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EX-111-20

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 Schedule*

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

Release Date 1-28-04

DARLE E. TURNER, CPA
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TOWN OF OAK GROVE, LOUISIANA

Table of Contents

June 30, 2003

	Exhibit	Page
Independent Auditor's Report		1
General Purpose Financial Statements:		
Combined Balance Sheet - All Fund Types and Account Groups	A	3-4
Governmental Funds:		
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance	B	5-6
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual	C	7-8
Proprietary Funds:		
Statements of Revenues, Expenses, and Changes in Fund Equity	D	9
Statement of Cash Flows	E	10
Notes to the Combined Financial Statements	F	11-24
Supplemental Information Schedules		
	Schedule	Page
Special Revenue Funds:		
Combining Balance Sheet	1	25-26
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	2	27-28
Capital Projects Funds:		
Combining Balance Sheet	3	29-30
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	4	31-32
Schedule of Compensation Paid Mayor and Board Members	5	33
Report on Compliance and on Internal Control Over Financial Reporting Based On An Audit of Financial Statements Performed in Accordance With Government Auditing Standards	6	34-35
Schedule of Findings and Questioned Costs	7	36
Schedule of Prior Year Findings	8	37

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Independent Auditor's Report

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

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, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Oak Grove, Louisiana 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 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, 2003, and the results of its operations and the cash flows of its proprietary fund type 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 10, 2003, 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. That 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 10, 2003

TOWN OF OAK GROVE, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups
June 30, 2003

	GOVERNMENTAL FUND TYPES		
	General Fund	Special Revenue Funds	Debt Service Fund
ASSETS AND OTHER DEBITS			
ASSETS			
Cash and Cash Equivalents	\$ 321,227	\$ 1,498,667	\$ 334,633
Receivables - (net, where applicable, of allowance for uncollectibles):			
- ad Valorem taxes	66,334	-	-
Accounts	-	31,501	-
Inventory	-	-	-
Prepaid assets	-	-	-
Notes receivable	-	31,000	-
Fixed Assets			
Property and equipment (net of accumulated depreciation)	-	-	-
OTHER DEBITS			
Amount available to debt service fund	-	-	-
Amount to be provided for refinancing of general long-term debt	-	-	-
	<u>\$ 387,561</u>	<u>\$ 1,529,168</u>	<u>\$ 334,633</u>
LIABILITIES, FUND EQUITY AND OTHER CREDITS			
LIABILITIES			
Accounts payable	\$ 1,496	\$ 818	\$ -
Refundable sales tax	-	40,173	-
Payable from restricted assets:			
Revenue fund	-	-	-
Accrued interest and expenses	-	-	-
Customers' deposits	-	-	-
Accrued payroll expenses	3,897	1,668	-
Refundable deposits	3,798	-	-
Other deposits	200	-	-
General obligation bonds payable	-	-	-
Revenue bonds payable	-	-	-
Loan from other tax	35,000	-	-
	<u>\$ 41,391</u>	<u>\$ 41,681</u>	<u>\$ -</u>
FUND EQUITY AND OTHER CREDITS			
Contributed capital	-	-	-
Investment in general fund assets	-	-	-
Retained earnings:			
Reserved	-	-	-
Fund Balances			
Reserved for debt service	-	-	334,633
Unreserved - undesignated	385,290	1,487,734	-
	<u>\$ 385,290</u>	<u>\$ 1,487,734</u>	<u>\$ 334,633</u>
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	<u>\$ 352,341</u>	<u>\$ 1,472,396</u>	<u>\$ 334,633</u>

