

VILLAGE OF SUN, LOUISIANA  
GENERAL PURPOSE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 1999

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Release Date, DEC 0 1 1999

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## INDEPENDENT ACCOUNTANT'S REPORT

Honorable Floyd Mizell, Mayor  
and Members of the Board of Aldermen  
Village of Sun, Louisiana

We have compiled the accompanying general purpose financial statements of the Village of Sun, Louisiana as of June 30, 1999, and for the year then ended, and the accompanying supplemental information which is presented only for supplementary analysis purposes, as listed in the 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 to presenting in the form of financial statements and supplementary schedules information that is the representation of the management of the Village of Sun, Louisiana. We have not audited or reviewed the accompanying financial statements and supplementary schedules and, accordingly, do not express an opinion or any other form of assurance on them. However, we did become aware of a departure from generally accepted accounting principles that is described in the following paragraph.

The Village of Sun's financial statements do not disclose the required matters regarding the year 2000 issue. Disclosure of that information is required by generally accepted accounting principles.

In accordance with standards established by the American Institute of Certified Public Accountants, we have also issued a report dated November 4, 1999, on applying agreed-upon procedures for compliance with laws and regulations.

  
November 4, 1999

VILLAGE OF SUN, LOUISIANA  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 1999

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPE - ENTERPRISE	ACCOUNT GROUP - GENERAL FIXED ASSETS	TOTAL (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS			
ASSETS						
Cash and cash equivalents	\$ 20,578	\$ 21,474	\$ -	\$ 15,250	\$ -	\$ 57,302
Restricted cash and cash equivalents	-	43,593	-	32,901	-	76,494
Receivables	-	6,453	-	6,421	-	12,874
Due from other funds	1,291	12,010	-	-	-	13,301
Buildings and equipment	-	-	-	-	162,824	162,824
Utility plant and equipment	-	-	-	182,971	-	182,971
Accumulated depreciation	-	-	-	(122,101)	-	(122,101)
<b>TOTAL ASSETS</b>	<b>\$ 21,869</b>	<b>\$ 83,530</b>	<b>\$ -</b>	<b>\$ 115,442</b>	<b>\$ 162,824</b>	<b>\$ 383,665</b>

LIABILITIES, FUND EQUITY, AND OTHER CREDITS

Current liabilities						
Accounts payable and accrued liabilities	\$ 851	\$ 3,150	\$ -	\$ 652	\$ -	\$ 4,653
Due to other funds	-	3,872	-	9,429	-	13,301
Current liabilities (payable from from restricted assets)	-	-	-	-	-	-
Revenue bonds payable	-	-	-	3,372	-	3,372
Bonds payable	-	-	-	652	-	652
Accrued interest payable	-	-	-	-	-	-
Farmer's Home Administration Notes payable	-	-	-	3,314	-	3,314
Accrued interest payable	-	-	-	1,248	-	1,248
<b>Total current liabilities</b>	<b>851</b>	<b>7,022</b>	<b>-</b>	<b>18,667</b>	<b>-</b>	<b>26,540</b>
Long-term liabilities						
Revenue bonds payable	-	-	-	29,217	-	29,217
Farmer's Home Administration notes payable	-	-	-	28,213	-	28,213
<b>Total long-term liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57,430</b>	<b>-</b>	<b>57,430</b>
<b>Total liabilities</b>	<b>851</b>	<b>7,022</b>	<b>-</b>	<b>76,097</b>	<b>-</b>	<b>83,970</b>

VILLAGE OF SUN, LOUISIANA  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 1999

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPE - ENTERPRISE	ACCOUNT GROUP - GENERAL FIXED ASSETS	TOTAL (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS			
Fund equity	-	-	-	-	162,824	162,824
Investment in general fixed assets	-	-	-	-	-	-
Retained earnings	-	-	-	-	-	-
Reserved for revenue bond retirement	-	-	-	11,136	-	11,136
Reserved for Farmer's Home Administration note payable retirement	-	-	-	6,938	-	6,938
Reserved for depreciation and contingencies	-	-	-	8,244	-	8,244
Unreserved (deficit)	-	-	-	13,027	-	13,027
Fund balances	21,018	43,593	-	-	-	43,593
Reserved for water system operations and maintenance	-	32,915	-	-	-	32,915
Unreserved - undesignated	21,018	76,508	-	39,345	162,824	53,933
Total fund equity and other credits	21,018	76,508	-	39,345	162,824	299,695
TOTAL LIABILITIES, FUND EQUITY, AND OTHER CREDITS	\$ 21,869	\$ 83,530	\$ -	\$ 115,442	\$ 162,824	\$ 383,665

The accompanying notes are an integral part of this statement.

