

CITY OF OAKDALE, LOUISIANA

Financial Report

Year Ended June 30, 2003

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(A Corporation of Certified Public Accountants)

Independent Auditor's Report

The Honorable Mayor Robert Abrusley
And City Council Members
City of Oakdale, Louisiana

We have audited the accompanying primary government financial statements of the City of Oakdale, Louisiana, as of and for the year ended June 30, 2003, as listed in the table of contents. These primary government financial statements are the responsibility of the City of Oakdale, Louisiana's management. Our responsibility is to express an opinion on these primary government financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Those standards and (OMB) Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the primary government financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the primary government financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall primary government financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units. In our opinion, the primary government financial statements present fairly, in all material respects, the financial position of the primary government of the City of Oakdale, Louisiana, as of June 30, 2003, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

However, the primary government financial statements, because they do not include the financial data of component units of the City of Oakdale, Louisiana, do not purport to, and do not, present fairly the financial position of the City of Oakdale, Louisiana, as of June 30, 2003, and the results of its operations and cash flows of its proprietary fund type for the year ended in conformity with accounting principles generally accepted in the United States of America.

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Our audit was conducted for the purpose of forming an opinion on the primary government 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 the financial information listed as "Supplemental Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the primary government financial statements of the City of Oakdale, Louisiana. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the primary government financial statements and, in our opinion, is fairly presented in all material respects in relation to the primary government financial statements taken as a whole.

The financial information for the preceding year, which is included for comparative purposes, was taken from the financial report for that year in which a qualified opinion on the financial statements of the City of Oakdale, Louisiana was expressed.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2003, on our consideration of the City of Oakdale's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of the audit performed in accordance with Governmental Auditing Standards and should be read in conjunction with this report in considering the results of the audit.

Dannall, Sikes & Frederick

A Corporation of Certified Public Accountants

Eunice, Louisiana
September 18, 2003



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Independent Auditor's Report on
Compliance and on Internal Control over
Financial Reporting Based on an Audit of Basic
Financial Statements Performed in Accordance
with *Government Auditing Standards*

The Honorable Mayor Robert Abrusley
and City Council Members
City of Oakdale, Louisiana

We have audited the financial statements of the City of Oakdale, Louisiana, primary government, as of and for the year ended June 30, 2003, and have issued our report thereon dated September 18, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133 "Audits of States, Local Governments, and Non-profit Organizations".

Compliance

As part of obtaining reasonable assurance about whether the City of Oakdale's primary government financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance that are required to be reported under *Government Auditing Standards* and are listed as items 03-2 and 03-4.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Oakdale's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the primary government financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Oakdale's ability to record, process, summarize and report financial data consistent with the assertions of management in the primary government financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 03-1.

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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 primary government 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. Our consideration of the internal control structure over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 03-1 to be a material weakness.

We also noted other matters involving the internal control over financial reporting that we have reported to management of the City of Oakdale, Louisiana, in a separate letter dated September 18, 2003.

This report is intended solely for the information of the City Council Members and management and is not intended to be and should not be used by anyone other than those specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document, therefore, its distribution is not limited.

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Eunice, Louisiana
September 18, 2003



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Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and Internal Control over
Compliance in Accordance with OMB Circular A-133

The Honorable Mayor Robert Abrusley
and Members of the City Council
City of Oakdale, Louisiana

Compliance

We have audited the compliance of the City of Oakdale, 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, 2003. The City'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 City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our 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 we 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 City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Oakdale, 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, 2003. However, the results of our auditing procedures disclosed one instance of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 03-03.

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Internal Control Over Compliance

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

Our 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the management and federal awarding agencies and pass-through entities. However, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document, therefore, its distribution is not limited.

Dannall, Sikes & Frederick

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Eunice, Louisiana
September 18, 2003

PRIMARY GOVERNMENT FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)

CITY OF OAKDALE, LOUISIANA

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

	Governmental Fund Types		
	General	Special Revenue	Debt Service
ASSETS AND OTHER DEBITS			
Cash	\$ 296,282	\$ 307,481	\$ -
Receivables	87,190	154,085	-
Prepaid expenditures	32,778	-	-
Due from other funds	-	54,121	-
Restricted assets - cash and investments	-	-	358,614
Fixed assets - net, where applicable, of accumulated depreciation	-	-	-
Amount available in debt service funds	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
Total assets and other debits	<u>\$ 416,250</u>	<u>\$ 515,687</u>	<u>\$ 358,614</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts and contracts payable	\$ 157,558	\$ 5,271	\$ -
Other current liabilities	-	-	-
Due to other funds	225,914	14,121	109,797
Liabilities payable from restricted assets	-	-	-
Bonds payable	-	-	-
Estimated liabilities for claims and judgements	-	-	-
Total liabilities	<u>383,472</u>	<u>19,392</u>	<u>109,797</u>
Equity and other credits:			
Investment in general fixed assets	-	-	-
Contributed capital	-	-	-
Retained earnings -			
Reserved	-	-	-
Unreserved	-	-	-
Fund balances -			
Reserved	32,778	496,295	-
Reserved for debt service	-	-	248,817
Unreserved - undesignated	-	-	-
Total equity and other credits	<u>32,778</u>	<u>496,295</u>	<u>248,817</u>
Total liabilities and fund equity	<u>\$ 416,250</u>	<u>\$ 515,687</u>	<u>\$ 358,614</u>

The accompanying notes are an integral part of this statement.

Capital Projects	Account Groups				Totals (Memorandums Only)	
	Proprietary Fund Type	Fiduciary Fund Type	General Fixed Assets	General Long- Term Debt	2003	2002
	Enterprise	Master Bank				
\$ -	\$ 43	\$ -	\$ -	\$ -	\$ 603,806	\$ 556,761
-	135,707	-	-	-	376,982	374,648
-	-	-	-	-	32,778	8,100
-	236,154	349,832	-	-	640,107	1,242,799
768,159	203,765	-	-	-	1,330,538	609,613
-	4,381,630	-	8,659,168	-	13,040,798	13,276,217
-	-	-	-	156,835	156,835	136,393
-	-	-	-	2,663,883	2,663,883	2,149,571
<u>\$ 768,159</u>	<u>\$ 4,957,299</u>	<u>\$ 349,832</u>	<u>\$ 8,659,168</u>	<u>\$ 2,820,718</u>	<u>\$ 18,845,727</u>	<u>\$ 18,354,102</u>
\$ -	\$ 69,861	\$ -	\$ -	\$ -	\$ 232,690	\$ 278,854
-	823	59,557	-	-	60,380	46,531
-	-	290,275	-	-	640,107	1,242,799
-	65,403	-	-	-	65,403	63,557
-	-	-	-	2,685,412	2,685,412	2,104,105
-	-	-	-	135,306	135,306	181,859
-	136,087	349,832	-	2,820,718	3,819,298	3,917,705
-	-	-	8,659,168	-	8,659,168	8,540,211
-	5,343,893	-	-	-	5,343,893	5,538,020
-	133,811	-	-	-	133,811	115,490
-	(656,492)	-	-	-	(656,492)	(321,820)
768,159	-	-	-	-	1,297,232	190,510
-	-	-	-	-	248,817	244,692
-	-	-	-	-	-	129,294
<u>768,159</u>	<u>4,821,212</u>	<u>-</u>	<u>8,659,168</u>	<u>-</u>	<u>15,026,429</u>	<u>14,436,397</u>
<u>\$ 768,159</u>	<u>\$ 4,957,299</u>	<u>\$ 349,832</u>	<u>\$ 8,659,168</u>	<u>\$ 2,820,718</u>	<u>\$ 18,845,727</u>	<u>\$ 18,354,102</u>

CITY OF OAKDALE, LOUISIANA

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -
All Governmental Fund Types
Year Ended June 30, 2003

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandums Only)	
					2003	2002
Revenues:						
Taxes	\$ 384,164	\$ 946,872	\$ -	\$ -	1,331,036	1,408,764
Licenses and permits	201,612	-	-	-	201,612	181,831
Intergovernmental	277,929	1,210	-	312,518	591,657	1,147,825
Fines and forfeits	38,119	-	-	-	38,119	29,771
Miscellaneous	146,424	412,819	5,267	5,499	570,009	512,352
Total revenues	<u>1,048,248</u>	<u>1,360,901</u>	<u>5,267</u>	<u>318,017</u>	<u>2,732,433</u>	<u>3,280,543</u>
Expenditures:						
Current -						
General government	657,016	22,652	-	-	679,668	543,854
Public safety	780,257	203,737	-	-	983,994	1,021,423
Health and recreation	160,862	3,322	-	-	164,184	129,072
Public works	404,927	10,958	-	-	415,885	451,062
Capital outlay	-	81,639	-	399,858	481,497	652,480
Debt service -						
Principal retirement	-	-	215,480	-	215,480	579,773
Interest and fiscal charges	-	-	87,781	-	87,781	100,627
Grant expenditures	211,142	-	-	-	211,142	437,685
Total expenditures	<u>2,214,204</u>	<u>322,308</u>	<u>303,261</u>	<u>399,858</u>	<u>3,239,631</u>	<u>3,915,976</u>
Excess (deficiency) of revenues over expenditures	<u>(1,165,956)</u>	<u>1,038,593</u>	<u>(297,994)</u>	<u>(81,841)</u>	<u>(507,198)</u>	<u>(635,433)</u>
Other financing sources (uses):						
Operating transfers in	1,256,634	66,358	302,119	-	1,625,111	1,865,336
Operating transfers out	(66,000)	(920,360)	-	-	(986,360)	(1,162,919)
Proceeds from borrowings	-	-	-	850,000	850,000	90,732
Total other financing sources	<u>1,190,634</u>	<u>(854,002)</u>	<u>302,119</u>	<u>850,000</u>	<u>1,488,751</u>	<u>793,149</u>
Excess of revenues and other sources over expenditures and other uses	24,678	184,591	4,125	768,159	981,553	157,716
Fund balances, beginning	8,100	311,704	244,692	-	564,496	497,512
Residual equity transfers to utility system fund	-	-	-	-	-	(90,732)
Fund balances, ending	<u>\$ 32,778</u>	<u>\$ 496,295</u>	<u>\$ 248,817</u>	<u>\$ 768,159</u>	<u>\$ 1,546,049</u>	<u>\$ 564,496</u>

The accompanying notes are an integral part of this statement.