CAPITAL PROJECTS FUND	PROPRIETARY FUND TYPE	FINANCIAL FUND TYPE	ACCOUNT GROUPS		Totals (Miscellaneous Data)	
			Trust and Agency Fund	General Fund (Asset)		General Long-Term Debt
			Enterprise Fund			
\$ 4,188	\$ 268,880	\$ 10,516	\$ -	\$ -	\$ 2,435,407	
-	41,743	-	-	-	60,897	
-	-	-	-	-	10,511	
-	10,899	-	-	-	10,899	
-	181,280	-	-	-	212,280	
-	-	-	-	-	15,800	
-	1,036,171	-	1,668,960	-	3,299,034	
-	-	-	-	104,612	316,612	
-	-	-	-	2,261,880	2,261,880	
<u>\$ 4,188</u>	<u>\$ 4,215,993</u>	<u>\$ 10,516</u>	<u>\$ 1,668,960</u>	<u>\$ 2,299,632</u>	<u>\$ 10,813,902</u>	
\$ -	\$ 9,164	\$ -	\$ -	\$ -	11,478	
-	-	-	-	-	48,175	
-	96,733	-	-	-	96,733	
-	10,762	-	-	-	10,762	
-	44,348	-	-	-	44,348	
-	1,337	-	-	-	2,900	
-	-	-	-	-	2,398	
-	-	10,716	-	-	10,716	
-	-	-	-	2,261,880	2,261,880	
-	783,646	-	-	-	783,646	
-	-	-	-	-	18,688	
-	944,937	18,716	-	2,261,880	3,194,315	
-	2,912,811	-	-	-	2,912,811	
-	-	-	1,668,960	-	1,668,960	
-	456,715	-	-	-	456,715	
-	-	-	-	334,612	689,285	
<u>4,188</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,879,113</u>	
<u>4,188</u>	<u>3,199,806</u>	<u>-</u>	<u>1,668,960</u>	<u>334,612</u>	<u>7,129,147</u>	
<u>\$ 4,188</u>	<u>\$ 4,215,999</u>	<u>\$ 18,716</u>	<u>\$ 1,668,960</u>	<u>\$ 2,299,632</u>	<u>\$ 10,823,292</u>	

TOWN OF OAK GROVE, LOUISIANA

Governmental Fund Types

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

For the Year Ended June 30, 2003

	GOVERNMENTAL	
	General Fund	Special Revenue Funds
REVENUES		
Local sources:		
Taxes:		
Ad valorem	\$ 76,551	\$ 71,972
Sales and use	-	458,365
Other	-	-
Licenses and permits	117,697	-
Federated grants-in-aid:		
Federal sources	-	-
State sources	36,098	-
Emergency grants	-	-
Fees, charges and commissions:		
Flies and boatlifters	82,117	-
Interest	5,096	10,149
Rented/paid-up operating lease	-	-
Use of money and property	-	11,369
Donations	-	19,900
Other revenues	8,451	13,879
Total Revenues	179,148	685,014
EXPENDITURES		
General government	140,608	208,179
Public safety	144,118	-
Public works	179	138,682
Capital outlay	28,878	19,384
Industrial development	-	-
Debt service:		
Principal retirement	-	-
Interest and bond charges	-	-
Other	8,118	10,891
Total Expenditures	343,933	367,156
Excess (Deficiency) Of Revenues Over Expenditures	(164,785)	317,858
OTHER FINANCING SOURCES (USES)		
Operating transfers in	-	3,800
Operating transfers (out)	(3,000)	(113,793)
Total Other Financing Sources (Uses)	(3,000)	(113,793)
Net Increase (Decrease)	(167,785)	204,065
Fund Balances, Beginning	389,182	1,468,841
Fund Balances, Ending	\$ 221,397	\$ 1,672,906

See accompanying notes to combined financial statements.

FUND TYPES			
Best Service Fund	Capital Projects Fund		Totals (Miscellaneous Only)
\$ -	\$ -	\$	152,423
-	-		498,368
-	-		-
-	-		113,487
-	-		-
-	-		-
-	23,306		53,306
-	-		-
-	-		62,317
-	-		13,258
4,899	-		43,154
-	-		-
-	-		21,368
-	-		58,600
-	-		22,458
4,899	23,306		1,024,279
-	-		376,218
-	-		144,538
-	-		157,662
-	23,306		79,930
-	-		-
-	-		-
180,000	-		300,000
177,158	-		317,158
1,186	-		12,352
218,264	-		646,942
(213,362)	-		58,626
226,198	-		210,390
-	-		(215,998)
226,198	-		-
7,025	-		58,626
371,687	4,382		2,118,119
\$ 334,621	\$ 4,382	\$	2,166,315