**VILLAGE OF SUN, LOUISIANA  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 1999**

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
REVENUES				
Taxes	\$ 23,847	\$ 28,437	\$ -	\$ 52,284
Licenses	7,277	-	-	7,277
Fines and forfeitures	3,214	-	-	3,214
Miscellaneous	1,591	206	-	1,797
	35,929	28,643	-	64,572
Total revenues				
EXPENDITURES				
General government	26,510	25,872	-	52,382
Public safety	25,861	-	-	25,861
Capital outlay	-	-	142,913	142,913
Waterworks operation and maintenance	-	-	-	-
	52,371	25,872	142,913	221,156
Total expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(16,442)	2,771	(142,913)	(156,584)
OTHER SOURCES (USES)				
Reimbursement from grant program	-	-	142,913	142,913
	-	-	142,913	142,913
Total other sources (uses)				
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(16,442)	2,771	-	(13,671)
FUND BALANCES - BEGINNING OF YEAR	37,460	73,737	-	111,197
FUND BALANCES - END OF YEAR	\$ 21,018	\$ 76,508	\$ -	\$ 97,526

The accompanying notes are an integral part of this statement.

VILLAGE OF SUN, LOUISIANA  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES  
 GENERAL AND SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 1999

	General Fund			Special Revenue Funds		
	Actual	Budget	Variance Favorable (Unfavorable)	Actual	Budget	Variance Favorable (Unfavorable)
<b>REVENUES</b>						
Taxes	\$ 23,847	\$ 25,000	\$ (1,153)	\$ 28,437	\$ 30,000	\$ (1,563)
Licenses	7,277	6,500	777	-	-	-
Fines and forfeitures	3,214	1,000	2,214	-	-	-
Miscellaneous	1,591	3,000	(1,409)	206	2,000	(1,794)
Total revenues	35,929	35,500	429	28,643	32,000	(3,357)
<b>EXPENDITURES</b>						
General government	26,510	15,000	(11,510)	25,872	18,500	(7,372)
Public safety	25,861	15,000	(10,861)	-	-	-
Recreation	-	-	-	-	-	-
Waterworks operation and maintenance	-	-	-	-	-	-
Total expenditures	52,371	30,000	(22,371)	25,872	18,500	(7,372)
<b>EXCESS OF (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(16,442)	5,500	(21,942)	2,771	13,500	(10,729)
<b>FUND BALANCES - BEGINNING OF YEAR</b>	37,460	37,460	-	73,737	73,737	-
<b>FUND BALANCES - END OF YEAR</b>	\$ 21,018	\$ 42,960	\$ (21,942)	\$ 76,508	\$ 87,237	\$ (10,729)

The accompanying notes are an integral part of this statement.

**VILLAGE OF SUN, LOUISIANA**  
**PROPRIETARY FUND - WATERWORKS SYSTEM ENTERPRISE FUND**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN RETAINED EARNINGS**  
**FOR THE YEAR ENDED JUNE 30, 1999**

OPERATING REVENUES	
Water and service charges	\$ 35,201
OPERATING EXPENSES	
Billing and collecting expenses	3,337
Water operations and maintenance	2,117
Insurance	2,437
Utilities and telephone	3,111
Wages	13,196
Depreciation	<u>4,523</u>
Total operating expenses	<u>28,721</u>
OPERATING INCOME	6,480
NONOPERATING INCOME (EXPENSES)	
Interest earnings	-
Miscellaneous	70
Interest expense	<u>(2,047)</u>
Total nonoperating expenses, net	<u>(1,977)</u>
NET INCOME (LOSS)	4,503
RETAINED EARNINGS - BEGINNING OF YEAR	<u>34,842</u>
RETAINED EARNINGS - END OF YEAR	<u><u>\$ 39,345</u></u>

The accompanying notes are an integral part of this statement.

