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TOWN OF OAK GROVE, LOUISIANA

*General Purpose Financial Statements
And Independent Auditor's Report
As Of And For The Year Ended June 30, 1998
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 auditor, or reviewed, entity and other appropriate public officials. This report is available for public inspection at the State Comptroller of the Legislature Auditor's office, where appropriate, at the office of the parish clerk of court.

Release Date: DEC 16 1998

TOWN OF OAK GROVE, LOUISIANA**Table of Contents**

June 30, 1998

	Exhibit	Page
Independent Auditor's Report		2
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 Balances	B	5
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual	C	6-7
Proprietary Funds:		
Statement of Revenues, Expenses, and Changes in Fund Equity	D	8
Statement of Cash Flows	E	9
Notes to the Combined Financial Statements	F	10-20
Supplemental Information Schedules:		
Schedule of Expenditures of Federal Awards		21
Special Revenue Funds:		
Combined Balance Sheet	1	22-23
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	2	24-25
Schedule of Compensation Paid Mayor and Board Members	3	26
Report on Compliance and on Internal Control Over Financial Reporting Based On An Audit of Financial Statements Performed in Accordance With Government Auditing Standards	4	27
Report on Compliance with Requirements Applicable to each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	5	28-29
Summary Schedule of Prior Audit Findings	6	30
Schedule of Findings and Questioned Costs	7	31

DARLA S. TURNER, CPA
A Professional Accounting Corporation
1790 Lamy Lane
Monroe, Louisiana 71291
(225) 323-8833

Member:
Louisiana State Society of CPAs
American Institute of CPAs

Independent Auditor's Report

To the Mayor and Council Members
Town of Oak Grove
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, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Oak Grove's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall general purpose financial statements 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, 1998, and the results of its operations and the cash flows of its proprietary fund types and nonproprietary trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 13, 1998, on my consideration of the Town of Oak Grove's internal control over financial reporting, and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

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



DARLA S. TURNER
CERTIFIED PUBLIC ACCOUNTANT

Monroe, Louisiana
November 13, 1998

TOWN OF OAK GROVE, LOUISIANA
Combined Balance Sheet - All Fund Types and Account Groups
June 30, 1998

	GOVERNMENTAL FUND TYPES		
	General Fund	Special Revenue Funds	Debt Service Fund
ASSETS AND OTHER DEBITS			
ASSETS			
Cash and Cash Equivalents	\$ 58,100	\$1,800,019	\$ 143,801
Receivables - (net, return applicable, of allowance for uncollectibles)			
All Waterworks taxes	17,337	38,818	-
Other - Water S	-	84,800	-
Due from other funds	-	143,801	-
Due from other governments	-	-	-
Inventory	-	-	-
Restricted assets	234,317	-	-
Capital lease receivables	-	81,800	-
Fixed Assets:			
Property and equipment (net of accumulated depreciation)	-	-	-
Construction in progress - Note 4	-	-	-
OTHER DEBITS			
Inter deposits	-	-	-
Amount available in debt service fund	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
	<u>\$ 328,837</u>	<u>\$1,217,438</u>	<u>\$ 143,801</u>
LIABILITIES, FUND EQUITY AND OTHER CREDITS			
LIABILITIES			
Accounts payable	\$ 4,829	1,800	-
Receivable sales tax	1,529	43,801	-
Payable from restricted assets:			
Revenue bond	-	-	-
Accrued interest and expenses	-	-	-
Customers' deposits	-	-	-
Due to other funds	-	-	143,801
Deferred revenues	1,820	115,800	-
Refundable deposits	-	-	-
General obligation bonds payable	-	-	-
Revenue bonds payable	-	-	-
	<u>TOTAL LIABILITIES</u>	<u>1,914</u>	<u>143,801</u>
FUND EQUITY AND OTHER CREDITS			
Contributed capital	-	-	-
Investment in general fund assets	-	-	-
Retained earnings:			
Retained	-	-	-
Fund Balances:			
Reserved for debt service	-	-	-
Unreserved - undesignated (policy)	321,808	1,217,138	-
	<u>Total Equity and Other Credits</u>	<u>321,808</u>	<u>1,217,138</u>
	<u>TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS</u>	<u>\$ 328,837</u>	<u>\$ 143,801</u>

See accompanying notes to combined financial statements.

