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VILLAGE OF NATCHEZ, LOUISIANA

NATCHEZ, LOUISIANA

JUNE 30, 2004

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

Release Date 1-26-05

VILLAGE OF NATCHEZ, LOUISIANA

JUNE 30, 2004

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PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

ACCOUNTANT'S REPORT

To the Honorable Lloyd Benjamin, Sr., Mayor
and the Members of the Board of Aldermen
Village of Natchez, Louisiana

We have compiled the accompanying financial statements of the Village of Natchez, Louisiana as of and for the year ended June 30, 2004, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting, in the form of financial statements, information that is the representation of the management. We have not audited or reviewed the accompanying financial statements 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 Natchez has not implemented the new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. GASB Statement No. 34 established new financial reporting requirements for all state and local governments. The new financial reporting model would include government-wide financial statements prepared using the economic resources measurement focus and the accrual basis of accounting, a Management's Discussion and Analysis section providing an analysis of the government's overall financial position and results of operations, and budgetary comparison schedules containing original budget, final budget, and actual information. In addition, this new GASB statement requires depreciation to be reported in the government-wide financial statements.

Management has elected to omit all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Village of Natchez's financial position, results of operations and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

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PAYNE, MOORE & HERRINGTON, LLP

To the Honorable Lloyd Benjamin, Sr., Mayor
and the Members of the Board of Aldermen
Village of Natchez, Louisiana

The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Village of Natchez, Louisiana. We have compiled the supplementary information from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

Payne, Moore & Herrington, LLP

Certified Public Accountants

October 29, 2004

VILLAGE OF NATCHEZ, LOUISIANA
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2004

EXHIBIT A

	Governmental Fund Type	Proprietary Fund Type	Account Group	Total
	General	Enterprise - Sewer System Fund	General Fixed Assets	(Memorandum Only)
ASSETS				
ASSETS				
Cash and cash equivalents	\$ 54,831	\$ 2,950	\$	\$ 57,781
Accounts receivable (net of allowance)	5,653	7,302		12,955
Security deposit	50			50
Due from other funds	15,417			15,417
Property, plant, and equipment (net of accumulated depreciation, where applicable)		1,099,293	177,968	1,277,261
TOTAL ASSETS	\$ 75,951	\$ 1,109,545	\$ 177,968	\$ 1,363,464
LIABILITIES, EQUITY, AND OTHER CREDITS				
LIABILITIES				
Accounts payable	\$ 6,383	\$ 2,123	\$	\$ 8,506
Accrued expenses	792	432		1,224
Deferred revenue	10,000			10,000
Due to other funds		15,417		15,417
Total Liabilities	17,175	17,972	-	35,147
EQUITY AND OTHER CREDITS				
Investment in general fixed assets			177,968	177,968
Contributed capital		1,760,014		1,760,014
Retained earnings				
Unreserved		(668,441)		(668,441)
Fund Balances				
Unreserved-Undesignated	58,776			58,776
Total Equity and Other Credits	58,776	1,091,573	177,968	1,328,317
TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS	\$ 75,951	\$ 1,109,545	\$ 177,968	\$ 1,363,464

See accountant's report.

VILLAGE OF NATCHEZ, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GENERAL FUND
YEAR ENDED JUNE 30, 2004

EXHIBIT B

REVENUES

Taxes	\$	20,984
Licenses and permits		2,703
Intergovernmental		7,593
Fines and forfeitures		84,820
Interest		390
Miscellaneous		950
Total Revenues		117,440

EXPENDITURES

Current		
General government		65,120
Public safety		38,756
Capital outlay		8,704
Total Expenditures		112,580

EXCESS OF REVENUES OVER EXPENDITURES

4,860

FUND BALANCE, BEGINNING OF YEAR

53,916

FUND BALANCE, END OF YEAR

\$ 58,776

See accountant's report.

**VILLAGE OF NATCHEZ, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2004**

EXHIBIT C

	Governmental Fund Type		
	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 25,202	\$ 20,984	\$ (4,218)
Licenses and permits	-	2,703	2,703
Intergovernmental	11,450	7,593	(3,857)
Fines and forfeitures	75,925	84,820	8,895
Interest	-	390	390
Miscellaneous	50,235	950	(49,285)
Total Revenues	<u>162,812</u>	<u>117,440</u>	<u>(45,372)</u>
EXPENDITURES			
Current			
General government	85,933	65,120	20,813
Public safety	43,040	38,756	4,284
Capital outlay	23,300	8,704	14,596
Total Expenditures	<u>152,273</u>	<u>112,580</u>	<u>39,693</u>
EXCESS OF REVENUES OVER EXPENDITURES	10,539	4,860	(5,679)
FUND BALANCE, BEGINNING OF YEAR	<u>53,916</u>	<u>53,916</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 64,455</u>	<u>\$ 58,776</u>	<u>\$ (5,679)</u>

See accountant's report.