CITY OF OAKDALE, LOUISIANA

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget (GAAP Basis) and Actual
All Governmental Fund Types
Year Ended June 30, 2003

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:						
Taxes	\$ 393,800	\$ 384,164	\$ (9,636)	\$ 931,000	\$ 946,872	\$ 15,872
Licenses and permits	183,500	201,612	18,112	-	-	-
Intergovernmental	23,900	277,929	254,029	1,320	1,210	(110)
Fines and forfeits	33,000	38,119	5,119	-	-	-
Miscellaneous	218,188	146,424	(71,764)	308,503	412,819	104,316
Total revenues	<u>852,388</u>	<u>1,048,248</u>	<u>195,860</u>	<u>1,240,823</u>	<u>1,360,901</u>	<u>120,078</u>
Expenditures:						
Current -						
General government	637,929	657,016	(19,087)	-	22,652	(22,652)
Public safety	805,983	780,257	25,726	184,567	203,737	(19,170)
Health and recreation	133,267	160,862	(27,595)	-	3,322	(3,322)
Public works	371,263	404,927	(33,664)	-	10,958	(10,958)
Capital outlay	-	-	-	203,911	81,639	122,272
Debt service -						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Grant expenditures	-	211,142	(211,142)	-	-	-
Total expenditures	<u>1,948,442</u>	<u>2,214,204</u>	<u>(265,762)</u>	<u>388,478</u>	<u>322,308</u>	<u>66,170</u>
Excess (deficiency) of revenues over expenditures	<u>(1,096,054)</u>	<u>(1,165,956)</u>	<u>(69,902)</u>	<u>852,345</u>	<u>1,038,593</u>	<u>186,248</u>
Other financing sources (uses):						
Operating transfers in	1,053,165	1,256,634	203,469	81,561	66,358	(15,203)
Operating transfers out	(142,966)	(66,000)	76,966	(835,380)	(920,360)	(84,980)
Proceeds from borrowing	-	-	-	-	-	-
Total other financing sources	<u>910,199</u>	<u>1,190,634</u>	<u>280,435</u>	<u>(753,819)</u>	<u>(854,002)</u>	<u>(100,183)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(185,855)</u>	<u>24,678</u>	<u>210,533</u>	<u>98,526</u>	<u>184,591</u>	<u>86,065</u>
Fund balances, beginning	8,100	8,100	-	311,704	311,704	-
Residual equity transfers to utility system fund	-	-	-	-	-	-
Fund balances, ending	<u>\$ (177,755)</u>	<u>\$ 32,778</u>	<u>\$ 210,533</u>	<u>\$ 410,230</u>	<u>\$ 496,295</u>	<u>\$ 86,065</u>

Debt Service Funds		
Budget	Actual	Variance - Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
<u>1,750</u>	<u>5,267</u>	<u>3,517</u>
<u>1,750</u>	<u>5,267</u>	<u>3,517</u>
-	-	-
-	-	-
-	-	-
-	-	-
173,000	215,480	(42,480)
79,722	87,781	(8,059)
<u>-</u>	<u>-</u>	<u>-</u>
<u>252,722</u>	<u>303,261</u>	<u>(50,539)</u>
<u>(250,972)</u>	<u>(297,994)</u>	<u>(47,022)</u>
250,072	302,119	52,047
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>250,072</u>	<u>302,119</u>	<u>52,047</u>
(900)	4,125	5,025
244,692	244,692	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 243,792</u>	<u>\$ 248,817</u>	<u>\$ 5,025</u>

The accompanying notes are an integral part of this statement.

CITY OF OAKDALE, LOUISIANA
Comparative Statements of Revenues, Expenses, and Changes in Retained Earnings
Enterprise Fund
Utility Fund

Years Ended June 30, 2003 and 2002

	2003	2002
Operating revenues:		
Utility sales - net	\$ 971,130	\$ 949,683
Service and miscellaneous charges	<u>59,112</u>	<u>52,048</u>
Total operating revenues	<u>1,030,242</u>	<u>1,001,731</u>
Operating expenses:		
Salaries	138,041	138,563
Fringe benefits	24,245	23,957
Supplies	49,834	47,300
Repairs and maintenance	98,691	112,182
Auto and truck expenses	12,313	14,289
Utilities	170,534	177,310
Insurance	14,781	13,900
Bad debts	8,712	10,298
Other	32,169	51,507
Depreciation	<u>354,376</u>	<u>327,408</u>
Total operating expenses	<u>903,696</u>	<u>916,714</u>
Operating income	<u>126,546</u>	<u>85,017</u>
Nonoperating revenues (expenses):		
Special assistance	-	40,348
Interest earned	1,725	14,265
Interest expense	<u>-</u>	<u>(3,342)</u>
Total nonoperating revenues	<u>1,725</u>	<u>51,271</u>
Income before operating transfers	128,271	136,288
Operating transfers:		
Operating transfers in	-	151,212
Operating transfers out	<u>(638,751)</u>	<u>(853,628)</u>
Total operating transfers	<u>(638,751)</u>	<u>(702,416)</u>
Net income (loss) before the add back of depreciation on federal grants	(510,480)	(566,128)
Add: Depreciation on fixed assets acquired by capital grants that reduces contributed capital from capital grants	<u>194,129</u>	<u>194,129</u>
Net decrease in retained earnings	(316,351)	(371,999)
Retained earnings, beginning	<u>(206,330)</u>	<u>165,669</u>
Retained earnings, ending	<u>\$ (522,681)</u>	<u>\$ (206,330)</u>

The accompanying notes are an integral part of this statement.

CITY OF OAKDALE, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statements of Cash Flows
Years Ended June 30, 2003 and 2002

	2003	2002
Cash flows from operating activities:		
Operating income	<u>\$ 126,546</u>	<u>\$ 85,017</u>
Adjustments to reconcile operating income to net cash provided by operating activities -		
Depreciation	354,376	327,408
Changes in assets and liabilities:		
Customers receivables	(3,766)	1,883
Due from Master Bank	231,889	215,810
Other receivables	45,331	(32,699)
Accounts payable	(50,670)	(57,876)
Other current liabilities	(389)	(144)
Due to other funds	<u>(78,933)</u>	<u>-</u>
Total adjustments	<u>497,838</u>	<u>454,382</u>
Net cash provided by operating activities	<u>624,384</u>	<u>539,399</u>
Cash flows from noncapital financing activities:		
Government subsidies	-	40,348
Decrease (increase) in customer deposits - net	1,847	(8,212)
Operating transfers in	-	151,212
Operating transfer out	<u>(638,750)</u>	<u>(853,628)</u>
Net cash used by noncapital financing activities	<u>(636,903)</u>	<u>(670,280)</u>
Cash flows from capital and related financing activities:		
Contributed capital	-	90,731
Acquisition of property, plant and equipment	-	(90,731)
Repayments of revenue bonds and other indebtedness	-	(65,000)
Interest paid on long-term debt	<u>-</u>	<u>(3,342)</u>
Net cash used by capital and related financing activities	<u>-</u>	<u>(68,342)</u>
Cash flows from investing activities:		
Proceeds from the maturity of investments	115,490	133,742
Purchase of investments	(133,811)	(115,490)
Interest received on investments	<u>1,725</u>	<u>14,265</u>
Net cash provided (used) by investing activities	<u>(16,596)</u>	<u>32,517</u>
Net decrease in cash and cash equivalents	(29,115)	(166,706)
Cash and cash equivalents, beginning of period	<u>99,112</u>	<u>265,818</u>
Cash and cash equivalents, end of period	<u>\$ 69,997</u>	<u>\$ 99,112</u>

The accompanying notes are an integral part of this statement.

CITY OF OAKDALE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Oakdale, Louisiana, is an incorporated municipality under the provisions of the Lawrason Act. The City operates under a Mayor-City Council Members form of government.

The financial statements of the City of Oakdale, Louisiana have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units, except for the omission of all component units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City of Oakdale, Louisiana, is a municipal corporation governed by an elected board. These financial statements present only the financial activity of the City of Oakdale, Louisiana, (the primary government). They do not include the data of the component units necessary for reporting in conformity with generally accepted accounting principles.

B. Fund Accounting

The City 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 related to certain government functions or activities.

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

The funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental Fund Types -

General Fund

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

CITY OF OAKDALE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Proprietary Fund Type -

Enterprise Fund

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; 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. The City of Oakdale's enterprise fund is the Utility Fund.

Fiduciary Fund Type -

Master Bank Account

The Master Bank account is used to account for the operating checking account used by the City.

CITY OF OAKDALE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

The proprietary fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included in contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined, and "available" means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Those revenues susceptible to accrual are property taxes, franchise taxes, grants, interest revenue, and charges for services. Fines, permits, and license revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The accrual basis of accounting is utilized by the proprietary fund. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, with the following exceptions:

Utility services earned between billing cycles are not recognized as revenue until actually billed. Such amounts would not be material to the financial statements.

Purchases of various operating supplies are regarded as expenditures at the time purchased. Inventories, if any, are not material.

Proprietary fund types follow GAAP as prescribed by the Governmental Accounting Standards Board (GASB) and all Financial Accounting Standards Board's (FASB) standards issued prior to November 30, 1989. Subsequent to this date, the City has elected to apply FASB pronouncements provided they do not conflict or contradict GASB pronouncements.

CITY OF OAKDALE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets

Operating budgets of proposed expenditures and the means of financing them were adopted for all governmental funds, consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted or as amended by the City Council Members. Budgetary amendments involving the transfer of funds from one fund to another require approval of the City Council Members. All budgetary appropriations lapse at the end of each fiscal year.

E. Encumbrances

The City does not use the encumbrance method of accounting.

F. Cash and Investments

Cash includes amounts on hand and in demand deposits. Investments are stated at cost.

For the purpose of the statement of cash flows, management considers all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased, to be cash equivalents.

G. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

H. Restricted Assets

Certain Utility System Enterprise Fund assets are classified as restricted assets because their use is limited by applicable bond covenants or action of the City Council Members. "Customers Deposit Accounts" report funds received from customers for utility deposits. "Sewer Plant Replacement Accounts" report resources set aside for future replacement of the City's sewerage treatment plant. "Water lines replacement account" segregates resources restricted for replacement of the City's water lines.

CITY OF OAKDALE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions and construction are reflected as expenditures in governmental funds, and the related assets are reported in the General Fixed Assets Account Group. All purchased fixed assets are valued at historical costs where records are available and at estimated historical costs where no historical records exist. Fixed assets with estimated historical costs of \$75,000 are included in the General Fixed Assets Account Group. Estimated historical costs were determined by management by comparison to costs of similar fixed assets acquired in the same general time frame for which historical cost records were available. Donated fixed assets are valued at their estimated fair market value on the date received.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized, as these assets are immovable and of value only to the City.

Assets in the General Fixed Assets Account Group are not depreciated. Depreciation of buildings, equipment, and vehicles in the proprietary fund type is computed using the straight-line method.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

J. Bond Issuance Costs

In governmental fund types, bond issuance costs are recognized in the current period. Bond issuance costs for the proprietary fund type are deferred and amortized over the term of the bonds using the effective interest method. Bond issuance costs are recorded as deferred charges.

K. Compensated Absences

Vacation and sick leave not used within the fiscal year does not accrue; therefore, no liability for compensated absences is reflected in the financial statements.

CITY OF OAKDALE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financing resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in that fund.

M. Fund Equity

Contributed capital recorded in the proprietary fund represents capital grants or contributions from developers, customers, or other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

N. Memorandum Only - Total Columns

Total columns on the financial 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 are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

O. Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operations. However, comparative data has not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

NOTE 2 LEGAL COMPLIANCE - BUDGETS

The City follows these procedures in establishing the budgetary data reflected in the these financial statements:

- A. The City Clerk prepares a proposed budget and submits same to the Mayor and City Council Members no later than fifteen days prior to the beginning of each fiscal year.

CITY OF OAKDALE, LOUISIANA

Notes to Financial Statements

NOTE 2 LEGAL COMPLIANCE – BUDGETS (CONTINUED)

- B. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- C. A public hearing is held on the proposed budget after publication of the call for the hearing.
- D. After holding the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance.

Budgets for all Governmental Fund types are adopted consistent with state law which provides, in part, that appropriations for the fund cannot exceed estimated revenues plus fund balance. State law requires a budget amendment for General and Special Revenue Funds when revenue collections plus projected revenue collections for the remainder of the year, within a fund, are failing to meet estimated annual budgeted revenues by five percent or more, or when actual expenditures plus projected expenditures are exceeding budgeted expenditures by five percent or more.

