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ST. TAMMANY PARISH WATERWORKS  
DISTRICT NO. 3  
Covington, Louisiana

FINANCIAL STATEMENTS AND ACCOUNTANT'S REPORT

December 31, 1998 and 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 1 4 1999

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# Angela J. Parker, CPA

A Professional Accounting Corporation

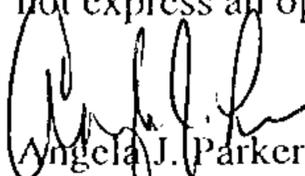
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To the Board of Commissioners  
St. Tammany Parish Waterworks District No. 3  
Covington, Louisiana

I have compiled the accompanying balance sheets of St. Tammany Parish Waterworks District No. 3 as of December 31, 1998 and 1997, and the related statements of revenues, expenses, and retained earnings and cash flows for the two years then ended as listed in the foregoing table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited in presenting in the form of financial statements 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.

The 1997 financial statements of St. Tammany Parish Waterworks District No. 3 were compiled by other accountants, whose report dated June 11, 1998, stated that they did not express an opinion or any other form of assurance on those statements.



Angela J. Parker  
Certified Public Accountant

June 17, 1999

ST. TAMMANY PARISH WATERWORKS DISTRICT NO. 3

BALANCE SHEETS

DECEMBER 31, 1998 AND 1997

ASSETS

	<u>1998</u>	<u>1997</u>
Current Assets		
Cash and cash equivalents (Note 2)	\$244,083	\$131,454
Revenues Receivable - Charges for services	11,643	14,012
Accrued Interest	1,394	49
Prepaid Insurance	2,755	2,525
	-----	-----
Total Current Assets	259,875	148,040
Restricted Assets		
Cash and cash equivalents (Note 2)	59,841	75,839
Accrued Interest	1,506	1,567
	-----	-----
	61,347	77,406
Water System, Building and Equipment (Net of accumulated depreciation)	480,011	501,976
	-----	-----
TOTAL ASSETS	<u>\$801,233</u>	<u>\$727,422</u>
	=====	=====

ST. TAMMANY PARISH WATERWORKS DISTRICT NO. 3

BALANCE SHEETS

DECEMBER 31, 1998 AND 1997

LIABILITIES AND FUND EQUITY

	1998		1997	
Current				
Current Liabilities (payable from current assets)				
Accounts Payable	1,853		\$2,957	
Due to other governmental agencies	67,224	\$69,077	23,518	\$26,475
	<hr/>		<hr/>	
Current Liabilities (payable from restricted assets):				
Revenue bonds payable:				
Bonds payable	12,000		\$11,000	
Accrued interest	118	12,118	226	11,226
	<hr/>		<hr/>	
Public Improvement bonds payable:				
Bonds payable	15,000		14,000	
Accrued interest	144		278	
Matured interest payable	574	15,718	833	15,111
	<hr/>		<hr/>	
Total current liabilities		96,913		52,812
Long Term Debt				
(Payable from restricted assets)				
Revenue bonds payable	-		12,000	
Public improvements bonds payable	-	-	15,000	27,000
	<hr/>		<hr/>	
Total liabilities		96,913		79,812
				<hr/>
				<b>FUND EQUITY</b>
Reserved for prepaid expenses		2,756		2,525
Reserved for debt service:				
Revenue bonds		33,080		22,507
Public improvement bonds		431		1,562
Reserved for right-of-way construction contingencies		10,000		10,000
Unreserved		601,287		611,016
	<hr/>		<hr/>	
Total fund equity		704,320		647,610
				<hr/>
Total		801,233		727,422
		=====		=====

ST. TAMMANY PARISH WATERWORKS DISTRICT NO. 3

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

YEARS ENDED DECEMBER 31, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
OPERATING REVENUES		
Charges for services	\$143,191	\$140,777
OPERATING EXPENSES		
Bank charges	26	-
Personal services		
Salaries and benefits	8,277	6,852
Per diem paid to commisioners	2,390	2,280
Contract labor	18,400	18,000
Office supplies and expenses	1,173	2,569
Insurance	4,505	3,322
Utilities	12,343	10,737
Professional services	2,300	1,600
Depreciation	21,965	22,086
Postage	736	-
Taxes & Licenses	1,210	2,917
Miscellaneous	-	999
Repairs & Maintenance	13,997	11,939
	-----	-----
Total operating expenses	87,322	83,301
OPERATING INCOME	55,869	57,476
NON OPERATING REVENUES		
Interest Income	3,815	2,706
Interest expense	(2,558)	(3,470)
Paying agent fee	(416)	(805)
	-----	-----
Total nonoperating expenses	841	(1,569)
NET INCOME	56,710	55,907
RETAINED EARNINGS AT BEGINNING OF YEAR	647,610	591,703
RETAINED EARNINGS AT END OF YEAR	\$704,320	\$647,610
	=====	=====

The accompanying notes are an integral part of these statements.