**VILLAGE OF NATCHEZ, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGE IN RETAINED EARNINGS
SEWER SYSTEM FUND
YEAR ENDED JUNE 30, 2004**

EXHIBIT D

OPERATING REVENUES	
Charges for services-sales	\$ 46,710
OPERATING EXPENSES	
Salaries and payroll taxes	12,499
Dues and subscriptions	150
Office supplies	427
Licenses, permits, and fees	4,509
Miscellaneous	185
Postage and delivery	894
Supplies	3,378
System repairs and maintenance	7,611
Utilities	9,284
Depreciation	41,243
Total Operating Expenses	<u>80,180</u>
OPERATING INCOME (LOSS)	(33,470)
NONOPERATING INCOME	
Interest income	43
Bad debt recovery	<u>5,306</u>
Total Nonoperating Income	<u>5,349</u>
NET INCOME (LOSS)	(28,121)
RETAINED EARNINGS (DEFICIT), BEGINNING OF YEAR	<u>(640,320)</u>
<u>RETAINED EARNINGS (DEFICIT), END OF YEAR</u>	<u>\$ (668,441)</u>

See accountant's report.

**VILLAGE OF NATCHEZ, LOUISIANA
STATEMENT OF CASH FLOWS
SEWER SYSTEM FUND
YEAR ENDED JUNE 30, 2004**

EXHIBIT E

CASH FLOWS FROM OPERATING ACTIVITIES

Operating income (loss)	\$ (33,470)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation	41,243
Collections on bad debts	5,306
Changes in assets and liabilities	
Accounts receivable	(802)
Due to other funds	4,094
Accounts payable	(3,260)
Accrued expenses	(302)
<u>Net Cash Provided by Operating Activities</u>	<u>12,809</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of property, plant, and equipment	(16,218)
<u>Net Cash Used in Capital and Related Financing Activities</u>	<u>(16,218)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received on operating funds	43
<u>Net Cash Provided by Investing Activities</u>	<u>43</u>

INCREASE IN CASH AND CASH EQUIVALENTS

(3,366)

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

6,316

CASH AND CASH EQUIVALENTS, END OF YEAR

\$ 2,950

See accountant's report.

There were no material noncash investing, capital, or financing transactions during the fiscal year ended June 30, 2004.

SUPPLEMENTARY INFORMATION

VILLAGE OF NATCHEZ, LOUISIANA
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED JUNE 30, 2004

EXHIBIT F

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes			
Ad valorem	\$ 3,202	\$ 3,542	\$ 340
Sales tax	12,000	9,652	(2,348)
Utility franchise	10,000	7,790	(2,210)
Licenses and permits	-	2,703	2,703
Intergovernmental			
Beer tax	-	733	733
Grants	11,450	6,860	(4,590)
Fines	75,925	84,820	8,895
Interest	-	390	390
Miscellaneous revenue	50,235	950	(49,285)
Total Revenues	162,812	117,440	(45,372)
EXPENDITURES			
Current			
General government			
Salaries and payroll taxes	40,680	35,876	4,804
Office supplies	6,792	7,820	(1,028)
Postage and delivery	400	708	(308)
Dues and subscriptions	1,176	738	438
Insurance	1,700	2,238	(538)
Legal and other professional	3,600	2,700	900
Repairs and maintenance	4,600	2,952	1,648
Utilities	7,800	7,180	620
Miscellaneous	17,885	1,652	16,233
Travel	1,300	3,256	(1,956)
Public safety			
Salaries and payroll taxes	18,840	26,671	(7,831)
Office supplies	8,400	5,686	2,714
Cell phone	-	104	(104)
Dues and subscriptions	-	185	(185)
Insurance	1,900	1,641	259
Fuel and oil	3,100	1,906	1,194
Repairs and maintenance	800	2,563	(1,763)
Miscellaneous	10,000	-	10,000
Capital outlay	23,300	8,704	14,596
Total Expenditures	152,273	112,580	39,693
EXCESS OF REVENUES OVER EXPENDITURES	10,539	4,860	(5,679)
FUND BALANCE, BEGINNING OF YEAR	53,916	53,916	-
FUND BALANCE, END OF YEAR	\$ 64,455	\$ 58,776	\$ (5,679)

See accountant's report.