NOTE 3 CASH AND INTEREST-BEARING DEPOSITS

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2003, the City has cash and interest-bearing deposits (book balances) totaling \$1,668,314 as follows:

Demand deposits	\$ 1,431,327
Time deposits	<u>236,987</u>
Total	<u>\$ 1,668,314</u>

CITY OF OAKDALE, LOUISIANA

Notes to Financial Statements

NOTE 3 CASH AND INTEREST-BEARING DEPOSITS (CONTINUED)

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 fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2003 are secured as follows:

Bank balances	<u>\$ 1,731,122</u>
Federal deposit insurance	350,354
Pledged securities (Category 3)	<u>2,597,374</u>
Total	<u>2,947,728</u>
Excess	<u>\$ 1,216,606</u>

Pledged securities in Category 3 includes uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the City's name. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 4 RECEIVABLES

Receivables at June 30, 2003, consisted of the following:

General Fund:	
Accrued franchise taxes receivable	\$ 60,978
Other receivables	21,235
Taxes receivable	4,976
Utility System Enterprise Fund:	
Accounts receivable - customers	80,223
Accounts receivable - other governmental entities	55,482
Other receivables	2
Special Revenue Funds:	
Sales tax receivable	52,499
Fire insurance tax receivable	19,392
Accounts receivable - gaming revenue	<u>82,195</u>
	<u>\$ 376,982</u>

CITY OF OAKDALE, LOUISIANA

Notes to Financial Statements

NOTE 4 RECEIVABLES (Continued)

Accounts receivable - customers in the Enterprise Fund is shown net of allowance for doubtful accounts of \$70,647 at June 30, 2003.

NOTE 5 DUE FROM/TO OTHER FUNDS

Amounts due from or to other funds at June 30, 2003, consisted of the following:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ -	\$ 225,914
Special Revenue Funds:		
Sales Tax Fund	53,515	-
Fire Department Fund	-	14,121
Gaming Revenue Fund	606	-
Utility System Enterprise Fund	236,154	-
Master Bank Fund	349,832	290,275
Debt Service Fund	-	109,797
	<u>\$ 640,107</u>	<u>\$ 640,107</u>

NOTE 6 RESTRICTED ASSETS

Restricted assets, at June 30, 2003, consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Total</u>
Customers' deposit accounts	\$ 38,757	\$ 31,197	\$ 69,954
Debt service account	358,614	-	358,614
Sewer plant replacement accounts	-	133,811	133,811
Police station construction accounts	<u>768,159</u>	<u>-</u>	<u>768,159</u>
	<u>\$ 1,165,530</u>	<u>\$ 165,008</u>	<u>\$ 1,330,538</u>

CITY OF OAKDALE, LOUISIANA

Notes to Financial Statements

NOTE 7 FIXED ASSETS

A summary of changes in general fixed assets follows:

	June 30, 2002	Additions	Deletions	June 30, 2003
Land	\$ 532,583	\$ -	\$ -	\$ 532,583
Buildings	5,636,569	-	-	5,636,569
Improvements other than building	178,306	13,832	-	192,138
Equipment	1,047,563	76,365	-	1,123,928
Automobiles and trucks	<u>1,145,190</u>	<u>28,760</u>	<u>-</u>	<u>1,173,950</u>
Total general fixed assets	<u>\$8,540,211</u>	<u>\$ 118,957</u>	<u>\$ -</u>	<u>\$8,659,168</u>

A summary of proprietary fund type property, plant and equipment at June 30, 2003 follows:

Land	\$ 70,543
Water department	3,379,886
Sewer department	6,897,313
General and administrative	<u>80,955</u>
	10,428,697
Less: accumulated depreciation	<u>6,047,067</u>
Net Utility Fund property, plant and equipment	<u>\$4,381,630</u>

In the Utility System Enterprise Fund, the following useful lives are used to compute depreciation on fixed assets:

Waterworks:	
Wells	20 years
Storage tanks	40 years
Lines and meters	50 years
Other equipment	4-10 years
Sewerage System:	
Treatment plant	20 years
Pump stations	10-20 years
Lines	50 years
Other equipment	3-10 years

CITY OF OAKDALE, LOUISIANA

Notes to Financial Statements

NOTE 7 FIXED ASSETS (CONTINUED)

Depreciation for the Utility System Enterprise Fund amounted to \$354,376 for the fiscal year.

Interest costs incurred in the Utility System Enterprise Fund amounted to \$-0- for the fiscal year.

NOTE 8 LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Liabilities payable from restricted assets at June 30, 2003, consisted of the following:

Payable from customers' deposit accounts:

Customers' deposits \$ 65,403

NOTE 9 LONG-TERM DEBT

The following is a summary of bonds and certificates of indebtedness transactions of the City for the year ended June 30, 2003:

	<u>June 30,</u> <u>2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30,</u> <u>2003</u>
Revolving loan	\$ 1,482,412	\$ -	\$ (10,000)	\$ 1,472,412
General obligation bonds	<u>546,000</u>	<u>850,000</u>	<u>(183,000)</u>	<u>-</u> <u>1,213,000</u>
	<u>\$ 2,028,412</u>	<u>\$ 850,000</u>	<u>\$ (193,000)</u>	<u>\$ 2,685,412</u>

* Revolving Loan:

Revolving loan payable to the Louisiana Department of Environmental Quality (LDEQ) dated November 1, 1999.

Payment terms require interest only from inception through February 1, 2002 at a rate of 3.45% plus an annual administrative fee of one-half of one percent (.5%) of the outstanding principal balance of the loan. The loan is secured by a borrower bond issued to the LDEQ in the amount of \$1,500,000. The bond is secured by a pledge of the City's 1% sales tax.

\$1,472,412

CITY OF OAKDALE, LOUISIANA

Notes to Financial Statements

NOTE 9 LONG-TERM DEBT (CONTINUED)

General obligation bonds and certificates of indebtedness:

Certificates of Indebtedness, Series 2002, dated 10/1/02, original issue of \$850,000, retired semiannually on May 1 and November 1 in various installment amounts, interest rate at 4.95% per annum, final maturity on 5/1/17	\$ 830,000
Certificate of Indebtedness, Series 1997, dated 5/1/96, original issue of \$500,000, retired annually in various installment amounts, interest rate at 5.5% per annum, final maturity 5/1/06	175,000
Sales Tax Refunding Bonds, Series 1999, dated 8/1/99, original issue of \$405,000, retired annually in various installment amounts, interest rate at 4.43% per annum, final maturity at 2/1/04	95,000
Certificate of Indebtedness, Series 2000, dated 12/1/00, original issue of \$150,000, retired annually in various installment amounts, interest rate at 5.75% per annum, final maturity at 5/1/10	<u>113,000</u>
	<u>\$ 1,213,000</u>

The annual requirements to amortize all debt outstanding as of June 30, 2003, including interest payments of \$928,615 are as follows:

Year Ending June 30,	Revolving Loan	General Obligation and Other Long-Term Debt	Total
2004	\$ 66,060	\$ 261,984	\$ 328,044
2005	110,543	167,345	277,888
2006	113,527	162,418	275,945
2007	111,230	102,388	213,618
2008	123,988	100,368	224,356
Beyond	<u>1,511,707</u>	<u>792,870</u>	<u>2,304,577</u>
Total	<u>\$2,037,055</u>	<u>\$ 1,587,373</u>	<u>\$3,624,428</u>

CITY OF OAKDALE, LOUISIANA

Notes to Financial Statements

NOTE 9 LONG-TERM DEBT (CONTINUED)

*The revolving loan is anticipated to be an interim construction loan for the period from November 1, 1999 until the completion of the project. Provided the City is not in default with respect to the interim loan and the project is completed within specified time limits, LDEQ will convert the interim loan to a permanent loan. The borrower bond executed by the City as evidence of the interim loan will be appropriately marked after completion of the project and will represent the City's obligation to repay the loan. Terms of the bonded indebtedness require annual principal payments on February 1st of the years 2002-2021. Additional, interest payments will be required on February 1st and August 1st of each year at a rate of 3.45%.

NOTE 10 RESERVED RETAINED EARNINGS - ENTERPRISE FUND

Changes in reserved retained earnings during the year were as follows:

	<u>Sewer Plant Replacement</u>
Balance, beginning of year	\$ 115,490
Interest earned on investment	1,818
Net transfers from operating	<u>16,503</u>
Balance, end of year	<u>\$ 133,811</u>

NOTE 11 RESERVED FUND BALANCES - GOVERNMENTAL FUND TYPES

Reserved fund balances in governmental fund types consisted of the following at June 30, 2003:

General Fund:	
Reserved for prepaid expenses	\$ 32,778
Capital Projects Fund:	
Reserved for police station construction	768,159
Debt Service Funds:	
Reserved for debt service	248,817
Special revenue funds	<u>496,295</u>
	<u>\$ 1,546,049</u>

NOTE 12 AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in September or October and are actually billed to the taxpayers in October or November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The City bills and collects its own property taxes using the assessed values determined by the tax assessor of Allen Parish.

CITY OF OAKDALE, LOUISIANA

Notes to Financial Statements

NOTE 12 AD VALOREM TAXES (Continued)

For the year ended June 30, 2003, taxes of 12.77 mills were levied on property with assessed valuations totaling \$15,595,490 and were dedicated as follows:

General corporate purposes	7.00 mills
Fire department	5.77 mills

Total taxes levied were \$199,155.

NOTE 13 ENTERPRISE FUND – OPERATIONS

The City operates a utility system consisting of a water production and distribution system, and a sewerage transmission and treatment plant. Following is a condensed summary of operations of the Utility System Enterprise Fund.

	<u>Water Department</u>	<u>Sewerage Department</u>	<u>Total Enterprise Fund</u>
Operating revenues	\$ 581,721	\$ 448,521	\$ 1,030,242
Operating expenses	<u>275,216</u>	<u>628,480</u>	<u>903,696</u>
Operating income (loss)	<u>\$ 306,505</u>	<u>\$ (179,959)</u>	<u>\$ 126,546</u>

NOTE 14 SPECIAL REVENUE FUNDS - SALES TAX

Sales Tax Ordinances

Proceeds of the one percent sales tax are to be used for the purpose of constructing, acquiring, extending, improving, operating and maintaining sewers and sewerage disposal works, waterworks facilities, streets, alleys, bridges, drains and drainage facilities; public buildings, purchasing and acquiring the necessary land, equipment and furnishings for the aforesaid public works, buildings, improvements and facilities; title to which shall be in the public, or for any one or more said purposes; and for the purpose of paying principal and interest on any bonded or funded indebtedness of the City incurred for any of the said purposes.

Proceeds of the three-tenths of one percent sales tax are dedicated for the purpose of improving, maintaining, and operating the Police and Fire Departments of the City, and for the purpose of paying the costs of the acquisition of equipment for the Department of Public Works.

The City received 24 percent of sales tax revenues from one taxpayer for the year ended June 30, 2003.

