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**TOWN OF OAK GROVE, LOUISIANA**

*General Purpose Financial Statement  
and Independent Auditor's Report  
As of and For the Year Ended June 30, 2001  
With Supplemental Information Schedules*

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

Release Date: 12/18/02

**CHARLES TURNER, CPA**  
*A Professional Accounting Corporation*  
300 Arsenal Street, Suite C  
Monroe, Louisiana 71201

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**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, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Oak Grove Louisiana'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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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, 2002, and the results of its operations and the cash flows of its proprietary fund types and non expendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated November 15, 2002, on my consideration of the Town of Oak Grove, Louisiana's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.



**DARLA S. TURNER  
CERTIFIED PUBLIC ACCOUNTANT**

**Metairie, Louisiana  
November 15, 2002**

**TOWN OF OAK GROVE, LOUISIANA**

**Combined Balance Sheet - All Fund Types and Account Groups**

**June 30, 2002**

	GOVERNMENTAL FUND TYPES		
	General Fund	Special Revenue Funds	Debt Service Fund
<b>ASSETS AND OTHER DEBITS</b>			
<b>ASSETS</b>			
Cash and Cash Equivalents (Note 2)	\$ 202,940	\$ 1,467,960	\$ 327,607
Receivables - (net, where applicable, of allowance for uncollectibles):	18,083	-	-
Ad Valorem-taxes	-	48,115	-
Accounts	-	-	-
Inventory	-	-	-
Restricted assets (Note 2)	-	-	-
Notes receivable (Note 8)	3,747	-	-
Fixed Assets (Note 2)	-	-	-
Property and equipment (net of accumulated depreciation)	-	-	-
<b>OTHER DEBITS</b>			
Amount available in debt service fund	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$ 215,670</b>	<b>\$ 1,516,060</b>	<b>\$ 327,607</b>
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 4,058	\$ 8,927	\$ -
Refundable-sales tax	-	43,175	-
Payable from restricted assets:	-	-	-
Revenue bond	-	-	-
Accrued interest and expenses	-	-	-
Customers' deposits	-	-	-
Refundable-deposits	2,529	-	-
General obligation bonds payable	-	-	-
Revenue bonds payable	-	-	-
<b>Total Liabilities</b>	<b>6,587</b>	<b>47,102</b>	<b>-</b>
<b>FUND EQUITY AND OTHER CREDITS</b>			
Contributed capital	-	-	-
Investment in personal fixed assets	-	-	-
Retained earnings:	-	-	-
Reserve	-	-	-
Fund balances:	-	-	-
Reserved for debt service	-	-	327,607
Unassigned - unallocated (deficit)	326,700	1,468,941	-
<b>Total Equity and Other Credits</b>	<b>326,700</b>	<b>1,468,941</b>	<b>327,607</b>
<b>TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>	<b>\$ 315,875</b>	<b>\$ 1,516,000</b>	<b>\$ 327,607</b>

