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**ST. TAMMANY PARISH  
WATER DISTRICT NO. 3  
Covington, Louisiana**

Annual Financial Statements

For the Year Ended  
December 31, 2007

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 6/18/08

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## Accountant's Review Report

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

We have reviewed the business-type activities and the major fund, which collectively comprise the basic financial statements of St. Tammany Parish Water District No. 3 (the District), a component unit of the St. Tammany Parish Government, as of December 31, 2007, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of St. Tammany Parish Water District No. 3.

A review consists principally of inquiries of District personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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 conformity with generally accepted accounting principles in the United States of America.

The District's management has not presented the Management's Discussion and Analysis information that the Governmental Accounting Standards Board has determined to be required to supplement, although not required to be a part of, the basic financial statements.

In accordance with standards established by the American Institute of Certified Public Accountants, we have also issued a report dated April 17, 2008, on applying agreed-upon procedures for compliance with laws and regulations.

A Professional Accounting Corporation

April 17, 2008

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## **BASIC FINANCIAL STATEMENTS**

**ST. TAMMANY PARISH WATER DISTRICT NO. 3**  
**COVINGTON, LOUISIANA**  
**Statement of Net Assets**  
**December 31, 2007**

<b>Assets</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 795,396
Investment in Certificates of Deposits	222,753
Utility Customers Receivable	<u>18,354</u>
<b>Total Current Assets</b>	<u>1,036,503</u>
<b>Restricted Assets</b>	
Cash and Cash Equivalents	<u>16,511</u>
<b>Total Restricted Assets</b>	<u>16,511</u>
<b>Fixed Assets</b>	
Capital Assets, Net	<u>397,389</u>
<b>Total Fixed Assets</b>	<u>397,389</u>
<b>Total Assets</b>	<u>1,450,403</u>
<b>Liabilities</b>	
<b>Current Liabilities (Payable from Unrestricted Assets)</b>	
Accounts Payable	2,000
Due to Other Governments	<u>52,285</u>
<b>Total Current Liabilities (Payable from Unrestricted Assets)</b>	<u>54,285</u>
<b>Current Liabilities (Payable from Restricted Assets)</b>	
Meter Deposits	<u>16,511</u>
<b>Total Current Liabilities (Payable from Restricted Assets)</b>	<u>16,511</u>
<b>Total Liabilities</b>	<u>70,796</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	397,389
Unrestricted	<u>982,218</u>
<b>Total Net Assets</b>	<u>\$ 1,379,607</u>

See accountant's review report and notes to financial statements.

**ST. TAMMANY PARISH WATER DISTRICT NO. 3**  
**COVINGTON, LOUISIANA**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Year Ended December 31, 2007**

<b>Operating Revenues</b>	
Water Revenue	\$ 220,187
Other Revenue	<u>13,930</u>
<b>Total Operating Revenues</b>	<u>234,117</u>
<b>Operating Expenses</b>	
Repairs and Maintenance	63,594
Contract Labor	29,300
Utilities and Telephone	21,285
Legal and Professional	20,158
Depreciation	19,489
Insurance	13,834
Licenses and Permits	5,198
Supplies	3,047
Board Member Per Diem	1,800
Postage and Delivery	1,175
Printing and Production	282
Advertising	201
Dues and Subscriptions	200
Rent	176
Miscellaneous	40
Bank Service Charges	<u>11</u>
<b>Total Operating Expenses</b>	<u>179,790</u>
<b>Operating Income</b>	54,327
<b>Non-Operating Revenue (Expense)</b>	
Interest Income	<u>21,031</u>
<b>Total Non-Operating Revenue</b>	<u>21,031</u>
<b>Change in Net Assets</b>	75,358
<b>Net Assets, Beginning of Year</b>	<u>1,304,249</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 1,379,607</u></u>

See accountant's review report and notes to financial statements.