**VILLAGE OF SUN, LOUISIANA**  
**PROPRIETARY FUND - WATERWORKS SYSTEM ENTERPRISE FUND**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 1999**

	<u>UNRESTRICTED CASH</u>	<u>RESTRICTED CASH</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss)	\$ 4,502	\$ -
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	4,523	-
Changes in operating assets		
(Increase) decrease in accounts receivable	1,027	-
(Increase) decrease in other receivables	-	-
Changes in operating liabilities		
Increase (decrease) in accounts payable	(1,549)	-
Increase (decrease) in other payables	1,072	-
	<u>9,575</u>	<u>-</u>
Net cash provided by (used in) operating activities		
	9,575	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Transfers from unrestricted accounts to restricted accounts	(8,834)	8,834
Principal payments on long-term commitments	-	(7,153)
	<u>(8,834)</u>	<u>1,681</u>
Net cash provided by (used in) capital and related financing activities		
	(8,834)	1,681
Net increase (decrease) in cash and cash equivalents	741	1,681
Cash and cash equivalents - beginning of year	<u>14,509</u>	<u>31,220</u>
Cash and cash equivalents - end of year	<u>\$ 15,250</u>	<u>\$ 32,901</u>

The accompanying notes are an integral part of this statement.

**VILLAGE OF SUN, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Organization

The Village of Sun, Louisiana was incorporated October 6, 1958, under the provisions of the Lawrason Act, Louisiana Revised Statutes (LSA-R.S.) 33:321-463. The Village of Sun operates under a Mayor-Board of Aldermen form of government. The general purpose financial statements of the Village of Sun include all funds, account groups, and activities that are within the oversight responsibility of the Village of Sun. Certain units of local government, over which the Village of Sun exercises no oversight responsibility, such as the St. Tammany Parish Police Jury, St. Tammany 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 that of the Village of Sun.

Basis of Presentation

The accompanying financial statements of the Village of Sun 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.

Reporting Entity

As the municipal governing authority, for reporting purposes, the Village of Sun is a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which 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 Village of Sun 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. These criteria include:

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

**VILLAGE OF SUN, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

Reporting Entity, (continued)

Considered in the determination of component units of the reporting entity were the St. Tammany Parish Police Jury, Sheriff, Clerk of Court, Assessor, School Board, District Attorney, and the Judges for the 22nd Judicial District. It was determined that these governmental entities are not component units of the Village of Sun reporting entity because they have separately elected governing bodies, are legally separate, and are fiscally independent of the Village of Sun, Louisiana.

Fund Accounting

The Village of Sun uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

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

Funds of the Village of Sun are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate "fund types."

General Fund

The General Fund is the principal fund of the Village of Sun and accounts for all financial resources, except those required to be accounted for in other funds. General operating expenditures are paid from this fund.

Special Revenue Funds

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

Capital Projects Fund

The Capital Projects Fund is used to account for the acquisition or construction of capital facilities (other than those financed by the Proprietary Fund) being financed from general obligation or certificates of obligation bonds proceeds, grants, or transfers from other funds. This includes the Louisiana Community Development Block Grant (LCDBG).

**VILLAGE OF SUN, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Proprietary Fund - Enterprise

An enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprise, 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. The waterworks system of the Village of Sun is funded primarily through user fees collected from approximately two hundred (200) customers of the system.

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 are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used by all governmental fund types. Under this method, 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 collectible within the current period or soon enough thereafter to be used to pay liabilities or 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.

Those revenues susceptible to accrual are interest and licenses. Sales taxes collected and held by the tax collector on behalf of the Village of Sun also are recognized as revenue. Substantially all other revenues are recorded when received.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. The proprietary fund for the Village of Sun includes the following:

Enterprise Fund

This fund accounts for operations (a) 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.

**VILLAGE OF SUN, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

Cash

Cash includes amounts in time deposits and interest-bearing demand deposits.