PROPRIETARY FUND TYPE		FIDUCIARY FUND TYPE		ACCOUNT GROUP		Totals (Memorandum Only)	
Enterprise Fund		Trust and Agency Fund		General Fund Assets			
\$	340,328	\$	9,304	\$	-	\$	1,804,085
	-		-		-		52,047
	40,821		-		-		112,821
	-		-		-		143,851
	1,800		-		-		1,800
	10,801		-		-		18,001
	240,142		-		-		452,359
	-		-		-		51,800
	1,089,498		-	777,017	-		1,877,016
	1,851,364		-		-		1,851,364
	-		-		-		-
	-		-		-		-
	-		-		-		-
	-		-		-		-
\$	3,571,854	\$	9,304	\$	777,017	\$	8,158,085
	9,287		-		-		11,888
	-		-		-		44,580
	-		-		-		-
	83,817		-		-		83,077
	25,308	9,304	-		-		34,540
	32,184		-		-		32,184
	-		-		-		143,851
	-		-		-		117,320
	-		-		-		-
	-		-		-		-
	1,420,853		-		-		1,420,853
	1,628,887	9,304	-		-		1,648,191
	1,740,894		-		-		1,740,894
	-		-	777,017	-		777,017
	268,173		-		-		268,173
	-		-		-		-
	-		-		-		-
	-		-		-		1,218,016
	2,844,187		-	777,017	-		4,243,580
\$	3,571,854	\$	9,304	\$	777,017	\$	8,158,085

Governmental Funds
 Combined Statement of Revenues, Expenditures, and Changes
 in Fund Balances
 For the Year Ended June 30, 1998

	GOVERNMENTAL FUND TYPE			Totals (Plurification Only)
	General Fund	Special Revenue Funds	Debt Service Fund	
REVENUES				
Local sources:				
Taxes:				
Ad valorem	\$ 55,000	\$ 55,190	\$ -	\$ 110,190
Sales and use	-	445,721	-	445,721
Other	11,080	-	-	11,080
Licenses and permits	101,810	-	-	101,810
Restricted grants-in-aid:				
Federal sources	15,402	-	-	15,402
State sources	7,167	-	-	7,167
Fees, charges and commissions	55,100	-	-	55,100
Fines and forfeitures	18,957	-	-	18,957
Earned portion capital lease	-	25,080	-	25,080
Use of realty and property	8,201	45,140	7,187	58,544
Debt revenues - Note B	158,287	18,004	-	176,291
Total Revenues	437,914	550,395	7,187	1,055,497
EXPENDITURES				
General government	187,800	128,208	-	316,008
Public safety	121,228	-	-	121,228
Public works	377	158,300	-	158,677
Capital outlay	2,008	58,100	-	60,108
Industrial development	368	-	-	368
Debt service:				
Principal retirement	-	-	88,000	88,000
Interest and local charges	-	-	180	180
Total Expenditures	311,473	354,608	88,180	754,261
Excess (Deficiency) Of Revenues Over Expenditures				
	126,441	195,787	(81,000)	341,228
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	141,347	40,828	181,175
Operating transfers (out)	-	(48,272)	(133,145)	(181,417)
Total Other Financing Sources (Uses)	-	93,075	(92,317)	-
Net Increase (Decrease)	126,441	288,862	(133,317)	281,986
Fund Balances, Beginning	180,208	668,208	148,000	1,296,416
Fund Balances, Ending	\$ 306,649	\$ 957,070	\$ -	\$ 1,263,719

TOWN OF OAK GROVE, LOUISIANA
Governmental Funds
Combined Statement of Revenues, Expenditures, and Changes
In Fund Balances - Budget (GAAP Basis) and Actual
For the Year Ended June 30, 1998

