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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, 1999  
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 audited, or reviewed, 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 ~~DEC 7 5 1999~~

# TOWN OF OAK GROVE, LOUISIANA

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**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, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Oak Grove's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

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

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Oak Grove, Louisiana, as of June 30, 1998, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable 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 my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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



**DARLA S. TURNER**  
**CERTIFIED PUBLIC ACCOUNTANT**

**Monroe, Louisiana**  
**November 12, 1999**

**TOWN OF OAK GROVE, LOUISIANA**

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

**June 30, 1999**

	<b>GOVERNMENTAL FUND</b>		
	<b>General Fund</b>	<b>Special Revenue Funds</b>	<b>Debt Service Fund</b>
<b>ASSETS AND OTHER DEBITS</b>			
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 106,064	\$ 1,447,720	\$ 235,362
Receivables - (net, where applicable, of allowance for uncollectibles):			
Ad Valorem taxes	24,135	34,243	-
Accounts	-	-	-
Inventory	-	-	-
Restricted assets	209,468	-	-
Capital lease receivables (Note 7 & 12)	-	85,800	-
Fixed Assets			
Property and equipment (net of accumulated depreciation)	-	-	-
<b>OTHER DEBITS</b>			
Meter deposits	-	-	-
Amount available in debt service fund	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$ 339,667</b>	<b>\$ 1,567,763</b>	<b>\$ 235,362</b>
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 1,656	\$ 2,221	\$ -
Refundable sales tax	-	42,838	-
Payable from restricted assets:			
Revenue bond	-	-	-
Accrued interest and expenses	-	-	-
Customers' deposits	-	-	-
Deferred revenues	-	85,800	-
Refundable deposits	1,669	-	-
General obligation bonds payable	-	-	-
Revenue bonds payable	-	-	-
<b>Total Liabilities</b>	<b>3,325</b>	<b>130,859</b>	<b>-</b>
<b>FUND EQUITY AND OTHER CREDITS</b>			
Contributed capital	-	-	-
Investment in general fixed assets	-	-	-
Retained earnings:			
Reserved	-	-	-
Fund Balances:			
Reserved for debt service	-	-	235,362
Unreserved - undesignated (deficit)	336,342	1,436,904	-
<b>Total Equity and Other Credits</b>	<b>336,342</b>	<b>1,436,904</b>	<b>235,362</b>
<b>TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>	<b>\$ 339,667</b>	<b>\$ 1,567,763</b>	<b>\$ 235,362</b>

TYPES	PROPRIETARY	FIDUCIARY	ACCOUNT GROUPS		Totals (Memorandum Only)
	FUND TYPE	FUND TYPE	General Fixed Assets	General Long-Term Debt	
Capital Projects Fund	Enterprise Fund	Trust and Agency Fund			
\$ 2,193,118	\$ 414,673	\$ 9,154	\$ -	\$ -	\$ 4,406,091
-	-	-	-	-	58,378
-	45,858	-	-	-	45,858
-	10,801	-	-	-	10,801
-	250,503	-	-	-	459,971
-	-	-	-	-	85,800
-	3,225,515	-	809,807	-	4,035,322
-	-	-	-	-	-
-	-	-	-	235,362	235,362
-	-	-	-	2,314,638	2,314,638
<u>\$ 2,193,118</u>	<u>\$ 3,947,350</u>	<u>\$ 9,154</u>	<u>\$ 809,807</u>	<u>\$ 2,550,000</u>	<u>\$ 11,652,221</u>
\$ -	\$ 2,364	\$ -	\$ -	\$ -	\$ 6,241
-	-	-	-	-	42,838
-	75,177	-	-	-	75,177
-	10,770	9,154	-	-	19,924
-	32,919	-	-	-	32,919
-	-	-	-	-	85,800
-	-	-	-	-	1,669
-	-	-	-	2,550,000	2,550,000
-	1,325,807	-	-	-	1,325,807
-	1,447,037	9,154	-	2,550,000	4,140,375
-	2,139,953	-	-	-	2,139,953
-	-	-	809,807	-	809,807
-	360,360	-	-	-	360,360
-	-	-	-	-	235,362
2,193,118	-	-	-	-	3,966,364
<u>2,193,118</u>	<u>2,500,313</u>	<u>-</u>	<u>809,807</u>	<u>-</u>	<u>7,511,846</u>
<u>\$ 2,193,118</u>	<u>\$ 3,947,350</u>	<u>\$ 9,154</u>	<u>\$ 809,807</u>	<u>\$ 2,550,000</u>	<u>\$ 11,652,221</u>

