other Financing Sources (Uses)	<u>140,000</u>	<u>36,555</u>	<u>176,555</u>
Net Increase (Decrease)	(2,044,374)	21,621	(2,022,753)
Fund Balances, Beginning	<u>2,193,119</u>	<u>-</u>	<u>2,193,119</u>
Fund Balances, Ending	<u><u>148,745</u></u>	<u><u>21,621</u></u>	<u><u>170,366</u></u>

Schedule of Compensation Paid Mayor and Board Members
For the Year Ended June 30, 2000

BOARD MEMBERAMOUNT

James H. Dumas, Mayor	\$	9,000
Albert Alexander, Mayor Pro-Tem		1,800
Robert Ruffin		1,200
Roy Gunter		1,200
Jim Holland		1,200
Albert Mizell		1,200
Total	\$	15,600

DARLA S. TURNER, CPA
A Professional Accounting Corporation
3001 Armand, Suite C
Monroe, Louisiana 71201
(318) 323-8891

Member:
Louisiana State Society of CPAs
American Institute of CPAs

Schedule 6

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

I have audited the general purpose financial statements for the Town of Oak Grove, Louisiana, as of and for the year ended June 30, 2000, and have issued my report thereon dated November 15, 2000. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

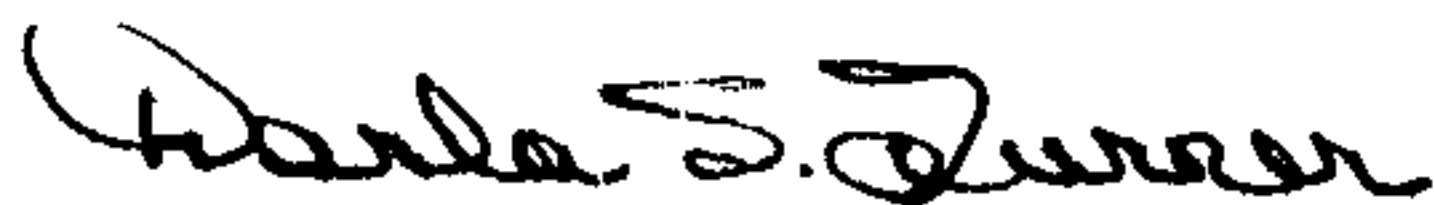
Compliance:

As part of obtaining reasonable assurance about whether the Town of Oak Grove, Louisiana's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Governmental Auditing Standard*. However, I noted a certain immaterial instance of noncompliance that I have reported to management of the Town of Oak Grove in a separate letter dated November 15, 2000.

Internal Control Over Financial Reporting:

In planning and performing my audit, I considered the Town of Oak Grove, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



DARLA S. TURNER
CERTIFIED PUBLIC ACCOUNTANT
Monroe, Louisiana
November 15, 2000

DARLA S. TURNER, CPA
A Professional Accounting Corporation
3001 Armand, Suite C
Monroe, Louisiana 71201
(318) 323-8891

Member:
Louisiana State Society of CPAs
American Institute of CPAs

Schedule 7

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance:

I have audited the compliance of the Town of Oak Grove, Louisiana, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2000. The Town of Oak Grove, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town of Oak Grove, Louisiana's management. My responsibility is to express an opinion on the Town of Oak Grove, Louisiana's compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Oak Grove, Louisiana's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of the Town of Oak Grove, Louisiana's compliance with those requirements.

In my opinion, the Town of Oak Grove, Louisiana, complied, in all material respects, with requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000.

