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COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana

**General Purpose Financial Statements
With Accountant's Compilation Report
and Agreed-Upon Procedures Report
As of and for the Year Ended
December 31, 1997**

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 4/17/98

COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana

General Purpose Financial Statements
With Accountant's Compilation Report
and Agreed-Upon Procedures Report
As of and for the Year Ended
December 31, 1987

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M. Carleen Dumas

CERTIFIED PUBLIC ACCOUNTANT

208 DONALDSON ROAD • COLUMBIA, LOUISIANA 70225 • TELEPHONE 338-644-5526

Accountant's Compilation Report

BOARD OF COMMISSIONERS
COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana

I have compiled the accompanying general purpose financial statements and supplemental information schedules, as listed in the foregoing table of contents, of the Columbia Heights Water District as of December 31, 1993, and for the year then ended, in accordance with standards established by *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 and schedules information that is the representation of management. I have not audited or reviewed the accompanying 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, I have issued a report dated June 5, 1994, on the results of my agreed-upon procedures.



Columbia, Louisiana

June 5, 1994

Receipt Acknowledged
Legislative Auditor

By *R. Mandan*

**GENERAL PURPOSE FINANCIAL STATEMENTS
(OVERVIEW)**

COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana
PROPRIETARY FUND TYPE - ENTERPRISE FUND

Balance Sheet, December 31., 1997

ASSETS

Current assets:

Cash	\$51,411
Investments	218,328
Accounts receivable - water sales	18,074
Total current assets	<u>287,813</u>

Restricted assets:

Cash	109,418
Investments	90,313

Property, plant and equipment (net of accumulated depreciation)

386,508

TOTAL ASSETS

\$1,001,672

LIABILITIES AND FUND EQUITY

Current liabilities (payable from current assets) - accounts payable

\$13,108

Current liabilities (payable from restricted assets):

Meter deposits	36,468
Accrued interest payable	7,934
Revenue bonds payable	17,956
Total current liabilities (payable from restricted assets)	<u>62,358</u>

Long-term liabilities - revenue bonds payable

371,836

Total liabilities

437,332

(Continued)

See accompanying notes and accountant's compilation report.

COLUMBIA HEIGHTS WATER DISTRICT
 Columbia, Louisiana
 ALL FUND TYPES AND ACCOUNT GROUPS
 Combined Balance Sheet, etc.

Fund Equity:	
Contributed capital	<u>\$331,900</u>
Retained earnings:	
Reserved for revenue bonds	77,933
Unreserved - undesignated	<u>175,089</u>
Total retained earnings	<u>252,942</u>
Total fund equity	<u>584,842</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$1,021,872</u>

(Continued)

See accompanying notes and accountant's compilation report.

COLUMBIA HEIGHTS WATER DISTRICT
 Columbia, Louisiana
PROPRIETARY FUND TYPE - ENTERPRISE FUND

Statement of Revenues, Expenses, and
 Changes in Retained Earnings
 For the Year Ended December 31, 1997

OPERATING REVENUES	
Water sales	\$166,837
Tap fees	2,625
Other operating income	4,465
Total revenues	<u>173,927</u>
OPERATING EXPENSES	
Office expense	3,652
Commissioners fees	3,300
Repairs and maintenance	35,557
Utilities and telephones	26,573
Professional fees	3,423
Collection expense	3,700
Insurance	9,258
Salaries and related benefits	33,405
Sales tax	4,723
Truck expense	6,168
Depreciation	28,944
Other operating expenses	1,768
Total operating expenses	<u>159,462</u>
OPERATING INCOME	<u>14,465</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest earned on deposits	32,686
Interest expense	(39,324)
Total non-operating revenues (expenses)	<u>(6,638)</u>
NET INCOME	17,827
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>258,138</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$275,965</u>

See accompanying notes and accountant's compilation report.

COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana
PROPRIETARY FUND TYPE - ENTERPRISE FUND

Statement of Cash Flows
For the Year Ended December 31, 1997

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Income	<u>\$14,468</u>
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Depreciation	28,944
Increase in accounts receivable	(1,377)
Increase in meter deposits	2,469
Increase in accounts payable	<u>1,477</u>
Total adjustments	<u>31,499</u>
Net cash provided by operating activities	<u>45,967</u>
CASH FLOWS FROM CAPITAL	
FINANCING ACTIVITIES	
Principal and interest on revenue bonds	(35,096)
Purchase of property and equipment	<u>(33,530)</u>
Net cash used by capital financing activities	<u>(68,626)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earnings on bank deposits	<u>17,031</u>
NET DECREASE IN CASH	<u>(8,681)</u>
CASH AT BEGINNING OF YEAR	<u>167,580</u>
CASH AT END OF YEAR	<u>\$158,899</u>

See accountant's compilation report and accompanying notes.

COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 1997

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Columbia Heights Water District was created by the Caldwell Parish Police Jury as authorized by Louisiana Revised Statute 33:3811 for the purpose of supplying safe drinking water to the population of the district. The district is governed by a five member board appointed by the police jury. As provided by Louisiana Revised Statute 33:3887, the Columbia Heights Water District commissioners receive \$80 per meeting attended. The district serves approximately 643 customers and has three employees.

A. BASIS OF PRESENTATION

The accompanying general purpose financial statements of the Columbia Heights Water District 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 established governmental accounting and financial reporting principles.

B. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Caldwell Parish Police Jury is the financial reporting entity for Caldwell Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Caldwell Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

See accountant's compilation report.

COLUMBIA HEIGHTS WATER DISTRICT

Columbia, Louisiana

Notes to the financial statements (Continued)

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the police jury to impose its will on the organization and/or;
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints the governing body of the district and has the ability to impose its will on the district, the district was determined to be a component unit of the Caldwell Parish Police Jury, the financial reporting entity. The accompanying 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 financial reporting entity.

C. FUND ACCOUNTING

Columbia Heights Water District 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 continuing basis be financed or recovered primarily through user charges.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined

See accountant's compilation report.

COLUMBIA HEIGHTS WATER DISTRICT

Columbia, Louisiana

Notes to the financial statements (Continued)

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 is reported in the accompanying financial statements on the accrual basis of accounting. Revenues, such as water sales and other operating income are recognized when they are earned. Interest on bank deposits is recorded when the interest is credited to the account. All expenses of the district are recognized when they are incurred.

E. RESTRICTED ASSETS

Certain resources of the Enterprise Fund set aside for the repayment of revenue bonds and refunding of customer meter deposits are classified as restricted assets on the balance sheet because their use is limited.

F. CASH

Cash includes amounts in demand deposits and interest-bearing demand deposits. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with banks organized under the laws of the State of Louisiana and the laws of any other state in the union, or the laws of the United States.

G. INVESTMENTS

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. At December 31, 1997, the district's investments consist of nonnegotiable certificates of deposits with original maturities that exceed 90 days that are reported in the accompanying financial statements at cost. The bank balances of the deposits are fully secured from risk by federal deposit insurance and the pledge of securities owned by the fiscal agent bank.

See accountant's compilation report.

COLUMBIA HEIGHTS WATER DISTRICT

Columbia, Louisiana

Notes to the financial statements (Continued)

H. FIXED ASSETS

Fixed assets of the district are included on the balance sheet of the enterprise fund and are recorded at actual cost. Fixed assets reported on the balance sheet are net of accumulated depreciation. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over estimated useful lives of 40 years for the water system and from 5 to 10 years for equipment.

I. LONG-TERM DEBT

Revenue bonds financed from Enterprise Fund operations are accounted for in the Enterprise Fund.

J. CONTRIBUTED CAPITAL

Contributed capital is recorded in proprietary funds that have received capital grants or contributions when such resources are restricted for the acquisition or construction of capital assets. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired from such resources.

K. CASH

At December 31, 1997, the district has cash (bank balances) totaling \$160,849, as follows:

Demand deposits:	
Non-interest bearing	\$57,566
Interest-bearing	<u>103,283</u>
Total	<u>\$160,849</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the remaining bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. Cash and investments (bank balances) at December 31, 1997, are secured as follows:

See accountant's compilation report.

