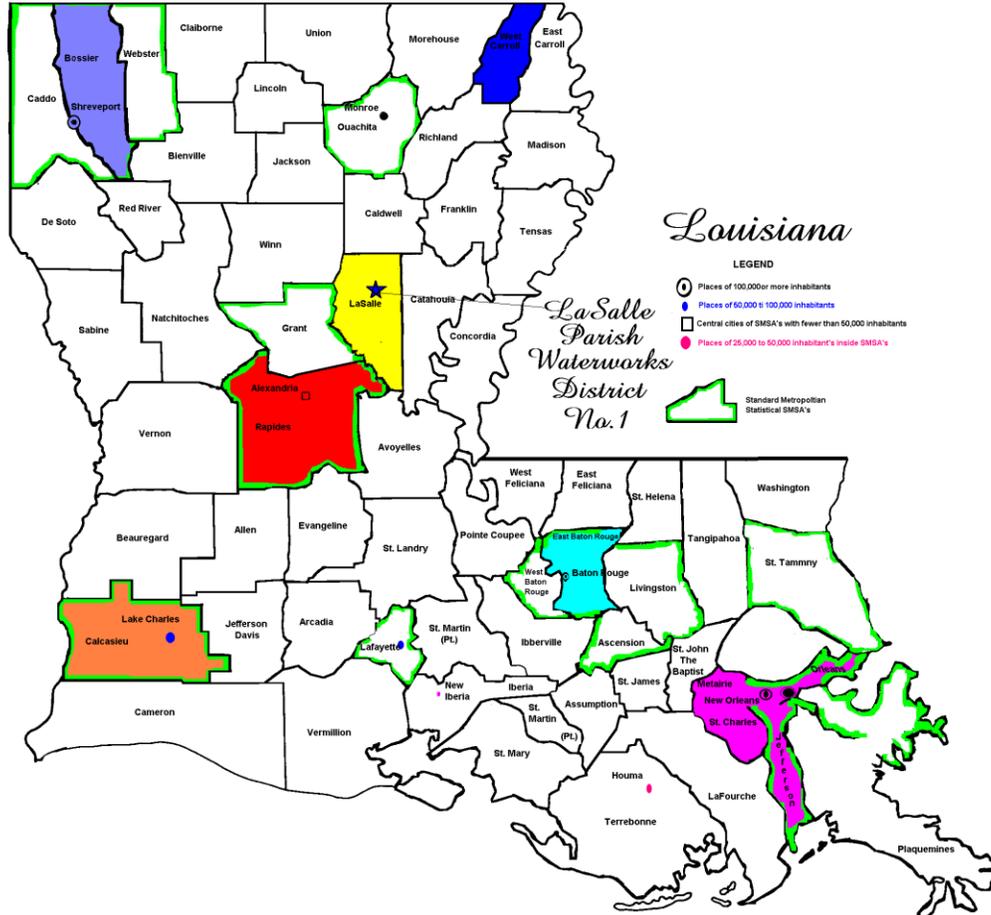


**LASALLE PARISH SEWERAGE
DISTRICT NO. 1**

Basic Financial Statements

December 31, 2019

LASALLE WATERWORKS DISTRICT NO. 1 TROUT, LOUISIANA



** LaSalle Waterworks District No. 1*

LaSalle Waterworks District No. 1 was created by the LaSalle Parish Police Jury, as authorized by Louisiana Revised Statute 33:4562. The Waterworks District is administered by a board of commissioners who are appointed by the LaSalle Parish Police Jury. The district owns and operates water facilities and engages in activities designed to provide water to the Goodpine, Trout and Midway Communities.

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
LASALLE PARISH POLICE JURY
TROUT, LOUISIANA**

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INDEPENDENT ACCOUNTANT'S REPORT

LaSalle Parish Sewerage District No. 1
Trout, Louisiana

We have reviewed the accompanying financial statements of the business-type activities of the LaSalle Parish Sewerage District No. 1, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the LaSalle Parish Sewerage District No. 1. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

The management of the LaSalle Parish Sewerage District No. 1 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The information is the representation of management. We have not audited or reviewed such required supplementary information, and, accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on it.

Other Information

The Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but it has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and accordingly, we do not express an opinion or provide any assurance on such supplementary information.

The Vercher Group

Jena, Louisiana
June 29, 2020

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

MANAGEMENT’S DISCUSSION AND ANALYSIS

As management of the District, we offer readers of the LaSalle Sewage District No. 1’s financial statements, this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with the District’s audited financial statements.