Capital Projects Fund	PROPRIETARY FUND TYPE	PROPRIETARY FUND TYPE	ACCOUNT GROUPS		Totals (Memorandum Only)
	Enterprise Fund	Trust and Agency Fund	General Fixed Assets	General Long-Term Debt	(Only)
\$ 4,188	\$ 398,897	\$ 10,587	\$ -	\$ -	\$ 2,489,898
-	-	-	-	-	10,000
-	-	-	-	-	40,113
-	42,317	-	-	-	42,317
-	11,080	-	-	-	11,080
-	273,688	-	-	-	273,688
-	-	-	-	-	3,747
-	3,882,880	-	1,812,080	-	5,285,858
-	-	-	-	327,607	327,607
-	-	-	-	2,385,000	2,385,000
<u>\$ 4,188</u>	<u>\$ 4,275,625</u>	<u>\$ 10,587</u>	<u>\$ 1,812,080</u>	<u>\$ 2,682,607</u>	<u>\$ 10,658,843</u>
\$ -	\$ 2,124	\$ -	\$ -	\$ -	\$ 13,158
-	-	-	-	-	40,113
-	80,853	-	-	-	80,853
-	24,888	10,867	-	-	35,442
-	42,103	-	-	-	42,103
-	-	-	-	-	2,828
-	-	-	-	2,385,000	2,385,000
-	583,493	-	-	-	583,493
-	1,042,808	10,867	-	2,385,000	3,471,304
-	2,942,851	-	-	-	2,942,851
-	-	-	1,812,080	-	1,812,080
-	426,188	-	-	-	426,188
-	-	-	-	327,607	658,214
4,188	-	-	-	-	1,792,512
<u>4,188</u>	<u>3,233,017</u>	<u>-</u>	<u>1,812,080</u>	<u>327,607</u>	<u>7,353,719</u>
<u>\$ 4,188</u>	<u>\$ 4,275,625</u>	<u>\$ 10,587</u>	<u>\$ 1,812,080</u>	<u>\$ 2,682,607</u>	<u>\$ 10,658,843</u>

**TOWN OF OAK GROVE, LOUISIANA**

**Governmental Funds  
 Combined Statement of Revenues, Expenditures, and Changes  
 in Fund Balances  
 For the Year Ended June 30, 2002**

	GOVERNMENTAL	
	General Fund	Special Revenue Funds
<b>REVENUES</b>		
Local sources:		
Taxes:		
Ad valorem	\$ 70,077	\$ 71,724
Sales and use	-	470,328
Other	-	-
Licenses and permits	115,108	-
Restricted grants-in-aid		
Federal sources	-	-
State sources (Note E)	262,988	-
Energy grant	-	-
Fees, charges and commissions	74,979	-
Fines and forfeitures	19,892	-
Earmarked operating lease	-	-
Use of money and property	16,948	67,480
Other revenues	33,958	18,521
<b>Total Revenues</b>	<b>640,158</b>	<b>629,053</b>
<b>EXPENDITURES</b>		
General government	189,164	147,638
Public safety	154,760	-
Public works	8,515	142,177
Capital outlay	2,748	63,147
Industrial development	-	5,171
Debt service:		
Principal retirement	-	-
Interest and fiscal charges	-	-
Special Projects (Note B)	302,983	-
<b>Total Expenditures</b>	<b>649,660</b>	<b>348,033</b>
<b>Excess (Deficiency) Of Revenues Over Expenditures</b>	<b>(24,502)</b>	<b>279,020</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Operating transfers in	-	-
Operating transfers (out)	-	(236,348)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(236,348)</b>
<b>Net Increase (Decrease)</b>	<b>(24,502)</b>	<b>41,672</b>
<b>Fund Balances, Beginning</b>	<b>333,036</b>	<b>1,420,958</b>
<b>Fund Balances, Ending</b>	<b>\$ 308,534</b>	<b>\$ 1,462,630</b>

See accompanying notes to combined financial statements.

FUND THREE		
Debt Service Fund	Capital Projects Fund	Totals (Memorandum Cost)
\$ -	\$ -	\$ 147,001
-	-	470,320
-	-	-
-	-	115,100
-	-	-
-	86,000	268,000
-	-	-
-	-	74,070
-	-	19,082
-	-	-
8,784	-	84,280
-	-	40,488
<u>8,784</u>	<u>86,000</u>	<u>1,255,208</u>
-	-	340,808
-	-	154,700
-	87,711	240,400
-	-	52,800
-	-	1,771
86,000	-	86,000
125,018	-	125,018
-	-	202,908
<u>221,018</u>	<u>87,711</u>	<u>1,223,344</u>
(211,284)	(10,812)	02,000
221,348	10,000	238,348
-	-	(238,348)
<u>221,348</u>	<u>10,000</u>	<u>-</u>
10,001	4,108	52,082
<u>317,526</u>	<u>-</u>	<u>2,878,027</u>
\$ 327,607	\$ 4,108	\$ 2,713,110