ST. TAMMANY PARISH WATERWORKS DISTRICT NO. 3

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
<b>Cash Flows From Operating Activities</b>		
Operating Income	\$55,869	\$57,476
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation	21,965	22,086
Decrease/( Increase) in receivables	2,369	(3,632)
(Increase) in prepaid insurance	(230)	(927)
(Decrease)/Increase in due to other governmental activity	43,706	(32,673)
Increase/(Decrease) in accounts payable	(1,104)	537
	-----	-----
Net cash provided by operating activities	122,575	42,867
<b>Cash flows from capital and related financing activities -</b>		
Acquisition and construction of capital assets	-	(6,943)
Principal paid on bonds	(25,000)	(23,000)
Interest paid on bonds	(4,343)	(4,067)
Paying agents fees	(416)	(805)
	-----	-----
Net cash used by capital and related financing activities	(29,759)	(34,815)
<b>Cash flows from investing activities -</b>		
Receipt of interest	3,815	2,706
	-----	-----
Net increase/(decrease) in cash	96,631	10,758
Cash and cash equivalents at beginning of year	207,293	196,535
	-----	-----
Cash and cash equivalents at end of year	\$303,924	\$207,293
	=====	=====

The accompanying notes are an integral part of these statements.

## ST. TAMMANY PARISH WATERWORKS

DISTRICT NO. 3  
Covington, Louisiana

### NOTES TO FINANCIAL STATEMENTS

#### INTRODUCTION

The St. Tammany Parish Waterworks District No. 3 was created by the St. Tammany Parish Police Jury, as provided by Louisiana Revised Statute (LSA-R.S.) 33:3881. The waterworks district is governed by a five-member board of commissioners who are residents of and own real estate in the district. The board is appointed by the police jury and is responsible for providing water service to users within the boundaries of the district. The water comes from deep artesian wells, and it is distributed through a central water tower. St. Tammany Waterworks District No. 3 is the collection agent for St. Tammany Parish Sewerage Districts No. 1 and No. 4.

#### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. BASIS OF PRESENTATION

The accompanying financial statements of St. Tammany Parish Waterworks District No. 3 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

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the government reporting entity. Because the district is solely accountable for fiscal matters, which include (1) responsibility for funding deficits and operating deficiencies, (2) fiscal management for controlling the collection and disbursement of funds, and (3) because of the scope of public service provided by the district, the district is a separate governmental reporting entity. The district includes all funds, activities, et cetera, that are within the oversight responsibility of the district. Certain units of local government over which the district exercises no oversight responsibility, such as the parish police jury, the parish school board, independently elected parish officials, and municipalities, within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the district.

ST. TAMMANY PARISH WATERWORKS DISTRICT NO. 3  
Notes to the Financial Statements, continued

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C. FUND ACCOUNTING

The St. Tammany Waterworks District No. 3 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.

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 are included on the balance sheet. The accrual basis of accounting is used by the Enterprise Fund. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

E. CASH AND CASH EQUIVALENTS

Cash includes amounts in interest bearing demand deposits and certificates of deposit. Under state law, the sewerage district may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

F. RECEIVABLES

The St. Tammany Parish Waterworks District No. 3 bills customers in the month following the month in which services were provided. Unbilled service charges are accrued for the month of December at year end. The district uses the direct write off method for any receivable considered to be uncollectible.

G. FIXED ASSETS

Fixed assets of the district are included on the balance sheet of the fund. Depreciation of all exhaustible fixed assets are charged as an expense against operations. Accumulated depreciation and amortization are reported on the balance sheet. Depreciation is computed using the straight line method over the estimated useful lives of 10 to 35 years.

H. LONG-TERM OBLIGATION

The waterworks district has no long-term obligations at December 31, 1998 and 1997.