FINANCIAL STATEMENTS OF ACCOUNT GROUP

GENERAL FIXED ASSETS ACCOUNT GROUP

This account group is used to account for fixed assets not used in proprietary fund operations.

VILLAGE OF NATCHEZ, LOUISIANA
STATEMENT OF GENERAL FIXED ASSETS
GENERAL FIXED ASSETS ACCOUNT GROUP
YEAR ENDED JUNE 30, 2004

EXHIBIT G

GENERAL FIXED ASSETS

Office equipment	\$ 8,176
Police equipment	39,100
Streets and sanitation equipment	5,403
Building improvements	25,397
Recreation facilities	<u>99,892</u>

TOTAL GENERAL FIXED ASSETS

\$ 177,968

INVESTMENT IN GENERAL FIXED ASSETS

Grants	\$ 28,824
General fund revenues	<u>149,144</u>

TOTAL INVESTMENT IN GENERAL FIXED ASSETS

\$ 177,968

See accountant's report.

VILLAGE OF NATCHEZ, LOUISIANA
 STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
 GENERAL FIXED ASSETS ACCOUNT GROUP
 YEAR ENDED JUNE 30, 2004

EXHIBIT H

	July 1, 2003 Balance	Additions	Deletions	June 30, 2004 Balance
GENERAL FIXED ASSETS				
Office equipment	\$ 5,141	\$ 3,035		\$ 8,176
Police equipment	35,190	3,910		39,100
Streets and sanitation equipment	4,512	891		5,403
Building improvements	25,397			25,397
Recreation facilities	99,024	868		99,892
TOTAL GENERAL FIXED ASSETS	\$ 169,264	\$ 8,704	\$ -	\$ 177,968
INVESTMENT IN GENERAL FIXED ASSETS				
Grants	\$ 23,818	\$ 5,006		\$ 28,824
General fund revenues	145,446	3,698		\$ 149,144
TOTAL INVESTMENT IN GENERAL FIXED ASSETS	\$ 169,264	\$ 8,704	\$ -	\$ 177,968

See independent auditor's report.

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VILLAGE OF NATCHEZ

AGREED UPON PROCEDURES REPORT

JUNE 30, 2004

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

Release Date _____



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

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

To the Honorable Lloyd Benjamin, Sr. Mayor
and the Members of the Board of Alderman
Village of Natchez, Louisiana

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 Natchez, Louisiana, and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of Natchez's compliance with certain laws and regulations during the year ended June 30, 2004, 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 either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for materials and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

No expenditures were made during the year for materials and supplies exceeding \$20,000 or for public works exceeding \$100,000.

Code of Ethics for Public Officials and Public Employees

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

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

years

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PAYNE, MOORE & HERRINGTON, LLP

To the Honorable Lloyd Benjamin, Sr., Mayor
and the Members of the Board of Alderman
Village of Natchez, Louisiana
Page 2

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 minute book.

Management could not provide minutes of a meeting held to adopt the budget for the year ended June 30, 2004. We reviewed minutes of meetings held prior to and during the year ended June 30, 2004, noting no budget adoption; however, the original budget document is signed by the Mayor, Board of Alderman, and Clerk. 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 failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues of the General Fund failed to meet budgeted revenues by 28% for the year. Expenditures for the year did not exceed budgeted amounts.



PAYNE, MOORE & HERRINGTON, LLP

To the Honorable Lloyd Benjamin, Sr., Mayor
and the Members of the Board of Alderman
Village of Natchez, Louisiana
Page 3

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:
- (a) trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for five of the six selected disbursements and found that payment was for the proper amount and made to the correct payee; however, supporting documentation was not available for one payment, General Fund check no. 5557 dated December 8, 2003, for \$25.00 to the Louisiana Municipal Secretary Association (LAMSA) for 2004's dues. The canceled check was reviewed for this disbursement noting agreement in amount and payee to the accounting records.

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

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

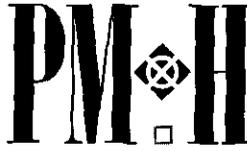
- (c) determine whether payments received approval from proper authorities.

Invoices are not marked approved. The clerk prepares a list of accounts payable invoices, which is presented to the Board of Alderman for approval at monthly meetings. All checks also require dual signature by the Mayor and one Alderman. We reviewed minutes of monthly meetings noting approval to pay bills and also reviewed cancelled checks for each of the six selected disbursements noting the required dual signature.