**ST. TAMMANY PARISH WATER DISTRICT NO. 3**  
**COVINGTON, LOUISIANA**  
**Statement of Cash Flows**  
**Year Ended December 31, 2007**

<b>Cash Flows from Operating Activities</b>	
Receipts from Customers	\$ 233,877
Payments to Suppliers	<u>(166,389)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>67,488</u>
<b>Cash Flows from Non-Capital Financing Activities</b>	
Net Receipts from Meter Deposits	1,700
Payments to Other Governmental Agencies	<u>(67,010)</u>
<b>Net Cash Used in Non-Capital Financing Activities</b>	<u>(65,310)</u>
<b>Cash Flows from Investing Activities</b>	
Interest Received on Investments	21,031
Purchase of Investments	<u>(5,209)</u>
<b>Net Cash Provided by Investing Activities</b>	<u>15,822</u>
<b>Net Increase in Cash and Cash Equivalents</b>	18,000
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>793,907</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 811,907</u></u>

See accountant's review report and notes to financial statements.

**ST. TAMMANY PARISH WATER DISTRICT NO. 3**  
**COVINGTON, LOUISIANA**  
**Statement of Cash Flows (Continued)**

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<b>Reconciliation of Operating Income to</b>	
<b>Net Cash Provided by Operating Activities</b>	
Operating Income	\$ 54,327
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation and Amortization	19,489
Increase in Utility Customer Receivables	(241)
Decrease in Accounts Payable	<u>(6,087)</u>
 <b>Net Cash Provided by Operating Activities</b>	 <b><u>\$ 67,488</u></b>

See accountant's review report and notes to financial statements.



**ST. TAMMANY PARISH WATER DISTRICT NO. 3**  
**Covington, Louisiana**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies**

The accounting and reporting policies of St. Tammany Parish Water District No. 3 (the District) conform to accounting principles generally accepted in the United States of America as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:517 and to the guidance set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*. The following is a summary of certain significant accounting policies.

**Reporting Entity**

The reporting entity for St. Tammany Parish consists of the St. Tammany Parish Council, which, as governing authority of the parish, has oversight responsibility over other governmental units (component units) within the parish. In accordance with GASB Codification Section 2100, St. Tammany Parish Water District No. 3 is considered a component unit of the parish reporting entity because (1) commissioners of the District are appointed by the St. Tammany Parish Council and (2) the District provides water service to residents within St. Tammany Parish. While St. Tammany Parish Water District No. 3 is an integral part of the parish reporting entity and should be included within the financial statements of that reporting entity, GASB Codification Section 2600 provides that a component unit may also issue financial statements separate from those of the reporting entity. Accordingly, the accompanying financial statements present information only on the financial operations of St. Tammany Parish Water District No. 3 and do not present information on the St. Tammany Parish Council, the general government services provided by the Council or on other component units that comprise the St. Tammany Parish reporting entity.

**Fund Accounting**

The accounts of St. Tammany Parish Water District No. 3 are organized on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the cost (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 the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The District applies all applicable FASB pronouncements passed on or before November 30, 1989, in accounting and reporting for its proprietary fund operations unless those pronouncements conflict with or contradict GASB pronouncements.

**ST. TAMMANY PARISH WATER DISTRICT NO. 3**  
Covington, Louisiana

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Method of Accounting**

The District has adopted the provisions of Statement 34 of the Governmental Accounting Standards Board, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Statement 34 established standards for external reporting for all state and local governmental entities, which includes a statement of net assets, a statement of activities and changes in net assets and a statement of cash flows. It requires the classification of net assets into three components - invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in capital assets, net of related debt consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the unspent related debt proceeds at the year-end. The portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Proprietary funds distinguish operating revenues and expenses from non-operating 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. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services. The District also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. 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 non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**Cash, Cash Equivalents and Investments**

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state of the union, or the laws of the United States. Under state laws, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. State Law RS39:1225 provides that the amount of the security shall at all times be equal to 100% of the amount on deposit to the credit of each depositing authority, except that portion of the deposit insured by the United States of America.

Under State Law 33:2955, the District may invest in certificate and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

**ST. TAMMANY PARISH WATER DISTRICT NO. 3**  
**Covington, Louisiana**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

For the purpose of the statement of cash flows, the District considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Investments are stated at fair value in accordance with GASB Statement 31 "Accounting and Financial Reporting for Certain Investments and for External Investment Pools."