The Management’s Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$1,014,276 (*net position*).

The District had total revenue of \$370,919 in its enterprise fund, including interest income of \$1,346.

Expenses totaled \$378,147, including depreciation expense in the amount of \$75,312, which is a non-cash transaction.

The change in net position of the enterprise fund was \$(7,228).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District’s basic financial statements. The District’s basic financial statements consist of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The District is a special-purpose entity engaged in business-type and governmental activities. Accordingly, only fund financial statements are presented as the basic financial statements.

Effective, December 31, 2004, the District adopted Governmental Accounting Standards (GASB) Statement No. 34, *Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments*.

MD&A

Table 1
Balance Sheet (*Enterprise Fund*)

The following table represents a Comparative Balance Sheet as of December 31, 2019:

Assets	2018	2019	% Change
Current Assets	\$ 262,122	\$ 258,051	-1.6
Restricted Assets	209,585	214,025	2.1
Capital Assets, Net	<u>862,300</u>	<u>809,105</u>	-6.2
Total Assets	<u>1,334,007</u>	<u>1,281,181</u>	-4.0
Liabilities & Net Position			
Current Liabilities	26,611	25,605	-3.8
Current Liabilities Payable From Restricted Assets	85,606	79,214	-7.5
Long-Term Liabilities	<u>200,286</u>	<u>162,086</u>	-19.1
Total Liabilities	<u>312,503</u>	<u>266,905</u>	-14.6
Net Position			
Net Investment in Capital Assets	618,323	610,566	-1.3
Restricted for Debt Service	119,103	130,060	9.2
Unrestricted	<u>284,078</u>	<u>273,650</u>	-3.7
Total Net Position	<u>1,021,504</u>	<u>1,014,276</u>	-0.7
Total Liabilities & Net Position	<u>\$ 1,334,007</u>	<u>\$ 1,281,181</u>	-4.0

Table 2
Changes in Net Position (*Enterprise Fund*)

The following table reflects the Comparative Statement of Revenues, Expenses, and Changes in Net Position for the year ended December 31, 2019:

	2018	2019	% Change
Revenues			
Operating Revenues	\$ 381,275	\$ 369,573	-3.1
Non-Operating Revenues	<u>289</u>	<u>1,346</u>	365.6
Total Revenues	<u>381,564</u>	<u>370,919</u>	-2.8
Expenses			
Operating Expenses	356,834	367,485	3.0
Non-Operating Expenses	<u>13,134</u>	<u>10,662</u>	-18.8
Total Expenses	<u>369,968</u>	<u>378,147</u>	2.2
Increase (Decrease) in Net Position	11,596	(7,228)	-162.3
Beginning Net Position	<u>1,009,908</u>	<u>1,021,504</u>	1.2
Ending Net Position	<u>\$ 1,021,504</u>	<u>\$ 1,014,276</u>	-0.7

MD&A

CAPITAL ASSETS

Capital Assets

At December 31, 2019, the District had \$809,105 invested in a broad range of capital assets, including the sewer system, leasehold improvements, and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of \$53,195, or 6.2% from last year.

Capital Assets at Year-End

	<u>2018</u>	<u>2019</u>
Sewer System, Machinery & Equipment	\$ 3,299,754	\$ 3,321,871
Accumulated Depreciation	(2,437,454)	(2,512,766)
Total Capital Assets, Net	<u>\$ 862,300</u>	<u>\$ 809,105</u>

CHANGES IN LONG-TERM DEBT

The following is a summary of payable transactions of the LaSalle Sewerage District No. 1 for the year ended December 31, 2019.

	<u>Truck Note</u>	<u>Revenue Bonds</u>	<u>Total</u>
Beginning - Bonds & Notes Payable	\$ 6,985	\$ 236,992	\$ 243,977
Additions	-0-	-0-	-0-
Reductions	(6,985)	(38,453)	(45,438)
Ending - Bonds & Notes Payable	<u>\$ -0-</u>	<u>\$ 198,539</u>	<u>\$ 198,539</u>

USING THIS ANNUAL REPORT

The District's annual report consists of financial statements that show information about the District's fund, an enterprise fund.