TOWN OF OAK GROVE, LOUISIANA

Governmental Fund Types

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended June 30, 2003**

	Budget	General Fund Actual	Variance
REVENUES			
Local sources:			
Taxes:			
Ad valorem	\$ 79,300	\$ 79,331	\$ 31
Sales and use	-	-	-
Other	-	-	-
Licenses and permits	119,000	117,237	7,537
Restricted grants-in-aid:			
Federal sources	-	-	-
State sources	35,000	36,000	(25,000)
	-	-	-
Fees, charges and commissions	79,475	82,317	11,642
Fines and forfeitures	22,000	13,239	(8,762)
Use of money and property	-	-	-
Interest	5,000	5,006	(3,994)
Donations			
Other	8,300	8,431	131
Total Revenues	334,975	335,147	(36,031)
EXPENDITURES			
General Governmental	191,200	195,639	15,561
Public Safety	147,100	148,134	(1,438)
Public Works	-	379	(379)
Industrial development	-	-	-
Capital outlay	36,411	36,839	(405)
Special projects	-	-	-
Other	-	6,336	(6,336)
Total Expenditures	334,711	347,331	6,738
Excess (Deficiency) of Revenues Over Expenditures	1,264	(1,184)	(30,071)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	-
Operating transfers (out)	(25,000)	(25,000)	(25,000)
Total Other Financing Sources (Uses)	(25,000)	(25,000)	(25,000)
Net Increase (Decrease)	(23,736)	(13,184)	9,643
Fund Balances, Beginning		308,110	
Fund Balances, Ending		\$ 294,926	

Special Revenue Funds			Capital Projects Fund		
Budget	Actual	Variance	Budget	Actual	Variance
\$ 34,400	\$ 33,973	\$ (426)	\$ -	\$ -	\$ -
478,000	458,389	(19,610)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	23,306	23,306	-
-	-	-	-	-	-
-	-	-	-	-	-
31,000	31,349	349	-	-	-
33,400	33,249	(151)	-	-	-
30,000	30,000	-	-	-	-
3,128	3,379	251	-	-	-
<u>570,228</u>	<u>558,224</u>	<u>(12,004)</u>	<u>23,306</u>	<u>23,306</u>	<u>-</u>
180,138	198,179	(18,040)	-	-	-
3,000	-	3,000	-	-	-
191,798	198,000	(6,202)	-	-	-
-	-	-	-	-	-
34,407	29,364	5,043	22,715	23,306	(590)
-	-	-	-	-	-
-	18,000	(18,000)	-	-	-
<u>401,242</u>	<u>384,738</u>	<u>16,504</u>	<u>22,715</u>	<u>23,306</u>	<u>(590)</u>
<u>228,600</u>	<u>275,184</u>	<u>(46,584)</u>	<u>311</u>	<u>-</u>	<u>(311)</u>
-	5,000	5,000	-	-	-
(208,400)	(220,500)	(12,100)	-	-	-
<u>(208,400)</u>	<u>(215,500)</u>	<u>(5,100)</u>	<u>-</u>	<u>-</u>	<u>-</u>
60,200	60,700	(500)	311	-	(311)
	<u>1,468,541</u>			<u>4,393</u>	
	<u>\$ 1,529,733</u>			<u>\$ 4,393</u>	

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

REVENUES

Charges for services	\$	441,790
Grant-In-Aid		21,880
Grant (LCDBG)		89,663
Other income		9,272
Total Operating Revenues		<u>562,605</u>

OPERATING EXPENSES

Personnel services	133,749
Materials, supplies and repairs	187,190
Interest expenses	34,182
Other operating expenses	133,948
Depreciation	<u>123,091</u>
Total Operating Expenses	<u>509,120</u>
Operating Income	<u>53,485</u>

NONOPERATING REVENUES (EXPENSES)

Interest revenues	<u>14,188</u>
Total Nonoperating Revenues and Expenses	<u>14,188</u>

NET INCOME 67,673

Retained Earnings at Beginning of Year 428,168

Retained Earnings at End of Year before Prior Period Adjustment 495,750

\$ 14,000

Retained Earnings - End of Year 481,750

Contributed Capital at Beginning of Year 2,902,831

Additions -

Contributed Capital at End of Year 2,902,831Fund Equity at End of Year **\$** 3,368,606