COLUMBIA HEIGHTS WATER DISTRICT
 Columbia, Louisiana
 Notes to the financial statements (Continued)

Bank balances	<u>\$422,016</u>
Federal deposit insurance	206,000
Pledged securities (amortized)	<u>253,727</u>
Total	<u>\$881,743</u>

3. FIXED ASSETS

A summary of fixed assets at December 31, 1997, follows:

Land	\$57,488
Plant and equipment	<u>1,056,108</u>
	1,113,596
Less accumulated depreciation	<u>(517,088)</u>
Property, plant and equipment, net	<u>\$596,508</u>

4. LONG-TERM DEBT

The long-term liability for revenue bonds represents bonds sold by the district to the United States Department of Agriculture, Farmers Home Administration under the Water and Waste Disposal Systems for Rural Communities Loan Program (CFRPA 10-418). The district issued revenue bonds in the amount of \$188,900 in 1969 and \$533,100 in 1980. The 1969 bonds bear interest at 4.75 percent and the 1980 bonds bear interest at 5 percent.

The following is a summary of revenue bonds payable transactions for the year ended December 31, 1997:

Revenue bonds payable at January 1, 1997	\$406,401
Retirements	<u>(518,578)</u>
Revenue bonds payable at December 31, 1997	<u>\$287,823</u>

The annual requirement to amortize all bonds outstanding at December 31, 1997, including interest of \$216,309, is as follows:

See accountant's compilation report.

COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana
Notes to the financial statements (Continued)

Year	
1998	\$58,668
1999	34,218
2000	92,135
2001 and thereafter	<u>500,118</u>
Total	<u>\$885,139</u>

5. RESERVED RETAINED EARNINGS

The bond covenants for the revenue bonds discussed in note 4 above, require the district to establish the following reserve accounts:

- A. A "Sinking Fund". The district must transfer \$1,648 into this fund each month. Such transfers will be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments.
- B. A "Reserve Fund". The district must transfer into this fund \$274 each month until a total of \$38,813 has been accumulated. Such amounts may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Sinking Fund and as to which there would otherwise be default.
- C. A "Depreciation Fund". The district must transfer into this fund \$274 each month. Money in this fund may be used for the purpose of paying the cost of extraordinary repairs or replacements which are necessary to keep the system in operating condition and for which money is not available in the maintenance and operation fund. Money in this fund may also be used to pay principal and interest on the bonds at any time there is not sufficient funds in the other bond funds.

At December 31, 1997, the district has set aside \$103,283, to meet the reserve requirements. Of that amount, \$25,990, is offset by accrued interest payable and the current portion of long-term debt, with the remaining \$77,293, reported as a reserve of retained earnings on Statement A.

See accountant's compilation report.

COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana
Notes to the financial statements (Continued)

6. LITIGATION AND CLAIMS

The district is not involved in any litigation at December 31, 1997, nor is it aware of any unasserted claims. The district maintains insurance coverage to reduce the risk of loss resulting from property damage or liability claims.

See accountant's compilation report.

SUPPLEMENTAL INFORMATION SCHEDULES

See accountant's compilation report.

COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
As of and For the Year Ended December 31, 1997

COMPENSATION PAID BOARD OF COMMISSIONERS

The schedule of per diem paid commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. The commissioners receive \$60 per meeting attended.

PRIOR AUDIT FINDINGS

The follow-up and corrective action taken on all prior audit findings is presented in the summary schedule of prior audit findings (Schedule 2).

CURRENT YEAR FINDINGS

The corrective action plan for current year findings is presented in Schedule 3.

COLUMBIA HEIGHTS WATER DISTRICT
Columbia, LouisianaSchedule of Per Diem Paid Commissioners
For the Year Ended December 31, 1997

Leon Busco	\$680
Rodney Chapman	390
G.H. Childress	680
Marshall Davis, Jr.	680
S.E. Dupont	390
Robertia Gregory	<u>680</u>
Total	<u>\$3,300</u>

COLUMBIA HEIGHTS WATER DISTRICT
Columbia, LouisianaSummary Schedule of Prior Audit Findings
For the Year Ended December 31, 1997

<u>Reference Number</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Additional Explanation</u>
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There were no prior audit findings.

COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana

Schedule 3

Corrective Action Plan
For Current Year Findings
For the Year Ended December 31, 1997

<u>Reference Number</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
Procedure 4	A member of an employer's immediate family was paid as a contract laborer.	The district will consult with its attorney on this matter.	Janine Adams, Secretary	June 30, 1998
Procedure 5	The district did not publish or post agendas for meetings.	An agenda for each meeting will be posted at least 24 hours in advance of the meeting on the door of the building where the meeting is held.	Janine Adams, Secretary	June 1998

See accountant's compilation report.

