

**Louisiana Local Government  
Environmental Facilities and  
Community Development Authority  
Baton Rouge, Louisiana  
December 31, 2012**

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June 27, 2013

**Independent Auditor's Report**

Officers and Trustees  
Louisiana Local Government Environmental Facilities  
and Community Development Authority  
Baton Rouge, Louisiana

**Report on the Financial Statements**

We have audited the accompanying financial statements of Louisiana Local Government Environmental Facilities and Community Development Authority (a Quasi-Public organization), which comprise the statements of net position as of December 31, 2012 and 2011, and the related statements of revenues, expenses, and changes in fund net position, and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Local Government Environmental Facilities and Community Development Authority as of December 31, 2012 and 2011, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 and 6 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2013, on our consideration of Louisiana Local Government Environmental Facilities and Community Development Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Louisiana Local Government Environmental Facilities and Community Development Authority's internal control over financial reporting and compliance.

Yours truly,



**Louisiana Local Government Environmental Facilities  
and Community Development Authority  
Management's Discussion and Analysis  
December 31, 2012**

The following is management's discussion and analysis of the financial performance of Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority"). It is presented as a narrative overview and analysis for the purpose of assisting the reader with interpreting key elements of the financial statements, including notes to the financial statements.

The mission of the Authority is "to provide economic development, infrastructure, and environmental facilities; to assist political subdivisions in constructing, extending, rehabilitating, repairing, and renewing infrastructure and environmental facilities; and to assist in the financing of such needs by political subdivisions of this state."

***FINANCIAL HIGHLIGHTS***

The Authority's total assets increased \$300,296, and unrestricted net position increased by \$313,498.

Cash increased \$312,791.

Total operating revenue decreased \$679,919, primarily due to program termination income, which decreased \$652,500.

Total expenses increased \$24,660.

***OVERVIEW OF THE FINANCIAL STATEMENTS***

An explanation of the financial statements is as follows:

*Statements of Net Position*

This statement presents the assets, liabilities and net position of the Authority as of December 31, 2012 and 2011.

*Statements of Revenues, Expenses, and Changes in Fund Net Position*

This statement presents the results of the Authority's operations and changes in fund net position during the years ended December 31, 2012 and 2011.

*Statements of Cash Flows*

This statement reflects the cash inflows and outflows that had a direct impact on the cash account for 2012 and 2011.

*Notes to the Financial Statements*

The notes provide additional information that is essential to a complete understanding of the data presented in the financial statements.

**Louisiana Local Government Environmental Facilities  
and Community Development Authority  
Management's Discussion and Analysis  
December 31, 2012**

*FINANCIAL ANALYSIS*

**STATEMENTS OF NET POSITION  
DECEMBER 31, 2012, 2011 AND 2010**

	<u>2012</u>	<u>2011</u>	<u>2010</u>
TOTAL ASSETS	<u>\$9,167,908</u>	<u>\$8,867,612</u>	<u>\$7,996,391</u>
LIABILITIES	\$ 66,017	\$ 68,320	\$ 100,683
NET POSITION	<u>9,101,891</u>	<u>8,799,292</u>	<u>7,895,708</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$9,167,908</u>	<u>\$8,867,612</u>	<u>\$7,996,391</u>

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
YEARS ENDED DECEMBER 31, 2012, 2011, AND 2010**

	<u>2012</u>	<u>2011</u>	<u>2010</u>
OPERATING REVENUE	\$ 748,415	\$1,428,334	\$2,820,071
OPERATING EXPENSES	<u>555,943</u>	<u>531,283</u>	<u>489,628</u>
OPERATING INCOME	192,472	897,051	2,330,443
OTHER REVENUE	<u>110,127</u>	<u>6,533</u>	<u>2,535</u>
CHANGE IN NET POSITION	<u>\$ 302,599</u>	<u>\$ 903,584</u>	<u>\$2,332,978</u>

*REQUESTS FOR INFORMATION*

Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to Louisiana Local Government Environmental Facilities and Community Development Authority, 8712 Jefferson Highway, Suite A, Baton Rouge, Louisiana, 70809-2233.