	Budget	General Fund Actual	Variance
REVENUES			
Local sources:			
Taxes:			
Ad valorem	\$ 55,750	\$ 55,810	\$ 60
Sales and use	-	-	-
Other	12,800	11,800	(900)
Licenses and permits	88,000	101,810	13,810
Restricted grants-in-aid			
Federal sources	-	15,400	15,400
State sources	7,813	7,157	(656)
Fees, charges and commissions	67,800	65,100	(2,700)
Fines and forfeitures	18,400	18,982	582
Earned portion capital lease	-	-	-
Use of money and property	8,000	8,201	(200)
Sale of cemetery lots	-	-	-
Other - Note B	-	-	-
Total Revenues	418,563	437,814	19,251
EXPENDITURES			
General Governmental	183,800	187,886	(4,086)
Public Safety	118,800	131,239	(12,439)
Public Works	400	377	23
Culture and recreation	-	-	-
Industrial development	288	288	-
Home improvement	-	-	-
Capital outlay	2,500	2,590	90
Debt Service:			
Principal retirement	-	-	-
Interest and bond fees	-	-	-
Total Expenditures	305,388	305,420	(18,561)
Excess (Deficiency) of Revenues Over Expenditures	113,175	132,394	19,219
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	-
Operating transfers (out)	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Increase (Decrease)	113,175	132,394	19,219
Fund Balances, Beginning		168,295	
Fund Balances, Ending		\$ 300,689	

See accompanying notes to combined financial statements.

Special Revenue Funds			Debt Service Fund		
Budget	Actual	Variance	Budget	Actual	Variance
\$ 85,000	\$ 84,785	\$ 2,858	\$ -	\$ -	\$ -
435,000	445,721	10,721	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
37,000	35,000	(12,000)	-	-	-
32,558	41,148	8,598	8,000	7,187	(800)
7,500	7,694	444	-	-	-
-	11,000	11,000	-	-	-
<u>580,058</u>	<u>580,398</u>	<u>21,398</u>	<u>8,000</u>	<u>7,187</u>	<u>(800)</u>
123,000	129,258	6,258	-	-	-
20	-	20	-	-	-
181,858	185,320	6,558	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
85,857	90,189	16,748	-	-	-
-	-	-	88,000	88,000	-
-	-	-	180	180	-
<u>284,327</u>	<u>284,687</u>	<u>39,848</u>	<u>88,180</u>	<u>88,180</u>	<u>-</u>
284,278	288,398	17,238	(72,180)	(72,080)	(800)
5,275	141,347	136,072	48,000	48,000	-
(88,222)	(48,222)	-	(8,222)	(732,148)	(727,876)
<u>(42,947)</u>	<u>93,125</u>	<u>136,072</u>	<u>39,778</u>	<u>85,125</u>	<u>(45,347)</u>
181,202	344,804	187,600	(37,404)	(768,185)	(730,783)
	<u>880,288</u>			<u>880,128</u>	
	<u>\$ 1,217,733</u>			<u>\$ -</u>	

Statement of Revenues, Expenses and Changes In Fund Equity
 Proprietary Fund Type
 For the Year Ended June 30, 1998

REVENUES

Charges for services	\$	412,807
Other income		479
Total Operating Revenues		<u>413,286</u>

OPERATING EXPENSES

Personal services	130,879
Materials, supplies and repairs	49,894
Other operating expenses	27,887
Depreciation	85,300
Total Operating Expenses	<u>293,960</u>

Operating Income 119,326

NONOPERATING REVENUES (EXPENSES)

Interest revenues	95,198
Interest expenses	(27,878)
Total Nonoperating Revenues and Expenses	<u>67,320</u>

NET INCOME 186,646

Retained Earnings at Beginning of Year 100,287

Retained Earnings at End of Year 286,933

Contributed Capital at Beginning of Year 947,900

Capital contributions 190,900

Contributed Capital at End of Year 1,138,800

Fund Equity at End of Year \$ 2,044,767

Statement of Cash Flows
Proprietary Fund Type
For the Year Ended June 30, 1998

Cash Flows From Operating Activities:

Operating income	\$	158,502
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		55,260
Changes in assets and liabilities:		
Decrease in accounts receivable		(21,808)
Decrease in amounts due from other governments		(5,580)
Decrease in accounts payable		(2,190)
Increase in interest payable		15,056
Increase in due to customers		1,485
	Total Adjustments	47,483
Net Cash Provided by Operating Activities		207,278

Cash Flows From Capital and Related Financing Activities:

Acquisition and construction of capital assets	(1,887,267)
Capital grants received	795,800
Interest paid on bonds	(27,878)
Principal payments on bonds	(56,208)
Proceeds from sale of bonds	1,648,200
Net Cash Used by Capital and Related Financing Activities	(117,553)

Cash Flows From Investing Activities:

Interest on cash and investments	18,180
Net Increase in Cash And Cash Equivalents	90,827
Cash and Cash Equivalents at Beginning of Year	496,783
Cash and Cash Equivalents at End of Year	\$ 587,610

NOTES TO THE COMBINED FINANCIAL STATEMENTS**For the Year Ended June 30, 1998****NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Oak Grove, Louisiana, was reincorporated January 4, 1888, under the provisions of the Home Rule Charter as provided by State Law Reference L.R.S. 33:1551-1580. A copy of the ratified charter is recorded in Charter Book "B" at page 481, of the records of West Carroll Parish, Louisiana. The Mayor is the executive officer of the Town, while the Council members are the governing authority of the Town for the purposes of legislation and policy making.

The accounting and reporting policies of the municipality conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513, to the guidelines set forth in the Louisiana Governmental Audit Guide, and to industry audit guide, Audits of State and Local Governmental Units.

A. Basis of Presentation

The accompanying financial statements of the Town of Oak Grove have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

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. This 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 factually dependent on the municipality.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the Year Ended June 30, 1998

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

G. Fund Accounting

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

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not indirectly affect, nor 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 in sound financial administration. Proprietary funds differ from governmental funds in that their focus is an income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include enterprise funds and internal service funds. Proprietary funds include:

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

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the Year Ended June 30, 1998

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

Fiduciary Funds

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

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 governmental funds use the following positions in recording revenues and expenditures:

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 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, 1998, taxes of 18.7 mills were levied on property with assessed valuations totaling \$8,964,585, and were collected as follows:

General corporate purposes	8.08 mills
Street Maintenance	5.80 mills
Sanitary	2.34 mills

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

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

Expenditures

Salaries are recorded as expenditures when earned by employees.

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

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

(Continued)

12

NOTES TO THE COMBINED FINANCIAL STATEMENTS
For the Year Ended June 30, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

Deferred Revenues

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

E. Budgets

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

1. Prior to June 30, the Town Clerk submits to the Mayor and Council Members a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year. The budget is submitted in summary form. In addition, more detailed line item budgets are included for administrative control. The level of control for the detailed budgets is at the department head/function level.
2. Public hearings are conducted to obtain taxpayer comment.
3. During the month of July the budget is legally enacted through passage of an ordinance.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds and Debt Service Fund.
5. Budgets for the General, Debt Service, and Special Revenue Funds are adopted on the GAAP basis.
6. Appropriations lapse at the end of each fiscal year.
7. The Mayor and Council Members may authorize supplemental appropriations during the year. Supplemental appropriations were made during the fiscal year.

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 short 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.

NOTES TO THE COMBINED FINANCIAL STATEMENTS
For the Year Ended June 30, 1998

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

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

H. Fixed Assets

Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures are not capitalized. All fixed assets are valued at historical 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 fixed assets. Depreciation is computed using the straight-line method over the following useful lives:

Plant/Center Collection System	50 years
Machinery and Equipment	3-10 years

I. Long-Term Obligations

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

J. Compensated Absences

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

K. Restricted Assets

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

L. Fund Equity

Contributed Capital

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

NOTES TO THE COMBINED FINANCIAL STATEMENTS
For the Year Ended June 30, 1998

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

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. Intended eliminations have not been made in the aggregation of this data.