Our accountant has provided limited assurance in his independent accountant's report, located immediately preceding this Management's Discussion and Analysis. Varying degrees of assurance are being provided by the accountant regarding the other information included in this report. A user of this report should read the independent accountant's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

MD&A

CONTACTING THE SEWER DISTRICT'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the LaSalle Sewerage District No. 1's finances and to show the District's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact the Sewerage District, PO Box 1, Trout, Louisiana 71371, telephone number (318) 992-4777.

Basic Financial Statements

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**Statement of Net Position
December 31, 2019**

	ENTERPRISE FUND
ASSETS	
CURRENT ASSETS	
Cash & Cash Equivalents	\$ 159,182
Receivables (Net of Allowances for Uncollectables)	98,869
TOTAL CURRENT ASSETS	258,051
NON-CURRENT ASSETS	
Restricted Cash	214,025
Capital Assets (Net of Accumulated Depreciation)	809,105
TOTAL NON-CURRENT ASSETS	1,023,130
TOTAL ASSETS	1,281,181
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	11,165
Accrued Wage/Payroll Taxes Payable	3,848
Accrued Compensated Absences	7,995
Deduction from Ad Valorem Tax	2,597
TOTAL CURRENT LIABILITIES	25,605
LIABILITIES PAYABLE FROM RESTRICTED ASSETS	
Customer Deposits	35,200
Accrued Interest	7,561
Notes & Bonds Due Within One Year	36,453
TOTAL LIABILITIES PAYABLE FROM RESTRICTED ASSETS	79,214
NON-CURRENT LIABILITIES	
Notes & Bonds Due in More Than One Year	162,086
TOTAL NON-CURRENT LIABILITIES	162,086
TOTAL LIABILITIES	266,905
NET POSITION	
Net Investment in Capital Assets	610,566
Restricted for Debt Service	130,060
Unrestricted	273,650
TOTAL NET POSITION	\$ 1,014,276

See accompanying notes and independent accountant's review report.

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**Statement of Revenues, Expenses, & Changes in Net Position
December 31, 2019**

	ENTERPRISE FUND
OPERATING REVENUES	
Service Charge	\$ 289,550
Ad Valorem Tax	78,578
Miscellaneous Revenue	1,445
TOTAL OPERATING REVENUES	369,573
 OPERATING EXPENSES	
Cost of Sales & Services	122,253
Administration	169,920
Depreciation	75,312
TOTAL OPERATING EXPENSES	367,485
 OPERATING INCOME (LOSS)	2,088
 NON-OPERATING REVENUES (EXPENSES)	
Interest Earnings	1,346
Interest Expense	(10,662)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(9,316)
 CHANGE IN NET POSITION	(7,228)
 TOTAL NET POSITION - BEGINNING	1,021,504
TOTAL NET POSITION - ENDING	\$ 1,014,276

See accompanying notes and independent accountant's review report.

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**Statement of Cash Flows
Year Ended December 31, 2019**

	ENTERPRISE FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers & Users	\$ 289,595
Receipts from Ad Valorem Taxes	70,099
Receipts from Other Operating	1,445
Payments to Suppliers	(125,363)
Payments to Employees	(169,532)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	66,244
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets	(22,117)
Additions of Long-Term Debt	-0-
Interest Expense	(10,662)
Principal Payment on Long-Term Debt	(45,438)
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	(78,217)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investments	-0-
Interest Earnings	1,346
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	1,346
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(10,627)
CASH - BEGINNING OF YEAR	383,834
CASH - END OF YEAR	\$ 373,207
RECONCILIATION TO BALANCE SHEET	
Cash and Cash Equivalents	159,182
Restricted Cash	214,025
TOTAL CASH & CASH EQUIVALENTS	\$ 373,207

See accompanying notes and independent accountant's review report.

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**Statement of Cash Flows
Year Ended December 31, 2019**

Reconciliation

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating Income (Loss)	\$ <u>2,088</u>
Depreciation Expense	75,312
(Increase) Decrease in Accounts Receivable	(10,996)
Increase (Decrease) in Accounts Payable	(1,657)
Increase (Decrease) in Accrued Wage/Payroll Taxes Payable	(286)
Increase (Decrease) in Accrued Compensated Absences	674
Increase (Decrease) in Deduction From Ad Valorem Tax	263
Increase (Decrease) in Customer Deposits	2,299
Increase (Decrease) in Accrued Interest	<u>(1,453)</u>
TOTAL ADJUSTMENTS	<u>64,156</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>66,244</u>
 LISTING OF NONCASH INVESTING, CAPITAL, & FINANCIAL ACTIVITIES	
Contributions of Capital Assets From Government	\$ <u>-0-</u>

See accompanying notes and independent accountant's review report.