Louisiana Revised Statutes authorize the Village of Sun to invest in (1) United States bonds, treasury notes or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal offices in the State of Louisiana, an investment as stipulated in LSA-R.S. 39:1271, or any other federally insured investments or (2) in mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investments Act of 1940, and which have underlying investments consisting solely of, and limited to, securities of the US Government or its agencies. For purposes of the statement of cash flows, the Proprietary Fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed asset account group. Assets in the general fixed asset account group are not depreciated.

Fixed assets of the proprietary fund are reported on the balance sheet of the fund at cost net of accumulated depreciation. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives of fixed assets are forty (40) years.

All purchased fixed assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Long-Term Obligations

For long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as fund liability of a government fund. The remaining portion, if any, of such obligation is reported in the general long-term debt group.

Long-term liabilities of the enterprise fund are included on the balance sheet of the fund.

Budget and Budgetary Accounting

Formal budgetary accounting is employed as a management control device during the year for the general fund and special revenue funds. Budgets are adopted for the general fund and special revenue funds on a basis consistent with generally accepted accounting principles (GAAP). All appropriations, which are not expended, lapse at year end.

VILLAGE OF SUN, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Compensated Absences

The Village of Sun has no full-time employees; therefore, it does not have a formal vacation and sick leave policy. The two part-time employees are covered under the Federal Insurance Contribution Act.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve the portion of the applicable appropriation, is not employed by the Village of Sun.

Allowance For Uncollectible Receivables

The financial statements for the Village of Sun contain no allowance for uncollectible receivables. Uncollectible receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable.

Use of Estimates in the Preparation of Financial Statements

The preparation of the Village of Sun's financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect reported amounts of assets and liabilities as of June 30, 1999. Adjustments to the reported amounts of assets and liabilities may be necessary in the future to the extent that future estimates or actual results are different from the estimates used in the 1999 financial statements.

Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Interfund Transactions

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. All other interfund transfers are reported as operating transfers.

Total Columns On Combined Statements

The total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial positions or results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation.

**VILLAGE OF SUN, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE B - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Budget

In accordance with the Louisiana Local Government Budget Act, the procedures used by the Village of Sun in establishing the budgetary data reflected in the financial statements include public notices of the proposed budget, public inspections, and public hearings.

The budget is then legally adopted by the Board of Aldermen. Budgeted amounts included in the accompanying statements are as originally adopted by the Board of Aldermen as of June 3, 1998.

The accompanying combined statement of revenues, expenditures, and changes in fund balances - actual and budget - general fund and special revenue funds present comparisons of the legally adopted budget with actual data. The capital projects fund is budgeted over the life of the project and not on an annual basis; therefore, budgetary data for this fund has not been presented in the accompanying combined financial statements.

**NOTE C - CASH AND CASH EQUIVALENTS**

At June 30, 1999, the carrying amounts of the Village of Sun's deposits were as follows:

	Cash	
	Unrestricted	Restricted
Time deposits	\$ -	\$ 32,901
Interest-bearing demand deposits	57,302	43,593
	\$ 57,302	\$ 76,494

The bank balance at June 30, 1999, was \$151,280.

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 plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. The 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. At June 30, 1999, the Village of Sun had \$151,280 in deposits. These deposits are secured from risk by \$100,000 of federal deposit insurance and \$41,300 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statutes 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledge securities within 10 days of being notified by the Village of Sun that the fiscal agent has failed to pay deposited funds upon demand.

**VILLAGE OF SUN, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE D - FIXED ASSETS**

A summary of changes in general fixed assets follows:

	Balance July 1, 1998	Additions	Deletions	Balance June 30, 1999
Buildings	\$ 82,901	\$ -	\$ -	\$ 82,901
Equipment	<u>71,729</u>	<u>8,194</u>	<u>-</u>	<u>79,923</u>
Total general fixed assets	<u>\$154,630</u>	<u>\$ 8,194</u>	<u>\$ -</u>	<u>\$162,824</u>

A summary of proprietary property, plant and equipment at June 30, 1999, follows:

Water plant distribution system	\$ 92,713
Improvements to distribution system	57,681
Improvements to control panel	11,319
5 H.P. submersible pump	2,768
Fence	285
Pump, wiring, and installation	8,407
5 H.P. 3 phase pump	1,798
Backhoe	<u>8,000</u>
	182,971
Less accumulated depreciation	(122,101)
Net property, plant, and equipment	<u>\$ 60,870</u>

