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Financial Report

(Compiled)

St. Tammany Parish Sewerage District No. 7

September 30, 1998

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

Release Date ~~MAR 3 1 1999~~

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September 30, 1998

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FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Supervisors,
St. Tammany Parish Sewerage District No. 7
State of Louisiana
Slidell, Louisiana.

We have compiled the accompanying general purpose financial statements of St. Tammany Parish Sewerage District No.7, State of Louisiana (the District), a component unit of St. Tammany Parish, State of Louisiana as of and for the year ended September 30, 1998, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management of the District. We have not audited or reviewed the accompanying general purpose financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, we have issued a report, dated February 8, 1999, on the results of our agreed-upon procedures.

The financial statements for the year ended September 30, 1998, were audited by other accountants, and they expressed an unqualified opinion on them in their report dated February 18, 1998, but they have not performed any auditing procedures since that date.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, La.,
February 8, 1999.

**BALANCE SHEETS - PROPRIETARY FUND TYPE -
ENTERPRISE FUND**

St. Tammany Parish Sewerage District No. 7

September 30, 1998 (Unaudited) and 1997 (Audited)

ASSETS

	1998 <u>(Unaudited)</u>	1997 <u>(Audited)</u>
Current		
Cash	\$ 12,808	\$ 4,859
Accounts receivables (net of \$ 66,000 in 1998 and \$68,500 in 1997 allowance for doubtful accounts)	11,234	12,057
Prepaid insurance	<u>1,940</u>	<u>2,324</u>
Total current assets	<u>25,982</u>	<u>19,240</u>
Restricted Assets		
Cash and cash equivalents	82,761	21,006
Current portion of assessment receivables, including billed interest	203,964	190,784
Noncurrent portion of assessment receivables	94,060	118,847
Less allowance for assessment adjustment	(225,000)	(225,000)
Accrued interest on assessments	4,100	5,200
Real estate holdings	<u>13,365</u>	<u>13,365</u>
Total restricted assets	<u>173,250</u>	<u>124,202</u>
Sewer System, Building and Equipment		
Land	10,000	10,000
Sewerage system	4,061,683	4,061,683
Building	86,450	86,450
Furniture and fixtures	22,502	22,502
Transportation	<u>20,173</u>	<u>20,173</u>
Total sewer system, building and equipment	4,200,808	4,200,808
Accumulated depreciation	<u>(1,570,921)</u>	<u>(1,432,287)</u>
Net book value	<u>2,629,887</u>	<u>2,768,521</u>
Totals	<u>\$ 2,829,119</u>	<u>\$ 2,911,963</u>

See notes to financial statements and accountant's report.

LIABILITIES AND FUND EQUITY

	<u>1998</u> <u>(Unaudited)</u>	<u>1997</u> <u>(Audited)</u>
Current		
Current liabilities (payable from current assets):		
Due to EPA	\$ 124,461	\$ 120,324
Accounts payable	6,518	3,634
Accrued payroll taxes	397	180
Deposits	<u>7,800</u>	<u>7,450</u>
Total liabilities	<u>139,176</u>	<u>131,588</u>
Fund Equity		
Contributed capital	2,484,392	2,615,409
Retained earnings	<u>205,551</u>	<u>164,966</u>
Total fund equity	<u>2,689,943</u>	<u>2,780,375</u>
Totals	<u>\$ 2,829,119</u>	<u>\$ 2,911,963</u>

**STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN
RETAINED EARNINGS - PROPRIETARY FUND TYPE -
ENTERPRISE FUND**

St. Tammany Parish Sewerage District No. 7

For the years ended September 30, 1998 (Unaudited) and 1997 (Audited)

	1998 (Unaudited)	1997 (Audited)
Operating Revenues		
Sewerage fees	\$ 136,097	\$ 131,943
Late fees	2,434	2,486
Other	1,286	1,901
	139,817	136,330
Operating Expenses		
Personal services:		
Salaries	13,521	10,611
Board of Supervisor fees	2,940	2,250
Contract labor		396
Payroll taxes	1,304	1,092
	17,765	14,349
Supplies and materials:		
Repairs and replacement	16,368	17,324
Office expense	2,997	2,281
Postage	1,351	1,384
Truck expense	58	998
	20,774	21,987
Outside services:		
Treatment plant usage	44,922	30,460
Professional fees	7,874	8,618
Provision for bad debts (recovery)	(2,500)	(12,500)
Utilities	19,818	11,264
Insurance	6,933	5,974
Telephone	781	822
Security	360	360
	78,188	44,998
Depreciation	138,634	138,633
Total operating expenses	255,361	219,967
Operating loss (carried forward)	(115,544)	(83,637)