# TOWN OF OAK GROVE, LOUISIANA

## Governmental Funds

### Combined Statement of Revenues, Expenditures, and Changes

#### In Fund Balances

For the Year Ended June 30, 1999

	GOVERNMENTAL	
	General Fund	Special Revenue Funds
<b>REVENUES</b>		
Local sources:		
Taxes:		
Ad valorem	\$ 61,565	\$ -
Sales and use	-	496,093
Other	11,060	-
Licenses and permits	102,597	-
Restricted grants-in-aid		
Federal sources	18,958	-
State sources	100,000	-
Fees, charges and commissions	70,530	-
Fines and forfeitures	23,550	-
Earned portion capital lease	-	26,735
Use of money and property	13,199	68,755
Other revenues	38,303	162
	<u>439,762</u>	<u>591,745</u>
	<b>Total Revenues</b>	<b>439,762      591,745</b>
<b>EXPENDITURES</b>		
General government	161,872	116,686
Public safety	142,412	-
Public works	525	158,466
Capital outlay	75,578	113,328
Industrial development	-	-
Debt service:		
Principal retirement	-	-
Interest and fiscal charges	-	-
	<u>380,387</u>	<u>388,480</u>
	<b>Total Expenditures</b>	<b>380,387      388,480</b>
	<b>Excess (Deficiency) Of Revenues</b>	
	<b>Over Expenditures</b>	<b>59,375      203,265</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Bond proceeds	-	-
Operating transfers in	33,892	61,407
Operating transfers (out)	(58,608)	(44,902)
	<u>(24,716)</u>	<u>16,505</u>
	<b>Total Other Financing Sources (Uses)</b>	<b>(24,716)      16,505</b>
	<b>Net Increase (Decrease)</b>	<b>34,659      219,770</b>
	<u>301,683</u>	<u>1,217,134</u>
	<b>Fund Balances, Beginning</b>	<b>301,683      1,217,134</b>
	<u>\$ 336,342</u>	<u>\$ 1,436,904</u>
	<b>Fund Balances, Ending</b>	<b>\$ 336,342      \$ 1,436,904</b>

FUND TYPES		
Debt Service Fund	Capital Projects Fund	Totals (Memorandum Only)
\$ -	\$ -	\$ 61,565
-	-	496,093
-	-	11,060
-	-	102,597
-	-	18,958
-	-	100,000
-	-	70,530
-	-	23,550
-	-	26,735
2,801	7,780	92,535
-	-	38,465
<u>2,801</u>	<u>7,780</u>	<u>1,042,088</u>
-	-	278,558
-	-	142,412
-	-	158,991
-	140,312	329,218
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>140,312</u>	<u>909,179</u>
2,801	(132,532)	132,909
-	2,550,000	2,550,000
235,360	-	330,659
(2,799)	(224,350)	(330,659)
<u>232,561</u>	<u>2,325,650</u>	<u>2,550,000</u>
235,362	2,193,118	2,682,909
-	-	1,518,817
<u>\$ 235,362</u>	<u>\$ 2,193,118</u>	<u>\$ 4,201,726</u>