**NOTE E - RECEIVABLES**

Receivables at June 30, 1999, consisted of the following:

	Special Revenue	Proprietary	Total
Receivables:			
Sales taxes	\$ 6,453	\$ -	\$ 6,453
Service charges, and fees	<u>-</u>	<u>6,421</u>	<u>6,421</u>
Net receivables	<u>\$ 6,453</u>	<u>\$ 6,421</u>	<u>\$ 12,874</u>

The management of the Village of Sun considers all receivables to be collectible; therefore, no allowance has been established for doubtful accounts.

**VILLAGE OF SUN, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE F - ACCOUNTS PAYABLE**

The payables of \$4,653 at June 30, 1999, were as follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Proprietary Fund</u>	<u>Total</u>
Accounts payable	<u>\$ 851</u>	<u>\$ 3,150</u>	<u>\$ 652</u>	<u>\$ 4,653</u>

**NOTE G - LONG-TERM DEBT**

The following is a summary of the long-term debt transactions for the year ended June 30, 1999:

	<u>Revenue Bond</u>	<u>FHA Note</u>	<u>Total</u>
Long-term debt at July 1, 1998	\$ 36,199	\$ 34,847	\$ 71,046
Deductions	<u>3,610</u>	<u>3,320</u>	<u>6,930</u>
Portion classified as current at June 30, 1999	<u>3,372</u>	<u>3,314</u>	<u>6,686</u>
Long-term debt at June 30, 1999	<u>\$ 29,217</u>	<u>\$ 28,213</u>	<u>\$ 57,430</u>

The long-term debt outstanding at June 30, 1999, consisted of the remaining note payable to the Farmer's Home Administration (CFDA 10:418) dated August 17, 1967, and the Water Utility Bonds in the amount of \$69,000 dated September 18, 1981, issued to the Farmer's Home Administration (CFDA 10:418). The Revenue Promissory Note was issued for the purpose of paying the cost of construction of a waterworks system. The note matures from 1967 to 2007 at an interest rate of 4.00% per annum. The Water Utility Bonds were issued for the purpose of paying the cost of acquiring and constructing extensions and improvements to the existing waterworks system. The bonds mature from 1981 to 2006 at an interest rate of 5.00% per annum. Both the note and the bonds are secured by a mortgage on land, buildings, machinery, and equipment of the waterworks system. Neither constitutes an indebtedness of the State of Louisiana or a pledge of the general credit of the Village of Sun.

**VILLAGE OF SUN, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE G – LONG-TERM DEBT, (continued)**

The annual requirements to amortize all debt outstanding at June 30, 1999, including interest of \$6,781 and \$6,305 on the Revenue Bonds and the Farmer's Home Administration (FHA) note respectively, were as follows:

Fiscal Year	Revenue Bond	FHA Note	Total
2000	\$ 4,897	\$ 4,924	\$ 9,821
2001	4,897	4,924	9,821
2002	4,897	4,924	9,821
2003	4,897	4,924	9,821
2004	4,897	4,924	9,821
Thereafter	11,966	9,851	21,817
	<u>\$ 36,451</u>	<u>\$ 34,471</u>	<u>\$ 70,922</u>

**NOTE H - RESERVED RETAINED EARNINGS**

The revenue bonds and the FHA note instruments require that all the income and revenues earned from the operation of the system be deposited into the Waterworks Revenue Fund Account. This account is required to be maintained and administered in the following order of priority and for the following expressed purposes through the use of the following accounts:

Note Payment Fund - The bond and note instruments require that this fund be established and maintain an amount sufficient to pay the principal and the interest on the bond and note by transferring from the Waterworks Revenue Fund Account one-twelfth of the amount of principal and interest becoming due on the next succeeding payment date together with such additional proportionate sum as may be required to pay said principal and interest as the same respectively become due. As of June 30, 1999, the reserve requirement was \$6,938.

