

**STATE OF LOUISIANA  
NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 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 9/19/07

STATE OF LOUISIANA  
NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT  
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JUNE 30, 2007

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STATE OF LOUISIANA  
NATCHITOCHEES LEVEE AND DRAINAGE DISTRICT  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

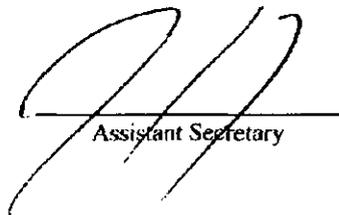
Division of Administration  
Office of Statewide Reporting  
and Accounting Policy  
P. O. Box 94095  
Baton Rouge, LA 70804-9095

Legislative Auditor  
P. O. Box 94397  
Baton Rouge, LA 70804-9397

AFFIDAVIT

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Personally came and appeared before the undersigned authority, John Clifton Conine, Assistant Secretary of the Natchitoches Levee and Drainage District, who duly sworn, deposes and says, that the financial statements herewith given presents fairly the financial position of Natchitoches Levee and Drainage District at June 30, 2007 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

  
Assistant Secretary

Sworn to and subscribed before me, this 24<sup>th</sup> day of August, 2007.

  
NOTARY PUBLIC #099318

# HINES, JACKSON & HINES, L.L.C.

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Board of Commissioners  
Natchitoches Levee and Drainage District  
Natchitoches, Louisiana

We have reviewed the accompanying financial Statements of the Natchitoches Levee and Drainage District, Natchitoches, Louisiana, a component unit of the State of Louisiana, as of and for the year ended June 30, 2007, as listed in the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the Natchitoches Levee and Drainage District.

A review consists principally of inquiries of the Natchitoches Levee and Drainage District personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America, 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 accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the budgetary information on pages 3 through 7 and 21, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled 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.

The financial information for the year ended June 30, 2006, which is included for comparative purposes was taken from the review financial report for that year in which we were not aware of any material modifications dated August 22, 2006, on the basic financial statements of the Natchitoches Levee and Drainage District.

*Hines, Jackson & Hines*  
Natchitoches, Louisiana  
August 24, 2007

STATE OF LOUISIANA  
NATCHITOCHES LEVEE AND DRAINAGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2007

The Management's Discussion and Analysis of the Natchitoches Levee and Drainage District's financial performance presents a narrative overview and analysis of Natchitoches Levee and Drainage District's financial activities for the year ended June 30, 2007. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the Natchitoches Levee and Drainage District's financial statements, which begin on page 8.

**FINANCIAL HIGHLIGHTS**

- 1) The Natchitoches Levee and Drainage District had cash and investments of \$815,205 at June 30, 2007 which represents an increase of \$97,193 from prior year end.
- 2) The Natchitoches Levee and Drainage District had accounts receivable of \$4,124 at June 30, 2007 which represents an increase of \$4,124 from prior year end.
- 3) The Natchitoches Levee and Drainage District had accounts payable and accruals of \$8,729 at June 30, 2007 which represents an increase of \$3,800 from prior year end.
- 4) The Natchitoches Levee and Drainage District had total revenues of \$461,407 for the year ended June 30, 2007 which represents an increase of \$14,562 from prior year.
- 5) The Natchitoches Levee and Drainage District had property taxes of \$388,677 for the year ended June 30, 2007 which represents an increase of \$14,300 from prior year.
- 6) The Natchitoches Levee and Drainage District had interest income of \$32,132 for the year ended June 30, 2007 which represents an increase of \$3,711 from prior year.
- 7) The Natchitoches Levee and Drainage District had personal services expenses of \$181,668 for the year ended June 30, 2007 which represents an increase of \$3,041 from prior year.
- 8) The Natchitoches Levee and Drainage District had operating services expenses of \$85,649 for the year ended June 30, 2007 which represents a decrease of \$26,035 from prior year.
- 9) The Natchitoches Levee and Drainage District had capital asset purchases of \$0 for the year ended June 30, 2007 which represents a decrease of \$13,649 from prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The following graphic illustrates the minimum requirements for the Natchitoches Levee and Drainage District as established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

STATE OF LOUISIANA  
NATCHITOCHEES LEVEE AND DRAINAGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2007

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

Management Discussion and Analysis

Basic Financial Statements

Required Supplementary Information  
(Other than MD&A)

These financial statements consist of three sections - *Management's Discussion and Analysis* (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

**Basic Financial Statements**

This annual report consist of a series of financial statements. The Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Fund Net Assets, Statement of Activities and Statement of Cash Flows (on pages 8, 9, 10 and 11) provide information about the activities of the Natchitoches Levee and Drainage District as a whole and present a longer-term view of the District's finances. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Fund Net Assets and Statement of Activities report the District's net assets and changes in them. You can think of the District's net assets, the difference between assets and liabilities, as one way to measure the Fund's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating.