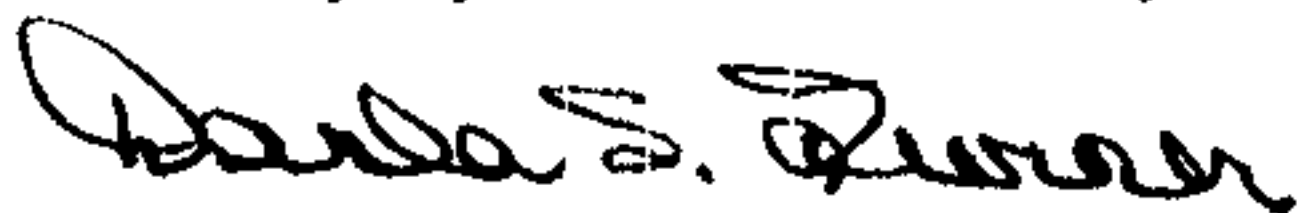
Internal Control Over Compliance:

The management of the Town of Oak Grove, Louisiana, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered the Town of Oak Grove, Louisiana's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of

one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended for the information of the audit committee, management, others within the organization, Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



DARLA S. TURNER
CERTIFIED PUBLIC ACCOUNTANT

Monroe, Louisiana
November 15, 2000

TOWN OF OAK GROVE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2000

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the Town of Oak Grove, Louisiana.
2. No instances of reportable conditions were disclosed during the audit of the financial statements of the Town of Oak Grove, Louisiana.
3. No instances of noncompliance material to the financial statements of the Town of Oak Grove, Louisiana.
4. The auditor's report on compliance for the major federal award programs for the Town of Oak Grove, Louisiana expresses an unqualified opinion on all major federal programs.
5. The programs tested as major programs included:

FY 1996 LCDBG	CFDA #14.219	\$522,889
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6. The threshold for distinguishing Types A and B programs was \$522,889.

DARLA S. TURNER, CPA
(A Professional Accounting Corporation)
3001 Armand, Suite C
Monroe, Louisiana 71201
(318) 323-8891

RECEIVED
LEGAL COUNSEL
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To the Town Council
Town of Oak Grove, Louisiana
Oak Grove, Louisiana

In planning and performing my audit of the financial statements of the Town of Oak Grove, Louisiana, for the year ended June 30, 2000, I considered the Town's internal control and compliance with laws, regulations and contracts in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during my audit, I became aware of some matters that are opportunities for strengthening internal controls, operating efficiency and compliance with laws, regulations and contracts. This letter does not affect my report dated November 15, 2000, on the financial statements of the Town of Oak Grove, Louisiana.

I have already discussed this comment and suggestion with Sandra. I will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendation. My comment is summarized as follows:

Transfers of Property

During the fiscal year, the Town sold property to Thames Constuction, Inc. in the Industrial Park of the Town of Oak Grove. A Louisiana Installment Note was executed by the President, Kiley Thames to pay the purchase price in 36 monthly installments. It is my recommendation that future transfers of public property be made on a cash only basis to any individual, association or corporation.

I wish to thank Sandra, Linda, Charlene and Karen for their support and assistance during my audit.

This report is intended solely for the information and use of the Town Council, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.



DARLA S. TURNER
CERTIFIED PUBLIC ACCOUNTANT

Monroe, Louisiana
November 15, 2000

TOWN OF OAK GROVE

P.O. DRAWER 1014

OAK GROVE, LOUISIANA 71265

(318) 428-3275

FAX (318) 428-4556

JAMES H. DUMAS
MAYOR

JIM HOLLAND
Mayor Pro Tem

SANDRA R. MILLEK
SECRETARY-TREASURER

JOHN M. LANCASTER
ATTORNEY

TOWN COUNCIL

Albert Alexander
Roy "Chip" Gunter
Jim Holland
Albert Mizell
Robert Ruffin

December 19, 2000

Mrs. Darla S. Turner, CPA
3001 Armand, Suite C
Monroe, LA 71201

Re: Audit of the Town of Oak Grove
As of and for the Year Ended June 30, 2000

Dear Mrs. Turner:

In response to your management letter dated November 15, 2000, regarding transfers of public property, following is our plan of corrective action:

The Mayor and the Town Council of Oak Grove, Louisiana, agree that, in the future, all transfers of public property will be made on a cash only basis to any individual, association or corporation.

If you have any questions, please contact our office.

Sincerely,



James H. Dumas, Mayor