ST. TAMMANY PARISH WATERWORKS DISTRICT NO. 3  
Notes to the Financial Statements, continued

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1. COMPENSATED ABSENCES AND PENSION PLAN

The district has no full-time employees; therefore, it does not have a formal vacation and sick leave policy and does not contribute to a pension plan or provide any post-retirement benefits.

2. CASH AND CASH EQUIVALENTS

At December 31, 1998 and 1997, respectively, the district has cash (book balances) totaling \$183,223 and \$161,592 in interest bearing demand deposit accounts and \$120,701 and \$45,701 in certificates of deposits. 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.

3. RESTRICTED ASSETS

Bond requirements contain limitations and restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds. The District is in compliance with all such significant limitations and restrictions. A summary of restricted assets are as follows:

Public Improvement Bonds:	
Restricted cash	<u>\$16,149</u>

The above funds are restricted to pay the remaining principal and interest for the public improvement bonds of \$15,718 ( \$15,144 principal and interest due after 1997 and \$574 matured interest unpaid).

Revenue Bonds:	
Revenue Bond and Interest Sinking Fund:	
Restricted cash	\$ 7,991
Revenue Bond Reserve Fund:	
Restricted certificates of deposit	35,701
Restricted accrued interest	<u>1,506</u>
Total	<u>\$ 45,198</u>
Total restricted assets	<u>\$ 61,347</u>

The purpose of these funds are as follows:

a) Revenue Bond and Interest Sinking Fund:

Monthly transfers are required to this Fund in an amount necessary to make the principal and interest payments as they become due. The Fund is restricted for this purpose.

b) Revenue Bond Reserve Fund:

Monthly transfers were required to be made to this fund until it accumulated the maximum amount of principal and interest due in one year. The Fund is restricted to the payment of principal and interest in case of default. Excess funds have been accumulated in the fund.

ST. TAMMANY PARISH WATERWORKS DISTRICT NO. 3  
Notes to the Financial Statements, continued

c) Depreciation and Contingencies Fund:

Monthly transfers of \$292 were required until the Fund accumulated \$17,500. The Fund is restricted to payments for extensions, additions, improvements, renewals and replacements necessary to properly operate the System. Transfers are not considered necessary since excess funds accumulated in the Revenue Bond Reserve Fund exceed the \$17,500 required accumulation for depreciation and contingencies.

4. CHANGES IN FIXED ASSETS

A summary of changes in fixed assets and related depreciation follows:

	Balance January 1, <u>1998</u>	Additions <u>1998</u>	Balance December <u>31, 1998</u>
Water System	\$657,595		\$657,595
Buildings	736		736
Equipment	46,304		46,304
	-----	-----	-----
Total	704,635	-0-	704,635
Less - Accumulated Depreciation	(202,659)	(21,965)	(224,624)
	-----	-----	-----
Balance at December 31, 1998	<u>\$501,976</u>	<u>\$(21,965)</u>	<u>\$480,011</u>
	=====	=====	=====

5. LEASES

The sewerage district has no capital or operating leases at December 31, 1998 and 1997.

6. LITIGATION

The sewerage district is not involved in any litigation at December 31, 1998.

7. DUE TO OTHER GOVERNMENTAL AGENCIES

The District is the collection agent for St. Tammany Parish Sewerage Districts No. 1 and No.4. Sewerage fees collected that have not been remitted to the sewerage districts at December 31, 1998 are as follows:

<u>Due To</u>	<u>Amount</u>
St. Tammany Parish Sewerage District No. 1	\$ 38,393
St. Tammany Parish Sewerage District No. 4	<u>\$ 28,831</u>
Total	<u>\$ 67,224</u>

ST. TAMMANY PARISH WATERWORKS DISTRICT NO. 3  
Notes to the Financial Statements, continued

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8. LONG-TERM DEBT

The following is a summary of the long-term debt transactions for the year ended December 31, 1998.