**Utility Customer Receivables**

Utility customer receivables on the accompanying Statement of Net Assets are considered to be fully collectible at December 31, 2007. Uncollectible amounts are recognized as bad debts through the establishment of an allowance account at the time information becomes available, which would indicate the uncollectibility of an account.

**Capital Assets**

All capital assets of the proprietary fund are recorded at historical costs. Depreciation of all exhaustible capital assets is charged as an expense against their operations. Pre-construction costs associated with the development of the water system, which include engineering, legal, and interest costs are capitalized and will be amortized over their estimated useful lives using the straight-line method.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. The following estimated useful lives and methods are used to compute depreciation:

Building	10 - 15 Years	Straight Line
Plant and Distribution System	40 Years	Straight Line
Furniture, Fixtures and Equipment	5 - 12 Years	Straight Line
Software	5 - 10 Years	Straight Line
Vehicles	5 Years	Straight Line

Depreciation and amortization expenses amounted to \$19,489 for the year ended December 31, 2007.

**Federal Income Taxes**

The District is not subject to federal income taxes in accordance with the Internal Revenue Code (IRC) Section 115 regarding income of states, municipalities, political subdivisions, etc.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

**ST. TAMMANY PARISH WATER DISTRICT NO. 3**  
**Covington, Louisiana**

**Notes to Financial Statements**

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**Note 2. Cash and Cash Equivalents**

At December 31, 2007, cash and cash equivalents for both current and restricted assets consist of the following:

Unrestricted	\$ 795,396
Restricted	<u>16,511</u>
<b>Cash on Hand and in Bank</b>	<b><u>\$ 811,907</u></b>

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposit might not be recovered. The District's deposit policy for custodial risk conforms to state law, as described in Note 1. At December 31, 2007, the District's deposit bank balances of \$1,038,582, were entirely secured by federal deposit insurance and pledged securities held by the District's agent in the District's name.

**Note 3. Restricted Assets**

At December 31, 2007, restricted cash of \$16,511 consisted of amounts held for Meter Deposits.

**Note 4. Investments**

As of December 31, 2007, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturity (In Years)</u>	
		<u>Less than 1</u>	<u>1-5</u>
Certificate of Deposit	<u>\$ 222,753</u>	<u>\$ 212,274</u>	<u>\$ 10,479</u>

**Interest Rate Risk.** The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**ST. TAMMANY PARISH WATER DISTRICT NO. 3**  
**Covington, Louisiana**

**Notes to Financial Statements**

**Note 5. Capital Assets**

Capital assets activities for the year ended December 31, 2007, are as follows:

<u>December 31, 2007</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Capital Assets not Being Depreciated</b>				
Land	\$ -	\$ 96,056	\$ -	\$ 96,056
Construction in Progress	96,056	-	(96,056)	-
<b>Total Capital Assets not Being Depreciated</b>	<b>96,056</b>	<b>96,056</b>	<b>(96,056)</b>	<b>96,056</b>
<b>Capital Assets Being Depreciated</b>				
Building	735	-	-	735
Water Lines	132,992	-	-	132,992
Water System Improvements	401,561	-	-	401,561
Machinery and Equipment	49,118	-	-	49,118
Water Storage Improvements	139,291 1,941	-	-	139,291 1,941
<b>Total Capital Assets Being Depreciated</b>	<b>725,638</b>	<b>-</b>	<b>-</b>	<b>725,638</b>
<b>Less Accumulated Depreciation for:</b>				
Building	(735)	-	-	(735)
Water Lines	(132,333)	(48)	-	(132,381)
Water System Improvements	(117,550)	(11,473)	-	(129,023)
Machinery and Equipment	(39,103)	(3,274)	-	(42,377)
Water Storage Improvements	(114,148) (947)	(4,599) (95)	-	(118,747) (1,042)
<b>Total Accumulated Depreciation</b>	<b>(404,816)</b>	<b>(19,489)</b>	<b>-</b>	<b>(424,305)</b>
<b>Total Capital Assets Being Depreciated - Net</b>	<b>320,822</b>	<b>(19,489)</b>	<b>-</b>	<b>301,333</b>
<b>Capital Assets - Net</b>	<b>\$ 416,878</b>	<b>\$ 76,567</b>	<b>\$ (96,056)</b>	<b>\$ 397,389</b>