**Notes to the Basic
Financial Statements**

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

LaSalle Sewerage District No. 1 was created by the LaSalle Parish Police Jury, as authorized by Louisiana Revised Statute 33:4562. The Sewerage District is administered by a board of five commissioners who are appointed by the LaSalle Parish Police Jury. The district owns and operates sewerage facilities and engages in activities designed to provide sewerage disposal to the Trout, Goodpine, and Midway Communities.

For financial reporting purposes the District is a component unit of the LaSalle Parish Police Jury, the governing body of the parish. The accompanying financial statements present financial information only on the funds and account groups maintained by LaSalle Sewerage District No. 1 and do not present information on the Police Jury and the general government services provided by that governmental unit or any of its other component units.

A. GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, & FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major proprietary funds:

- Sewer Fund – The Enterprise Fund is the municipality’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government’s enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. Principal operating revenues are utility billings. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

C. EQUITY CLASSIFICATIONS

In the government-wide financial statements, equity is classified as Net Position and displayed in three components as applicable. The components are as follows:

Net Investment in Capital Assets - Capital assets including restricted capital assets, when applicable, net of accumulated depreciation.

Restricted Net Position - Net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position - All other net position that does not meet the definition of “restricted” or “net investment” in capital assets.

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies restricted resources first. The policy concerning which to apply first varies with the intended use and legal requirements. The decision is typically made by management at the incurrence of the expense.

D. CASH & INVESTMENTS – (C.D.’S IN EXCESS OF 90 DAYS)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its 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. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Entity that the fiscal agent bank has failed to pay deposit funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Entity’s name.

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

Deposits

It is the District’s policy for deposits to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The District’s deposits are categorized to give an indication of the level of risk assumed by the District at year end. The categories are describes as follows:

- **Category 1** – Insured or collateralized with securities held by the District or by its agent in the District’s name.
- **Category 2** – Collateralized with securities held by the pledging financial institution’s trust department or agent in the District’s name.
- **Category 3** – Uncollateralized.

<u>Bank</u>	<u>Bank Balance At 12/31/2019</u>
Southern Heritage Bank	\$ <u>376,179</u>

Amounts on deposit are secured by the following pledges:

<u>Description</u>	<u>Southern Heritage Market Value</u>
FDIC (Category 1)	\$ 376,179
Securities (Category 2)	151,200
Total	\$ <u>527,379</u>

All deposits were fully secured as of December 31, 2019.

E. INVENTORIES

Inventories of materials and supplies are considered to be expenditures at the time purchased. Amounts on hand at the financial statement date are considered immaterial and therefore not included on the statements of assets and liabilities.

F. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable columns in the basic financial statements. Capital assets are capitalized at historical cost. The entity maintains a threshold level of \$1,500 or more for capitalizing capital assets.

All fixed assets are recorded at cost and are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Water System & Building	40-50 years
Vehicles	7 years
Equipment	5-7 years

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

G. ACCOUNTS RECEIVABLE & ALLOWANCES FOR BAD DEBTS

Uncollectable amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectable of the receivable. Below is a summary of accounts receivable and allowance for bad debts by funds:

Proprietary-

Accounts Receivable	\$	23,566
Allowance for Bad Debt		(1,178)
Ad Valorem Tax Receivable		76,481
Total Receivables	\$	<u>98,869</u>

H. AD VALOREM TAXES

The LaSalle Parish Sewerage District No. 1 levies taxes on real and business personal property located within its boundaries. The LaSalle Parish Sheriff bills and collects property taxes.

Property Tax Calendar

Assessment Date	January 1
Levy Date	No Later Than June 1
Tax Bills Mailed	On Or About October 15
Total Taxes Are Due	December 31
Penalties And Interest Are Added	January 1
Lien Date	January 1

The following is a summary of authorized and levied ad valorem taxes:

	Authorized Millage	Levied Millage	Expiration Date	Total Tax
Sewerage District	9.780	9.780	December 31	\$80,430

2. RESTRICTED ASSETS - PROPRIETARY FUND TYPES

At December 31, 2019, restricted assets for the proprietary fund were applicable to the following:

Bond Reserve Account	\$	59,508
Bond Contingency Account		77,141
Customers' Deposit		27,713
Sinking Fund		37,425
Customer Deposit Savings		12,238
Total	\$	<u>214,025</u>