Reserve Bond Fund - The bond and note instruments require that this fund be established and maintained by transferring a sum at least equal to one-twelfth of five percent of the amount required to be paid monthly into the aforesaid Note Payment Fund. The payments into this fund must continue until such time as there has been accumulated a sum equal to the maximum amount of principal and interest due on the bond and note in any subsequent year and used solely for the purpose of paying the principal and interest each year as to which there would otherwise be default. As of June 30, 1999, the reserve requirement was \$11,136.

Depreciation Fund - The bond and note instruments require that this fund be established to care for depreciation, extensions, additions, improvements, and replacements necessary to properly operate the system by depositing in a separate bank account the sum of \$82 per month, provided that such sum is available after provision is made for the payments required under the funds previously mentioned. As of June 30, 1999, the reserve requirement was \$8,244.

**VILLAGE OF SUN, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE I - UTILITY DEPOSITS**

Subsidiary records of customer liability utility deposits are not maintained. Therefore, the actual liability of customer utility deposits could not be determined or recorded in the financial statements as of June 30, 1999.

**NOTE J - INTERFUND TRANSACTIONS**

Individual balances due from/to other funds at June 30, 1999, were as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund:		
Sales and Use Tax	\$ 1,291	\$ -
Special Revenue Funds:		
Sales and Use Tax	-	3,872
Special Sales and Use Tax	12,010	-
Proprietary Fund:		
Waterworks System Enterprise	-	9,429
	\$ 13,301	\$ 13,301

**NOTE K - GRANT**

On May 15, 1998 the Village of Sun entered into a grant agreement with the Division of Administration to receive proceeds in the amount of \$296,100 as a pass-through grant from the U.S. Department of Housing and Urban Development to construct a waterworks distribution system. The Village of Sun is reimbursed for costs expended for the acquisition and construction of the waterworks distribution system.

**NOTE L - LITIGATION**

The Village of Sun is named as a defendant in a lawsuit arising from a claim related to a violation of civil rights. While the ultimate resolution of this lawsuit cannot be predicted with certainty, in the opinion of management, based on the advice of legal counsel, more likely than not this action will be resolved with no material adverse effect to the financial position of the Village of Sun.

**VILLAGE OF SUN, LOUISIANA**  
**SUPPLEMENTAL INFORMATION SCHEDULES**  
**FOR THE YEAR ENDED JUNE 30, 1999**

**SPECIAL REVENUE FUNDS**

Sales and Use Tax

Proceeds of the one and one-half percent sales and use tax levied by the Village of Sun are dedicated to acquisition, maintenance, and construction of public roads, streets, sidewalks, bridges, recreational facilities, building, operating sewerage and water systems, public safety, and other permanent public improvements.

Special Sales and Use Tax

Proceeds of the special one percent sales and use tax levied by the Village of Sun after paying reasonable and necessary costs and expenses of collecting and administering the tax are dedicated for waterworks additions, improvements, extensions, and operation of the waterworks system.

**VILLAGE OF SUN, LOUISIANA  
COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
JUNE 30, 1999**

	Sales and Use Tax	Special Sales and Use Tax	Total (Memorandum Only)
<b>ASSETS</b>			
Cash	\$ 21,474	\$ -	\$ 21,474
Receivables	6,453	-	6,453
Restricted cash	-	43,593	43,593
Due from other funds	-	12,010	12,010
	<u>\$ 27,927</u>	<u>\$ 55,603</u>	<u>\$ 83,530</u>
 <b>LIABILITIES AND FUND EQUITY</b>			
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 2,023	\$ 1,127	\$ 3,150
Due to other funds	3,872	-	3,872
	<u>5,895</u>	<u>1,127</u>	<u>7,022</u>
 <b>Fund equity</b>			
Reserved for water system operations and maintenance	-	43,593	43,593
Unreserved - undesignated	22,032	10,883	32,915
	<u>22,032</u>	<u>54,476</u>	<u>76,508</u>
<b>Total fund equity</b>	<u>22,032</u>	<u>54,476</u>	<u>76,508</u>
<b>Total liabilities and fund equity</b>	<u>\$ 27,927</u>	<u>\$ 55,603</u>	<u>\$ 83,530</u>