**TOWN OF OAK GROVE, LOUISIANA****Combined Statement of Revenues, Expenditures, and Changes In Fund Balances  
Budget and Actual - General Fund, Special Revenue Funds and Debt Service Fund****For the Year Ended June 30, 1999**

	<u>Budget</u>	<u>General Fund Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Local sources:			
Taxes:			
Ad valorem	\$ 62,000	\$ 61,565	\$ (435)
Sales and use	-	-	-
Other	12,000	11,060	(940)
Licenses and permits	101,800	102,597	797
Restricted grants-in-aid			
Federal sources	-	18,958	18,958
State sources	100,000	100,000	-
Fees, charges and commissions	68,600	70,530	1,930
Fines and forfeitures	20,000	23,550	3,550
Earned portion capital lease	-	-	-
Use of money and property	15,000	13,199	(1,801)
Sale of cemetery lots	-	-	-
Other	18,000	38,303	20,303
<b>Total Revenues</b>	<u>397,400</u>	<u>439,762</u>	<u>42,362</u>
<b>EXPENDITURES</b>			
General Governmental	165,000	161,872	3,128
Public Safety	132,400	142,412	(10,012)
Public Works	500	525	(25)
Culture and recreation	-	-	-
Industrial development	50	-	50
Home improvement	-	-	-
Capital expenditures	1,000	75,578	(74,578)
Debt Service:			
Principal retirement	-	-	-
Interest and fiscal fees	-	-	-
<b>Total Expenditures</b>	<u>298,950</u>	<u>380,387</u>	<u>(81,437)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>98,450</u>	<u>59,375</u>	<u>(39,075)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	32,391	33,892	(1,501)
Operating transfers (out)	(133,608)	(58,608)	75,000
<b>Total Other Financing Sources (Uses)</b>	<u>(101,217)</u>	<u>(24,716)</u>	<u>73,499</u>
<b>Net Increase (Decrease)</b>	(2,767)	34,659	37,426
<b>Fund Balances, Beginning</b>		<u>301,683</u>	
<b>Fund Balances, Ending</b>		<u>\$ 336,342</u>	

See accompanying notes to combined financial statements.



<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
502,100	496,093	(6,007)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
25,800	26,735	935	-	-	-
57,466	63,775	6,309	2,784	2,801	17
5,000	4,980	(20)	-	-	-
4,500	162	(4,338)	-	-	-
<u>594,866</u>	<u>591,745</u>	<u>(3,121)</u>	<u>2,784</u>	<u>2,801</u>	<u>17</u>
129,363	116,686	12,677	-	-	-
-	-	-	-	-	-
158,150	158,466	(316)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
86,778	113,328	(26,550)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>374,291</u>	<u>388,480</u>	<u>(14,189)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>220,575</u>	<u>203,265</u>	<u>(17,310)</u>	<u>2,784</u>	<u>2,801</u>	<u>17</u>
180,208	61,407	(118,801)	-	235,360	(235,360)
(32,391)	(44,902)	(12,511)	(146,585)	(2,799)	143,786
<u>147,817</u>	<u>16,505</u>	<u>(131,312)</u>	<u>(146,585)</u>	<u>232,561</u>	<u>(91,574)</u>
368,392	219,770	(148,622)	(143,801)	235,362	(91,557)
	<u>1,217,134</u>			<u>-</u>	
	<u>\$ 1,436,904</u>			<u>\$ 235,362</u>	

**Statement of Revenues, Expenses and Changes In Fund Equity**  
**Proprietary Fund Type**  
**For the Year Ended June 30, 1999**

**REVENUES**

Charges for services	\$ 462,987
Other income	9,111
<b>Total Operating Revenues</b>	<u>472,098</u>

**OPERATING EXPENSES**

Personal services	120,566
Materials, supplies and repairs	65,811
Other operating expenses	40,492
Depreciation	92,002
<b>Total Operating Expenses</b>	<u>318,871</u>