## 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, 2002**

	Budget	General Fund Actual	Variance
<b>REVENUES</b>			
Local sources:			
Taxes:			
Ad valorem	\$ 76,525	\$ 76,877	\$ (348)
Sales and use	-	-	-
Other	-	-	-
Licenses and permits	181,808	185,108	3,300
Restricted grants-in-aid:			
Federal sources	-	-	-
State sources (Note 6)	202,868	202,868	-
Fees, charges and commissions	76,108	74,878	(1,230)
Fines and forfeitures	21,808	19,892	(1,916)
Eared portion operating lease	-	-	-
Use of money and property	18,900	18,948	48
Other	8,100	59,858	51,758
<b>Total Revenues</b>	<u>801,888</u>	<u>840,153</u>	<u>38,265</u>
<b>EXPENDITURES</b>			
General Governmental	128,838	128,168	(670)
Public Safety	152,200	154,700	(2,500)
Public Works	-	5,515	(5,515)
Industrial development	-	-	-
Capital outlay	4,800	2,748	2,052
Special projects (Note 6)	302,850	302,850	-
<b>Total Expenditures</b>	<u>588,738</u>	<u>589,282</u>	<u>(544)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>213,150</u>	<u>250,871</u>	<u>37,721</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Increase (Decrease)</b>	<u>213,150</u>	<u>250,871</u>	<u>37,721</u>
<b>Fund Balances, Beginning</b>		<u>301,535</u>	
<b>Fund Balances, Ending</b>		<u>\$ 552,406</u>	

See accompanying notes to combined financial statements.



Special Revenue Funds			Capital Project Funds		
Budget	Actual	Variance	Budget	Actual	Variance
\$ 71,480	\$ 71,734	\$ 254	\$ -	\$ -	\$ -
460,080	478,328	18,248	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	89,088	89,088	(0.00)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
83,960	87,480	3,520	-	-	-
1,808	19,821	18,013	-	-	-
<u>546,328</u>	<u>600,053</u>	<u>53,725</u>	<u>89,088</u>	<u>89,088</u>	<u>(0.00)</u>
147,308	147,858	(550)	-	-	-
-	-	-	-	-	-
188,858	142,177	46,681	-	-	-
-	1,711	(1,711)	-	-	-
80,808	90,147	9,339	87,711	87,711	-
<u>386,858</u>	<u>381,733</u>	<u>5,125</u>	<u>87,711</u>	<u>87,711</u>	<u>-</u>
327,818	378,828	51,010	(7,812)	(70,812)	(63,000)
-	-	-	-	-	-
<u>(28,438)</u>	<u>(28,345)</u>	<u>93</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
<u>(28,438)</u>	<u>(28,345)</u>	<u>93</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
(8,828)	41,375	50,203	7,188	4,188	(3,000)
	<u>1,428,888</u>			<u>-</u>	
	<u>\$ 1,428,881</u>			<u>\$ 4,188</u>	

**Statement of Revenues, Expenses and Changes In Fund Equity**  
**Proprietary Fund Type**  
**For the Year Ended June 30, 2003**

**REVENUES**

Charges for services	\$ 482,802
Other income	9,474
Total Operating Revenues	<u>492,276</u>

**OPERATING EXPENSES**

Personnel services	125,001
Materials, supplies and repair	85,338
Other operating expenses	72,090
Depreciation	148,418
Total Operating Expenses	<u>430,847</u>

Operating Income	61,429
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**NONOPERATING REVENUES (EXPENSES)**

Interest revenues	15,602
Interest expenses	(55,045)
Loss on disposal of fixed assets	<u>(15,585)</u>

Total Nonoperating Revenues and Expenses	<u>(54,928)</u>
------------------------------------------	-----------------

NET INCOME	(5,444)
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Retained Earnings at Beginning of Year	<u>488,247</u>
----------------------------------------	----------------