**Exhibit B
(Continued)**

	1998 <u>(Unaudited)</u>	1997 <u>(Audited)</u>
Operating loss (brought forward)	<u>(115,544)</u>	<u>(83,637)</u>
Non-Operating Revenue (Expense)		
Interest income from:		
Assessment receivables	24,153	26,813
Cash equivalents	2,519	2,521
Recovery of attorney and late fees on assessments	2,577	3,465
Sale of real estate holdings - property seized	-	8,044
Interest expense - long term debt	-	(6,332)
Interest expense - EPA claim	(4,137)	(4,137)
Provision for assessment adjustments	<u>-</u>	<u>(31,451)</u>
Total non-operating revenue (expense)	<u>25,112</u>	<u>(1,077)</u>
Net loss	<u>(90,432)</u>	<u>(84,714)</u>
Transferred To Contributed Capital		
Depreciation	<u>131,017</u>	<u>131,016</u>
Increase In Retained Earnings	40,585	46,302
Retained Earnings		
Beginning of year	<u>164,966</u>	<u>118,664</u>
End of year	<u>\$ 205,551</u>	<u>\$ 164,966</u>

See notes to financial statements and accountant's report.

STATEMENTS OF CASH FLOWS -
PROPRIETARY FUND TYPE - ENTERPRISE FUND

St. Tammany Parish Sewerage District No. 7

For the years ended September 30, 1998 (Unaudited) and 1997 (Audited)

	1998 <u>(Unaudited)</u>	1997 <u>(Audited)</u>
Cash Flows From Operating Activities		
Operating loss	\$(115,544)	\$ (83,637)
Adjustments to reconcile operating loss to cash provided by operating activities:		
Depreciation	138,634	138,633
Decrease (increase) in assets:		
Accounts receivable	823	(2,749)
Prepaid insurance	384	329
Increase (decrease) in current liabilities:		
Accounts payable	2,884	(105)
Accrued payroll taxes	217	180
Deposits	350	1,050
Total adjustments	<u>143,292</u>	<u>137,338</u>
Net cash provided by operating activities	<u>27,748</u>	<u>53,701</u>
Cash Flows From Capital and Related Financing Activities		
Collection of assessment receivable	39,437	51,166
Interest paid on long-term debt	-	(23,992)
Payment on long-term debt	-	(204,763)
Net cash provided by (used for) capital and related financing activities	<u>39,437</u>	<u>(177,589)</u>

**Exhibit C
(Continued)**

	1998 <u>(Unaudited)</u>	1997 <u>(Audited)</u>
Cash Flows From Investing Activities		
Interest income	2,519	2,521
Investment in seized properties	<u>-</u>	<u>10,140</u>
Net cash provided by investing activities	<u>2,519</u>	<u>12,661</u>
Net Increase (Decrease) In Cash	69,704	(111,227)
Cash and Cash Equivalents		
Beginning of year	<u>25,865</u>	<u>137,092</u>
End of year	<u>\$ 95,569</u>	<u>\$ 25,865</u>

See notes to financial statements and accountant's report.

NOTES TO FINANCIAL STATEMENTS

St. Tammany Parish Sewerage District No. 7

September 30, 1998 (Unaudited) and 1997 (Audited)

See Accountant's Report

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation

The accompanying general purpose financial statements of the St. Tammany Parish Sewerage District No. 7 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

b. Reporting Entity

St. Tammany Parish Sewerage District No. 7 is a component unit of the St. Tammany Parish Police Jury, the governing body of the parish and the governmental body with oversight responsibility. The accompanying general purpose financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

c. Fund Accounting

The St. Tammany Parish Sewerage District No. 7 is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continued basis be financed or recovered primarily through user charges.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Enterprise Fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund is included on the balance sheet. The Enterprise Fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

e. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

f. Cash and Cash Equivalents

Cash includes amounts in regular checking accounts and short-term investments in certificates of deposit.

g. Accounts Receivable

Accounts receivable represent uncollected sewerage and late fees which are billed monthly. An allowance account has been provided for the District's estimate of possible charge-offs as adjustments for sewer receivables.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Restricted Assets

Restricted assets were originally set aside to retire long-term debt which was fully paid in 1997 with collections from assessments and operations. Since operations have funded long-term debt in excess of restricted assets, the restricted assets can be transferred to operations. The Board has restricted these funds until the claim with EPA is settled and then intends to use the balance of the funds for upgrading the sewerage system.

i. Sewer System, Building and Equipment

Fixed assets of the District are included on the balance sheet of the Fund. Interest costs incurred during construction were capitalized. Depreciation of all exhaustible fixed assets are charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives of 5 to 30 years.