CITY OF OAKDALE, LOUISIANA

Notes to Financial Statements

NOTE 14 SPECIAL REVENUE FUNDS - SALES TAX (Continued)

Flow of Funds - Restrictions on Use

Under the terms of the Sales Tax Refunding Bonds, Series 1999 and the Public Improvement Sales Tax Bonds, Series 1999 (which are used as collateral towards the revolving loan payable), all proceeds derived from the levy and collection of the City's one percent sales tax will be deposited in the Sales Tax Fund, a separate and special bank account established and maintained by the City. Out of the proceeds of the tax on deposit, after the reasonable and necessary costs and expenses of collection and administration of the tax have been paid, monies remaining are to be used in the following order of priority and for the following express purposes:

The establishment and maintenance of Sales Tax Bond Sinking Funds for the payment of bonds and interest as they mature. Monthly transfers of sums equal to one-sixth of the interest falling due on the next interest payment date and one-twelfth of the bond principal falling due on the next principal payment date are to be made to this fund on or before the twentieth day of each month.

The establishment of a Reserve Fund. The Reserve Fund is to be retained solely for the purpose of paying the principal and interest on bonds payable from the aforementioned Public Improvement Sales Tax Bonds, Series 1999 issuance. The requirements are that the City will, on or before the twentieth of each month, deposit 25% of the amount required to be paid into the Sinking Fund until such time as there has been accumulated therein a sum equal to the lesser of 10% of the proceeds of the bonds or the maximum scheduled principal and interest requirements in any succeeding bond year.

Any money remaining after making the above required payments may be used for any purpose for which the imposition of the sales tax is authorized or for the purpose of retiring bonds in advance of their maturity.

NOTE 15 PENSION PLANS

Eligible employees of the City participate in one of three multiple-employer public employee retirement systems (PERS) which are controlled and administered by separate boards of trustees. These retirement systems provide retirement, disability and death benefits to plan members and their beneficiaries. Benefits under each system are established and amended by state statute. Pertinent information for each system follows:

Municipal Employees' Retirement System

The system, established by provisions of Louisiana Revised Statute 11:1731, requires eligible employees to contribute 9.25% of their annual covered salary to the system while the City is required to contribute at the statutory rate of 8% of the total annual covered salary. The City's contributions to the system for the years ended June 30, 2003, 2002, and 2001, were \$55,605, \$44,366, and \$39,684, respectively.

CITY OF OAKDALE, LOUISIANA

Notes to Financial Statements

NOTE 15 PENSION PLANS (Continued)

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Municipal Employee's Retirement System, 7937 Office Park Building, Baton Rouge, LA 70809.

Municipal Police Employee's Retirement System

The system, established by provisions of Louisiana Revised Statute 11:2211, requires eligible employees to contribute 7.5% of their annual covered salary to the system while the City is required to contribute at the statutory rate of 9.0% of the total annual covered salary. The City's contributions to the system for the years ended June 30, 2003, 2002, and 2001, were \$41,457, \$42,498, and \$39,634, respectively.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Municipal Police Employee's Retirement System, P.O. Box 94095, Capital Station, Baton Rouge, LA 70804-9095.

Louisiana State Employees' Retirement System

The system, established by provisions of Louisiana Revised Statute 11:401, requires eligible employees to contribute 11.5% of their annual covered salary to the system while the City is required to contribute at the statutory rate of 12.4% of the total annual covered salary. The City's contributions to the system for the years ended June 30, 2003, 2002, and 2001, were \$2,780, \$1,820, and \$1,713, respectively.

NOTE 16 COMPENSATION OF TOWN OFFICIALS

A detail of compensation paid to the Mayor and City Council Members for the year ended June 30, 2003 follows:

Bobby Abrusley, Mayor	\$ 29,364
Aldermen:	
Nathan Benjamin	6,300
Roy Gordon	6,900
George A. Ashy II	6,600
Vernon Ware	7,200
Greg Strother	7,200

CITY OF OAKDALE, LOUISIANA

Notes to Financial Statements

NOTE 17 LEASES

The City leases City-owned land and buildings. These leases are classified as operating leases. The terms of the various leases are all one year or less, with no automatic renewal clauses contained in the lease agreements. Under the terms of the lease agreements, there are no contingent rentals, and the City received minimum lease payments totaling \$81,275 during the year ended June 30, 2003. The cost of land and buildings rented totaled \$2,981,004. These items are included in the General Fixed Assets Account Group and, accordingly, no depreciation is recorded.

NOTE 18 STATEMENT OF CASH FLOWS

Below is a reconciliation of cash and cash equivalents per the statement of cash flows and the balance sheet:

Cash and cash equivalents	\$ 43
Investments	<u>69,954</u>
	<u>\$ 69,997</u>

NOTE 19 EXCESS EXPENDITURES

The following funds had an excess of expenditures over appropriations for the year ended June 30, 2003:

	<u>Budget</u>	<u>Actual</u>	<u>Excess of Actual over Budget</u>
Debt Service:			
Police Station Bonds 2002	<u>\$ -</u>	<u>\$ 42,480</u>	<u>\$ 42,480</u>
General Fund:			
Health and recreation	<u>\$ 133,267</u>	<u>\$ 160,862</u>	<u>\$ 27,595</u>
Public works	<u>\$ 371,263</u>	<u>\$ 404,927</u>	<u>\$ 33,664</u>
Special Revenue:			
Public safety	<u>\$ 184,567</u>	<u>\$ 203,737</u>	<u>\$ 19,170</u>

NOTE 20 SUBSEQUENT EVENT

Subsequent to June 30, 2003, the City issued \$800,000 of General Obligation Bonds, Series 2003, of the City of Oakdale, State of Louisiana. The Bonds will be dated July 1, 2003, and will bear interest from date thereof or the most recent interest payment date to which interest has been paid or duly provided for at rates not exceeding 6.00% per annum, payable semi-annually on March 1 and September 1 of each year, commencing March 1, 2004 and will become due and payable and mature serially on May 1 of the years 2004 through 2018.

SUPPLEMENTAL INFORMATION

SCHEDULES OF INDIVIDUAL FUNDS AND ACCOUNT GROUPS

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

CITY OF OAKDALE, LOUISIANA
General Fund

Comparative Balance Sheets
June 30, 2003 and 2002

ASSETS

	2003	2002
Cash	\$ 296,282	\$ 298,475
Accounts receivable	87,190	78,441
Prepaid expenditures	32,778	8,100
Due from other funds:		
Utility System Fund	-	78,933
Sales Tax Fund	-	44,895
Total assets	\$ 416,250	\$ 508,844

LIABILITIES AND FUND BALANCE

Liabilities:		
Accounts payable	\$ 157,558	\$ 120,501
Due to other funds -		
Fire Department Fund	-	16,689
Master Bank	225,914	363,554
Total liabilities	383,472	500,744
Fund balance		
Reserved for prepaid expenditures	32,778	8,100
Total liabilities and fund balance	\$ 416,250	\$ 508,844

CITY OF OAKDALE, LOUISIANA
General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (GAAP Basis) and Actual
Year Ended June 30, 2003
With Comparative Actual Amounts for Year Ended June 30, 2002

	2003		Variance - Favorable (Unfavorable)	2002 Actual
	Budget	Actual		
Revenues:				
Taxes	\$ 393,800	\$ 384,164	\$ (9,636)	\$ 383,332
Licenses and permits	183,500	201,612	18,112	181,831
Intergovernmental	23,900	277,929	254,029	535,142
Fines and forfeits	33,000	38,119	5,119	29,771
Miscellaneous	<u>218,188</u>	<u>146,424</u>	<u>(71,764)</u>	<u>188,993</u>
Total revenues	<u>852,388</u>	<u>1,048,248</u>	<u>195,860</u>	<u>1,319,069</u>
Expenditures:				
Current -				
General government	637,929	657,016	(19,087)	520,432
Public safety	805,983	780,257	25,726	822,658
Health and recreation	133,267	160,862	(27,595)	127,572
Public works	371,263	404,927	(33,664)	451,062
Debt service	-	-	-	(350)
Grant expenditures	-	<u>211,142</u>	<u>(211,142)</u>	<u>437,685</u>
Total expenditures	<u>1,948,442</u>	<u>2,214,204</u>	<u>(265,762)</u>	<u>2,359,059</u>
Deficiency of revenues over expenditures	<u>(1,096,054)</u>	<u>(1,165,956)</u>	<u>(69,902)</u>	<u>(1,039,990)</u>
Other financing sources (uses):				
Operating transfers in	1,053,165	1,256,634	203,469	1,124,582
Operating transfers out	<u>(142,966)</u>	<u>(66,000)</u>	<u>76,966</u>	<u>(76,492)</u>
Total other financing sources	<u>910,199</u>	<u>1,190,634</u>	<u>280,435</u>	<u>1,048,090</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(185,855)	24,678	210,533	8,100
Fund balance, beginning	<u>8,100</u>	<u>8,100</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ (177,755)</u>	<u>\$ 32,778</u>	<u>\$ 210,533</u>	<u>\$ 8,100</u>

CITY OF OAKDALE, LOUISIANA
General Fund

Statement of Revenues Compared to Budget (GAAP Basis)
Year Ended June 30, 2003
With Comparative Actual Amounts for Year Ended June 30, 2002

	2003		Variance - Favorable (Unfavorable)	2002 Actual
	Budget	Actual		
Taxes:				
Ad valorem	\$ 114,800	\$ 107,267	\$ (7,533)	\$ 103,644
Franchise	270,000	259,009	(10,991)	269,472
Beer tax	<u>9,000</u>	<u>17,888</u>	<u>8,888</u>	<u>10,216</u>
	<u>393,800</u>	<u>384,164</u>	<u>(9,636)</u>	<u>383,332</u>
Licenses and permits:				
Occupational licenses	175,000	194,726	19,726	168,186
Building permits	<u>8,500</u>	<u>6,886</u>	<u>(1,614)</u>	<u>13,645</u>
	<u>183,500</u>	<u>201,612</u>	<u>18,112</u>	<u>181,831</u>
Intergovernmental:				
Housing authority - in lieu of taxes	17,900	17,424	(476)	18,676
State of Louisiana - State grant	-	251,680	251,680	507,595
Street maintenance	6,000	3,129	(2,871)	6,257
Video poker	-	338		739
Allen Parish Police Jury - Other parish receipts	<u>-</u>	<u>5,358</u>	<u>5,358</u>	<u>1,875</u>
	<u>23,900</u>	<u>277,929</u>	<u>253,691</u>	<u>535,142</u>
Fines and forfeits:				
Court fines	30,000	33,666	3,666	23,802
Penalties	<u>3,000</u>	<u>4,453</u>	<u>1,453</u>	<u>5,969</u>
	<u>33,000</u>	<u>38,119</u>	<u>5,119</u>	<u>29,771</u>
Miscellaneous:				
DMV fees	19,000	18,358	(642)	19,840
Interest income	7,600	5,377	(2,223)	9,384
Rental income	82,000	81,275	(725)	82,755
Care of prisoners	1,500	1,417	(83)	1,724
Sale of surplus equipment	16,000	-	(16,000)	-
Sale of Highway 10 property	-	-	-	2,046
Miscellaneous	<u>92,088</u>	<u>39,997</u>	<u>(52,091)</u>	<u>73,244</u>
	<u>218,188</u>	<u>146,424</u>	<u>(71,764)</u>	<u>188,993</u>
Total revenues	<u>\$ 852,388</u>	<u>\$ 1,048,248</u>	<u>\$ 195,522</u>	<u>\$ 1,319,069</u>

CITY OF OAKDALE, LOUISIANA
General Fund

Statement of Expenditures Compared to Budget (GAAP Basis)
Year Ended June 30, 2003
With Comparative Actual Amounts for Year Ended June 30, 2002