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

3. CHANGES IN FIXED ASSETS – PROPRIETARY FUNDS

A summary of proprietary fund type property, plant and equipment at December 31, 2019:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
System (Cost)	\$ 3,299,754	\$ 22,117	\$ -0-	\$ 3,321,871
Less Allowance for Depreciation	(2,437,454)	(75,312)	-0-	(2,512,766)
Net Plant	<u>\$ 862,300</u>	<u>\$ (53,195)</u>	<u>\$ -0-</u>	<u>\$ 809,105</u>

4. ACCOUNTS PAYABLE

The payables of \$25,605 at December 31, 2019, were as follows:

Accounts Payable	\$ 11,165
Accrued Wages/Payroll Taxes Payable	3,848
Accrued Absences	7,995
Deduction from Ad Valorem Tax	2,597
Total	<u>\$ 25,605</u>

5. CHANGES IN LONG-TERM DEBT

The following is a summary of payable transactions of the LaSalle Sewerage District No. 1 for the year ended December 31, 2019.

	<u>Truck Note</u>	<u>Revenue Bonds</u>	<u>Total</u>
Beginning - Bonds & Notes Payable	\$ 6,985	\$ 236,992	\$ 243,977
Additions	-0-	-0-	-0-
Reductions	(6,985)	(38,453)	(45,438)
Ending - Bonds & Notes Payable	<u>\$ -0-</u>	<u>\$ 198,539</u>	<u>\$ 198,539</u>

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

Bonds and lease payables at December 31, 2019, are comprised of the following individual issues:

Truck Note (Enterprise Fund)

\$33,371 Ford F-250 Truck Purchase dated 11/19/15; due in annual installments through 11/20/2019, interest at 4%. \$ -0-

Revenue Bonds (Enterprise Fund)

\$58,000 Sewer Revenue Bonds dated 6/8/1979; due in annual installments of \$3,500 through 3/30/2019, interest at 5%. -0-

\$820,000 Sewer Revenue Bonds dated 8/30/1990; due in annual installments of \$48,191 through 3/30/2030, interest at 5%. 198,539

Total \$ 198,539

The annual requirement to amortize all debt outstanding as of December 31, 2019, including interest payments are as follows:

Year Ending December 31	Sewer Revenue Bonds	Total
2020	\$ 48,191	\$ 48,191
2021	48,191	48,191
2022	48,191	48,191
2023	48,191	48,191
2024	48,191	48,191
2025 – 2029	240,955	240,955
2030 – 2034	96,382	96,382
Total	\$ 578,292	\$ 578,292

6. FLOW OF FUNDS; RESTRICTIONS ON USE - ENTERPRISE FUND REVENUE

Under the terms of the bond indenture relating to Sewer Bonds, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operations of the Sewer System are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

- (A) Out of revenue to the "Operations and Maintenance Fund", an amount sufficient to provide for expenses of the system.
- (B) Each month, there will be set aside into a fund called the "Bond and Interest Redemption Fund", an amount constituting 1/12 of the next maturing yearly installment of principal and interest payments. These funds may be used only for payment of bond principal and interest.

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

- (C) There shall also be set aside into a "Bond Reserve Fund" an amount equal to 5% of the monthly payment being made into the sinking fund until it equals the highest combined annual debt service in any future year on the outstanding bonds or \$77,913. Such amount may be used only for the payment of maturing bonds and interest for which sufficient funds are not on deposit in the "Bond and Interest Redemption Fund".
- (D) Funds will also be set aside into a Contingency Fund at the rate of \$375 per month. Money in this fund may be used for the making of extraordinary repairs to the system which are necessary to keep the system in operating condition. Money in this fund may be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds.
- (E) All of the revenue received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful purpose of the District.

Reservations of net position have been made for funds in restricted accounts that exceed current interest and principal

7. RESTRICTED NET POSITION – PROPRIETARY FUND

The following represents restricted net position for the proprietary fund as of December 31, 2019:

Total Restricted Cash	\$	214,025
Customer Deposit Cash		(27,713)
Customer Deposit, Savings		(12,238)
Accrued Interest		(7,561)
Current Notes & Bonds Payable		(36,453)
Total Restricted Net Position	\$	<u>130,060</u>

8. BOARD MEMBERS

The following is a list of board members for the year ended December 31, 2019:

John Jenkins- Chairman
Johnny Beard
Danny Brown
John Johnston

Board members are each paid \$80 per meeting when present.