**Louisiana Local Government Environmental Facilities  
and Community Development Authority  
Statements of Net Position  
December 31, 2012 and 2011**

<b>A s s e t s</b>		
	<u>2012</u>	<u>2011</u>
<b>Current Assets</b>		
Cash	\$9,094,667	\$8,781,876
Accounts receivable	-	276
Prepaid expenses	<u>37,313</u>	<u>38,633</u>
Total current assets	9,131,980	8,820,785
<b>Fixed Assets, Net</b>	<u>35,928</u>	<u>46,827</u>
Total assets	<u>\$9,167,908</u>	<u>\$8,867,612</u>
 <b>Liabilities and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 8,558	\$ 7,810
Other liabilities	<u>57,459</u>	<u>60,510</u>
Total current liabilities	<u>66,017</u>	<u>68,320</u>
<b>Net Position</b>		
Net investment in capital assets	35,928	46,827
Unrestricted	<u>9,065,963</u>	<u>8,752,465</u>
Total net position	<u>9,101,891</u>	<u>8,799,292</u>
Total liabilities and net position	<u>\$9,167,908</u>	<u>\$8,867,612</u>

The accompanying notes are an integral part of these financial statements.

**Louisiana Local Government Environmental Facilities  
and Community Development Authority  
Statements of Revenues, Expenses, and Changes in Fund Net Position  
Years Ended December 31, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<b>Revenue</b>		
Issuer fees	\$ 140,915	\$ 117,834
Application fees	-	500
Program administration fees	110,000	160,000
Program termination income	<u>497,500</u>	<u>1,150,000</u>
Total revenue	<u>748,415</u>	<u>1,428,334</u>
<b>Expenses</b>		
Professional fees	28,214	25,552
Other	24,013	23,328
Salaries	264,183	233,617
Employee benefits	74,462	61,225
Board per diem	29,980	30,705
Insurance	26,886	11,752
Management fees, dues, and subscriptions	3,503	3,987
Depreciation	11,701	10,486
Member relations	33,100	36,862
Telephone	11,879	12,467
Rent	30,402	29,973
Travel	17,620	10,231
Outsourced services	<u>-</u>	<u>41,098</u>
Total expenses	<u>555,943</u>	<u>531,283</u>
Operating income	<u>192,472</u>	<u>897,051</u>
<b>Other Revenue</b>		
Interest income	3,575	6,533
Miscellaneous income	<u>106,552</u>	<u>-</u>
Total other revenue	<u>110,127</u>	<u>6,533</u>
<b>Change in Net Position</b>	302,599	903,584
<b>Net Position, beginning of year</b>	<u>8,799,292</u>	<u>7,895,708</u>
<b>Net Position, end of year</b>	<u>\$9,101,891</u>	<u>\$8,799,292</u>

The accompanying notes are an integral part of these financial statements.

**Louisiana Local Government Environmental Facilities  
and Community Development Authority  
Statements of Cash Flows  
Years Ended December 31, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<b>Cash Flows From Operating Activities</b>		
Receipts from operations	\$ 748,691	\$1,457,215
Receipts from other sources	110,127	6,533
Payments to employees and employee-related costs	(367,225)	(291,888)
Payments for other operating expenses	<u>(178,000)</u>	<u>(270,587)</u>
Net cash provided by operating activities	<u>313,593</u>	<u>901,273</u>
<b>Cash Flows From Investing Activities</b>		
Equipment purchases	<u>(802)</u>	<u>(33,871)</u>
Net cash used by investing activities	<u>(802)</u>	<u>(33,871)</u>
<b>Net Increase in Cash</b>	312,791	867,402
<b>Cash, beginning of year</b>	<u>8,781,876</u>	<u>7,914,474</u>
<b>Cash, end of year</b>	<u>\$9,094,667</u>	<u>\$8,781,876</u>
<b>Reconciliation of Change in Net Position to Net Cash     Provided by Operating Activities</b>		
Change in net position	\$ 302,599	\$ 903,584
Adjustments to reconcile change in net position to net cash provided by operating activities		
Depreciation	11,701	10,486
Change in operating assets and liabilities		
Accounts receivable	276	28,881
Prepaid expenses	1,320	(9,315)
Accounts payable	748	2,183
Deferred revenue	—	(37,500)
Other liabilities	<u>(3,051)</u>	<u>2,954</u>
Net cash provided by operating activities	<u>\$ 313,593</u>	<u>\$ 901,273</u>

The accompanying notes are an integral part of these financial statements.