STATE OF LOUISIANA  
NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2007

**FINANCIAL ANALYSIS OF THE ENTITY**

Statement of Net Assets  
As of Year End

	<u>2007</u>	<u>2006</u>
Current and other assets	\$ 819,394	\$ 718,077
Capital assets, net	<u>158,734</u>	<u>184,969</u>
<b>Total Assets</b>	<b><u>\$ 978,128</u></b>	<b><u>\$ 903,046</u></b>
Other liabilities	\$ 8,729	\$ 4,929
Compensated absences payable	17,337	16,674
Capital lease obligations	<u>66,158</u>	<u>97,308</u>
<b>Total Liabilities</b>	<b>92,224</b>	<b>118,911</b>
Net assets		
Investment in capital assets, net of related debt	92,576	87,661
Unrestricted	<u>793,328</u>	<u>696,474</u>
<b>Total Net Assets</b>	<b><u>885,904</u></b>	<b><u>784,135</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 978,128</u></b>	<b><u>\$ 903,046</u></b>

Net assets of the Natchitoches Levee and Drainage District's increased by \$101,769 or 12.98% from the previous fiscal year. The increase is the result of operating and nonoperating revenues exceeding expenses during the fiscal year ended 2007 (See table below).

Statement of Activities  
For the Year Ended

	<u>2007</u>	<u>2006</u>
General government		
Expenses	\$ (359,638)	\$ (434,038)
Program revenues		
Operating grants and contributions	<u>0</u>	<u>0</u>
Subtotal	(359,638)	(434,038)
General revenues	<u>461,407</u>	<u>446,845</u>
<b>Change in net assets</b>	<b><u>\$ 101,769</u></b>	<b><u>\$ 12,807</u></b>

The Natchitoches Levee and Drainage District's total revenues increased by \$14,562 or 3.26% from the previous year. The total cost of all programs and services decreased by \$74,400 or 17.14% from the previous year.

STATE OF LOUISIANA  
NATCHITOCHEES LEVEE AND DRAINAGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2007

**CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital Assets

At the end of 2007, the Natchitoches Levee and Drainage District had \$158,734, net of depreciation, invested in a broad range of capital assets (See table below). This amount represents a net decrease (including additions and deductions) of \$26,235 or 14.18% from the previous year.

Capital Assets at Year End  
(Net of Depreciation)

	2007	2006
Land	\$ 1,200	\$ 1,200
Buildings and building improvements	8,603	9,832
Automobiles and equipment	148,931	173,937
Total	\$ 158,734	\$ 184,969

This year's major additions included:

None.

This years's major retirements included:

None.

Debt

The Natchitoches Levee and Drainage District had \$83,495 in debt outstanding at year end compared to \$113,982 at the previous year end, a decrease of \$30,487 or 26.75% as shown in the table below.

Outstanding Debt at Year End

	2007	2006
Compensated absences payable	\$ 17,337	\$ 16,674
Capital lease obligations	66,158	97,308
Totals	\$ 83,495	\$ 113,982

New debt during the year included:

None.

STATE OF LOUISIANA  
NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2007

**VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS**

Actual revenues were \$20,407 more than budgeted amounts due to taxes and interest income being more than expected.

Actual expenditures were \$76,585 less than budgeted amounts due to operating services and capital outlay being less than expected.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Natchitoches Levee and Drainage District's elected and appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- 1) Ad valorem taxes
- 2) Interest income
- 3) Projects under consideration
- 4) Intergovernmental revenues (state and local grants)

The Natchitoches Levee and Drainage District does not expect any significant changes in next year's results as compared to the current year.

**CONTACTING THE NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT'S MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Natchitoches Levee and Drainage District's finances and to show the Natchitoches Levee and Drainage District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact John Clifton Conine, Assistant Secretary, Post Office Box 1209, Natchitoches, Louisiana 71458.