Meetings

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

The Village of Natchez is only required to post a notice of each meeting and the accompanying agenda on the door of the Village of Natchez's office building. Management has asserted that such documents were properly posted. No procedures could be performed to verify this assertion.



PAYNE, MOORE & HERRINGTON, LLP

To the Honorable Lloyd Benjamin, Sr., Mayor
and the Members of the Board of Alderman
Village of Natchez, Louisiana
Page 4

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, advance, or gifts.

A reading of the minutes of the Village for the year indicated no existence or approval for the payments as noted above. We also inspected payroll records for the year and noted no instances that would indicate payments to employees that would constitute bonuses, advances, or gifts.

Prior Year Comments and Recommendations

12. We reviewed any prior year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

The audit report for the year ended June 30, 2003, indicated that the audit report was not completed within the required six months. This finding has been resolved in that the compilation report for the period ended June 30, 2004, was completed and filed with the Legislative Auditor's office before the deadline of December 31, 2004.

The audit report for the year ended June 30, 2003, indicated that the General Fund expenditures exceeded the budgeted amount by 22%. As previously addressed, the expenditures for the year ended June 30, 2004, did not exceed budgeted amounts, but actual revenues of the General Fund failed to meet budgeted revenues by 28%.



PAYNE, MOORE & HERRINGTON, LLP

To the Honorable Lloyd Benjamin, Sr., Mayor
and the Members of the Board of Alderman
Village of Natchez, Louisiana
Page 5

The audit report for the year ended June 30, 2003, indicated that the Louisiana unemployment reports incorrectly included the salaries of elected officials and were prepared based on net earnings rather than gross earnings before taxes. Salaries reported on unemployment reports continued to be incorrectly reported through March 2004. Beginning in April 2004, wages on the unemployment reports were correctly reported, and amended reports were filed in July 2004 for all quarterly reports incorrectly filed.

The audit report for the year ended June 30, 2003, indicated that selected cash receipts could not be traced to deposits in the bank, and other selected cash receipts were not timely deposited. For the year ended June 30, 2004, we randomly selected five cash receipts for testing as to timely and proper inclusion in bank deposits. Each of the five receipts were traced to timely inclusion in bank deposits.

The audit report for the year ended June 30, 2003, indicated that bank reconciliations performed on the accounting software used by the Village of Natchez were not correct but rather forced to balance. We reviewed bank reconciliations for the year ended June 30, 2004, noting that prior audit adjustments were not posted and old reconciling items were not correctly cleared. During the compilation process, all prior audit adjustments were posted to the client's general ledger and old reconciling items were corrected on the bank reconciliations. Bank reconciliations subsequent to June 30, 2004, were reviewed and appear to be correctly completed and reconciled with the general ledger balances.

The audit report for the year ended June 30, 2003, indicated that receipts for sales taxes and franchise taxes were not being recorded correctly in the accounting software and that payroll tax payments were being recorded as an expense rather than being properly charged to the related tax liability account. During the year ended June 30, 2004, receipts continued to be credited to accounts receivable rather than to the appropriate revenue account, and payroll tax payments were posted to the payroll tax expense account. The Clerk was never properly trained to post these transactions appropriately, and many general ledger accounts were not classified correctly to support proper financial statement presentation. During the compilation process, all prior audit adjustments were posted to the client's general ledger, account classifications were corrected, and the Clerk was trained to properly post these transactions. The general ledger subsequent to June 30, 2004, was reviewed, and these transactions appear to be posted correctly.



PAYNE, MOORE & HERRINGTON, LLP

To the Honorable Lloyd Benjamin, Sr., Mayor
and the Members of the Board of Alderman
Village of Natchez, Louisiana
Page 6

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 Natchez and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Payne, Moore & Herrington, LLP

Certified Public Accountants

January 11, 2005

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

1-11-05 (Date Transmitted)

Payne, Moore + Herrington

(Auditors)

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

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

Public Bid Law

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

Yes No

Code of Ethics for Public Officials and Public Employees

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

Yes No

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

As of this fiscal year ending 6/30/04 we have complied.
Budgeting

Yes No

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

Yes No

Accounting and Reporting

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

Yes [] No []

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

Yes [] No []

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

Yes [] No []

Meetings

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

Yes [] No []

Debt

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

Yes [] No []

Advances and Bonuses

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

Yes [] No []

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

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

George M. Perkins Secretary 1-11-05 Date

Treasurer _____ Date

Lloyd Benjamin S President 1-11-05 Date