**Louisiana Local Government Environmental Facilities  
and Community Development Authority**  
**Notes to Financial Statements**  
**December 31, 2012**

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

**A. Background and Financial Statement Presentation**

The Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority") was created by Louisiana Legislature R.S. 33:4548. The Authority, which is a political subdivision of the State of Louisiana, was created for the purpose of assisting political subdivisions in constructing, extending, rehabilitating, repairing, and renewing infrastructure, economic development and environmental facilities, and assisting in the financing of such needs by political subdivisions. Membership consists of municipalities, parishes, school boards and special districts.

The Authority has no taxing power and receives no appropriation from the State of Louisiana or any government body. Bonds issued by the Authority are limited obligations of the Authority, payable only from income, receipts and assets pursuant to trust indentures related to each bond issue. Accordingly, these financial statements include only the financial position and activities of the Authority and are not intended to include or present assets, liabilities or activities of various bond issues. The outstanding principal balance at December 31, 2012 and 2011 for Pool Programs and Projects was \$4,557,104,483 and \$4,207,224,483, respectively.

**B. Basis of Accounting**

The Authority is considered an enterprise fund and, accordingly, uses the accrual method of accounting.

The Authority's financial statements include a statement of net position, a statement of revenues, expenses, and changes in fund net position, and a statement of cash flows. It is required that the Authority's net position be reported into three components: net investment in capital assets, restricted, and unrestricted. These components are defined as follows:

- *Net investment in capital assets.* This component of net position 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 acquisition, construction or improvement of those assets.
- *Restricted.* This component of net position consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted.* This component of net position consists of net assets that do not meet the definition of "restricted" or "net investment in capital assets."

**C. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. Those estimates 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Louisiana Local Government Environmental Facilities  
and Community Development Authority  
Notes to Financial Statements  
December 31, 2012**

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

**D. Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Authority considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Authority had no cash equivalents for the years ended December 31, 2012 and 2011.

**E. Fixed Assets**

Fixed assets are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives for fixed assets are as follows:

Vehicles	5 years
Computer equipment	3 - 5 years
Office equipment	5 - 7 years

Expenditures for major repairs and improvements of property and equipment are capitalized. Expenditures for maintenance and minor repairs are charged to expense as incurred.

**F. Compensated Absences**

Employees earn vacation in varying amounts according to years of service as follows:

<u>Years Service</u>	<u>Vacation</u>
0-4	10 days/year
5-14	15 days/year
15-19	20 days/year
20 or more	25 days/year

Employees accrue one working day of sick leave for each month of service. There is no maximum on accumulated sick leave.

Employees may accumulate vacation and sick leave time without limitation; however, only vacation leave is payable upon resignation, discharge, death, retirement, or removal due to reduction in force. Payment for vacation leave is limited to 300 hours under all circumstances. If an employee works until retirement eligibility, the accumulated unused sick leave is combined with vacation leave and applied toward retirement years.

**G. Issuer, Application and Program Fees**

The Authority receives non-refundable issuer, application and program fees related to bond financing programs issued through the Authority. The Authority recognizes issuer, application, and program fees as income when the respective bond programs are funded and the fees are earned.

**Louisiana Local Government Environmental Facilities  
and Community Development Authority  
Notes to Financial Statements  
December 31, 2012**

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

**H. Income Taxes**

The Authority is exempt from filing a Federal income tax return.

**Note 2-Fixed Assets**

A summary of fixed assets, additions, retirements, and balances is as follows:

	<b>Balance December 31, 2011</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance December 31, 2012</b>
Vehicles	\$37,544	\$ -	\$ -	\$37,544
Computer equipment	9,123	802	-	9,925
Office equipment	<u>30,109</u>	<u>-</u>	<u>-</u>	<u>30,109</u>
	<u>76,776</u>	<u>802</u>	<u>-</u>	<u>77,578</u>
Less accumulated depreciation:				
Vehicles	2,503	7,509	-	10,012
Computer equipment	4,777	2,201	-	6,978
Office equipment	<u>22,669</u>	<u>1,991</u>	<u>-</u>	<u>24,660</u>
Total accumulated depreciation	<u>29,949</u>	<u>11,701</u>	<u>-</u>	<u>41,650</u>
 Total fixed assets, net	 <u>\$46,827</u>	 <u>\$(10,899)</u>	 <u>\$ -</u>	 <u>\$35,928</u>
	<b>Balance December 31, 2010</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance December 31, 2011</b>
Vehicles	\$30,726	\$29,863	\$(23,045)	\$37,544
Computer equipment	7,180	1,943	-	9,123
Office equipment	<u>28,044</u>	<u>2,065</u>	<u>-</u>	<u>30,109</u>
	<u>65,950</u>	<u>33,871</u>	<u>(23,045)</u>	<u>76,776</u>
Less accumulated depreciation:				
Vehicles	18,948	6,600	(23,045)	2,503
Computer equipment	2,783	1,994	-	4,777
Office equipment	<u>20,777</u>	<u>1,892</u>	<u>-</u>	<u>22,669</u>
Total accumulated depreciation	<u>42,508</u>	<u>10,486</u>	<u>(23,045)</u>	<u>29,949</u>
 Total fixed assets, net	 <u>\$23,442</u>	 <u>\$23,385</u>	 <u>\$ -</u>	 <u>\$46,827</u>