NOTE 2 - EXPENDITURES - ACTUAL AND BUDGET

The following individual fund had actual expenditures over budgeted expenditures for the year ended June 30, 1998:

Fund	Budget	Actual	(Unfavorable) Variance
Debt Service Fund	\$ (37,433)	\$ (168,188)	\$ (130,755)

*Unfavorable variance due to overfunding by the sales tax fund for debt service. Amounts were transferred back to sales tax fund after year end.

NOTE 3 - 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.

At June 30, 1998, the Town had cash totaling \$2,857,044, as follows:

Demand Deposits	\$ 306,990
Certificates of Deposits and Time Deposits	1,388,669
Restricted Assets (Cash)	452,385
Total	\$ 2,857,044

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the Year Ended June 30, 1998

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

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. Those 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 (less balances) at June 30, 1998, are secured as follows:

Bank Balances	<u>\$ 2,857,044</u>
Federal Deposit Insurance	808,080
Pledged Securities	1,838,187
Total	<u>\$ 5,503,311</u>

NOTE 4 - FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance 7/1/97	Additions	Retired Deductions	Balance 6/30/98
Land	\$ 194,559	\$ -	\$ 27,599	\$ 166,960
Building	127,828	-	-	127,828
Equipment	587,268	55,828	167,776	485,320
Total	<u>\$ 919,655</u>	<u>\$ 55,828</u>	<u>\$ 195,375</u>	<u>\$ 779,108</u>

A summary of property, land, equipment and fixtures at June 30, 1998:

Land	\$ 18,788
Water/sewer treatment system	1,878,977
Vehicles and equipment	66,669
Furniture and equipment	27,136
Total	<u>2,091,570</u>
Less accumulated depreciation	898,210
	<u>1,193,360</u>
Add Construction in progress	1,851,784
Net	<u>\$ 3,045,144</u>

Construction in progress consisted of the following capitalized expenses during the year:

Water treatment plant	\$ 895,935
Water distribution lines	288,283
Engineering fees	173,400
Water wells	172,415
Sanitary treatment plant	68,780
Professional fees	50,459
Interest expense	8,825
Miscellaneous expenses	3,428
Total	<u>\$ 1,851,784</u>

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the Year Ended June 30, 1998

NOTE 5 - GENERAL LONG TERM OBLIGATIONS

The following is a summary of bond transactions for the Town for the year ended June 30, 1998:

	General Obligation	Revenue	Total
Bonds payable at July 1, 1997	\$ 88,080	\$ 475,808	\$ 563,888
New bonds issued	-	1,045,808	1,045,808
Bonds retired	88,080	88,808	176,888
Bonds payable at June 30, 1998	\$ -	\$ 1,484,808	\$ 1,484,808

Bonds payable at June 30, 1998, are comprised of the following issues:

Revenue Bonds:

\$1,875,000 Water and Sewer Revenue Bonds dated July 1, 1973, due in various annual installments from \$15,000 to \$81,000 through July 1, 2002, interest at various rates from 5.5% to 8.0%.

\$ 475,808

Revenue Bond:

\$1,045,000 Water and Sewer Revenue Bond dated March 20, 1998, due in monthly installment \$4,265 beginning April 20, 1999 through March 20, 2038, an interest only payment of \$82,844 is due March 20, 1998, interest rate is 4.875%.

1,045,808
Total \$ 1,484,808

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

Year ending June 30,

1999	\$ 83,087
2000	73,162
2001	70,548
2002	82,387
2003	86,821
2004	82,361
Thereafter	680,324

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 \$47,681. Interest paid in the amount of \$8,925 was capitalized. This was paid in conjunction with water line construction.

(Continued)

17

NOTES TO THE COMBINED FINANCIAL STATEMENTS
For the Year Ended June 30, 1998

NOTE 6 - CHANGES IN FIDUCIARY FUND TYPE

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

	Balance 7/1/97	Additions	Debitures	Balance 6/30/98
Cash	\$ 70,729	3,475,418	\$ 4,58,915	\$ 9,214

NOTE 7 - DIRECT FINANCING LEASE

The Town is a lessee in a lease agreement which transferred substantially all of the risks and benefits of ownership from the Town to the lessee.