**Independent Accountant's Report on Applying
Agreed-Upon Procedures**

The following independent accountant's report on applying agreed upon procedures is presented in compliance with the requirements of the *Louisiana Governmental Staff Guide* and the *Louisiana Annularies Quinquennale*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

M. Carlton Dumas
CERTIFIED PUBLIC ACCOUNTANT

369 DONALDSON ROAD • CALHOON, LOUISIANA 71228 • TELEPHONE 337/644-5726

**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

**BOARD OF COMMISSIONERS
COLUMBIA HEIGHTS WATER DISTRICT
Columbia, Louisiana**

I have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of the Columbia Heights Water District, and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Columbia Heights Water District's compliance with certain laws and regulations during the year ended December 31, 1997, included in the accompanying *Louisiana Disclosure 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, I 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 purpose.

Public Bid Law

1. Select all expenditures made during the year for materials and supplies exceeding \$5,000, or public works exceeding \$50,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

A review was made of all disbursements for the year. There were no disbursements for materials and supplies exceeding \$5,000 nor disbursements for public works exceeding \$50,000, made during the year.

Code of Ethics for Public Officials and Public Employees

2. Obtain 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.

**Board of Commissioners
Columbia Heights Water District
Independent Accountant's Report on
Applying Agreed-Upon Procedures
December 31, 1997**

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

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

Management provided me with the required list.

4. Determine whether any of the employees included in the listing obtained from management in procedure number 3 above were also included in the listing obtained from management in procedure number 2 above as immediate family members.

None of the employees included on the list of employees provided by management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as an immediate family member. However, an employee's brother was paid \$160 during the year as a contract laborer.

Budgeting

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

The district is not legally required to adopt a budget and no budget was adopted.

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

See procedure #5.

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

See procedure #5.

Accounting and Reporting

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

- (a) trace payments to supporting documentation as to correct amount and payee;

Board of Commissioners
Columbia Heights Water District
Independent Accountant's Report on
Applying Agreed-Upon Procedures
December 31, 1997

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

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

The six selected 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 approval from the proper authorities.

Meetings

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

The district did not publish or post the agenda for meetings.

Debt

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

I inspected copies of all 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, advances, or gifts.

A reading of the minutes of the board meetings and an examination of payroll records indicated no payments which may constitute bonuses, advances, or gifts.

The prior year audit report, dated April 18, 1997, did not include any findings.

Board of Commissioners
Columbia Heights Water District
Independent Assessment's Report on
Applying Agreed-Upon Procedures
December 31, 1997

I was 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, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of the Columbia Heights Water District 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.



Colton R. Smith
Caldwell, Louisiana

June 5, 1998

Louisiana Attestation Questionnaire

The accompanying Louisiana Attestation Questionnaire has been completed by management and is included in this report as required by the Louisiana Governmental Audit Guide.

M. Carline Dumas
Certified Public Accountant
369 Donaldson Rd.
Cathon, La 70215

Mrs. Dumas,

In connection with your compilation of our financial statements of the Columbia Heights Waterworks District as of December 31, 1997 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 regulations 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 information available to us as of _____.

PUBLIC BID LAW

1. The provisions of the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office have been complied with.

Yes No N/A

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

2. No employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone which would constitute a violation of LSA-RS 42:1001-1124.

Yes No N/A

3. 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 which would constitute a violation of LSA-RS 42:1109.

Yes No N/A

BUDGETING

4. We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1300-14) or the budget requirements of LSA-RS 39:43.

Yes No N/A

ACCOUNTING AND REPORTING

5. 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 44:35.

Yes No N/A

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

Yes No N/A

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

Yes No N/A

MEETINGS

8. We have complied with the provisions of the Opening Meetings Law, LSA-RS 42:1-12.

Yes No N/A

DEBT

9. We have not incurred any indebtedness, other than credits 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 47:1410.62.

Yes No N/A

ADVANCES AND BONUSES

10. 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 N/A

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 non-compliance which may occur subsequent to the issuance of your report.



President

5-11-98

Date