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

9. USE OF ESTIMATES

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

10. ACCRUED SICK LEAVE AND VACATION

The following is a summary of changes in compensated absences payable at December 31, 2019:

		<u>Current</u>		<u>Noncurrent</u>		<u>Total</u>
Beginning of year	\$	7,321	\$	-0-	\$	7,321
Additions/(Retirements)		674		-0-		674
End of year	\$	7,995	\$	-0-	\$	7,995

The accrued sick leave and vacation is as follows:

<u>Employee</u>	<u>Amount</u>
Charles Smith	\$ 3,876
Aubrey Brown	1,986
Mike Gibson	1,333
Deborah Smith	400
Brenda Jackson	400
Total Accrued Sick Leave & Vacation	\$ 7,995

11. LITIGATION

The District had no outstanding judgments or pending litigations as of December 31, 2019.

12. RETIREMENT PLANS

The system does not offer its employees a retirement plan. All employees are in the social security system.

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

13. SEWER RATES

The District's current sewer rates are as follows:

<i>Residential</i>	\$ 18.00 per month flat rate plus \$3.25 for each 1,000 gallons of water
<i>Commercial</i>	\$ 50.00 per month flat rate plus \$3.50 for each 1,000 gallons of water
<i>Industrial</i>	\$ 150.00 per month flat rate plus \$3.50 for each 1,000 gallons of water

14. JOINT VENTURE WITH TOWN OF JENA

The Town of Jena owns and maintains the sewer treatment plant that processes the District's sewerage. The Town of Jena charges the District 1/3 of the operation and maintenance costs of the sewer plant.

Other Supplemental Schedules

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**Schedule of Compensation Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended December 31, 2019**

LaSalle Parish Sewerage District No. 1
John Jenkins-Chairman

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 960
Benefits-Insurance	-0-
Benefits-Retirement	-0-
Benefits (List any other here)	-0-
Car Allowance	-0-
Vehicle Provided by Government	-0-
Per Diem	-0-
Reimbursements	-0-
Travel	-0-
Registration Fees	-0-
Conference Travel	-0-
Continuing Professional Education Fees	-0-
Housing	-0-
Un-vouchered Expenses*	-0-
Special Meals	\$ -0-

*An example of an un-vouchered expense would be a travel advance.

See independent accountant's report.

Other Reports

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

MANAGEMENT LETTER COMMENTS

During the course of our review, we observed conditions and circumstances that may be improved. Below are findings noted for improvement and our recommendation for improvement.

CURRENT YEAR MANAGEMENT LETTER COMMENTS

2019-1 Credit Card Purchases

Condition: A random sample of expenditures discovered questionable costs related to the credit card. After inquiry with management, we found potential misappropriation and unauthorized use of the entity’s credit card. (See attached template)

Criteria: Good internal controls require a credit card policy that address how cards are to controlled, allowable business uses, documentation requirements, required approvers of statements, and monitoring card usage.

Cause of Condition: Inadequate internal controls and limited personnel.

Effect of Condition: Potential misappropriation of funds.

Recommendation: We recommend that the entity adopt a credit card policy that addresses how cards are controlled, allowable business uses, documentation requirements, required approvers of statements, and monitoring card usage.

Client Response and Corrective Action: The entity will adopt a credit card policy that addresses how cards are to controlled, allowable business uses, documentation requirements, required approvers of statements, and monitoring card usage

#	ELEMENT OF FINDING	RESPONSE
1	A general statement describing the fraud or misappropriation that occurred.	Potential use of entity’s credit card for personal purchases.
2	A description of the funds or assets that were the subject of the fraud or misappropriation (ex., utility receipts, petty cash, computer equipment).	Credit Card/Cash
3	The amount of funds or approximate value of assets involved.	Estimated \$21,221
4	The department or office in which the fraud or misappropriation occurred.	Sewer Department
5	The period of time over which the fraud or misappropriation occurred.	June 2017 - May 2019
6	The title/agency affiliation of the person who committed or is believed to have committed the act of fraud or misappropriation.	Sewer System Employee

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

MANAGEMENT LETTER COMMENTS

CURRENT YEAR MANAGEMENT LETTER COMMENTS (CONTINUED)