Retained Earnings Before Prior Period Adjustment	410,503
--------------------------------------------------	---------

Prior Period Adjustment	<u>9,281</u>
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Retained Earnings at End of Year	420,180
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Contributed Capital at Beginning of Year	2,912,881
------------------------------------------	-----------

Capital contributions	<u>-</u>
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Contributed Capital at End of Year	<u>2,912,881</u>
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Fund Equity at End of Year	<u>\$ 3,333,017</u>
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**Statement of Cash Flows**  
**Proprietary Fund Type**  
**For the Year Ended June 30, 2002**

<b>Cash Flows From Operating Activities:</b>		
Operating income	\$	14,108
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation		144,418
<b>Changes in assets and liabilities:</b>		
Decrease in accounts receivable		6,810
Decrease in accounts payable		(3,448)
Increase in interest payable		5,201
Increase in customers' deposits		1,089
Increase in inventory supplies		(265)
	<b>Total Adjustments</b>	<u>153,805</u>
	<b>Net Cash Provided By Operating Activities</b>	<u>167,913</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Acquisition and construction of capital assets		(12,261)
Loss on disposal of fixed assets		(15,500)
Interest paid on bonds		(58,040)
Principal payment on bonds		(97,200)
	<b>Net Cash Used by Capital and Related Financing Activities</b>	<u>(183,001)</u>
<b>Cash Flows From Investing Activities:</b>		
Interest on cash and investments		15,002
Increase due to prior period adjustment (Note 11)		5,281
	<b>Net Cash From Investing Activities</b>	<u>20,283</u>
	<b>Net Increase in Cash And Cash Equivalents</b>	4,295
	<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>695,316</u>
	<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 700,011</u>

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

### For the Year Ended June 30, 2002

#### 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, 1988, 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 283(3), 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, 2001.

##### B. Financial Reporting Entity - Basis Of Presentation

The Town of Oak Grove, Louisiana, was incorporated January 4, 1986, under the provisions of The Home Rule Charter as provided by State Law Reference L.R.S. 33:1381-1398. A copy of the ratified charter is recorded in Charter Book "B" at page 491, of the records of West Carroll Parish, Louisiana. At June 30, 2001, the Town had a population of 2,292. 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.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2002****NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)**

- 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.

**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 directly 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:

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

### For the Year Ended June 30, 2002

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

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.

#### Proprietary 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.

#### G. 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 taxpayer in November. Billed taxes become delinquent on January 1 of the following year. Revenues from all various 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, 2002, taxes of 17.00 mills were levied on property with assessed valuations totaling \$5,203,480, and were collected as follows:

General corporate purposes	6.75 mills
Street Maintenance	0.25 mills
Cemetery	0.40 mills

Property tax revenues are recognized when they become available. Available includes those property tax receivables needed 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 forfeitures, and fees are recognized when collected by the Town. Interest income is recorded when it is credited to accounts by the Bank.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2002****NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)****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.

**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.

**B. 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 two-tern budgets are included for administrative control. The level of control for the detailed budgets is at the department/headfunction level.
2. Public hearings are conducted to obtain taxpayer consent.
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

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2002**

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

**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 necessarily approximates fair value.

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 parks or infrastructures, such as street awnings, 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/Power Collection System	35-50 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 these 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.



**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2002**

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

**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.

**Reserves**

Reserves represent those portions of fund equity not appropriate 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

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the Year Ended June 30, 2002

## NOTE 3- CASH AND CASH EQUIVALENTS (Cont'd.)

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.