	2003		Variance - Favorable (Unfavorable)	2002 Actual
	Budget	Actual		
General government:				
Legislative -				
Salaries	\$ 34,200	\$ 34,200	\$ -	\$ 32,000
Retirement	2,240	2,407	(167)	1,806
Employee health insurance	3,299	2,869	430	3,009
Payroll taxes	848	837	11	803
Travel and meetings	2,957	3,366	(409)	2,041
Dues, subscriptions, and memberships	1,304	2,525	(1,221)	1,304
	<u>44,848</u>	<u>46,204</u>	<u>(1,356)</u>	<u>40,963</u>
Judicial -				
Salaries	43,021	38,377	4,644	41,644
Retirement	2,985	2,780	205	1,820
Employee health insurance	3,934	2,514	1,420	5,058
Unemployment	35	-	35	-
Payroll taxes	516	550	(34)	263
	<u>50,491</u>	<u>44,221</u>	<u>6,270</u>	<u>48,785</u>
Executive -				
Salaries	29,350	29,364	(14)	27,264
Retirement	2,400	2,533	(133)	1,908
Employee health insurance	5,077	3,182	1,895	3,865
Travel	1,826	1,779	47	2,836
	<u>38,653</u>	<u>36,858</u>	<u>1,795</u>	<u>35,873</u>
Legal -				
Salaries	21,600	21,600	-	21,600
Employee health insurance	2,965	1,030	1,935	3,009
Unemployment	43	-	43	-
Payroll taxes	270	313	(43)	315
	<u>24,878</u>	<u>22,943</u>	<u>1,935</u>	<u>24,924</u>
Financial administration -				
Salaries	104,000	104,554	(554)	99,338
Retirement	8,325	9,019	(694)	6,954
Employee health insurance	13,043	13,834	(791)	12,197
Payroll taxes	1,395	1,210	185	1,179
Office and operating supplies	25,000	33,710	(8,710)	32,971

(continued)

CITY OF OAKDALE, LOUISIANA
General Fund

Statement of Expenditures Compared to Budget (GAAP Basis)
(Continued)
Year Ended June 30, 2003
With Comparative Actual Amounts for Year Ended June 30, 2002

	2003		Variance - Favorable (Unfavorable)	2002 Actual
	Budget	Actual		
Repairs and maintenance	8,500	7,015	1,485	7,232
Professional services	25,625	27,475	(1,850)	26,150
Telephone	8,300	8,703	(403)	9,810
Travel and meetings	800	1,598	(798)	802
Printing and advertising	8,000	13,748	(5,748)	13,434
Utilities	22,500	21,613	887	18,271
Insurance	94,284	86,828	7,456	71,518
Miscellaneous	8,000	35,499	(27,499)	25,139
Civil service board	700	720	(20)	720
Heliport expenses	4,300	4,800	(500)	5,200
Gas, oil, tires, and batteries	400	369	31	525
Litigation expense	110,000	104,186	5,814	26,284
Computer maintenance agreement	5,327	13,557	(8,230)	4,040
Christmas lighting	3,560	3,560	-	7,323
Capital outlay	-	14,792	(14,792)	800
Industrial buildings expenses	13,000	-	13,000	-
Civic Center	14,000	-	14,000	-
	<u>479,059</u>	<u>506,790</u>	<u>(27,731)</u>	<u>369,887</u>
 Total general government	 <u>637,929</u>	 <u>657,016</u>	 <u>(19,087)</u>	 <u>520,432</u>
 Public safety:				
Salaries	528,450	545,827	(17,377)	528,971
Retirement	47,560	41,194	6,366	43,078
Employee health insurance	40,000	46,720	(6,720)	47,774
Payroll taxes	11,606	11,152	454	11,922
Office and operating supplies	36,000	15,706	20,294	32,832
Repairs and maintenance	26,000	14,775	11,225	25,760
Telephone	12,000	12,523	(523)	10,404
Witness fees	15,000	9,675	5,325	13,925
Utilities	12,000	11,853	147	11,295
Insurance	25,000	16,488	8,512	13,432
Uniform expense	4,500	3,564	936	3,399
Personnel training	5,000	4,155	845	4,322
Care of prisoners	15,000	14,624	376	14,073
Gas, oil, tires, and batteries	19,000	16,794	2,206	20,966
Capital expenditures	-	11,866	(11,866)	39,766
Miscellaneous	8,867	3,341	5,526	739
	<u>805,983</u>	<u>780,257</u>	<u>25,726</u>	<u>822,658</u>

(Continued)

CITY OF OAKDALE, LOUISIANA
General Fund

Statement of Expenditures Compared to Budget (GAAP Basis)
(Continued)
Year Ended June 30, 2003
With Comparative Actual Amounts for Year Ended June 30, 2002

	Budget	Actual	Variance - Favorable (Unfavorable)	2002 Actual
Health and Recreation:				
Salaries	68,000	66,849	1,151	58,587
Retirement	4,600	4,870	(270)	3,560
Employee health insurance	9,500	10,715	(1,215)	8,163
Payroll taxes	1,080	933	147	835
Office and operating supplies	9,000	10,955	(1,955)	8,615
Repairs and maintenance	11,500	33,511	(22,011)	22,438
Utilities	10,500	16,106	(5,606)	13,006
Insurance	4,000	3,766	234	3,524
Coroner	8,837	8,978	(141)	6,990
Gas, oil, tires, and batteries	3,000	3,320	(320)	2,735
Miscellaneous	3,250	859	2,391	(881)
	<u>133,267</u>	<u>160,862</u>	<u>(27,595)</u>	<u>127,572</u>
Public works:				
Salaries	167,682	188,060	(20,378)	169,787
Retirement	11,000	13,756	(2,756)	9,429
Employee health insurance	20,000	25,175	(5,175)	19,211
Payroll taxes	2,585	2,983	(398)	2,710
Office and operating supplies	25,000	34,381	(9,381)	49,870
Repairs and maintenance	42,000	26,916	15,084	52,822
Utilities	73,000	72,643	357	74,138
Insurance	5,500	5,646	(146)	4,949
Miscellaneous expenses	7,500	7,780	(280)	10,741
Gas, oil, tires, and batteries	16,996	16,927	69	14,645
Capital expenditures	-	10,660	(10,660)	42,760
	<u>371,263</u>	<u>404,927</u>	<u>(33,664)</u>	<u>451,062</u>
Debt service:				
Principal	-	-	-	(350)
Grant expenditures				
	-	211,142	(211,142)	437,685
Total expenditures	<u>\$ 1,948,442</u>	<u>\$ 2,214,204</u>	<u>\$ (265,762)</u>	<u>\$ 2,359,059</u>

SPECIAL REVENUE FUNDS

- Sales Tax Fund - To account for the receipt and expenditure of funds received from the City's two sales taxes. Proceeds of the City's one percent sales tax are dedicated to (1) construction, acquiring, extending, improving, operating, and maintaining sewers and sewerage disposal works, waterworks facilities, streets, alleys, bridges, drains and drainage facilities, public buildings (2) acquiring the necessary land, equipment, and furnishings for the aforesaid public works, buildings, improvements, and facilities, and (3) paying principal and interest on any bonded or funded indebtedness of the City incurred for any of said purposes. Proceeds of the City's three-tenths of one percent sales tax are dedicated to (1) improving, maintaining, and operating the Police and Fire departments of the City, and (2) paying the costs of the acquisition of one hundred thousand dollars (\$100,000) of equipment for the Public Works Department of the City.
- Fire Department Fund - To account for the operations of the Fire Department. Funding is provided by the Fire Department maintenance ad valorem tax and operating transfers from the General Fund and Sales Tax Fund.
- Gaming Revenue Fund - To account for the receipt and expenditure of grant awards contributed by the Coushatta Tribe of Louisiana.

CITY OF OAKDALE, LOUISIANA
Special Revenue Funds

Combining Balance Sheet
June 30, 2003
With Comparative Totals for June 30, 2002

	<u>Sales Tax Fund</u>	<u>Fire Department Fund</u>	<u>Gaming Revenue Fund</u>	<u>2003</u>	<u>2002</u>
ASSETS					
Cash	\$ 23,280	\$ -	\$ 284,201	\$ 307,481	\$ 208,887
Receivables:					
Sales tax	52,499	-	-	52,499	66,574
Fire insurance tax	-	19,392	-	19,392	22,648
Gaming revenue	-	-	82,194	82,194	-
Due from other funds:					
Master Bank	53,515	-	606	54,121	84,709
General Fund	-	-	-	-	16,689
Sales Tax Fund	-	-	-	-	815
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 129,294</u>	<u>\$ 19,392</u>	<u>\$ 367,001</u>	<u>\$ 515,687</u>	<u>\$ 400,322</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ -	\$ 5,271	\$ -	\$ 5,271	\$ 8,109
Due to other funds	-	14,121	-	14,121	80,509
Total liabilities	<u> </u>	<u>19,392</u>	<u> </u>	<u>19,392</u>	<u>88,618</u>
Fund balances - reserved	<u>129,294</u>	<u> </u>	<u>367,001</u>	<u>496,295</u>	<u>311,704</u>
Total liabilities and fund balances	<u>\$ 129,294</u>	<u>\$ 19,392</u>	<u>\$ 367,001</u>	<u>\$ 515,687</u>	<u>\$ 400,322</u>

CITY OF OAKDALE, LOUISIANA
Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2003
With Comparative Totals for Year Ended June 30, 2002

	2003			
	Sales Tax Fund	Fire Department Fund	Gaming Revenue Fund	2002
Revenues:				
Taxes	\$ 839,061	\$ 107,811	\$ -	\$ 958,763
Intergovernmental	-	1,210	-	1,320
Miscellaneous	-	2,662	410,157	314,095
Total revenues	839,061	111,683	410,157	1,274,178
Expenditures:				
Current -				
General government	16,774	-	5,878	23,422
Public safety	-	178,041	25,696	198,765
Health and recreation	-	-	3,322	1,500
Public works	-	-	10,958	-
Capital outlay	-	-	81,639	41,117
Total expenditures	16,774	178,041	127,493	264,804
Excess (deficiency) of revenues over expenditures	822,287	(66,358)	282,664	1,009,374
Other financing sources (uses):				
Operating transfers in	-	66,358	-	259,463
Operating transfers out	(822,287)	-	(98,073)	(1,086,427)
Proceeds from borrowing	-	-	-	90,732
Total other financing sources (uses)	(822,287)	66,358	(98,073)	(736,232)
Excess of revenues and other sources over expenditures and other uses	-	-	184,591	273,142
Fund balances, beginning	129,294	-	182,410	129,294
Residual equity transfers to Utility System Fund	-	-	-	(90,732)
Fund balances, ending	\$ 129,294	\$ -	\$ 367,001	\$ 311,704

CITY OF OAKDALE, LOUISIANA
Special Revenue Fund
Sales Tax Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (GAAP Basis) and Actual
Year Ended June 30, 2003