**Operating Income** 153,227

**NONOPERATING REVENUES (EXPENSES)**

Interest revenues	26,521
Interest expenses	(117,561)
<b>Total Nonoperating Revenues and Expenses</b>	<u>(91,040)</u>

**NET INCOME** 62,187

**Retained Earnings at Beginning of Year** 298,173

**Retained Earnings at End of Year** 360,360

**Contributed Capital at Beginning of Year** 1,745,995

**Capital contributions** 393,958

**Contributed Capital at End of Year** 2,139,953

**Fund Equity at End of Year** \$ 2,500,313

**Statement of Cash Flows**  
**Proprietary Fund Type**  
**For the Year Ended June 30, 1999**

**Cash Flows From Operating Activities:**

Operating income	\$ 153,230
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	92,002
Changes in assets and liabilities:	
Decrease in accounts receivable	2,963
Decrease in amounts due from other governments	1,500
Decrease in accounts payable	(3,033)
Decrease in interest payable	(14,536)
Increase in customers' deposits	735
<b>Total Adjustments</b>	<u>79,631</u>
<b>Net Cash Provided By Operating Activities</b>	<u>232,861</u>

**Cash Flows From Capital and Related Financing Activities:**

Acquisition and construction of capital assets	(366,255)
Capital grants received	393,958
Interest paid on bonds	(117,561)
Principal payment on bonds	(63,017)
Proceeds from sale of bonds	-
<b>Net Cash Used by Capital and Related Financing Activities</b>	<u>(152,875)</u>

**Cash Flows From Investing Activities:**

Interest on cash and investments	<u>26,520</u>
<b>Net Increase in Cash And Cash Equivalents</b>	106,506
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>558,670</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u><u>\$ 665,176</u></u>

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****For the Year Ended June 30, 1999****NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Oak Grove, Louisiana, was incorporated January 4, 1966, under the provisions of The Home Rule Charter as provided by State Law Reference L.R.S. 33:1381-1390. A copy of the ratified charter is recorded in Charter Book "B" at page 401, of the records of West Carroll Parish, Louisiana. 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 guides 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 fiscally dependent on the municipality.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 1999****NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)****C. 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 net expendable financial resources.

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

**Governmental Funds**

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

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

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

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

**Proprietary Funds**

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

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

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 1999**

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

**Fiduciary Funds**

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

**D. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds, expendable trust funds, and agency funds. The governmental funds use the following practices 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, 1999, taxes of 16.47 mills were levied on property with assessed valuations totaling \$7,622,935, and were deducted as follows:

General corporate purposes	8.22 mills
Street Maintenance	5.90 mills
Cemetery	2.35 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.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 1999****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.

**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.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 1999**

**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 exhaustible fixed assets used by proprietary fund operations is charged as an expense against operations. No depreciation has been provided for general fixed assets. Depreciation is computed using the straight-line method and the following useful lives:

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

**I. Long-Term Obligations**

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

**J. Compensated Absences**

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

**K. Restricted Assets**

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

**L. Fund Equity**

**Contributed Capital**

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



**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 1999**

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

**Reserves**

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

**Designated Fund Balances**

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

**M. Total Columns on Combined Statements**

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

**NOTE 2 - OPERATING TRANSFERS IN (OUT) - ACTUAL AND BUDGET**

The Town of Oak Grove budgeted \$146,585 as operating transfer out in the debt service fund and operating transfers in the sales tax fund for fiscal year 1998-99. These amounts were reported as a due to sales tax fund in the debt service fund and a due from debt service fund in the sales tax fund for the fiscal year 1997-98. These transactions contribute to the large variance between actual and budgeted operating transfers within both funds.

In addition, the Town budgeted capital expenditures in the amount of \$75,000 as operating transfers out in the general fund.