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, 2002, the Town had cash and cash equivalents totaling \$2,708,040, as follows:

Non-Pooled Deposits	Cost	Fair Value
Non-pooled cash and cash equivalents:		
General Fund	\$ 293,340	\$ 293,340
Special Revenue Funds	1,467,980	1,467,980
Capital Projects Funds	-	-
Proprietary Fund	589,899	589,899
Proprietary Fund - Investments	82,887	82,887
Economic Development Fund	-	-
Debt Service Fund	327,837	327,837
Trust and Agency Fund	10,897	10,897
	<u>\$ 2,763,840</u>	<u>\$ 2,763,840</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, 2002, are secured as follows:

Bank Balances	<u>\$ 2,708,040</u>
Federal Deposit Insurance	400,800
Pledged Securities	<u>2,658,200</u>
Total	<u>\$ 5,766,200</u>

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the Year Ended June 30, 2002

## NOTE 3 - FIXED ASSETS

A summary of changes in General Fund Assets follows:

	Balance 7/1/01	Additions	Retired Deletions	Balance 6/30/02
Land	\$ 142,848	\$ -	\$ -	\$ 142,848
Building	719,321	88,898	-	808,219
Equipment	553,148	82,708	2,815	633,041
Total	\$ 1,415,317	\$ 171,406	\$ 2,815	\$ 1,583,908

A summary of proprietary fund type property, land and equipment at June 30, 2002:

Land	\$ 18,750
Building	1,815
Wastewater treatment system	5,008,749
Vehicles and equipment	128,867
Furniture and equipment	21,872
	5,208,793
Less accumulated depreciation	1,514,193
Total	\$ 3,694,600

## NOTE 4 - GENERAL LONG TERM OBLIGATIONS

The following is a summary of bond transactions for the Town for the year-ended June 30, 2002:

	General Obligation	1973 Revenue Bonds	1998 Revenue Bond	Total
Bonds payable at July 1, 2001	\$ 2,458,080	228,000	\$ 838,897	\$ 3,524,977
New bonds issued	-	-	-	-
Bonds retired	85,000	72,000	10,208	167,208
Bonds payable at June 30, 2002	\$ 2,373,080	\$ 156,000	\$ 818,689	\$ 3,347,769

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2002**

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

Bonds payable at June 30, 2002, are composed 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 \$80,000 and increasing in \$9,000 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:**

\$1,078,000 Water and Sewer Revenue Bonds dated July 1, 1993, due in various annual installments from \$15,000 to \$60,000 through July 1, 2003; interest at various rates from 5.0% to 6.0%.

107,000

**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 \$80,964 is due March 20, 1998; interest rate is 4.875%.

818,487

Total \$ 3,338,487

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

**Year ending June 30,**

	General Obligations	1973 Revenue Bonds	1998 Revenue Bonds	Total
2003	108,000	78,000	14,093	198,093
2004	118,000	81,000	14,733	209,733
2005	115,000	-	15,784	130,784
2006	109,000	-	17,047	126,047
2007	105,000	-	17,190	122,190
Thereafter	1,790,000	-	737,784	2,527,784
Total	2,355,000	157,000	911,497	3,338,497

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 \$180,828.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2002**

**NOTE 5 - CHANGES IN FIDUCIARY FUND TYPE**

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

	Balance 7/1/01	Additions	Deletions	Balance ending
Cash	\$ 0.155	\$ 990,000	\$ 990,000	\$ 0.160

**NOTE 6 - LEASES**

The Town is the Lessor in an operating lease with Turbin Transportation, Inc., a warehousing company. The lease is for a term of five years commencing July 10, 2001 and ending July 10, 2006. According to the terms of the lease, the Lessee was required to pay no monetary rental to Lessor for the period beginning July 11, 2001 through January 10, 2002. Lessee is to maintain insurance upon the premises. The rental and consideration for the period beginning January 10, 2002 through July 10, 2005, is the sum of \$1,000, plus 10% of the gross earnings of the Lessee up to a maximum of \$1,000 of said gross earnings or a total maximum rent of \$2,000. Thereafter, beginning 24 months from the date of this lease, and monthly thereafter, the lease payment will be \$1,000 per month plus 10% of the Lessee's gross earnings up to \$2,000 or a maximum total rental per month of \$3,000. The lease contains an option to extend the lease for three additional five years on the same terms and conditions as this original lease. At the end of the 2nd five year term and if applicable, the 3rd five year term, the Lessee has the option to extend the lease for an additional five years after each said period on the same terms and conditional as the original lease. Each option may be exercised by the Lessee at any time after the expiration of the first three years of the then current term of the lease as long as the Lessee is not in default under any terms of the lease. Both the lessor and lessee have agreed that if at the end of the first 24 months of the lease, the total monthly payment payable to Lessor is not equal to or greater than \$2,500 a month, either party may cancel the lease in full within 90 days after the end of the initial 24 month period of the lease or within 90 days of any month thereafter if the lease payment falls below \$2,500 per month.