With Comparative Actual Amounts for Year Ended June 30, 2002

	2003		Variance - Favorable (Unfavorable)	2002 Actual
	Budget	Actual		
Revenues:				
Taxes	\$ 848,000	\$ 838,697	\$ (9,303)	\$ 853,032
Miscellaneous	<u>4,000</u>	<u>364</u>	<u>(3,636)</u>	<u>-</u>
Total revenues	<u>852,000</u>	<u>839,061</u>	<u>(12,939)</u>	<u>853,032</u>
Expenditures:				
General government -				
Sales tax collection fees	<u>-</u>	<u>16,774</u>	<u>(16,774)</u>	<u>17,061</u>
Total expenditures	<u>-</u>	<u>16,774</u>	<u>(16,774)</u>	<u>17,061</u>
Excess of revenues over expenditures	<u>852,000</u>	<u>822,287</u>	<u>(29,713)</u>	<u>835,971</u>
Other financing uses:				
Operating transfers out	835,380	822,287	(13,093)	(836,735)
Proceeds from borrowings	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,732</u>
Total other financing sources (uses)	<u>835,380</u>	<u>822,287</u>	<u>(13,093)</u>	<u>(746,003)</u>
Excess of revenues over expenditures and other uses	16,620	-	16,620	89,968
Fund balance, beginning	129,294	129,294	-	129,294
Residual equity transfers to Utility System Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>(90,732)</u>
Fund balance, ending	<u>\$ 145,914</u>	<u>\$ 129,294</u>	<u>\$ 16,620</u>	<u>\$ 128,530</u>

CITY OF OAKDALE, LOUISIANA
Special Revenue Fund
Fire Department Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (GAAP Basis) and Actual
Year Ended June 30, 2003

With Comparative Actual Amounts for Year Ended June 30, 2002

	2003		Variance - Favorable (Unfavorable)	2002 Actual
	Budget	Actual		
Revenues:				
Taxes -				
Ad valorem taxes	\$ 83,000	\$ 88,419	\$ 5,419	\$ 83,081
Fire insurance tax	-	19,392	19,392	22,650
Intergovernmental -				
Allen Parish Policy Jury	1,320	1,210	(110)	1,320
Miscellaneous	1,000	2,662	1,662	3,961
Total revenues	<u>85,320</u>	<u>111,683</u>	<u>26,363</u>	<u>111,012</u>
Expenditures:				
Public safety -				
Salaries	102,850	122,411	(19,561)	106,333
Fringe benefits	15,906	19,484	(3,578)	13,928
Office and operating supplies	14,000	6,310	7,690	14,468
Uniforms	500	245	255	246
Repairs and maintenance	10,195	8,897	1,298	8,875
Telephone and utilities	11,000	11,846	(846)	11,359
Training	250	144	106	280
Insurance	7,366	6,932	434	6,882
Gas, oil, tires, and batteries	2,500	1,772	728	3,104
Bond issuance costs	-	-	-	-
Miscellaneous	-	-	-	-
Capital expenditures	-	-	-	-
Total expenditures	<u>164,567</u>	<u>178,041</u>	<u>(13,474)</u>	<u>165,475</u>
Deficiency of revenues over expenditures	(79,247)	(66,358)	12,889	(54,463)
Other financing sources (uses):				
Operating transfers in	-	66,358	66,358	54,463
Total other financing sources	<u>-</u>	<u>66,358</u>	<u>66,358</u>	<u>54,463</u>
Deficiency of revenues and other sources over expenditures	(79,247)	-	79,247	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	<u>\$ (79,247)</u>	<u>\$ -</u>	<u>\$ 79,247</u>	<u>\$ -</u>

DEBT SERVICE FUNDS

These funds are used to accumulate monies for payment of general obligation debt consisting of the following:

General Obligation Refunding Bonds - City and Sewerage District No. 1, all secured as to payment by ad valorem taxes assessed on all property and improvements in the City of Oakdale.

Certificates of Indebtedness - all secured upon the dedication and pledging of excess annual revenues of the General Fund.

Sales Tax Refunding Bonds Series 2000, dated August 1, 2000, payable from proceeds of the one percent city sales and use tax.

Revolving Loan payable to the Louisiana Department of Environmental Quality (LDEQ). The loan is secured by a borrower bond issued to LDEQ in the amount of \$1,500,000 secured by a pledge of the City's 1% sales tax.

CITY OF OAKDALE, LOUISIANA
Debt Service Funds

Combining Balance Sheet
June 30, 2003
With Comparative Totals for June 30, 2002

	General Obligation Refunding City	General Obligation Refunding Sewerage District No. 1	Certificate of Indebtedness 1996
ASSETS			
Restricted assets:			
Debt service accounts	<u>\$ 16,381</u>	<u>\$ 40,122</u>	<u>\$ 67,343</u>
Total assets	<u>\$ 16,381</u>	<u>\$ 40,122</u>	<u>\$ 67,343</u>
LIABILITIES AND FUND BALANCES			
Due to other funds	\$ 8,067	\$ 67,701	\$ -
Fund balances:			
Reserved for debt service	<u>8,314</u>	<u>(27,579)</u>	<u>67,343</u>
Total liabilities and fund balances	<u>\$ 16,381</u>	<u>\$ 40,122</u>	<u>\$ 67,343</u>

Sales Tax Refunding Bond 1999	Certificate of Indebtedness Series 2000	Certificate of Indebtedness 2002	Revolving Loan	Totals	
				2003	2002
<u>\$ 60,410</u>	<u>\$ 6,752</u>	<u>\$ 21,554</u>	<u>\$ 146,052</u>	<u>\$ 358,614</u>	<u>\$ 395,054</u>
<u>\$ 60,410</u>	<u>\$ 6,752</u>	<u>\$ 21,554</u>	<u>\$ 146,052</u>	<u>\$ 358,614</u>	<u>\$ 395,054</u>
\$ (2,151)	\$ 1,375	\$ -	\$ 34,805	\$ 109,797	\$ 150,362
<u>62,561</u>	<u>5,377</u>	<u>21,554</u>	<u>111,247</u>	<u>248,817</u>	<u>244,692</u>
<u>\$ 60,410</u>	<u>\$ 6,752</u>	<u>\$ 21,554</u>	<u>\$ 146,052</u>	<u>\$ 358,614</u>	<u>\$ 395,054</u>

CITY OF OAKDALE, LOUISIANA
Debt Service Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2003
With Comparative Totals for Year Ended June 30, 2002

	General Obligation Refunding City	General Obligation Refunding Sewerage District No. 1	Certificate of Indebtedness 1996
Revenues:			
Taxes	\$ -	\$ -	\$ -
Miscellaneous	<u>830</u>	<u>112</u>	<u>1,361</u>
Total revenues	<u>830</u>	<u>112</u>	<u>1,361</u>
Expenditures:			
Debt service -			
Principal retirement	-	-	55,000
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>12,650</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>67,650</u>
Excess (deficiency) of revenues over expenditures	830	112	(66,289)
Other financing sources:			
Operating transfers in	<u>-</u>	<u>-</u>	<u>66,000</u>
Total other financing services	<u>-</u>	<u>-</u>	<u>66,000</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	830	112	(289)
Fund balances, beginning	<u>7,484</u>	<u>(27,691)</u>	<u>67,632</u>
Fund balances, ending	<u><u>\$ 8,314</u></u>	<u><u>\$ (27,579)</u></u>	<u><u>\$ 67,343</u></u>

Sales Tax Refunding Bond 1999	Certificate of Indebtedness 2000	Certificate of Indebtedness 2002	Revolving Loan	Totals	
				2003	2002
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,669
<u>1,395</u>	<u>-</u>	<u>961</u>	<u>608</u>	<u>5,267</u>	<u>9,264</u>
<u>1,395</u>	<u>-</u>	<u>961</u>	<u>608</u>	<u>5,267</u>	<u>75,933</u>
95,000	13,000	42,480	10,000	215,480	580,123
<u>9,202</u>	<u>8,779</u>	<u>-</u>	<u>57,150</u>	<u>87,781</u>	<u>100,627</u>
<u>104,202</u>	<u>21,779</u>	<u>42,480</u>	<u>67,150</u>	<u>303,261</u>	<u>680,750</u>
(102,807)	(21,779)	(41,519)	(66,542)	(297,994)	(604,817)
<u>103,363</u>	<u>20,400</u>	<u>63,073</u>	<u>49,283</u>	<u>302,119</u>	<u>481,291</u>
<u>103,363</u>	<u>20,400</u>	<u>63,073</u>	<u>49,283</u>	<u>302,119</u>	<u>481,291</u>
556	(1,379)	21,554	(17,259)	4,125	(123,526)
<u>62,005</u>	<u>6,756</u>	<u>-</u>	<u>128,506</u>	<u>244,692</u>	<u>368,218</u>
<u>\$ 62,561</u>	<u>\$ 5,377</u>	<u>\$ 21,554</u>	<u>\$ 111,247</u>	<u>\$ 248,817</u>	<u>\$ 244,692</u>

CITY OF OAKDALE, LOUISIANA
Debt Service Funds

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

	General Obligation Refunding - City			General Obligations Refunding - Sewerage District No. 1		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:						
Taxes - ad valorem	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	830	830	-	112	112
Total revenues	-	830	830	-	112	112
Expenditures:						
Debt service -						
Principal, interest, fiscal charges and advance refunding escrow	-	-	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	830	830	-	112	112
Other financing sources:						
Operating transfers in	-	-	-	-	-	-
Total other financing services	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	830	830	-	112	112
Fund balances, beginning	7,484	7,484	-	(27,691)	(27,691)	-
Fund balances, ending	<u>\$ 7,484</u>	<u>\$ 8,314</u>	<u>\$ 830</u>	<u>\$ (27,691)</u>	<u>\$ (27,579)</u>	<u>\$ 112</u>

Certificate of Indebtedness - 1996

<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
\$ -	\$ -	\$ -
<u>1,750</u>	<u>1,361</u>	<u>(389)</u>
<u>1,750</u>	<u>1,361</u>	<u>(389)</u>
<u>67,650</u>	<u>67,650</u>	<u>-</u>
(65,900)	(66,289)	(389)
<u>65,000</u>	<u>66,000</u>	<u>1,000</u>
<u>65,000</u>	<u>66,000</u>	<u>1,000</u>
(900)	(289)	611
<u>67,632</u>	<u>67,632</u>	<u>-</u>
<u>\$ 66,732</u>	<u>\$ 67,343</u>	<u>\$ 611</u>

(Continued)

CITY OF OAKDALE, LOUISIANA
Debt Service Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget (GAAP Basis) and Actual (Continued)
Year Ended June 30, 2003

	Sales Tax Refunding Bond 1999			Indebtedness 2000		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
	Budget	Actual	(Unfavorable)	Budget	Actual	(Unfavorable)
Revenues:						
Taxes - ad valorem	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	1,395	1,395	-	-	-
Total revenues	-	1,395	1,395	-	-	-
Expenditures:						
Debt service -						
Principal, interest, fiscal charges and advance refunding escrow	103,417	104,202	(785)	20,250	21,779	(1,529)
Deficiency of revenues over expenditures	(103,417)	(102,807)	610	(20,250)	(21,779)	(1,529)
Other financing sources:						
Operating transfers in	103,417	103,363	(54)	20,250	20,400	150
Total other financing services	103,417	103,363	(54)	20,250	20,400	150
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	556	556	-	(1,379)	(1,379)
Fund balances, beginning	62,005	62,005	-	6,756	6,756	-
Fund balances, ending	\$ 62,005	\$ 62,561	\$ 556	\$ 6,756	\$ 5,377	\$ (1,379)

Revolving Loan			Indebtedness 2002		
Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	608	608	-	961	961
-	608	608	-	961	961
<u>61,405</u>	<u>67,150</u>	<u>(5,745)</u>	<u>-</u>	<u>42,480</u>	<u>(42,480)</u>
(61,405)	(66,542)	(5,137)	-	(41,519)	(41,519)
<u>61,405</u>	<u>49,283</u>	<u>(12,122)</u>	<u>-</u>	<u>63,073</u>	<u>63,073</u>
<u>61,405</u>	<u>49,283</u>	<u>(12,122)</u>	<u>-</u>	<u>63,073</u>	<u>63,073</u>
-	(17,259)	(17,259)	-	21,554	21,554
<u>128,506</u>	<u>128,506</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 128,506</u>	<u>\$ 111,247</u>	<u>\$ (17,259)</u>	<u>\$ -</u>	<u>\$ 21,554</u>	<u>\$ 21,554</u>

CAPITAL PROJECTS FUND

LCDBG Sewer System Improvement Fund – To account for the financing and improvement of the City’s sewer system.