STATE OF LOUISIANA  
NATCHITOCHE LEVEE AND DRAINAGE DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2007 AND 2006

	2007	2006
<b>ASSETS</b>		
Current Assets		
Cash	\$ 102,972	\$ 17,312
Investments	712,233	700,700
Accounts receivable	4,124	0
Total Current Assets	819,329	718,012
Noncurrent Assets		
Capital assets, net	158,734	184,969
Utility deposits	65	65
Total Assets	\$ 978,128	\$ 903,046
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Current Liabilities		
Current portion of capital lease obligations	\$ 32,419	\$ 31,150
Accounts payable and accruals	8,729	4,929
Total Current Liabilities	41,148	36,079
Noncurrent Liabilities		
Compensated absences payable	17,337	16,674
Capital lease obligations, net of current portion	33,739	66,158
Total Liabilities	92,224	118,911
 <b>NET ASSETS</b>		
Investment in capital assets, net of related debt	92,576	87,661
Unrestricted	793,328	696,474
Total Net Assets	885,904	784,135
Total Liabilities and Net Assets	\$ 978,128	\$ 903,046

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA  
 NATCHITOCHEES LEVEE AND DRAINAGE DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
<b>OPERATING REVENUES</b>		
Operating grants and contributions	\$ 0	\$ 0
Total Operating Revenues	0	0
<b>OPERATING EXPENDITURES</b>		
Personal services	181,668	178,627
Travel	3,436	949
Operating services	85,649	111,684
Supplies	27,725	63,021
Professional services	31,600	31,295
Depreciation	26,235	43,917
Total Operating Expenditures	<u>356,313</u>	<u>429,493</u>
Operating Income/(Loss)	(356,313)	(429,493)
<b>NONOPERATING REVENUES/(EXPENSES)</b>		
Taxes	388,677	374,377
State revenue sharing	39,120	39,796
Interest income	32,132	28,421
Interest expense	(3,325)	(4,545)
Miscellaneous	1,478	4,251
Total Nonoperating Revenues/(Expenses)	<u>458,082</u>	<u>442,300</u>
Change in Net Assets	101,769	12,807
Total Net Assets, Beginning of year	<u>784,135</u>	<u>771,328</u>
Total Net Assets, End of year	<u>\$ 885,904</u>	<u>\$ 784,135</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C

STATE OF LOUISIANA  
 NATCHITOCHES LEVEE AND DRAINAGE DISTRICT  
 STATEMENT OF ACTIVITIES  
 FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	2007			2006	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
Natchitoches Levee and Drainage District	\$ 359,638	\$ 0	\$ 0	\$ 0	\$ (434,038)
General Revenues:					
Taxes					374,377
State revenue sharing					39,796
Interest income					28,421
Miscellaneous					4,251
Total General Revenues					446,845
Change in Net Assets				101,769	12,807
Net Assets, Beginning of year				784,135	771,328
Net Assets, End of year				\$ 885,904	\$ 784,135

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA  
NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
Cash Flows From Operating Activities		
Cash payments to suppliers for goods and services	\$ (144,894)	\$ (208,772)
Cash payments to employees and board members for services	(180,721)	(177,069)
Other operating revenues/(expenses)	<u>0</u>	<u>0</u>
Net Cash From Operating Activities	(325,615)	(385,841)
Cash Flows From Non-Capital Financing Activities		
Cash receipts of taxes	388,677	374,377
State revenue sharing	39,120	39,796
Miscellaneous revenues	<u>1,478</u>	<u>6,367</u>
Net Cash From Non-Capital Financing Activities	429,275	420,540
Cash Flows From Capital and Related Financing Activities		
Principal payments on capital lease obligations	(31,150)	(29,930)
Acquisition/construction of capital assets	0	(13,649)
Interest paid	<u>(3,325)</u>	<u>(4,545)</u>
Net Cash From Capital and Related Financing Activities	(34,475)	(48,124)
Cash Flows From Investing Activities		
Purchase of investments	(11,533)	(456,823)
Interest income	<u>28,008</u>	<u>28,421</u>
Cash Flows From Investing Activities	<u>16,475</u>	<u>(428,402)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	85,660	(441,827)
Cash and Cash Equivalents, Beginning of year	<u>17,312</u>	<u>459,139</u>
Cash and Cash Equivalents, End of year	<u>\$ 102,972</u>	<u>\$ 17,312</u>
	<u>2007</u>	<u>2006</u>
Reconciliation of Operating Loss to Net Cash From Operating Activities		
Operating income/(loss)	\$ (356,313)	\$ (429,493)
Adjustments to reconcile operating loss to net cash from operating activities		
Depreciation expense	26,235	43,917
(Increase)/decrease in operating assets		
Accounts receivable	0	0
Increase/(decrease) in operating liabilities		
Accounts payable and accruals	3,800	(2,143)
Compensated absences payable	<u>663</u>	<u>1,878</u>
Net Cash Flows From Operating Activities	<u>\$ (325,615)</u>	<u>\$ (385,841)</u>

STATE OF LOUISIANA  
NATCHITOCHEES LEVEE AND DRAINAGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2007

The Natchitoches Levee and Drainage District was created by the Louisiana State Legislature under the provisions of the Louisiana Revised Statute 38:291(H). The Levee District includes most of Natchitoches Parish. The Levee District primarily provides flood protection for those areas contained in the District. The Board of Commissioners administers the operations and responsibilities of the Levee District in accordance with the provisions of Louisiana statute. The nine members of the Board of Commissioners which governs the District are appointed by the governor of the State of Louisiana.