On October 8, 2001 the above lease was amended, removing the maximum rent limits. Options to renew the lease remain the same including the changes resulting from the amendment.

The Town entered into a second operating lease with Turbin Transportation, Inc. April 1, 2002 and ending March 31, 2007. The Lessee is to pay the Town \$1,000 per month or 10% of the gross earnings per month, whichever sum is greater. If 10% of the gross earnings is greater than \$1,000 per month, the Lessee is to pay the Town that sum of 10% of the gross earnings. The lease allows Lessee the option to extend the lease for two additional five year terms and a final additional four year and three month term which would terminate on July 10, 2021. The Lessee may then extend the lease for an additional 5 years on the same terms and conditions as the original lease. All options to renew and extend cancel after July 20, 2021. If the lease is terminated by either party, Lessee is to provide insurance through October 31, 2004.

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the Year Ended June 30, 2003

## NOTE 7 - 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 8 - GRANT REVENUE

Grants received by the Town were as follows:

State of Louisiana - Department of the Treasury	\$ 38,000
State of Louisiana - Division of Administration	88,800
State of Louisiana - Housing Finance Agency	<u>177,860</u>
<b>Total</b>	<b><u>\$ 304,660</u></b>

## Special projects:

The State of Louisiana - Department of the Treasury awarded the Town a grant to renovate the Fiske Theater in Oak Grove in cooperation with the Chamber of Commerce of Oak Grove.

The State of Louisiana - Housing Finance Agency awarded the Town a grant to be used for the rehabilitation of homes for officers of the Town who qualify for such aid.

## NOTE 9 - NOTES RECEIVABLE

During a prior fiscal year, the Town sold 18.23 acres of land in the industrial park to Thames Construction, Inc. Under the terms of the Louisiana Installment Note executed by Kiley Thomas, President, Thames Construction, Inc. is to pay the Town 30 equal monthly installments of \$658, beginning November 1, 1999, and monthly thereafter until paid in full. The total selling price was \$20,485. First 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:

Year	Total
2003/04	3,828
<b>Total</b>	<b><u>3,828</u></b>

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the Year Ended June 30, 2002

**NOTE 10 - PENSION COST****Municipal Employees' Retirement System****Plan Description**

Substantially all full-time employees except police of the Town of Oak Grove are covered under the Municipal Employees' Retirement System of Louisiana (Plan 8), 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 12, 2001 for the year ended June 30, 2001, may be obtained by writing to Duplantier, Hingemann, Hogan & Miller, L.L.P., Certified Public Accountants, 1340 Poydras St., Suite 2800, New Orleans, Louisiana 70112, or by calling (504)598-8888.

**Funding Policy**

Plan members are required to contribute 3% 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 4.8% 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, 2000, 2001 and 2002 were \$25,616, \$25,377 and \$23,712 respectively, equal to the required contributions for each year.

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 (DROF), for up to three years and defer the receipt 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, 2002, there was one plan member participating in the DROF Program. The Town of Oak Grove's contributions for that period were 4.8% for a total of \$1,180.