2001 Demonstrated Needs Federal Grant as well as a Sewer System Improvement Grant both financed by the LCDGB.

Police Station Bonds, Series 2002 – To account for the financing and construction of the City’s police station.

CITY OF OAKDALE, LOUISIANA
Capital Projects Fund

Balance Sheet
June 30, 2003

ASSETS

	Street Improvements	Police Station Construction	Total
Cash	\$ 2	\$ 768,157	\$ 768,159
Miscellaneous receivables	-	-	-
Total assets	\$ 2	\$ 768,157	\$ 768,159

LIABILITIES AND FUND BALANCES

Accounts payable	\$ -	\$ -	\$ -
Fund balance	2	768,157	768,159
Total liabilities and fund balance	\$ 2	\$ 768,157	\$ 768,159

CITY OF OAKDALE, LOUISIANA
 Capital Projects Fund
 Street Improvements Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance –
 Budget (GAAP Basis) and Actual
 June 30, 2003

	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:			
Intergovernmental revenue	\$ -	\$ 312,518	\$ 312,518
Expenditures:			
Current -			
Capital outlay	-	312,516	312,516
Excess of revenues over expenditures	-	2	2
Fund balance, beginning	-	-	-
Fund balance, ending	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 2</u>

CITY OF OAKDALE, LOUISIANA
 Capital Projects Fund
 Police Station

Statement of Revenues, Expenditures, and Changes in Fund Balance –
 Budget (GAAP Basis) and Actual
 June 30, 2003

	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:			
Miscellaneous	\$ -	\$ 5,499	\$ 5,499
Expenditures:			
Current -			
Capital outlay	-	87,342	87,342
Deficiency of revenues over expenditures	-	(81,843)	(81,843)
Other financing sources (uses):			
Proceeds from bonds	-	850,000	850,000
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	768,157	768,157
Fund balance, beginning	-	-	-
Fund balance, ending	<u>\$ -</u>	<u>\$ 768,157</u>	<u>\$ 768,157</u>

ENTERPRISE FUND

Utility Fund - To account for the provision of water and sewerage services to the residents of the City and some adjacent areas. All activities necessary to provide these services are accounted for in this fund, including, but not limited to: administration, operation, maintenance, financing and related debt service, and billing and collections.

CITY OF OAKDALE, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Balance Sheets
June 30, 2003 and 2002

	2003	2002
ASSETS		
Current assets:		
Cash	\$ 43	\$ 43
Accounts receivables	135,707	131,941
Other receivables	-	45,331
Due from Master Bank Fund	<u>236,154</u>	<u>468,043</u>
Total current assets	<u>371,904</u>	<u>645,358</u>
Restricted assets:		
Customers' deposit accounts	69,954	99,069
Sewer plant replacement accounts	<u>133,811</u>	<u>115,490</u>
Total restricted assets	<u>203,765</u>	<u>214,559</u>
Property, plant and equipment, at cost, net of accumulated depreciation (2003 - \$6,047,067; 2002 - \$5,692,690)	<u>4,381,630</u>	<u>4,736,006</u>
Total assets	<u>\$4,957,299</u>	<u>\$5,595,923</u>

LIABILITIES AND FUND EQUITY	<u>2003</u>	<u>2002</u>
Liabilities:		
Current liabilities (payable from current assets) -		
Accounts payable	\$ 69,861	\$ 120,531
Other current liabilities	823	1,212
Due to General Fund	<u>-</u>	<u>78,933</u>
Total current liabilities (payable from current assets)	<u>70,684</u>	<u>200,676</u>
Current liabilities (payable from restricted assets) -		
Payable from customers' deposit accounts:		
Customers' deposits	<u>65,403</u>	<u>63,557</u>
Total current liabilities (payable from restricted assets)	<u>65,403</u>	<u>63,557</u>
Total liabilities	<u>136,087</u>	<u>264,233</u>
Fund equity:		
Contributed capital	<u>5,343,893</u>	<u>5,538,020</u>
Retained earnings -		
Reserved for sewer plant replacement	133,811	115,490
Unreserved	<u>(656,492)</u>	<u>(321,820)</u>
Total accumulated deficit	<u>(522,681)</u>	<u>(206,330)</u>
Total fund equity	<u>4,821,212</u>	<u>5,331,690</u>
Total liabilities and fund equity	<u>\$4,957,299</u>	<u>\$5,595,923</u>

CITY OF OAKDALE, LOUISIANA

Comparative Statements of Revenues, Expenses, and Changes in Retained Earnings
 Enterprise Fund
 Utility Fund
 Years Ended June 30, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Operating revenues:		
Utility sales - net	\$ 971,130	\$ 949,683
Service and miscellaneous charges	<u>59,112</u>	<u>52,048</u>
Total operating revenues	<u>1,030,242</u>	<u>1,001,731</u>
Operating expenses:		
Salaries	138,041	138,563
Fringe benefits	24,245	23,957
Supplies	49,834	47,300
Repairs and maintenance	98,691	112,182
Auto and truck expenses	12,313	14,289
Utilities	170,534	177,310
Insurance	14,781	13,900
Bad debts	8,712	10,298
Other	32,169	51,507
Depreciation	<u>354,376</u>	<u>327,408</u>
Total operating expenses	<u>903,696</u>	<u>916,714</u>
Operating income	<u>126,546</u>	<u>85,017</u>
Nonoperating revenues (expenses):		
Special assistance	-	40,348
Interest earned	1,725	14,265
Interest expense	<u>-</u>	<u>(3,342)</u>
Total nonoperating revenues	<u>1,725</u>	<u>51,271</u>
Income before operating transfers	128,271	136,288
Operating transfers		
Operating transfers in	-	151,212
Operating transfers out	<u>(638,751)</u>	<u>(853,628)</u>
Total operating transfers	<u>(638,751)</u>	<u>(702,416)</u>
Net income (loss) before the add back of depreciation on federal grants	(510,480)	(566,128)
Add: Depreciation on fixed assets acquired by capital grants that reduces contributed capital from capital grants	<u>194,129</u>	<u>194,129</u>
Net decrease in retained earnings	(316,351)	(371,999)
Retained earnings, beginning	<u>(206,330)</u>	<u>165,669</u>
Accumulated deficit, ending	<u><u>\$ (522,681)</u></u>	<u><u>\$ (206,330)</u></u>

CITY OF OAKDALE, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statements of Operating Expenses By Department
Years Ended June 30, 2003 and 2002

	2003	2002
Water department:		
Salaries	\$ 27,924	\$ 24,262
Fringe benefits	6,468	5,308
Supplies	30,935	29,680
Repairs and maintenance	29,978	19,205
Auto and truck expenses	8,118	7,305
Utilities	69,672	71,308
Insurance	6,969	6,224
Bad debts	8,712	10,298
Other	14,243	14,651
Depreciation	72,197	44,416
Total water department	275,216	232,657
Sewer department:		
Salaries	110,117	114,301
Fringe benefits	17,777	18,649
Supplies	18,899	17,620
Repairs and maintenance	68,713	92,977
Auto and truck expenses	4,195	6,984
Utilities	100,862	106,002
Insurance	7,812	7,676
Other	17,926	36,856
Depreciation	282,179	282,992
Total sewer department	628,480	684,057
Total operating expenses	\$ 903,696	\$ 916,714

CITY OF OAKDALE, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statements of Cash Flows
Years Ended June 30, 2003 and 2002

	2003	2002
Cash flows from operating activities:		
Operating income	\$ 126,546	\$ 85,017
Adjustments to reconcile operating income to net cash provided by operating activities -		
Depreciation	354,376	327,408
Changes in assets and liabilities:		
Customers receivables	(3,766)	1,883
Due from Master Bank	231,889	215,810
Other receivables	45,331	(32,699)
Accounts payable	(50,670)	(57,876)
Other current liabilities	(389)	(144)
Due to other funds	(78,933)	-
Total adjustments	497,838	454,382
Net cash provided by operating activities	624,384	539,399
Cash flows from noncapital financing activities:		
Government subsidies	-	40,348
Decrease (increase) in customer deposits - net	1,847	(8,212)
Operating transfers in	-	151,212
Operating transfer out	(638,750)	(853,628)
Net cash used by noncapital financing activities	(636,903)	(670,280)
Cash flows from capital and related financing activities:		
Contributed capital	-	90,731
Acquisition of property, plant and equipment	-	(90,731)
Repayments of revenue bonds and other indebtedness	-	(65,000)
Interest paid on long-term debt	-	(3,342)
Net cash used by capital and related financing activities	-	(68,342)
Cash flows from investing activities:		
Proceeds from the maturity of investments	115,490	133,742
Purchase of investments	(133,811)	(115,490)
Interest received on investments	1,725	14,265
Net cash provided (used) by investing activities	(16,596)	32,517
Net decrease in cash and cash equivalents	(29,115)	(166,706)
Cash and cash equivalents, beginning of period	99,112	265,818
Cash and cash equivalents, end of period	\$ 69,997	\$ 99,112

FIDUCIARY FUND

Master Bank Fund - To account for the operating checking account used by the City.

CITY OF OAKDALE, LOUISIANA
Fiduciary Fund
Master Bank Fund

Comparative Balance Sheets
June 30, 2003 and 2002

	2003	2002
ASSETS		
Cash	\$ -	\$ 49,356
Due from General Fund	225,914	363,554
Due from Gaming Fund	-	2,756
Due from Fire Department Fund	14,121	32,043
Due from Bonded Debt	109,797	150,362
Total assets	\$ 349,832	\$ 598,071
LIABILITIES AND FUND BALANCE		
Liabilities:		
Bank overdraft	\$ 8,480	\$ -
Other accrued liabilities	51,077	45,319
Due to Sales Tax Fund	53,515	84,709
Due to Utility Fund	236,154	468,043
Due to Gaming Fund	606	-
Total liabilities	349,832	598,071
Fund balance	-	-
Total liabilities and fund balance	\$ 349,832	\$ 598,071

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets not used in proprietary fund operations.