Depreciation expense applicable to those fixed assets acquired through capital contributions is closed out to the related contributed capital accounts rather than retained earnings. It is considered preferable under the matching concept, as receipts of these fixed assets have been recorded as additions to contributed capital.

j. Compensated Absences

The District does not have a formal policy relating to vacation and sick leave.

k. Retirement

All employees are covered by social security.

l. Concentration of Credit Risk

The District provides services to an area near Slidell, Louisiana. This area is dependent on the New Orleans, Louisiana industries, fishing and tourism. The primary area of risk is in accounts receivable. Service fees are basically unsecured. Front footage assessments are secured by lien.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Reclassification

Certain 1997 amounts have been reclassified to conform with 1998 classifications. Such reclassifications had no effect on reported increase in retained earnings.

Note 2 - CASH AND CASH EQUIVALENTS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal office in Louisiana or any other federally insured investment.

State law also requires that deposits of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes the FDIC/FSLIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposit. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

For the year ended September 30, 1998, all of the District's cash and certificates of deposits were either insured by FDIC/FSLIC insurance or collateralized by securities held by the Federal Home Loan Bank of Atlanta.

Note 3 - ASSESSMENT RECEIVABLES

When the Sewer System was constructed, property owners were assessed for \$2,012,580 to help pay for the system. The property owners had the option of paying their assessment in full or the District would bill them over a 20-year period for their assessment including interest at 9%. Assessments are billed on or about May 1 each year and payment is due shortly thereafter. Current portion of assessment receivable at September 30, 1998 and 1997 includes an estimated May 1, 1999 and 1998 billing of principal of \$15,678 and \$17,605, respectively. The remaining portion represents unpaid interest and assessments previously billed.

Note 3 - ASSESSMENT RECEIVABLES (Continued)

Noncurrent assessment receivables represents assessments that are not scheduled to be billed until the following May. This principal amount will be billed in equal annual installments through May 2005 plus interest at 9%.

As of September 30, 1998, the District's assessment accounts were as follows:

<u>Delinquent</u>	<u>Number of Accounts</u>	<u>Current Portion of Assessment Receivables</u>	<u>Noncurrent Portion of Assessment Receivables</u>	<u>Total</u>
Never paid	9	\$116,340	\$ 15,285	\$131,625
Eleven years	3	12,456	2,621	15,077
Ten years	2	7,425	1,561	8,986
Nine years	7	19,498	5,729	25,227
Eight years	4	9,008	2,899	11,907
Seven years	-	-	-	-
Six years	8	10,597	4,939	15,536
Five years	-	-	-	-
Four years	4	3,441	2,598	6,039
Three years	4	4,123	4,289	8,412
Two years	5	1,295	1,424	2,719
One year	9	4,103	13,251	17,354
Current	<u>66</u>	<u>-</u>	<u>55,142</u>	<u>55,142</u>
Subtotals	<u>121</u>	188,286	109,738	<u>\$298,024</u>
Amount to be billed May 1, 1999		<u>15,678</u>	<u>(15,678)</u>	
Totals		<u>\$203,964</u>	<u>\$ 94,060</u>	

The District has recorded \$225,000 in 1998 and 1997 as an allowance for assessments adjustment on these receivables.

Note 4 - DUE TO EPA

On February 17, 1993, the United States Environmental Protection Agency (EPA) issued an audit report regarding the District's construction grant for the Sewer Plant. The report requested a refund of \$103,428. The District has requested a hardship waiver of the assessment. Until a resolution of the audit is made, the District has accrued the entire claim as a liability. Beginning in September 1993, interest at 4% accrues on this claim. For the years ended September 30, 1998 and 1997, \$4,137 in interest was accrued for each year. Accrued interest at September 30, 1998 was \$21,033.