Proprietary Fund Type
Statement of Cash Flows
For the Year Ended June 30, 2003

Cash Flows From Operating Activities		
Operating income	\$	8,368
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation		151,891
Changes in assets and liabilities:		
Increase in accounts receivable		(1,426)
Increase in accounts payable		7,840
Increase in other payables		1,277
Decrease in interest payable		(14,573)
Increase in customers' deposits		2,240
Decrease in inventory supplies		183
Other adjustments (interest)		<u>(7,624)</u>
	Total Adjustments	<u>143,991</u>
	Net Cash Provided by Operating Activities	<u>151,759</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets		(136,682)
Principal payment on bonds		<u>(97,721)</u>
	Net Cash Used by Capital and Related Financing Activities	<u>(234,403)</u>
Cash Flows From Investing Activities		
Interest on cash and investments		<u>14,188</u>
	Net Cash From Investing Activities	<u>14,188</u>
	Net Increase in Cash And Cash Equivalents	<u>(68,456)</u>
	Cash and Cash Equivalents at Beginning of Year	<u>669,556</u>
	Cash and Cash Equivalents at End of Year	<u>\$ 601,100</u>
Cash and cash equivalents at end of year:		
Cash and cash equivalents	\$	269,980
Restricted assets		331,120
	Total	<u>\$ 601,100</u>

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
For the Year Ended June 30, 2003****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 24:501, to the guidelines both 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, 2003.

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 Subchapter L, R.S. 33:1183-1190. A copy of the ratified charter is recorded in Charter Book "B" on page 401, of the records of West Carroll Parish, Louisiana. At June 30, 2003, the Town had a population of 2,178. 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 would 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 criteria for including a potential component unit within the reporting entity is financial accountability. Three criteria include:

1. Appointing a voting majority of an organization's governing body.
 - A. The ability of the municipality to impose its will on the 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 financially dependent on the municipality.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the Year Ended June 30, 2003

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 governmental 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 collectively 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 revenues, 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 taxation levied and used for the payment of principal and interest on their 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, 2003

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

Exception 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.

 fiduciary Funds

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

D. Basis of Accounting

The accounting and financial reporting systems 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 revenues and disbursements 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 assessors of West Carroll Parish. The year ended June 30, 2003, taxes of 17.93 mills were levied on property with assessed valuations totaling 18,511,000, and were debited as follows:

General composite purposes	8.19 mills
Street Maintenance	6.15 mills
County	2.49 mills

Property tax revenues are recognized when they become available. Available includes those property tax receivables deemed 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.

(Continued)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
For the Year Ended June 30, 2003**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 moneys 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/position 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.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the Year Ended June 30, 2003

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 reasonably 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 maturity 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. Inventories

Inventories in governmental funds consist of expendable supplies held for consumption stated on a first-in, first-out basis. They are reported at cost which is recorded as an expenditure at the time individual inventory items are used. Proprietary fund and similar component unit inventories are recorded at cost on a first-in, first-out basis.

I. 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 infrastructure, such as street curbsides, sidewalks and lighting are not capitalized. It is the policy of the Town to capitalize purchases over \$100. 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 depreciable fixed assets used by proprietary fund operations is charged as an expense against operations. No depreciation has been provided for general fund assets. Depreciation is computed using the straight-line method and the following useful lives:

Plant/Grove Collection System	10-20 years
Machinery and Equipment	5-10 years

J. 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.

(Continued)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
For the Year Ended June 30, 2003**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)****K. Compensated Absence**

An employee must have been in the service of the Towns for at least one year to be eligible for annual leave. Employees' vacations are determined by length of service with the Towns according to the following: one-to-two years, one week; two-to-ten years, two weeks and more than ten years, three weeks. Employees may not carry over or accumulate annual leave from one year to another. After one year, employees are entitled to three hardship days to be approved by the department head and the mayor.

Leave from work with pay may be charged as sick leave if the absence is due to sickness, bodily injury, operations, required physical or dental examinations or treatment, exposure to a contagious disease when continued work might jeopardize the health of others, illness in the employee's immediate family. Employees are entitled to sick leave when they have worked full-time for the Towns for six months and their six-month probationary period has expired. Each employee earns sick leave at the rate of one day for each month worked. An employee cannot accumulate more than 30 days sick leave and all accumulated sick leave is forfeited upon termination of employment.

A municipal employee called for jury duty or as a witness for the federal or state governments or a subdivision thereof, is entitled to leave with pay for such duty during the required absence. A municipal employee who is a member of Reserved Military or National Guard is entitled to leave with pay for up to 15 days per year.

The Towns does not provide comp time as a means of compensation.

L. Restricted Assets

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

M. Fund Equity**Contributed Capital**

Contributed capital is recorded in the Gasaprin 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 revenues.

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.

NOTES TO THE COMBINED FINANCIAL STATEMENTS
For the Year Ended June 30, 2003**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)****K. 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.