CITY OF OAKDALE, LOUISIANA
General Fixed Assets Account Group

Comparative Statements of General Fixed Assets
June 30, 2003 and 2002

	2003	2002
General fixed assets, at cost:		
Land	\$ 532,583	\$ 532,583
Buildings	5,636,569	5,636,569
Improvements other than buildings	192,139	178,306
Equipment	1,123,927	1,047,564
Automobiles and trucks	<u>1,173,950</u>	<u>1,145,189</u>
Total general fixed assets	<u>\$8,659,168</u>	<u>\$8,540,211</u>
Investment in general fixed assets:		
Property acquired from -		
General obligation bonds	\$ 1,307,320	\$ 1,307,320
General Fund revenue	2,392,836	2,392,836
Gaming Fund revenue	113,456	31,817
Federal and state grants	3,724,281	3,686,963
Contributions from the public	1,046,275	1,046,275
Estimated value of assets acquired prior to June 30, 1972	<u>75,000</u>	<u>75,000</u>
Total investment in general fixed assets	<u>\$8,659,168</u>	<u>\$8,540,211</u>

CITY OF OAKDALE, LOUISIANA
General Fixed Assets Account Group

Statement of Changes in General Fixed Assets
Statement of General Fixed Assets By Function
Year Ended June 30, 2003

	Land	Buildings	Improvements other than Buildings	Equipment	Automobiles and Trucks	Total
General Fixed Assets, June 30, 2002	\$ 532,583	\$ 5,636,569	\$ 178,306	\$ 1,047,563	\$ 1,145,190	\$ 8,540,211
Additions:						
Gaming Fund Revenues	-	-	13,833	59,706	8,100	81,639
Federal and State Grants	-	-	-	16,658	20,660	37,318
General Fixed Assets, June 30, 2003	<u>\$ 532,583</u>	<u>\$ 5,636,569</u>	<u>\$ 192,139</u>	<u>\$ 1,123,927</u>	<u>\$ 1,173,950</u>	<u>\$ 8,659,168</u>

STATEMENT OF GENERAL FIXED
ASSETS BY FUNCTION

General government	\$ 330,190	\$ 2,744,101	\$ 12,762	\$ 219,520	\$ 39,760	\$ 3,346,333
Public safety	40,000	148,624	45,505	364,564	917,331	1,516,024
Recreation	157,393	2,733,844	114,881	134,374	-	3,140,492
Public works	<u>5,000</u>	<u>10,000</u>	<u>18,991</u>	<u>405,469</u>	<u>216,859</u>	<u>656,319</u>
	<u>\$ 532,583</u>	<u>\$ 5,636,569</u>	<u>\$ 192,139</u>	<u>\$ 1,123,927</u>	<u>\$ 1,173,950</u>	<u>\$ 8,659,168</u>

GENERAL LONG-TERM DEBT ACCOUNT GROUP

CITY OF OAKDALE, LOUISIANA
General Long-Term Debt Account Group

Combining Statement of General Long-Term Debt
June 30, 2003

	Sales Tax	Ad Valorem Taxes	Fund Revenue	Total
AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT				
Amount available in debt service funds for debt retirement	\$ 62,651	\$ -	\$ 94,274	\$ 156,925
Amounts to be provided from				
Sales and use tax	1,504,761	-	-	1,504,761
Ad valorem taxes	-	-	-	-
General Fund revenue	-	-	1,159,032	1,159,032
Total available and to be provided	<u>\$ 1,567,412</u>	<u>\$ -</u>	<u>\$ 1,253,306</u>	<u>\$ 2,820,718</u>
GENERAL LONG-TERM DEBT				
Bonds payable	1,567,412	-	1,118,000	2,685,412
Estimated liabilities for claims and judgements	-	-	135,306	135,306
	<u>\$ 1,567,412</u>	<u>\$ -</u>	<u>\$ 1,253,306</u>	<u>\$ 2,820,718</u>

OTHER SUPPLEMENTARY DATA

CITY OF OAKDALE, LOUISIANA

Utility System Enterprise Fund
Schedule of Number of Utility Customers
(Unaudited)
June 30, 2003

	<u>Number of Customers water and sewer</u>
Metered or estimated:	
July, 2002	2364
August, 2002	2375
September, 2002	2368
October, 2002	2365
November, 2002	2364
December, 2002	2352
January, 2003	2363
February, 2003	2361
March, 2003	2367
April, 2003	2376
May, 2003	2378
June, 2003	2383

INTERNAL CONTROL, COMPLIANCE
AND
OTHER GRANT INFORMATION

CITY OF OAKDALE, LOUISIANA

Summary Schedule of Prior Year Findings
Year Ended June 30, 2003

02-1 Segregation of Duties

This issue is unresolved. See current year finding 03-01.

02-2 Budget Violations

This issue is unresolved. See current year finding 03-2.

ML-1-02 Timely Billings

This issue has been resolved.

ML-2-02 Gaming Compliance

This issue is unresolved. See current year finding 03-4.

ML-3-02 Open Meetings

This issue has been resolved.

ML-4-02 Ethics Code

This issue is unresolved. See current year ML-1-03.

ML-5-02 RLF Cash Management

This issue has been resolved.

CITY OF OAKDALE, LOUISIANA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2003

Part 1: Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report - Financial Statements

A qualified opinion has been issued on the City of Oakdale, Louisiana's primary government financial statements as of and for the year ended June 30, 2003.

Reportable Conditions - Financial Reporting

One reportable condition in internal control over financial reporting was disclosed during the audit of the financial statements and is shown as item 03-1, in Part 2 and is considered to be a material weakness.

Material Noncompliance – Financial Reporting

Two instances of noncompliance were disclosed during the audit of the financial statements and are shown as items 03-2 and 03-4 in Part 2.

FEDERAL AWARDS

Major Program Identification

The City of Oakdale, Louisiana, at June 30, 2003, had two major programs:

- LCDBG Demonstrated Needs Grant, CFDA#14.228, which funds from the Department of Housing and Urban Development “passed through” the Louisiana Division of Administration Office of Community Development.
- LCDBG Grant, CFDA#14.228, which funds from the Department of Housing and Urban Development “passed through” the Louisiana Division of Administration Office of Community Development.

Low-Risk Auditee

The City of Oakdale was not considered a low-risk auditee for the fiscal year ended June 30, 2003.

Major Program – Threshold

The dollar threshold to distinguish Type A and Type B Programs is \$300,000 for the fiscal year ended June 30, 2003.

CITY OF OAKDALE, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2003

Auditor's Report – Major Programs

An unqualified opinion has been issued on the City of Oakdale's compliance for its major programs as of and for the year ended June 30, 2003.

Reportable Conditions – Major Programs

No reportable conditions were disclosed during the audit of major programs.

Compliance Findings Related to Federal Programs

The results of our tests disclosed one instance of noncompliance during the audit of major programs and is shown as item 03-3 in Part 3.

Part 2: Findings Relating to an Audit in Accordance with Government Auditing Standards

03-1 Individual Segregation of Accounting Functions

Finding:

Due to the small number of accounting personnel, the City did not have adequate segregation of functions within the accounting system.

Recommendation:

Based on the size of the operation and the cost-benefit of hiring additional accounting personnel, it may not be feasible to achieve a complete segregation of duties.

03-2 Budget Amendments

Finding:

State law requires that budgets be amended when actual expenditures plus estimated future expenditures exceed budgeted amounts by 5% or more. Noted during the course of our audit was the fact that certain budgeted line items were not amended as required by state law.

Recommendation:

We recommend that budgets be reviewed on an ongoing basis and be amended when actual plus estimated expenditures exceed budgeted amounts by 5% or more.

CITY OF OAKDALE, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2003

03-4 Gaming Compliance

Finding:

Noted during the course of our audit was the fact that the City receives funding from the Coushatta Indian Tribe. A Compact with the State of Louisiana describes how the City may use these funds. In our testing procedures, we noted certain instances where expenditures were charged to the gaming fund that may not be in accordance with the aforementioned Compact. There were, however, other qualifying expenditures coded in other funds that would constitute acceptable uses of gaming funds. Consequently, we recommend that the City Treasurer be aware of the allowable costs that may be paid for and charged to the gaming fund and continually monitor this area to ensure compliance.

Recommendation:

We recommend that the City Clerk continually monitor changes to the Gaming Fund to ensure compliance.

Part 3: Findings and Questioned Costs Relating to Federal Programs

The results of our tests disclosed no findings or questioned costs related to federal programs.

03-3 Dual Signatures

LCDBG Programs require dual signatures for disbursements of grant funds. Numerous checks were noted with only one signature.

CITY OF OAKDALE, LOUISIANA

Management's Corrective Action Plan For Current Year Findings
Year Ended June 30, 2003

Response to finding 03-1:

A complete segregation of duties is not feasible due to the cost-benefit of hiring additional personnel and the size of the Organization.

Response to finding 03-2:

The City has recently hired a new City Clerk who will begin performing an analysis on an ongoing basis to identify potential budget violations requiring amendments.

Response to finding 03-3:

The City Clerk has been made aware of the requirement for dual signatures and will ensure that all such disbursements include two signatures.

Response to finding 03-4:

The City Clerk has been made aware of acceptable uses of the Gaming Funds and will continually monitor the use of these funds to ensure compliance.

Response to ML-1-03:

The Mayor and Council will consider formulating an ethics code for themselves and employees which would include state law and the practical application as to the day-to-day affairs of the City and related affiliations of the public officials and employees.

Response to ML-2-03:

The City Clerk has devised new monthly closing procedures in an effort to detect potential errors that may arise. Additionally, all cash accounts and accounts payable will be reconciled on a monthly basis.

CITY OF OAKDALE, LOUISIANA

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2003

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	Federal CFDA Number	Disbursements Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT Passed through Louisiana Division of Administration Office of Community Development	14.228	\$ <u>312,518</u>
Total federal assistance		\$ <u><u>312,518</u></u>

NOTE 1 BASIS OF PRESENTATION

The above schedule of expenditures of federal awards includes the federal grant activity of the City of Oakdale, Louisiana and is presented on the same basis of accounting as described in Note 1 to the financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."



(A Corporation of Certified Public Accountants)

Eugene H. Darnall, CPA, Retired 1990
Paula D. Bihm, CPA, Deceased 2002

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Eugene H. Darnall, III, CPA
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Julie T. Templet, CPA
Barbara A. Clark, CPA
Monica F. Laverne, CPA
Lauren F. Verrett, CPA
Michelle B. Borrello, CPA
Jeremy C. Meaux, CPA
Kevin S. Young, CPA

Management Letter

The Honorable Mayor Robert Abrusley
and City Council Members
City of Oakdale, Louisiana

We have audited the financial statements of the City of Oakdale, Louisiana as of and for the year ended June 30, 2003, and have issued our report thereon dated September 13, 2003. We conducted our audit in accordance with standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations".

As a part of our examination, we have issued our report on the financial statements, dated September 13, 2003, and our report on internal control and compliance with laws, regulations and contracts, as of the same date.

During the course of our audit, we became aware of the following matters which represent immaterial deviations of compliance or suggestions for improving internal controls.

Suggestion ML-1-03 – Ethics Code

Noted during the course of our audit and through discussions with the Mayor was the fact that the City does not maintain a listing of forbidden transactions that the Mayor and Councilmen should avoid (with the City) in their duties as elected officials. Accordingly, we recommend that the Mayor and Council, on an annual basis, declare their businesses and affiliations in writing, as an awareness tool and method of advising the Mayor and City Clerk of possible improper transactions and ethics law that could occur. Furthermore, the Council should also consider formulating and adopting an ethics code for the Council, Mayor and employees, which would include state law and the practical application as to day-to-day affairs of the City and related affiliations of the public officials and public employees.

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American Institute of
Certified Public Accountants

Society of Louisiana
Certified Public Accountants

The Honorable Mayor Robert Abrusley
and City Council Members
Page 2

Suggestion ML-2-03 – Accounting Errors

Noted during the course of our audit was the fact that several accounting errors were made and not corrected prior to year-end which required numerous adjusting entries. Additionally, it was also noted that accounts payable and various cash accounts had not been reconciled as of June 30, 2003. We recommend that the City Clerk and accounting staff exercise care in the performance and review of recording transactions to ensure that they are recorded properly and that all accounts requiring reconciliation be performed on a monthly basis.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Eunice, Louisiana
September 13, 2003