The following table the components of the net investment in the direct financing lease, at June 30, 1998:

Total minimum lease payments to be received	\$ 51,000
Less: Unearned income	4,182
Net investment in direct financing leases	\$ 47,418

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

Year	Amount
1999	25,000
2000	25,000
	\$ 50,000

NOTE 8 - SALE OF FIXED ASSETS

Economic Development -

The Town sold a fire truck to the Oak Grove Fire District for \$75,000. Under the terms of a credit sale payments are \$1000 per month until paid. During the fiscal year, \$17,000 in payments were made to the Town.

General Fund -

The Town sold a piece of property, formerly designated to be a farmers' market to Deposit Guaranty Bank for \$150,000.

NOTE 9 - INTERFUND TRANSACTION

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 10 - INTERGOVERNMENTAL REVENUES

The Town received \$7,157 from the State of Louisiana under the provision of restricted grant-in-aid. The grant was received for the economic development of the Town.

NOTE 11 - 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, 1998

NOTE 12 - PENSION COST

Municipal Employees' Retirement System**Plan Description**

Substantially all full-time employees except police and firemen of the Town of Oak Grove are covered under the Municipal Employees' Retirement System of Louisiana (Plan B), a cost sharing multiple employer public employee retirement system (PERS), controlled and administered by a separate board of trustees. 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 may be obtained by writing to: Department, Heppner, Hogan & Mator, L.L.P., Certified Public Accountants, 7348 Pryorline Dr., Suite 2000, New Orleans, LA 70112, or by calling 1-504-585-8858.

Funding Policy

Plan members are required to contribute 8% 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 2.75% 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, 1995, 1997 and 1998 were \$25,048, \$71,453, and \$19,858, 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 (DROFP), 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, 1998, there were 2 plan members participating in the DROFP Program. The Town of Oak Grove's contributions for that period were 2.75% for a total of \$1,328.

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.

Benefit provisions are authorized within Act 189 of 1975 and amended by LR 93-11-2211 - 11-2255. 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 may be obtained by writing to: Department, Heppner, Hogan & Mator, L.L.P., Certified Public Accountants, 7348 Pryorline Dr., Suite 2000, New Orleans, LA 70112, or by calling 1-504-585-8858.

NOTES TO THE COMBINED FINANCIAL STATEMENTS**For the Year Ended June 30, 1998****NOTE 12 - PENSION COST (Cont'd)****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 0% 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, 1996, 1997 and 1998 were \$18,624, \$16,422 and \$17,268 respectively, equal to the required contributions for each year.

NOTE 13 - SUBSEQUENT EVENTS

At the request of the Oak Grove Fire District, the Town agreed to delay any additional payments for eighteen months, in order for them to construct a new fire station to house the new equipment. This will result in a loss of revenue of \$1,800 per month for the Town.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

The Town ordered two new police cars to be received and paid for after June, 1998. The cost of these cars totaled \$30,736.

Construction will begin on a new sewer facility in 1998-99. The Town has been awarded a Community Development Block Grant in the amount of \$666,260 to fund this project.

Construction will continue toward the completion of the new water facility which was commenced in 1987-88.

A claim against the Town arising from an automobile accident in November, 1987, involving a patrolman was settled as to property damage, but is still pending with regard to the injury phase. The amount that the insurance company has set aside in reserve is \$25,080.