L. Interfund Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are described as "due to/from other funds."

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 HTJ bonds issued by the Town.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the Year Ended June 30, 2003

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

The Town's investments in U. S. Treasury Money Market accounts are categorized to give an indication of the level of risk assumed by the Town at fiscal year-end. The strategies 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 county's trust department in the Town's name
- Category 3 - Uninsured and unregistered, with securities held by the county, 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 1.

As June 30, 2003, the Town had cash and cash equivalents totaling \$2,798,697, as follows:

Non-Funded Deposits	Cost	Fair Value
Non-funded cash and cash equivalents		
General Fund	\$ 321,227	\$ 321,227
Special Revenue Funds	1,698,883	1,698,883
Proprietary Fund	427,137	427,137
Proprietary Fund - Treasury Securities	193,883	193,883
Debt Service Fund	104,653	104,653
Trust and Agency Fund	18,116	18,116
Capital Projects Fund	4,188	4,188
	<u>\$ 2,798,697</u>	<u>\$ 2,798,697</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 in all cases 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) as June 30, 2003, are secured as follows:

	Balance	FDIC	Pledged	(Under) Over Pledged
Elberts National Bank	\$ 467,385	\$ 186,000	\$ 284,117	\$ 186,832
Regions Bank	948,334	398,000	796,250	8,737
West Carroll Community Bank	1,035,159	186,000	992,208	26,849
Country Bank & Trust Co.	57,282	186,000	-	45,715
Banking South	57,977	186,000	-	43,829

The investments in Treasury Securities at Bank 1 are unsecured. Therefore, these balances are not included in the above schedule of secured bank deposits.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the Year Ended June 30, 2003

NOTE 3 - FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance 7/1/02	Additions	Retired Deletions	Re-Classify	Balance 6/30/03
Land	\$ 142,340	\$ -	\$ -	\$ -	\$ 142,340
Building	806,220	-	-	(498,480)	311,737
Other improvements	-	4,364	-	498,480	494,847
Equipment	663,936	52,811	4,458	-	709,519
Total	\$ 1,612,506	\$ 57,175	\$ 4,458	\$ -	\$ 1,665,263

The Other improvements balance includes improvements to streets, sidewalks & lighting in the Town.

A summary of proprietary fixed type property, land and equipment at June 30, 2003:

Land	\$ 18,758
Building	1,813
Wastewater treatment system	3,118,813
Vehicles and equipment	148,098
Furniture and equipment	23,971
	<u>3,409,453</u>
Less accumulated depreciation	(1,683,758)
Total	\$ 1,725,695

NOTE 4 - GENERAL LONG TERM OBLIGATIONS

The following is a summary of bond transactions for the Town for the year ended June 30, 2003:

	General Obligation	1973 Revenue Bonds	1998 Revenue Bond	Total
Bonds payable at July 1, 2002	\$ 2,365,000	197,000	\$ 818,497	\$ 3,341,497
New bonds issued	-	-	-	-
Bonds retired	198,000	76,000	21,721	295,721
Bonds payable at June 30, 2003	<u>\$ 2,167,000</u>	<u>\$ 121,000</u>	<u>\$ 796,776</u>	<u>\$ 3,084,776</u>

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the Year Ended June 30, 2013

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

Bonds payable at June 30, 2013, are comprised of the following issues:

General Obligation Bonds:

\$2,500,000 State of Louisiana Sales Tax Bonds Series 89 dated June 1, 1999, due in annual installments commencing December 1, 2008 with an amount of 190,000 and increasing in \$1,000 increments each year through 2017; interest at various rates from 4.00% to 4.75% due each year on June 1 and December 1.

\$ 2,350,000

Revenue Bonds:

\$1,075,000 Water and Sewer Revenue Bonds dated July 1, 1971, due in various annual installments from \$11,000 to \$81,000 through July 1, 2030; interest at various rates from 5.5% to 6.0%.

\$1,000

Revenue Bond:

\$1,040,000 Water and Sewer Revenue Bond dated March 20, 1998, due in monthly installments \$4,000 beginning April 29 1999 through March 20, 2035; an interest only payment of \$10,544 is due March 20, 1999; interest rate is 4.975%.