**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, 1999, the Town had cash totaling \$4,856,908, as follows:

Demand Deposits	\$ 329,297
Certificates of Deposits and Time Deposits	4,076,794
Restricted Assets (Cash)	<u>459,971</u>
<b>Total</b>	<b><u>\$ 4,866,062</u></b>

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 1999**

**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. These securities are held in the name of the pledging bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances) at June 30, 1999, are secured as follows:

Bank Balances	<u>\$ 4,866,062</u>
Federal Deposit Insurance	500,000
Pledged Securities	<u>4,787,325</u>
<b>Total</b>	<b><u>\$ 5,287,325</u></b>

**NOTE 4 - FIXED ASSETS**

A summary of changes in general fixed assets follows:

	Balance 7/1/98	Additions	Retired Deletions	Balance 6/30/99
Land	\$ 166,850	\$ -	\$ -	\$ 166,850
Building	127,628	-	-	127,628
Equipment	483,039	113,328	81,038	515,329
<b>Total</b>	<b><u>\$ 777,517</u></b>	<b><u>\$ 113,328</u></b>	<b><u>\$ 81,038</u></b>	<b><u>\$ 809,807</u></b>

A summary of proprietary fund type property, land and equipment at June 30, 1999:

Land	\$ 10,756
Water/sewer treatment system	4,172,034
Vehicles and equipment	112,821
Furniture and equipment	<u>21,116</u>
	4,316,727
Less accumulated depreciation	<u>1,091,212</u>
<b>Total</b>	<b><u>\$ 3,225,515</u></b>

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 1999**

**NOTE 5 - GENERAL LONG TERM OBLIGATIONS**

The following is a summary of bond transactions for the Town for the year ended June 30, 1999:

	General Obligation	1973 Revenue Bonds	1998 Revenue Bonds	Total
Bonds payable at July 1, 1998	\$ -	419,000	\$ 1,045,000	\$ 1,464,000
New bonds issued	2,550,000	-	-	2,550,000
Bonds retired	-	60,000	3,017	63,017
Bonds payable at June 30, 1999	<u>\$ 2,550,000</u>	<u>\$ 359,000</u>	<u>\$ 1,041,983</u>	<u>\$ 3,950,983</u>

Bonds payable at June 30, 1999, are comprised of the following issues:

**General Obligation Bonds:**

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

\$ 2,550,000

**Revenue Bonds:**

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

359,000

**Revenue Bond:**

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

1,041,983

**Total** \$ 3,950,983

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

**Year ending June 30,**

	General Obligation	1973 Revenue Bonds	1998 Revenue Bonds	Total
2000	\$ 90,000	\$ 63,000	\$ 12,177	\$ 165,177
2001	95,000	67,000	12,732	174,732
2002	100,000	72,000	13,367	185,367
2003	105,000	76,000	14,033	195,033
2004	110,000	81,000	14,733	205,733
2005	115,000	-	15,467	130,467
Thereafter	1,935,000	-	959,474	2,894,474
Total	<u>\$ 2,550,000</u>	<u>\$ 359,000</u>	<u>\$ 1,041,983</u>	<u>\$ 3,950,983</u>

(Continued)

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 1999**

**NOTE 5 - GENERAL LONG TERM OBLIGATIONS (Cont'd)**

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 \$62,870.

**NOTE 6 - CHANGES IN FIDUCIARY FUND TYPE**

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

	Balance 7/1/98	Additions	Deletions	Balance 6/30/99
Cash	\$ 9,234	\$ 450,112	\$ 450,192	\$ 9,154

**NOTE 7 - DIRECT FINANCING LEASE**

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

The following lists the components of the net investment in the direct financing lease. at June 30, 1999:

Total minimum lease payments to be received	\$ <u>25,800</u>
Less: Unearned income	<u>1,117</u>
Net investment in direct financing leases	<u>\$ 24,683</u>

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

<u>Year</u>	<u>Amount</u>
2000	\$ <u>25,800</u>

The town is also a lessor in a lease purchase agreement with the Oak Grove Fire District. The balance owed the Town at June 30, 1999 is \$60,000. At the request of the Fire District, the Town agreed to delay the payments of \$1,000 per month until the year 2000 in order to enable them to construct a new fire station to house new equipment.