	<u>Water Revenue Bonds</u>	<u>Public Improvement Bonds</u>	<u>Total</u>
Bonds payable at January 1, 1998	\$23,000	\$29,000	\$ 52,000
Less bond principal payments in 1998	<u>(11,000)</u>	<u>(14,000)</u>	<u>(25,000)</u>
Bonds payable at December 31, 1998	<u>\$12,000</u>	<u>\$15,000</u>	<u>\$ 27,000</u>
Current Portion	<u>\$12,000</u>	<u>\$15,000</u>	<u>\$27,000</u>
Totals	<u>\$12,000</u>	<u>\$15,000</u>	<u>\$ 27,000</u>

The long-term bonded debt outstanding at December 31, 1998, consists of the remaining Revenue Bonds of \$150,000 dated May 1, 1974, and the remaining Public Improvement Bonds of \$200,000 dated May 1, 1974. These bonds were issued to construct and/or acquire a waterworks system for St. Tammany Parish Waterworks District No. 3. The bonds mature through 1999 at interest rates of 5.00 to 5.95 per cent annum. The Revenue Bonds are payable from the income and revenues derived from the operation of the waterworks district.

The Public Improvement Bonds are secured by an ad valorem tax on all taxable property within the corporate limits of the waterworks district. However, no tax was levied in 1998 for debt service requirements of the public improvement bond since sufficient funds had been accumulated to retire both the remaining principal and future interest on the outstanding bonds.

The annual requirements to amortize all bonds outstanding at December 31, 1998, including interest of \$354 and \$432 on the Water Revenue Bonds and Public Improvement Bonds, respectively, are as follows:

<u>Fiscal Year</u>	<u>Revenue Bonds</u>	<u>Public Improvement Bonds</u>	<u>Total</u>
1999	<u>\$12,354</u>	<u>\$15,432</u>	<u>\$27,786</u>
Totals	<u>\$12,354</u>	<u>\$15,432</u>	<u>\$27,786</u>

ST. TAMMANY PARISH WATERWORKS DISTRICT NO. 3  
Notes to the Financial Statements, continued

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9. PER DIEM PAID COMMISSIONERS FOR BOARD MEETINGS

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

<u>Commissioner</u>	<u>Number of Meetings Attended</u>	<u>Amount</u>
Raymond Legendre	8	\$ 480
Wilfred Glockner	12	720
John North	11	660
Cliff Williams	11	<u>660</u>
Total		<u>\$2,520</u>

# Angela J. Parker, CPA

A Professional Accounting Corporation

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

To the Board of Commissioners  
St. Tammany Waterworks District No. 3  
Covington, Louisiana

I have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the Management of St. Tammany Waterworks District No. 3 and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about St. Tammany Waterworks District No. 3's compliance with certain laws and regulations during the year ending December 31, 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, 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 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).

No one expenditure was made during the year for materials and supplies exceeding \$15,000, and no one expenditure was made for public works exceeding \$100,000.

## 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.

Management provided me with a written document stating none of the immediate family of any of the board members ever have accepted anything of value in violation of LSA-RS 42:1101-1124, nor have they been employed by the district in violation of LSA-RS 42:1101-1124.

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

Mrs. Mary Jane VanSickle is a part-time bookkeeper employed by the Waterworks District No. 3 and part of her cost is charged to the Waterworks District No. 3. There are no full-time employees of the Waterworks District No. 3.

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.

Management has stated in a written document to me that Mrs. Mary Jane VanSickle, an employee of Waterworks District No. 3, is not an immediate family member of any board member.

## Budgeting

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

Proprietary funds are not required to adopt an annual budget. The District did not adopt a budget in 1998.

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

Not applicable.

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

Not applicable.

### **Accounting and Reporting**

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

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

I examined supporting documentation for each of the six 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; and

I examined the six selected disbursements and found they were properly coded to the correct general ledger account.

c.) determine whether payments received approval from proper authorities.

I examined the six selected disbursements and found they were all signed and approved.

### **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).

There was evidence found indicating that the Waterworks District No. 3 properly posted agendas for meetings.

### **Debt**

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

I 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.

There were no employees of the Waterworks District No. 3 for the period under examination.

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of any 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 St. Tammany Waterworks District No. 3 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.

  
Angela J. Parker  
Certified Public Accountant

June 17, 1999

LOUISIANA ATTESTATION QUESTIONNAIRE  
(For Attestation Engagements of Government)

June 17, 1999 (Date Transmitted)

Angela J. Parker, CPA, APAC

P.O. Box 385

Mandeville, LA 70470-0385

(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 1-26-99 (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 [ ]

**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.

W. B. Substaller Secretary Jan 27, 1999 Date

\_\_\_\_\_  
Treasurer \_\_\_\_\_ Date

Howard Dearing President Jan 27, 1999 Date