NOTE 15 - USE OF ESTIMATES

The process of preparing financial statements is conforming 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 uncollected 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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 1998

Federal Grants/Pass-through Grants/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture:			
Association Water or Sewer System			
Grant Agreement - United States of America holds a bond, issued by the Town of Oak Grove, Louisiana, in the amount of \$1,045,000 (Note 5)	10.750		\$ 1,045,000
Association Water or Sewer System			
Grant Agreement	10.750		131,322
Total U.S. Department of Agriculture			1,777,322
U.S. Department of Housing and Urban Development:			
Pass-through programs from:			
State of Louisiana Office of Community Development Community Development Block Grant	14.213	101.100100	68,790
U.S. Department of Justice:			
COPS Universal Hiring Program	16.713		15,402
Total Expenditures of Federal Awards			\$ 1,858,514

TOWN OF OAK GROVE, LOUISIANA

Special Revenue Funds
Combined Balance Sheet
June 30, 1998

	State Tax Fund	Fire Fund	Street Fund
ASSETS AND OTHER DEBITS			
Cash	\$ 794,529	\$ -	\$ 76,192
Accounts receivable	33,610	-	-
Due from other funds	145,601	-	-
Capital lease receivables	-	-	-
TOTAL ASSETS	\$ 973,740	\$ -	\$ 76,192
LIABILITIES, FUND EQUITY AND OTHER CREDITS			
LIABILITIES			
Accounts payable	1,428	-	68
Accrued expenses	43,651	-	-
Due to other funds	-	-	-
Deferred revenues	-	-	-
Refundable sales tax	-	-	-
Total Liabilities	44,458	-	68
FUND EQUITY AND OTHER CREDITS			
Fund balances:			
Unreserved and undesignated	889,872	-	76,112
TOTAL LIABILITIES AND FUND EQUITY	\$ 933,336	\$ -	\$ 76,192

	Community Fund	Economic Development	Community Center	Total (Miscellaneous Fund)
\$	121,848	\$ 138,762	\$ 11,878	\$ 1,852,019
	-	64,000	-	68,010
	-	-	-	143,581
	-	51,800	-	51,800
<u>\$</u>	<u>121,848</u>	<u>254,562</u>	<u>11,878</u>	<u>1,317,430</u>
	158	-	-	1,680
	-	-	-	43,021
	-	-	-	-
	-	115,800	-	115,800
	-	-	-	-
<u></u>	<u>158</u>	<u>115,800</u>	<u>-</u>	<u>158,281</u>
	121,850	138,762	11,878	1,217,135
<u>\$</u>	<u>121,847</u>	<u>262,362</u>	<u>11,878</u>	<u>1,317,431</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, 1998**

	Sales Tax Fund	Fire Fund	Street Fund
REVENUES			
Taxes	\$ 445,721	\$ -	\$ 42,132
Use of money and property	30,624	58	-
Fees, charges and commissions	-	-	-
Intergovernmental restricted grant	-	-	-
Earned portion of capital leases	-	-	-
Sale of assets	-	-	-
Other - Note B	-	-	-
Total Revenues	<u>476,345</u>	<u>58</u>	<u>42,132</u>
EXPENDITURES			
General government	176,898	-	-
Public safety	-	-	-
Public works	143,591	-	11,730
Capital outlay	2,558	-	45,480
Economic development and assistance	-	-	-
Home improvement	-	-	-
Total Expenditures	<u>323,047</u>	<u>-</u>	<u>57,210</u>
Excess (Deficiency) Of Revenues Over Expenditures	153,298	58	(15,078)
OTHER FINANCING SOURCES (USES)			
Operating transfers from other funds	133,148	-	-
Operating transfers to other funds	<u>(80,020)</u>	<u>(5,202)</u>	<u>-</u>
Net Other Financing Sources (Uses)	<u>53,128</u>	<u>(5,202)</u>	<u>-</u>
Net Increase (Decrease)	206,426	(5,144)	(15,078)
Fund Balances, Beginning	582,348	5,148	80,280
Add: Prior Period Adjustment	-	-	-
Fund Balances, Ending	<u>\$ 788,774</u>	<u>\$ -</u>	<u>\$ 65,202</u>