**NOTE 8 - 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 9 - INTERGOVERNMENTAL REVENUES**

The Town received \$25,000 from the State of Louisiana under the provision of restricted grant-in-aid. The grant was given for improvements to City Hall for police operations. The town also received a grant in the amount of \$75,000 for renovations to the Fiske Theater on behalf of the Chamber of Commerce.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****For the Year Ended June 30, 1999****NOTE 10 - 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.

**NOTE 11 - PENSION COST****Municipal Employees' Retirement System****Plan Description**

Substantially all full-time employees except police and firemen of the Town of Oak Grove are covered under the Municipal Employees' Retirement System of Louisiana (Plan B), a cost sharing multiple employer defined benefit plan retirement system (PERS), controlled and administered by a separate board of trustees. The System was established and provided for by R. S. 11:1731 of the Louisiana Revised Statutes (LRS). The System provides retirement benefits to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system and which elect to become members of the System. The Municipal Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for Municipal Employees' Retirement System. That report may be obtained by writing to Duplantier, Hrapmann, Hogan & Maher, L.L.P., Certified Public Accountants, 1340 Poydras St., Suite 2000, New Orleans, LA 70112, or by calling 1-504-586-8866.

**Funding Policy**

Plan members are required to contribute 5% of their annual covered salary and the Town of Oak Grove is required to contribute at an actuarially determined rate. The current rate for the Town of Oak Grove is 4.50% 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, 1997, 1998 and 1999 were \$21,453, \$19,658, and \$22,083 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 (DROP), for up to three years and defer the receipts of benefits. Upon commencement of participation in the plan, membership in the System terminates. During participation in the plan, employer contributions are payable but member contributions cease. For the year ending June 30, 1999, there were 2 plan members participating in the DROP Program. The Town of Oak Grove's contributions for that period were 3.75% for a total of \$906.

**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.

**(Continued)**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS  
For the Year Ended June 30, 1999****NOTE 11 - PENSION COST (Cont'd)**

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

**Funding Policy**

Plan members are required to contribute 7.5% of their annual covered salary and the Town of Oak Grove is required to contribute at an actuarially determined rate. The current rate for the Town of Oak Grove is 9% of the annual covered payroll. The contribution requirements of plan members and the Town of Oak Grove are established and may be amended by the Municipal Police Employees' Retirement System's Board of Trustees. The Town's contributions to the retirement system for the years ending June 30, 1997, 1998 and 1999 were \$15,422, \$17,269 and \$19,860 respectively, equal to the required contributions for each year.

**NOTE 12 - SUBSEQUENT EVENTS**

The Town released Nemanco, Inc. from its direct financing lease agreement after year end. Nemanco paid \$2,150 for the months of July and August 1999 and agreed to provide for the insurance costs until the Town acquired a new tenant.

**NOTE 13 - COMMITMENTS AND CONTINGENCIES**

The Town awarded Power-Up, Inc. a contract to provide a new generator for the water plant at a cost of \$40,670.

**NOTE 14 - USE OF ESTIMATES**

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

**NOTE 15 - YEAR 2000 COMPLIANCE**

Time and space saving programming decisions made in prior years resulted in two-digit computer codes that may not correctly recognize "00" as the year 2000. Serious processing error or system failure could result. To prevent this error, computer systems and equipment must be reprogrammed or replaced to make them year 2000 compliant.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 1999**

**NOTE 15 - YEAR 2000 COMPLIANCE (cont'd)**

The Town is significantly dependent on computerized systems for essential operations and to provide services to citizens. As a continuing process, the City is actively engaged in making necessary changes to its systems and equipment to achieve year 2000 compliance. These changes include system upgrades and equipment replacements. Contingency plans are also being considered. The Town has committed approximately \$50,000 to this project and expended approximately \$7,800 in the fiscal year 1998-99.