Total \$3,351,000

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

Year ending June 30

	General Obligation	1971 Revenue Bonds	1998 Revenue Bonds	Total
2004	\$ 110,000	\$ 60,000	\$ 14,735	\$ 284,735
2005	115,000	-	15,794	130,794
2006	120,000	-	17,847	137,847
2007	125,000	-	17,816	142,816
2008	130,000	-	17,259	147,259
Thereafter	1,665,000	-	715,833	2,380,833
Total	\$ 2,265,000	\$ 60,000	\$ 977,285	\$ 3,112,285

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 \$151,200.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the Year Ended June 30, 2003

NOTE 5 - CHANGES IN FIDUCIARY FUND TYPE

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

	Balance 7/1/02		Balance 6/30/03	
Cash	Increases	Decreases	Increases	Decreases
	\$ 6,180	\$ 417,293	\$ 411,234	\$ 13,239

NOTE 6 - LEASES

The Town is the Lessor in an operating lease with Tullier Transportation, Inc., a warehousing company. The lease is for a term of five years commencing July 18, 2001 and ending July 18, 2006. According to the terms of the lease, the Lessee was required to pay no monetary rental to Lessor for the period beginning July 18, 2001 through January 19, 2002. Lessee is to maintain insurance upon the premises. The rental and consideration for the period beginning January 19, 2002 through July 18, 2003, is the sum of \$1,000, plus 10% of the gross earnings of the Lessee up to a maximum of \$4,000 of said gross earnings or a total maximum rent of \$1,500. 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 conditions 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 so long as the Lessee is not in default under any terms of the lease. Both the lessee and lessor have agreed that if at the end of the first 24 months of the lease, the total monthly payment payable to Lessee is not equal to or greater than \$2,000 a month, either party may cancel the lease in full within 60 days after the end of the initial 24 month period of the lease or within 60 days of any month thereafter if the lease payment falls below \$1,500 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 Tullier 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 five year and three month term which would terminate on July 10, 2011. The Lessee may then extend the lease for an additional 3 years on the same terms and conditions as the original lease. All options to renew and extend cannot after July 10, 2003. If the lease is terminated by either party, Lessee is to provide insurance through October 31, 2004.

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.

NOTES TO THE COMBINED FINANCIAL STATEMENTS
For the Year Ended June 30, 2005

NOTE 8 - GRANT REVENUE

Grants received by the Town were as follows:

State of Louisiana - Rural Development	\$ 11,000
Louisiana Community Development Block Grant	<u>132,000</u>
	Total \$ <u>143,000</u>

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.

NOTE 9 - DONATIONS

Donations received as of June 30, 2005, included the following:

West Carroll Memorial Hospital	\$ 50,000
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This donation was for the construction of ramps and handrails in various locations in Oak Grove and for sewer construction to the industrial park.

NOTE 10 - OTHER REVENUES

Included in this figure is \$7,450 for the sale of cemetery space to individuals.

NOTE 11 - OTHER EXPENSES

Included in this balance are payments made to American Wastewater Management for the monitoring and managing of the sewer system for the Town, to the amount of \$58,700, utilities to the amount of \$62,807, and for insurance, liability and workers' compensation to the amount of \$16,938.

NOTE 12 - 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 R), 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

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
For the Year Ended June 30, 2003****NOTE 11 - PENSION COST (Cont'd)**

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 11, 2003 for the year ended June 30, 2003 may be obtained by writing to: Dupontier, Prossman, Fagan & Mahor, L.L.P., Certified Public Accountants, 1340 Poydras St., Suite 2000, New Orleans, Louisiana 70112, or by calling (504)586-8866.

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 rate at June 30, 2003, for the Town of Oak Grove was 6.23% 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, 2001, 2002 and 2003 were \$15,371,421,712 and \$26,653, 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 (DROPT), 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, 2003, there was one plan member participating in the DROPT Program. The Town of Oak Grove's contributions for that period were 6.25% for a total of \$1,054.

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 - 11:2213. The Municipal Police Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Municipal Police Employees' Retirement System. That report, dated September 19, 2003 for the year ended June 30, 2003, may be obtained may be obtained by writing to Dupontier, Prossman, Fagan & Mahor, L.L.P., Certified Public Accountants, 1340 Poydras St., Suite 2000, New Orleans, La. 70112, or by calling (504)586-8866.

NOTES TO THE COMBINED FINANCIAL STATEMENTS
For the Year Ended June 30, 2003**NOTE 12 - PENSION COST (Cont'd.)***Funding Policy*

Plan members are required to contribute 3.5% 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 6% 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, 2001, 2002 and 2003 were \$28,295, \$12,291 and \$19,816, respectively, equal to the required contributions for each year.