#	ELEMENT OF FINDING	RESPONSE
7	The name of the person who committed or is believed to have committed the act of fraud or misappropriation, if formal charges have been brought against the person and/or the matter has been adjudicated.	Jessica Babin
8	Is the person who committed or is believed to have committed the act of fraud still employed by the agency?	No
9	If the person who committed or is believed to have committed the act of fraud is still employed by the agency, do they have access to assets that may be subject to fraud or misappropriation?	Not Applicable
10	Has the agency notified the appropriate law enforcement body about the fraud or misappropriation?	Yes
11	What is the status of the investigation at the date of the auditor's/accountant's report?	Complete
12	If the investigation is complete and the person believed to have committed the act of fraud or misappropriation has been identified, has the agency filed charges against that person?	Yes
13	What is the status of any related adjudication at the date of the auditor's/accountant's report?	Ongoing
14	Has restitution been made or has an insurance claim been filed?	Yes
15	Has the agency notified the Louisiana Legislative Auditor and the District Attorney in writing, as required by Louisiana Revised Statute 24:523?	Yes
16	Did the agency's internal controls allow the detection of the fraud or misappropriation in a timely manner?	No
17	If the answer to the last question is "no," describe the control deficiency/significant deficiency/material weakness that allowed the fraud or misappropriation to occur and not be detected in a timely manner.	No controls for review of credit card purchases.
18	Management's plan to ensure that the fraud or misappropriation does not occur in the future	Management will review all credit card purchases monthly and initial/date each statement.

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**MANAGEMENT'S SUMMARY
OF PRIOR YEAR FINDINGS**

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-9397

The management of the LaSalle Parish Sewerage District No. 1 has provided the following action summaries relating to audit findings brought to their attention as a result of their financial review for the year ended December 31, 2018.

PRIOR YEAR FINDINGS

2018-1 Credit Card Purchases (Unresolved)

Condition: A random sample of expenditures discovered questionable costs related to the credit card. After inquiry with management, we found potential misappropriation and unauthorized use of the entity's credit card. (See attached template)

Criteria: Good internal controls require a credit card policy that address how cards are to controlled, allowable business uses, documentation requirements, required approvers of statements, and monitoring card usage.

Cause of Condition: Inadequate internal controls and limited personnel.

Effect of Condition: Potential misappropriation of funds.

Recommendation: We recommend that the entity adopt a credit card policy that addresses how cards are controlled, allowable business uses, documentation requirements, required approvers of statements, and monitoring card usage.

Client Response and Corrective Action: The entity will adopt a credit card policy that addresses how cards are to controlled, allowable business uses, documentation requirements, required approvers of statements, and monitoring card usage.

2018-2 Dual Signatures on Checks (Resolved)

Condition: During inquiry of the Sewer System's internal controls, the accountant found that dual signatures were required by the board chairman and the clerk for all checks written. However, occasionally, to allow for timely payment of bills, the chairman would sign blank checks on those days that he would not be available.

Criteria: Good internal controls require that dual signatures be made on all checks for disbursements after both parties have reviewed documentation supporting the expenditure and a list of all expenditures made during the month should be reviewed by the full board at the Sewer System's monthly meeting.

**LASALLE PARISH SEWERAGE DISTRICT NO. 1
TROUT, LOUISIANA**

**MANAGEMENT'S SUMMARY
OF PRIOR YEAR FINDINGS**

PRIOR YEAR FINDINGS (CONTINUED):

Cause of Condition: Oversight of procedure and lack of check signers.

Potential Effect of Condition: Internal control weakness.

Recommendation: The Sewer System should require that dual signatures be made on all checks for disbursements after both parties have reviewed documentation supporting the expenditure and a list of all expenditures made during the month should be reviewed by the full board at the Sewer System's monthly meeting. The Sewer System should consider having an additional board member as signatory on the Sewer System's account to allow timely paying of bills when the board chairman or clerk is unavailable.

Client Response and Corrective Action: The Sewer System will require that dual signatures be made on all checks for disbursements after both parties have reviewed documentation supporting the expenditure and a list of all expenditures made during the month be reviewed by the full board at the Sewer System's monthly meeting. The Sewer System will consider having an additional board member as signatory on the Sewer System's account to allow timely paying of bills when the board chairman or clerk is unavailable.