Town systems are in various stages of implementation, as follows:

<b>Systems</b>	<b>Awareness (a)</b>	<b>Assessment (b)</b>	<b>Remediation (c)</b>	<b>Validation (d)</b>
Financial	X	X		
Personnel-payroll	X	X		
Treasury-cash management		X		
Utility billing		X		
Public safety(1)				
Public works-Customer Service Support(2)		X		
PC Systems(3)			X	

(1) Includes Computer Aided Dispatch, mobile Data Terminals

(2) Includes Permits, Business Licenses, Parks Management

(3) The PC systems have been replaced

(a) Awareness stage - Budget and project plan established

(b) Assesment stage - Identification and inventory of year 2000 compliance performed

(c) Remediation stage - Technical conversion of existing system completed.

(d) Validation stage - Test data developed, processed, and reviewed for results to determine that converted systems operate properly.

The Town contracted to purchase a generator for the water plant at a cost of \$40,670, with a down payment of \$6,100. The Town plans to remodel City Hall to enlarge the police facilities at a cost of \$51,000. Police equipment at a cost of \$2,100 will be purchased. Although no contract was let at June 30, 1999, construction began shortly after year-end as planned. The Town purchased a computer system at a cost of \$4,710. Contingency plans include police manned traffic controls should major intersection lights fail.

**Supplementary Information Schedules**



**TOWN OF OAK GROVE, LOUISIANA****SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS****For the Year Ended June 30, 1999**

<b>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Agriculture:</b>			
Association Water or Sewer System Grant Agreement	10.760		\$ 389,565
<b>U.S. Department of Housing and Urban Development:</b>			
Pass-through programs from:			
State of Louisiana Office of Community Development Community Development Block Grant	14.219	107-700169	2,250
<b>U.S. Department of Justice:</b>			
COPS Universal Hiring Program	16.710		18,958
			<hr/>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 410,773</b>

**TOWN OF OAK GROVE, LOUISIANA****Special Revenue Funds  
Combined Balance Sheets  
June 30, 1999**

	<u>Sales Tax Fund</u>	<u>Street Fund</u>	<u>Cemetary Fund</u>
<b>ASSETS AND OTHER DEBITS</b>			
Cash	\$ 1,017,989	\$ 104,067	\$ 116,091
Accounts receivable	34,243	-	-
Due from other funds	-	-	-
Capital lease receivables (Note 7 & 12)	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 1,052,232</u>	<u>\$ 104,067</u>	<u>\$ 116,091</u>
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 2,092	\$ 87	\$ 42
Accrued expenses	-	-	-
Due to other funds	-	-	-
Deferred revenues	-	-	-
Refundable sales tax	42,838	-	-
<b>Total Liabilities</b>	<u>44,930</u>	<u>87</u>	<u>42</u>
<b>FUND EQUITY AND OTHER CREDITS</b>			
Fund balances:			
Unreserved and undesignated	<u>1,007,302</u>	<u>103,980</u>	<u>116,049</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 1,052,232</u>	<u>\$ 104,067</u>	<u>\$ 116,091</u>

<u>Economic Development</u>	<u>Community Center</u>	<u>Total (Memorandum Only)</u>
\$ 209,573	\$ -	\$ 1,447,720
-	-	34,243
-	-	-
85,800	-	85,800
<u>\$ 295,373</u>	<u>\$ -</u>	<u>\$ 1,567,763</u>
\$ -	\$ -	\$ 2,221
-	-	-
-	-	-
85,800	-	85,800
-	-	42,838
<u>85,800</u>	<u>-</u>	<u>130,859</u>
<u>209,573</u>	<u>-</u>	<u>1,436,904</u>
<u>\$ 295,373</u>	<u>\$ -</u>	<u>\$ 1,567,763</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, 1999**