**VILLAGE OF SUN, LOUISIANA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 1999**

	<u>Sales and Use Tax</u>	<u>Special Sales and Use Tax</u>	<u>Total (Memorandum Only)</u>
REVENUES			
Taxes	\$ 14,241	\$ 14,196	\$ 28,437
Miscellaneous	<u>15</u>	<u>191</u>	<u>206</u>
Total revenue	14,256	14,387	28,643
EXPENDITURES			
Wages	5,499	-	5,499
Repairs and maintenance	1,798	9,543	11,341
Supplies	636	-	636
Insurance	2,234	2,894	5,128
Legal and professional	1,075	1,141	2,216
Utilities and telephone	678	-	678
Miscellaneous	<u>295</u>	<u>79</u>	<u>374</u>
Total expenditures	<u>12,215</u>	<u>13,657</u>	<u>25,872</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,041	730	2,771
FUND BALANCES - BEGINNING OF YEAR	<u>19,991</u>	<u>53,746</u>	<u>73,737</u>
FUND BALANCES - END OF YEAR	<u>\$ 22,032</u>	<u>\$ 54,476</u>	<u>\$ 76,508</u>

VILLAGE OF SUN, LOUISIANA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES - ACTUAL AND BUDGET  
 SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 1999

REVENUES	Sales and Use Tax		Special Sales and Use Tax		Variance Favorable (Unfavorable)
	Actual	Budget	Actual	Budget	
Taxes	\$ 14,241	\$ 15,000	\$ 14,196	\$ 15,000	\$ (804)
Miscellaneous	15	1,000	191	1,000	(809)
Total revenue	14,256	16,000	14,387	16,000	(1,613)
EXPENDITURES					
Wages	5,499	5,500	-	-	-
Repairs and maintenance	1,798	1,800	9,543	5,000	(4,543)
Supplies	636	600	-	-	-
Insurance	2,234	1,600	2,894	1,400	(1,494)
Capital outlay	-	-	-	-	-
Legal and professional	1,075	750	1,141	850	(291)
Utilities and telephone	678	400	-	-	-
Miscellaneous	295	300	79	300	221
Total expenditures	12,215	10,950	13,657	7,550	(6,107)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,041	5,050	730	8,450	(7,720)
FUND BALANCES - BEGINNING OF YEAR	19,991	19,991	53,746	53,746	-
FUND BALANCES - END OF YEAR	\$ 22,032	\$ 25,041	\$ 54,476	\$ 62,196	\$ (7,720)

**VILLAGE OF SUN, LOUISIANA**  
**SUPPLEMENTAL INFORMATION SCHEDULE**  
**FOR THE YEAR ENDED JUNE 30, 1999**

**COMPENSATION PAID TO ALDERMEN**

As shown on the attached schedule, compensation paid to aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. As provided by Louisiana Revised Statute 33:405(G), the aldermen receive \$30 per month to attend board meetings.

**VILLAGE OF SUN, LOUISIANA**  
**SCHEDULE OF COMPENSATION PAID TO ALDERMEN**  
**FOR THE YEAR ENDED JUNE 30, 1999**

Aldermen	Number	Amount
Frank Blackwell	12	\$ 360
Floyd Mizell	12	360
Sidney Reggio	12	<u>360</u>
Total		<u>\$ 1,080</u>

# Skarda & Silva, L.L.P.

*Certified Public Accountants*

4331 Iberville Street

Mandeville, LA 70471

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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Honorable Floyd Mizell, Mayor  
and Members of the Board of Aldermen

We have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of the Village of Sun, Louisiana, and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of Sun's compliance with certain laws and regulations during the year ended June 30, 1999, 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 purpose.

### Public Bid Law

1. Select all expenditures made during the year for material 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).

Two expenditures were made during the year for public works exceeding \$50,000. We examined documentation which indicated that all of these expenditures had been properly advertised and accepted in accordance with the provisions of LSA-RS 38:2211-2251. There were not any expenditures made during the year for materials and supplies exceeding \$5,000.

### 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 us 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 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 [agreed-upon procedure (3)] appeared on the list provided by management in agreed-upon procedure (2).

#### **Budgeting**

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

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

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

We traced the adoption of the original budget to the minutes of a meeting held on June 3, 1998 which indicated that the budget had been adopted by the aldermen of the Village of Sun by a vote of 3 in favor and none opposed. No amendments were made to the budget during the year.