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THE VERCHER GROUP

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MEMBERS

American Institute of
Certified Public Accountants

Society of Louisiana
Certified Public Accountants

Association of
Certified Fraud Examiners

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the LaSalle Parish Sewerage District No. 1

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the LaSalle Parish Sewerage District No. 1 and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the LaSalle Parish Sewerage District No. 1's compliance with certain laws and regulations during the year ended December 31, 2019, 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 and applicable standards of *Government Auditing Standards*. 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 whether for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Obtain documentation for all expenditures made during the year for materials and supplies exceeding \$30,000, and public works exceeding \$157,700. Compare the documentation for these expenditures to Louisiana Revised Statute (R.S.) 39:1551-39:1775 (the state procurement code) or R.S. 38:2211-2296 (the public bid law), whichever is applicable; and report whether the expenditures were made in accordance with these laws.

*During our review of expenditures, we found no such expenditures.

Code of Ethics for Public Officials and Public Employees

2. Obtain a list of the immediate family members of each board member as defined by R.S. 42:1101-1124 (the ethics law).

*Management provided us with the requested information.

3. Obtain a list of all employees paid during the fiscal year.

*Management provided us with the requested information.

4. Report whether any employees' names appear on both lists obtained in Procedures 2 and 3.

*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).

5. Obtain a list of all disbursements made during the year; and a list of outside business interests of board members, employees, and board members' and employees' immediate families. Report whether any vendors appear on both lists.

*Management provided the requested information. None of the businesses of board members, employees, and board members' and employees' immediate families appeared as vendors on the list of disbursements.

Budgeting

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

*The District is an enterprise fund and budgeting is not required. The District prepares a budget on its operations on a governmental fund basis and therefore is not comparable to the financial statements on an enterprise fund basis.

7. Trace documentation for the adoption of the budget and approval of any amendments to the minute book, and report whether there are any exceptions.

*Not applicable.

8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures. Report whether actual revenues failed to meet budgeted revenues by 5% or more, and whether actual expenditures exceeded budgeted amounts by 5% or more. (For agencies that must comply with the Licensing Agency Budget Act only, compare the expenditures of the final budget to actual expenditures, and report whether actual expenditures exceeded budgeted amounts by 10% or more per category or 5% or more in total).

*Not applicable.

Accounting and Reporting

9. Obtain the list of all disbursements made during the fiscal year. Randomly select six disbursements, and obtain documentation from management for these disbursements. Compare the selected disbursements to the supporting documentation, and:

(a) Report whether the six disbursements agree to the amount and the payee in the supporting documentation.

*We examined supporting documentation for the six selected documents and they all agreed.

(b) Report whether the six disbursements were coded to the correct fund and general ledger account.

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

(c) Report whether the six disbursements were approved in accordance with management's policies and procedures.

*All disbursements were approved in accordance with management's policies and procedures.

Meetings

10. Obtain evidence from management to support that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:11 through 42:28 (the open meetings law); and report whether there are any exceptions.

*Discussions with the clerk and our review of the minutes found that the agendas for the meetings were posted.

Debt

11. Obtain bank deposit slips for the fiscal year, and scan the deposit slips in order to identify and report whether there are any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness. If any such proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions.

*The District did not enter into any long-term debt this fiscal year.

Advances and Bonuses

12. Obtain the list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advances, or gifts.

*We inspected payroll records and minutes for the year and noted no instances which indicated payments to employees which would constitute bonuses, advances, and gifts.

State Audit Law

13. Report whether the agency provided for a timely report in accordance with R.S. 24:513.

*The District's report is due on June 30, 2020, and was submitted timely.

14. Inquire of management and report whether the agency entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

*The District did not enter into any new contracts this fiscal year.

Prior-Year Comments

15. Obtain and report management's representation as to whether any prior-year suggestions, exceptions, recommendations, and/or comments have been resolved.

*The prior year report, dated June 26, 2019, did include two management letter comments, in which one has not been resolved.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the District's compliance with the foregoing matters. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on the District's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

The Vercher Group

Jena, Louisiana
June 29, 2020

LaSalle Parish Sewerage District No. 1
LOUISIANA ATTESTATION QUESTIONNAIRE

The Vercher Group

A Professional Group of
Certified Public Accountants
P.O. Box 1608
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374

In connection with your review of our financial statements as of December 31, 2019, 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 June 29, 2020, (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 reviewed in accordance with RS 24:513.

Yes [] No []

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief financial officer.

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.

Yes [] No []

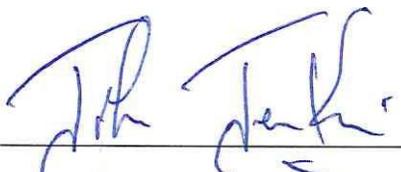
Advances and Bonuses

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.

Signed: 
Title: General President