Secretary Fund	Economic Development	Community Growth	Total (Memorandum Only)
\$ 18,000	\$ -	\$ -	\$ 180,000
4,400	3,315	818	41,148
-	-	-	-
-	-	-	-
-	20,800	-	20,800
7,944	-	-	7,944
	<u>11,000</u>		
<u>28,329</u>	<u>42,315</u>	<u>818</u>	<u>380,398</u>
12,587	-	-	129,257
-	-	-	-
-	-	-	155,321
1,684	-	-	80,108
-	-	-	-
-	-	-	-
<u>14,267</u>	<u>-</u>	<u>-</u>	<u>304,657</u>
14,887	42,315	818	355,709
-	8,282	-	141,247
-	-	-	(88,232)
-	<u>8,282</u>	<u>-</u>	<u>53,325</u>
14,887	80,617	818	348,834
80,676	80,274	11,851	608,209
-	-	-	-
<u>\$ 181,683</u>	<u>\$ 136,791</u>	<u>\$ 11,870</u>	<u>\$ 1,217,158</u>

**Schedule of Compensation Paid Mayor and Board Members
For the Year Ended June 30, 1998****BOARD MEMBER****AMOUNT**

James H. Dumas, Mayor
Lavelle Brown
Albert Mizeal
Robert Parlin
Commissioner Matthew
Mike Reeves

\$ 8,000
1,000
1,200
1,200
1,200
-
Total \$ 14,400

DARLA S. TURNER, CPA
A Professional Accounting Corporation
7701 Lamy Lane
Monroe, Louisiana 71201
(504) 321-8891

Member:
Louisiana State Society of CPAs
American Institute of CPAs

Schedule 4

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROLS 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 of the Town of Oak Grove as of and for the year ended June 30, 1998, and have issued my report thereon dated November 13, 1998. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Town of Oak Grove'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 internal 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 for the information of the audit committee, management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



DARLA S. TURNER
CERTIFIED PUBLIC ACCOUNTANT

Monroe, Louisiana
November 13, 1998

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

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

Compliance

I have tested the compliance of the Town of Oak Grove with the types of compliance requirements described in the *1125 (Type) of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1998. The Town of Oak Grove's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town of Oak Grove's management. My responsibility is to express an opinion on the Town of Oak Grove's compliance based on my audit.

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

In my opinion, the Town of Oak Grove complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1998.

Internal Control Over Compliance

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

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

This report is intended for the information of the audit committee, management, and federal receiving agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



BARLA S. TURNER
CERTIFIED PUBLIC ACCOUNTANT

Metairie, Louisiana
November 12, 1998

TOWNSHIP OF DAN GROVE, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 For The Year Ended June 30, 1998

Finding:	<p>Upon inspection by the State of Louisiana, Department of Environmental Quality, December 20, 1994, the Town was notified on January 18, 1995, of discrepancies in the treatment and testing of wastewater in its system. On April 5, 1995, a Compliance Order was issued from the State of Louisiana, Department of Environmental Quality stating these discharges are in violation of the terms and conditions of LWQPA permit 88P3000, in addition to certain Louisiana Revised Statutes. The required LWQPA permit from the State of Louisiana expired March 21, 1995.</p> <p>The engineer for the Town submitted a letter to Louisiana Department of Environmental Quality, Water Quality Management Division outlining a corrective plan and a schedule for completion. On June 9, 1995, the United States Environmental Protection Agency, after consultation with the State of Louisiana, issued a permit to discharge, effective until midnight June 05, 2000.</p>
Recommendation:	<p>I recommended to the Town that they continue to take steps to comply with the laws and regulations pertaining to wastewater discharge set forth by the Louisiana Department of Environmental Quality.</p>
Current Status:	<p>The Town complied with the laws and regulations pertaining to wastewater discharge set forth by the Louisiana Department of Environmental Quality, by installing a new water well, new water lines and a new water treatment facility. They also applied for and received a Community Block Development Grant for the construction of a new sewer treatment facility during the 1995-98 fiscal year. No water facilities were added in the 1997-98 year.</p>

TOWN OF OAK GROVE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 1998

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

U.S. Department of Agriculture:

Association Water to Sewer System Grant CPDA #10,780 \$1,045,000

United States of America holds a bond, issued by the Town of Oak Grove, Louisiana in the amount of \$1,245,000. (Page 5)

Association Water to Sewer System Grant CPDA #10,780 752,122

6. The threshold for distinguishing Types A and B programs was \$752,122.