Note 5 - CONTRIBUTED CAPITAL

A cumulative summary of the Enterprises Fund contributed capital is as follows:

Contributions in aid of constructing from:	
Environmental Protection Agency	\$ 2,058,651
Property owners	<u>2,012,580</u>
	4,071,231
Less depreciation on and write off of assets constructed substantially from funds supplied by contributions in aid of construction	
	<u>(1,586,839)</u>
Total	<u>\$ 2,484,392</u>

A summary of changes in the Enterprise Fund contributed capital is as follows:

Contributed capital at October 1, 1996	\$2,746,425
Depreciation - 1997	<u>(131,016)</u>
Contributed capital at September 30, 1997	2,615,409
Depreciation - 1998	<u>(131,017)</u>
Contributed capital at September 30, 1998	<u>\$2,484,392</u>

Note 6 - BOARD OF SUPERVISORS MEETINGS

Attendance and payment for Board of Supervisors meetings were as follows:

	Number of		Payment	
	<u>Meetings Attended</u>			
	<u>1998</u>	<u>1997</u>	<u>1998</u>	<u>1997</u>
Iris Calogero	13	11	780	550
Estelle Chretien	12	12	720	600
Robert A. Doll	13	10	780	500
Lois Mock	11	12	660	600
Frank Skiles	13	12	<u>-</u>	<u>-</u>
Totals			<u>\$2,940</u>	<u>\$2,250</u>

Note 7 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction to assets, errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance in amounts it believes sufficient to cover the risks of loss to which it is exposed.

Note 8 - ECONOMIC DEPENDENCY

The District is dependent on the services of the City of Slidell for treatment plant usage.

SPECIAL REPORTS



Bourgeois Bennett

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Supervisors,
St. Tammany Parish Sewerage District No. 7
State of Louisiana
Slidell, Louisiana.

We have performed the procedures included in the Louisiana Government Audit Guide and enumerate below, which were agreed to by the management of and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the District's compliance with certain laws and regulations during the year ended September 30, 1998 included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purposes.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

For the year ended September 30, 1998, the District did not incur expenditures for materials and supplies exceeding \$15,000 or public works exceeding \$100,000.

Code of Ethics for Public Officials and Public Employees

2. Obtained from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management appeared on the list provided by management in agreed-upon procedure.

Budgeting

5. Obtained a copy of the legally adopted budget and all amendments.

As an enterprise fund, the District is not required to adopt a formal budget. The District does, however, prepare an operating budget for cash inflows it anticipates from sewerage fees and cash expenditures expected for operating expenses. The District does not budget interest income from assessment receivables or cash equivalents and does not budget depreciation.

Management provided us with a copy of the original operating budget. There were no amendments to the budget during the year.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original operating budget to the minutes of a meeting held on October 15, 1997 which indicate that the operating budget had been adopted by the commissioners of St. Tammany Parish Sewerage District No. 7 by a unanimous vote. No amendments were made to the operating budget during the year.

7. Compare the revenue and expenditures of the final operating budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

Actual operating revenues exceeded budgeted operating revenues and actual expenditures were less than budgeted amounts for 1998.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

a) trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

b) determine if payments were properly coded to the correct fund and general ledger account;

All six of the payments were properly coded to the correct fund and general ledger account.

c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approvals from the secretary / treasurer and the Board. A listing of all checks issued is prepared monthly which the Board reviews with the supporting documentation and signs the listing.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

St. Tammany Parish Sewerage District No. 7 is only required to post a notice of each meeting and the accompanying agenda on the door of the district's office building. The notice for the meetings were visible on the District's bulletin board.

Debt

10. Examined bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advance, or gifts.

A reading of the minutes of the district for the year indicated that no payments for bonuses, advances, or gifts were noted. We also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

The prior auditor's report dated February 18, 1998, did not include any comments or unresolved matters.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of St. Tammany Parish Sewerage District No. 7 and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, La.,
February 8, 1999.

**LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)**

8 February 1999 (Date Transmitted)

Bourgeois Bennett
P.O. Box 60600
New Orleans, LA 70160-0600

(Auditors)

In connection with your compilation of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office..

Yes No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [] No [] *N/A*

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes No []

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes No []

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes No []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

Janice McQueen Secretary 17 Feb 1999 Date

Treasurer _____ Date

Franklin Shiles President 3/5/99 Date