Depreciation expense was \$11,701 and \$10,486 for the years ended December 31, 2012 and 2011, respectively.

**Louisiana Local Government Environmental Facilities  
and Community Development Authority  
Notes to Financial Statements  
December 31, 2012**

**Note 3-Multi-Employer Pension Plan**

The Authority's full-time employees participate in Plan A of the Municipal Employee's Retirement System of Louisiana (the "Plan"), a multiple-employer municipal employee retirement system. The Authority's payroll for its employees covered by the Plan was \$264,183 and \$233,617 for the years ended December 31, 2012 and 2011, respectively.

All employees of the Authority are required to participate in the Plan if they are under the age of 60, are full-time employees, and are not participating in another publicly funded retirement system. An employee is eligible for retirement provided he or she meets one of the following criteria: 1) any age with 25 or more years of credited service, or 2) age 60 with a minimum of 10 years of credited service. Retirees are entitled to a retirement benefit, payable monthly for life, equal to 3% of the member's final compensation multiplied by his years of creditable service, not to exceed 100% of the member's final salary. Employees become fully vested after 10 years of service. The Plan also provides survivor's and disability benefits. Covered employees are required to contribute a percentage of their salary to the Plan (the rate is determined by the Plan and can fluctuate). The contributions required for the Authority for the years ended December 31, 2012 and 2011 were \$54,922 and \$54,493, respectively, which consisted of \$44,265 and \$42,812 from the Authority and \$10,657 and \$11,681 from the employees, respectively.

**Note 4-Lease**

The Authority leases its premises under a net, non-cancellable operating lease which expires August 15, 2013. Current monthly rental payments amount to \$2,104. Future minimum lease payment obligations for this lease are as follows:

2013	\$15,744
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Rent expense for fiscal years 2012 and 2011 was \$30,402 and \$29,973, respectively.

**Note 5-Concentration of Risk**

At various times during the year, interest bearing accounts on deposit with a financial institution exceeded the amount insured by the Federal Deposit Insurance Corporation. Management monitors the financial condition of the institution on a regular basis, along with its balances in cash, to minimize potential risk.

**Note 6-Subsequent Events**

The Authority evaluated all subsequent events through June 27, 2013, the date the financial statements were available to be issued. As a result, the Authority noted no subsequent events that required adjustment to, or disclosure in, these financial statements.

HAWTHORN, WAYMOUTH & CARROLL, L.L.P.



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June 27, 2013

**Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with *Government Auditing Standards***

Officers and Trustees  
Louisiana Local Government Environmental Facilities  
and Community Development Authority  
Baton Rouge, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Louisiana Local Government Environmental Facilities and Community Development Authority (a Quasi-Public organization), which comprise the statement of net position as of December 31, 2012, and the related statement of revenues, expenses, and changes in fund net position, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated June 27, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Louisiana Local Government Environmental Facilities and Community Development Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Louisiana Local Government Environmental Facilities and Community Development Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Louisiana Local Government Environmental Facilities and Community Development Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Yours truly,

*Hawthorn, Waymuth & Cornell, LLP*

**Louisiana Local Government Environmental Facilities  
and Community Development Authority  
Schedule of Findings and Questioned Costs  
December 31, 2012**

*Findings - Financial Statement Audit*

None.

**Louisiana Local Government Environmental Facilities  
and Community Development Authority  
Schedule of Prior Year Findings and Questioned Costs  
December 31, 2012**

*Findings - Financial Statement Audit*

None.