**ST. TAMMANY PARISH WATER DISTRICT NO. 3**  
**Covington, Louisiana**

**Notes to Financial Statements**

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**Note 6. Net Assets**

Net assets for the year ended December 31, 2007, consist of the following:

Invested in Capital Assets, Net of Related Debt	\$ 397,389
Unrestricted	<u>982,218</u>
<b>Total</b>	<b><u>\$ 1,379,607</u></b>

**Note 7. Board Members' Per Diem Payments**

The following is a schedule of fees paid to board members during the year ended December 31, 2007:

<u>Board Member</u>	<u>Per Diem</u>	<u>Board Member</u>	<u>Per Diem</u>
Ross Lagarde 16 Downing Drive Covington, Louisiana 70433	\$ 450	Michael Moore 100 Golfview Covington, Louisiana 70433	\$ 450
William Burkstaller 187 Tchefuncte Drive Covington, Louisiana 70433	\$ 270	Raymond Legendre 213 Tchefuncte Drive Covington, Louisiana 70433	\$ 450
Mark Franke 133 Bertel Drive Covington, LA 70433	\$ 180		

**ST. TAMMANY PARISH WATER DISTRICT NO. 3**  
**Covington, Louisiana**

**Notes to Financial Statements**

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**Note 8. Utility Customer Receivable**

The District had the following accounts receivable categorized by coverage area for the year ended:

<b>December 31, 2007</b>	<b>Balance</b>
Riverwood	\$ 8,671
Covington Country Club	<u>9,683</u>
<b>Total</b>	<b><u>\$ 18,354</u></b>



## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of St. Tammany Parish Water District No. 3 and the Louisiana Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about St. Tammany Parish Water District No. 3's compliance with certain laws and regulations during the year ended December 31, 2007, 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 material 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).

All purchases were made in accordance with the public bid law.

### *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. We noted no transactions during the year with any of these parties.

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

A list of employees was obtained.

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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 have a relationship with any of the Commissioners.

#### *Budgeting*

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

There was no budget obtained, as the entity's only fund is a proprietary fund and is not required to have one.

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

Not Applicable

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

Not Applicable

#### *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 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;

Payments were coded to the correct fund and account.

- (C) Determine whether payments received approval from proper authorities.

Inspection of documentation indicated proper approval was received concerning cash disbursements.

#### *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).

Meeting dates were posted in advance for all meetings during the year ended December 31, 2007.

*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.

There were no proceeds from 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 that may constitute bonuses, advances, or gifts.

There were no payments noted that may 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 on management's assertions. 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 St. Tammany Parish Water District No. 3 and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

April 17, 2008

LOUISIANA ATTESTATION QUESTIONNAIRE  
(For Attestation Engagements of Government)

4/17/08 (Date Transmitted)

LAPORTE SERHT ROMIG HAND  
5100 VILLAGE WALK, STE 202  
COVINGTON, LA 70433  
(985) 892-5850 (Auditors)

In connection with your review 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 regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on 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. Yes  No

**Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34. Yes  No

**Accounting and Reporting**

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36. Yes  No

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

Yes [] No [ ]

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

Yes [] No [ ]

#### Meetings

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

Yes [] No [ ]

#### Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VI, 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 [ ]

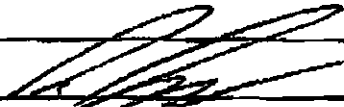
#### Advances and Bonuses

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.

\_\_\_\_\_  
Secretary \_\_\_\_\_ Date \_\_\_\_\_  
\_\_\_\_\_  
Treasurer \_\_\_\_\_ Date \_\_\_\_\_  
 Russ Lagarde President 4/17/08 Date \_\_\_\_\_