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 more than 5%.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues and expenditures for the year did not exceed budgeted amounts by more than 5%, except that expenditures of the General Fund were 42% in excess of budgeted amounts and expenditures of the Special Revenue Fund were 40% in excess of budgeted amounts.

#### **Accounting and Reporting**

8. Randomly select 6 disbursements made during the period 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; and

All 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 accountant and the board of aldermen. In addition, each of the disbursements were traced to the Village's minutes book where they were approved by the full board.

### 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 through 42:12 (the open meetings law).

The Village of Sun, Louisiana is only required to post a notice of each meeting and the accompanying agenda on the door of the Village's office building. Management has asserted that such documents were properly posted, we examined evidence supporting such assertion.

### 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.

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, advances, or gifts.

A reading of the minutes of the Village of Sun for the year indicated no approval for the payments 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.

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 the Village of Sun, Louisiana, the Legislative Auditor, State of Louisiana, and Farmer's Home Administration (FHA) 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.

  
November 4, 1999

# Skarda & Silva, L.L.P.

*Certified Public Accountants*

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Mandeville, LA 70471

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November 4, 1999

Honorable Floyd Mizell, Mayor  
and Members of the Board of Aldermen

In connection with our compilation of the financial statements of the Village of Sun for the year ended June 30, 1999, we are submitting for your consideration the accompanying recommendations designed to help you improve internal accounting controls and achieve operational efficiencies. Our comments reflect our desire to be of continuing assistance to management.

Since the comments and observations contained in this report are a by-product of the compilation of financial statements, the cost justification and other aspects of our suggestions have not been fully evaluated; these evaluations should be made by management. Therefore, we recognize that after consideration, certain suggestions and recommendations may not be practical to implement.

Our comments deal exclusively with operational, accounting and recordkeeping systems and procedures and should not be regarded as reflecting on the integrity or capabilities of anyone in your organization. Also, our comments have been restricted to weaknesses noted suggested means of improvement and are not intended as a commentary on the various favorable aspects of the Village of Sun's procedures.

We appreciate the cooperation we received from your personnel in connection with developing these recommendations and the opportunity to have been of service to you and the management. Should you have any questions about our recommendations, this letter, or other matters, please contact us at your convenience.

Very truly yours,



## VILLAGE OF SUN, LOUISIANA

### REPORT TO MANAGEMENT

#### Comment

The Local Government Budget Act (LSA-RS 39:1310) requires that the chief executive or administrative officer advise the board of aldermen in writing when actual revenues fail to meet to budgeted revenues by 5% or more, or when actual expenditures exceed budgeted expenditures by 5% or more. Furthermore, LSA-RS 39:1309 requires the board of aldermen to amend the budget upon being notified. The administrative officer did not advise the board of aldermen in writing when actual expenditures exceeded budgeted expenditures by 5% or more during the year ended June 30, 1999.

#### Response

The management of the Village of Sun will abide by the Local Government Budget Act (LSA-RS 39:1309-1310) in future by including the budget as a comparison to the actual monthly information provided at the board of aldermen meetings to assist in the budget process.

APPENDIX F. LOUISIANA ATTESTATION QUESTIONNAIRE

November 4, 1999 Date

Skarda & Silva, LLP, CPA's  
4331 Iberville Street  
Mandeville, LA 70471 (Auditors)

In connection with your compilation of our financial statements as of June 30, 1999 and for the period 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 November 4, 1999 (date).

**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 39:43.

Yes [] No [ ]

**Accounting and Reporting**

Louisiana Governmental Audit Guide

**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 44:38.

Yes  No

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 38:92, as applicable.

Yes  No  N/A

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 47:1410.60.

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.

\_\_\_\_\_  
Secretary \_\_\_\_\_ Date

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

*Megan Dwyer*  
\_\_\_\_\_  
President 11/10/99 Date

Note-Quasi-public entities should delete reference to the above statutes, unless required to follow such laws by contract with their public funding agencies. The quasi-public entities should include a representation that they have complied with the contractual provisions under which they have received state and/or local funds.