NOTE 13 - PRIOR PERIOD ADJUSTMENTS

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

An adjusting entry to the balance in bonds payable was made and this amount should have been coded to increase bond payable and was inadvertently made to bond interest paid. As a result, retained earnings was understated by \$14,813.

NOTE 14 - ENCUMBRANCES

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

NOTE 15 - SUBSEQUENT EVENTS

There were no subsequent events that would be materially significant to the fair presentation of these financial statements for the June 30, 2003 period.

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 close 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
 Combining Balance Sheet
 June 30, 2003

	Sales Tax Fund	Street Fund	Cemetery Fund
ASSETS AND OTHER DEBITS			
Cash	\$ 923,488	\$ 151,507	\$ 194,819
Accounts receivable	38,503	-	-
Due from other funds	39,088	-	-
Non receivable	-	-	-
TOTAL ASSETS	\$ 991,079	\$ 151,507	\$ 194,819
LIABILITIES, FUNDS EQUITY AND OTHER CREDITS			
LIABILITIES			
Accounts payable	\$ -	\$ 148	\$ 11
Accrued expenses	41,843	-	-
Due to other funds	-	-	-
Deferred revenues	-	-	-
Refund/advance tax	-	-	-
Total Liabilities	41,843	148	11
FUND EQUITY AND OTHER CREDITS			
Fund balances:			
Unreserved and undesignated	949,179	151,359	194,808
TOTAL LIABILITIES AND FUND EQUITY	\$ 991,013	\$ 151,507	\$ 194,819

L.A. Products (Revenue)		Economic (Revenue)		Total (Manufacturing Costs)	
\$	1,039	\$	523,798	\$	1,499,640
	-		-		28,330
	-		-		35,008
	-		-		-
<u>\$</u>	<u>1,039</u>	<u>\$</u>	<u>523,798</u>	<u>\$</u>	<u>1,572,978</u>
\$	599	\$	-	\$	813
	-		-		40,840
	-		-		-
	-		-		-
	-		-		-
	-		-		-
	599		-		42,664
	440		523,798		1,478,732
<u>\$</u>	<u>1,039</u>	<u>\$</u>	<u>523,798</u>	<u>\$</u>	<u>1,472,798</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, 2003

	Sales Tax Fund	Street Fund	Cemetery Fund
REVENUES			
Taxes	\$ 450,365	\$ 51,689	\$ 21,074
Use of money and property	-	-	-
Earned interest	30,988	2,803	3,428
Sale of goods	-	-	3,458
Donations	-	25,088	-
Other	30	588	974
Total Revenues	<u>475,773</u>	<u>81,508</u>	<u>32,934</u>
EXPENDITURES			
General government	196,819	-	12,500
Public works	51,280	43,403	-
Capital outlay	180	18,874	18,488
Economic development and activities	3,850	-	-
Total Expenditures	<u>252,129</u>	<u>62,277</u>	<u>30,988</u>
Excess (Deficiency)			
Of Revenues Over Expenditures	<u>223,644</u>	<u>19,231</u>	<u>2,946</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers from other funds	5,800	-	-
Operating transfers to other funds	(215,293)	-	-
Net Other Financing Sources (Uses)	<u>(209,493)</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease)	<u>(20,849)</u>	<u>17,054</u>	<u>19,058</u>
Fund Balances, Beginning	<u>838,244</u>	<u>124,393</u>	<u>183,980</u>
Fund Balances, Ending	<u>\$ 817,395</u>	<u>\$ 141,447</u>	<u>\$ 203,038</u>

La. Purchase (Bookings)	Revenue Exclusions	Total (Minority/Other Sub)
\$ -	\$ -	\$ 552,157
-	31,369	31,369
-	6,489	37,849
-	-	3,480
-	23,088	26,600
3,029	-	6,129
<u>3,029</u>	<u>61,778</u>	<u>668,953</u>
-	-	106,379
-	-	176,695
-	-	79,388
-	589	18,895
<u>-</u>	<u>589</u>	<u>184,152</u>
<u>440</u>	<u>62,378</u>	<u>379,181</u>
-	-	3,600
-	-	(129,390)
-	-	(115,299)
<u>440</u>	<u>62,378</u>	<u>69,794</u>
-	261,899	1,468,941
<u>\$ 440</u>	<u>\$ 323,778</u>	<u>\$ 1,519,714</u>