	<b>Sales Tax Fund</b>	<b>Street Fund</b>	<b>Cemetary Fund</b>
<b>REVENUES</b>			
Taxes	\$ 434,301	\$ 44,194	\$ 17,598
Use of money and property	41,567	3,526	5,522
Fees, charges and commissions	-	-	-
Intergovernmental restricted grant	-	-	-
Earned portion of capital leases	-	-	-
Sale of graves	-	-	4,980
Other	-	-	162
<b>Total Revenues</b>	<b>475,868</b>	<b>47,720</b>	<b>28,262</b>
<b>EXPENDITURES</b>			
General government	102,790	-	13,896
Public safety	-	-	-
Public works	147,864	10,602	-
Capital outlay	102,078	11,250	-
Economic development and assistance	-	-	-
Home improvement	-	-	-
<b>Total Expenditures</b>	<b>352,732</b>	<b>21,852</b>	<b>13,896</b>
<b>Excess (Deficiency) Of Revenues Over Expenditures</b>			
	<b>123,136</b>	<b>25,868</b>	<b>14,366</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers from other funds	27,799	-	-
Operating transfers to other funds	(32,510)	-	-
<b>Net Other Financing Sources (Uses)</b>	<b>(4,711)</b>	<b>-</b>	<b>-</b>
<b>Net Increase (Decrease)</b>	<b>118,425</b>	<b>25,868</b>	<b>14,366</b>
<b>Fund Balances, Beginning</b>	<b>888,877</b>	<b>78,112</b>	<b>101,683</b>
<b>Add: Prior Period Adjustment</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances, Ending</b>	<b>\$ 1,007,302</b>	<b>\$ 103,980</b>	<b>\$ 116,049</b>

<u>Economic Development</u>	<u>Community Center</u>	<u>Total (Memorandum Only)</u>
\$ -	\$ -	\$ 496,093
12,438	722	63,775
-	-	-
-	-	-
26,735	-	26,735
-	-	4,980
-	-	162
<u>39,173</u>	<u>722</u>	<u>591,745</u>
-	-	116,686
-	-	-
-	-	158,466
-	-	113,328
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>388,480</u>
39,173	722	203,265
33,608	-	61,407
-	(12,392)	(44,902)
<u>33,608</u>	<u>(12,392)</u>	<u>16,505</u>
72,781	(11,670)	219,770
136,792	11,670	1,217,134
-	-	-
<u>\$ 209,573</u>	<u>\$ -</u>	<u>\$ 1,436,904</u>

**Schedule of Compensation Paid Mayor and Board Members  
For the Year Ended June 30, 1999**BOARD MEMBERAMOUNT

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

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American Institute of CPAs

Schedule 4

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

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

I have audited the general purpose financial statements of the Town of Oak Grove, Louisiana, as of and for the year ended June 30, 1999, and have issued my report thereon dated November 12, 1999. 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, Louisiana's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Governmental Auditing Standards*.

Internal Control Over Financial Reporting

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

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



**DARLA S. TURNER  
CERTIFIED PUBLIC ACCOUNTANT**

Monroe, Louisiana  
November 12, 1999

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*A Professional Accounting Corporation*  
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American Institute of CPAs

Schedule 5

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

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

Compliance

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

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

In my opinion, the Town of Oak Grove, Louisiana, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

Internal Control Over Compliance

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

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



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

A handwritten signature in black ink, appearing to read "Darla S. Turner". The signature is fluid and cursive, with a large initial "D" and "T".

**DARLA S. TURNER**  
**CERTIFIED PUBLIC ACCOUNTANT**

**Monroe, Louisiana**  
**November 12, 1999**

**TOWN OF OAK GROVE, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 1999**

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

Association Water or Sewer System Grant	CFDA #10.760	\$389,565
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6. The threshold for distinguishing Types A and B programs was \$389,565.