**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, provided they do not have to pay social security and provided they meet the statutory criteria.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****For the Year Ended June 30, 2003****NOTE 10 - PENSION COST (Cont'd.)**

Benefit provisions are authorized within Act 180 of 1973 and amended by LRS 11:2271 - 11:2273. 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, dated September 18, 2001 for the year ended June 30, 2001, may be obtained may be obtained by writing to Duplantier, Hrapstein, Hogan & Isher, L.L.P., Certified Public Accountants, 1260 Poydras St., Suite 2000, New Orleans, La. 70112, or by calling (504)598-8880.

**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 8% of its 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, 2000, 2001 and 2002 were \$22,262, \$20,593 and \$22,261, respectively, equal to the required contributions for each year.

**NOTE 11 - PRIOR PERIOD ADJUSTMENT**

The adjustment to retained earnings is a result of the following:

During the prior period dividends earned on investments were not recorded. This resulted in an understatement of retained earnings.

**NOTE 12 - TOWN COUNCIL**

On November 1, 2001, Mayor James Gomez passed away. The Louisiana State Charter states that in the event of a vacancy in the office of mayor when the term will expire in less than eighteen months, the mayor pro tem shall become mayor. Therefore, Mayor Pro Tem Roy Gardner, III became mayor.

**NOTE 13 - BUDGETS**

In addition to the budgets presented in the financial statements, the Town adopts budgets, which are not provided in the financial statements, for the proprietary fund, the debt service fund, the USDA grant for water lines and the LDCOG sewer grant.

**NOTE 14 - 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, 2002****NOTE 15 - SUBSEQUENT EVENTS**

Lavelle Brown was elected Mayor of the Town in a general election held in April, 2002, and is currently serving in that position.

**NOTE 16 - COMMITMENTS AND CONTINGENCIES**

There were no commitments or contingencies for the period.

**NOTE 17 - 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.

**Supplementary Information Schedules**

**TOWN OF OAK GROVE, LOUISIANA**

**Special Revenue Funds  
Combined Balance Sheet  
June 30, 2002**

	Sales Tax Fund	Street Fund	Cemetery Fund
<b>ASSETS AND OTHER DEBITS</b>			
Cash	\$ 802,887	\$ 136,477	\$ 184,028
Accounts receivable	47,818	1,085	-
Due from other funds	-	-	-
Note receivable	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 850,705</b>	<b>\$ 137,562</b>	<b>\$ 184,028</b>
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>			
<b>LIABILITIES</b>			
Accounts payable	1,584	5,287	128
Accrued expenses	48,575	-	-
Due to other funds	-	-	-
Deferred revenues	-	-	-
Refundable sales tax	-	-	-
<b>Total Liabilities</b>	<b>48,159</b>	<b>5,287</b>	<b>128</b>
<b>FUND EQUITY AND OTHER CREDITS</b>			
Fund balances:			
Unreserved and undesignated	802,886	134,305	183,900
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 850,705</b>	<b>\$ 137,572</b>	<b>\$ 184,028</b>

Economic Development	Total (Memorandum Gold)
\$ 281,400	\$ 1,497,080
-	48,113
-	-
-	-
<u>\$ 281,400</u>	<u>\$ 1,545,193</u>
-	8,977
-	48,179
-	-
-	-
-	<u>47,156</u>
<u>281,400</u>	<u>1,498,041</u>
<u>\$ 281,400</u>	<u>\$ 1,545,193</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, 2002**