TOWN OF OAK GROVE, LOUISIANA

Capital Projects Funds
 Combining Balance Sheet
 June 30, 2003

		Amounts in \$
ASSETS AND OTHER DEBITS		
Cash		4,100
	TOTAL ASSETS	<u>4,100</u>
LIABILITIES, FUND EQUITY AND OTHER CREDITS		
LIABILITIES		
		<u>0</u>
	TOTAL LIABILITIES	0
FUND EQUITY AND OTHER CREDITS		
Fund balance:		
Unreserved and undesignated		<u>4,100</u>
	TOTAL LIABILITIES AND FUND EQUITY	<u>4,100</u>

Folio	Debit	Total	(Memorandum	Debit)
<u>1</u>	<u>-</u>	<u>5</u>	<u>4,100</u>	
<u>1</u>	<u>-</u>	<u>5</u>	<u>4,100</u>	
<u>1</u>	<u>-</u>	<u>5</u>	<u>-</u>	
<u>-</u>	<u>-</u>	<u>-</u>	<u>4,100</u>	
<u>5</u>	<u>-</u>	<u>5</u>	<u>4,100</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, 2003

	Amounts Shown
REVENUES	
Louisiana state grants	\$ -
Use of money and property	-
Total Revenues	<u>-</u>
EXPENDITURES	
Capital outlay	-
OTHER FINANCING SOURCES (USES)	
Operating transfers from other funds	-
Operating transfers to other funds	-
Net Other Financing Sources (Uses)	<u>-</u>
Net Increase (Decrease)	-
Fund Balances, Beginning	<u>4,100</u>
Fund Balances, Ending	<u>\$ 4,100</u>

	<u>Pink</u>		<u>Total</u>
	<u>Sheet</u>		<u>(Memorandum</u>
			<u>Only)</u>
\$	21,000	\$	21,000
	-		-
	<u>21,000</u>		<u>21,000</u>
	21,000		21,000
	-		-
	<u>-</u>		<u>-</u>
	-		-
	-		-
	-		4,000
	<u>-</u>		<u>4,000</u>
\$	-	\$	4,000

Schedule of Compensation Paid Mayor and Board Members
For the Year Ended June 30, 2003

BOARD MEMBER		AMOUNT
Larelle Davis, Mayor	3	18,000
Kenn Ekins (Mayor Pro-Tem)		1,000
Doris Hawthorne		1,000
Jim Holland		1,000
Robert McFarland		1,000
W. B. Russell		1,000
	<u>3</u>	<u>24,000</u>

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**American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountant**

**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 financial statements for the Town of Oak Grove, Louisiana, as of and for the year ended June 30, 2003, and have issued my report thereon dated November 13, 2003. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits required 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 misstatements, 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 material instances of noncompliance, which is described in the accompanying schedule of findings and questioned costs as item 1.

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 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.

(Continued)

Schedule 4

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



BARLA S. TURNER
CERTIFIED PUBLIC ACCOUNTANT

Monroe, Louisiana
November 15, 2003

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2003**SUMMARY OF AUDITOR'S RESULTS**

1. My auditor's report expresses an unqualified opinion on the general purpose financial statements of the Town of Oak Grove, Louisiana.
2. Two instances of noncompliance material to the financial statements of the Town of Oak Grove, Louisiana, are reported in the Independent Auditor's Report on Compliance and On Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards.
3. There was no major federal award.

FINDINGS - FINANCIAL STATEMENT AUDIT**1. Criteria:**

Article VI, Section 14 (A) of the Louisiana Constitution entitled "Donation, Loan or Pledge of Public Credit," reads:

"Prohibited Don. Except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged or donated to or for any person, association, or corporation, public or private."

Statement of Condition:

At the request of an elected official, the Town donated \$5,000 to Delta Prep, a non-profit corporation recognized by the Internal Revenue Service as a 501 (c)(3) entity.

Recommendation:

The Town did not meet any of the exceptions referred to in the Criteria above with regard to this donation. Therefore, I recommended that they consult the Town Attorney before entering into any questionable expenditures in the future.

Response:

Management has advised that it will take steps to follow my recommendations.

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2003**SECTION A - INTERNAL CONTROL AND C**

There were neither material weaknesses nor reportable conditions noted during the audit of the financial statements for the year ended June 30, 2003.

There were no instances of noncompliance material to the financial statements for the year ended June 30, 2003.

SECTION B - MANAGEMENT LETTER

None issued.