	Sales Tax Fund	Street Fund	Sanitary Fund
<b>REVENUES</b>			
Taxes	\$ 476,328	\$ 51,280	\$ 28,433
Use of money and property	38,869	6,538	8,744
Earned interest	-	-	-
Sale of graves	-	-	8,835
Other	-	1,000	897
<b>Total Revenues</b>	<u>515,197</u>	<u>58,818</u>	<u>38,869</u>
<b>EXPENDITURES</b>			
General government	137,568	-	18,538
Public works	97,828	45,140	-
Capital outlay	32,883	18,084	-
Economic development and assistance	-	-	-
<b>Total Expenditures</b>	<u>268,279</u>	<u>63,224</u>	<u>18,538</u>
<b>Excess (Deficiency) Of Revenues Over Expenditures</b>	<b>246,918</b>	<b>(4,406)</b>	<b>20,331</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers from other funds	-	-	-
Operating transfers to other funds	(238,345)	-	-
<b>Net Other Financing Sources (Uses)</b>	<u>(238,345)</u>	<u>-</u>	<u>-</u>
<b>Net Increase (Decrease)</b>	<b>8,573</b>	<b>(4,406)</b>	<b>20,331</b>
<b>Fund Balances, Beginning</b>	<u>606,655</u>	<u>134,570</u>	<u>157,240</u>
<b>Fund Balances, Ending</b>	<u>\$ 615,228</u>	<u>\$ 130,164</u>	<u>\$ 177,571</u>

Economic Development	Total (Memorandum Only)
\$ -	\$ 542,051
10,800	87,480
-	-
-	8,800
-	1,697
<u>10,800</u>	<u>980,028</u>
-	147,000
-	142,177
-	80,187
1,771	1,771
<u>1,771</u>	<u>341,735</u>
57,238	270,220
-	-
-	(235,340)
-	<u>(235,340)</u>
57,238	41,879
<u>204,202</u>	<u>1,420,908</u>
<u>\$ 281,490</u>	<u>\$ 1,463,041</u>

**TOWN OF OAK GROVE, LOUISIANA****Capital Projects Funds****Combining Statement of Revenues, Expenditures, and****Changes in Fund Balances****For The Year Ended June 30, 2012**

	<u>Balance</u> <u>Beginning</u>
<b>REVENUES</b>	
Louisiana state grants	\$ -
Use of money and property	-
<b>Total Revenues</b>	<u>-</u>
<b>EXPENDITURES</b>	
Capital outlay	10,912
<b>OTHER FINANCING SOURCES (USES)</b>	
Operating transfers from other funds	15,000
Operating transfers to other funds	-
<b>Net Other Financing Sources (Uses)</b>	<u>15,000</u>
<b>Net Increase (Decrease)</b>	<b>4,188</b>
<b>Fund Balances, Beginning</b>	<u>-</u>
<b>Fund Balances, Ending</b>	<u>\$ 4,188</u>

	Building	Total
	Expenses	(Memorandum
		Cost)
\$	66,000	\$ 66,000
	<u>66,000</u>	<u>66,000</u>
	66,000	62,711
	\$	13,000
	<u>-</u>	<u>13,000</u>
	-	4,100
	<u>-</u>	<u>-</u>
\$	-	\$ 4,100



**Schedule of Compensation Paid Mayor and Board Members  
For the Year Ended June 30, 2002**

<b>BOARD MEMBER</b>		<b>AMOUNT</b>
Ray Gutter, Mayor, Note (2)	\$	8,800
Kent Gilson		700
Albert Alexander		1,800
Robert Ruffin		1,200
Delois Hazelhorne		1,100
Jim Holland		1,200
	<b>Total \$</b>	<b><u>12,800</u></b>

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Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT ACCOUNTING 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, 2002, and have issued my report thereon dated November 15, 2002. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**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 these 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 Government Auditing Standards.

**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 auditing 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**  
Metairie, Louisiana  
November 15, 2002

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2002**

I have audited the financial statements of the Town of Oak Grove, Louisiana, as of and for the year ended June 30, 2002, and have issued my report thereon dated November 19, 2002. I conducted my audit in accordance with generally accepted accounting standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2002, resulted in an unqualified opinion.

**Section 1 Summary of Auditor's Reports****a. Report on Internal Control and Compliance Material to the Financial Statements**

There were neither material weaknesses nor reportable conditions noted during the audit of the financial statements.

There were no instances of noncompliance material to the financial statements.

**b. Federal Awards**

There were no major programs.

**c. Dollar threshold used to distinguish between Type A and Type B Programs: None****d. Is the Town a low risk auditee? Yes**