**NOTE 1            SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.            Basis of Accounting**

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This Codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of the Natchitoches Levee and Drainage District present information only as to the transactions of the programs of the Natchitoches Levee and Drainage District as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Natchitoches Levee and Drainage District are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration-Office of Statewide Reporting and Accounting Policy as Follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

**B.            Budgetary Accounting**

Formal budgetary accounting is employed as a management control. The District prepares and adopts a budget prior to July 1 of each year for its general fund in accordance with Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year, using the full accrual basis of accounting. The District amends its budget when projected revenues are expected to be less than budgeted revenues by five percent or more and/or projected expenditures are expected to be more than budgeted amounts by five percent or more. All budget appropriations lapse at year end.

STATE OF LOUISIANA  
NATCHITOCHEES LEVEE AND DRAINAGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2007

**NOTE 1            SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B.            Budgetary Accounting (Continued)**

State appropriations made for the operations of the various programs of the Natchitoches Levee and Drainage District are annual lapsing appropriations.

1.            The budgetary process is an annual appropriation valid for one year.
2.            The agency is prohibited by statute from over expending the categories established in the budget.
3.            Budget revisions are granted by the Joint Legislative Budget Committee, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4.            The budgetary information included in the financial statements include the original appropriation plus subsequent amendments as follows:

Original Approved Budget	\$	0
Amendments		<u>0</u>
Final Approved Budget	\$	<u><u>0</u></u>

**C.            Cash and Cash Equivalents**

For the purpose of the Statement of Cash Flows and consistent with GASB Statement 9, the District defines cash and cash equivalents as follows:

Cash - includes not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty.

Cash equivalents - includes all short term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of interest rates. Generally, only investments which, at the day of purchase, have a maturity date no longer than three months qualify under this definition.

**D.            Receivables**

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible.

**E.            Bad Debts**

Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At June 30, 2007, \$0 were considered to be uncollectible.

STATE OF LOUISIANA  
NATCHITOCHEES LEVEE AND DRAINAGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2007

**NOTE 1        SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F.        Capital Assets**

Capital assets are carried at historical costs. Depreciation of all exhaustible capital assets used by the District are charged as an expense against operations in the Statement of Activities. Capital assets net of accumulated depreciation are reported on the Statement of Net Assets. Depreciation is computed using the straight line method over the estimated useful life of the assets, generally 10 to 40 years for buildings and building improvements and 5 to 10 years for moveable property. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Major expenditures for renewals and betterments are capitalized.

**G.        Compensated Absences**

District employees, both classified and unclassified, earn annual and sick leave at various rates depending on the number of years in service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, an employee is compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, the number of hours of unused sick leave is computed and considered in computing the years of service for retirement benefit purposes.

**H.        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 disclosures 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.

**NOTE 2        DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

**A.        Deposits with Financial Institutions**

For reporting purposes, deposits with financial institutions including savings, demand deposits, time deposits, and certificates of deposit. Under state law the Natchitoches Levee and Drainage District may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further the District may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

Deposits in bank accounts are stated at cost, which approximates market. Under state law, these deposits 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 bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer. The deposits at June 30, 2007 were secured as follows:

STATE OF LOUISIANA  
NATCHITOCHE LEVEE AND DRAINAGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2007

**NOTE 2      DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (CONTINUED)**

**A.      Deposits with Financial Institutions (Continued)**

	Cash	Certificates of Deposit	Total
Deposits in bank accounts per balance sheet	\$ 102,972	\$ 711,533	\$ 814,505

	Cash	Certificates of Deposit	Total
Bank Balances (Category 3 Only, If Any)			
a. Uninsured and uncollateralized	\$ 0	\$ 0	\$ 0
b. Uninsured and uncollateralized with securities held by the pledging institution	0	0	0
c. Uninsured and uncollateralized with securities held by the pledging institution's trust department or agent but not in the entity's name	0	0	0
Total Category 3 Bank Balances	\$ 0	\$ 0	\$ 0

Total Bank Balances (All Categories Including Category 3 Reported Above)	\$ 114,437	\$ 711,533	\$ 825,970
---	------------	------------	------------

The following is a breakdown by banking institution and amount of the balances shown above:

Banking Institution	Amount
Amalgamated Bank	\$ 99,000
Bangor Savings Bank	99,000
Cobiz Bank	98,250
Community Bank	93,841
Great Southern Bank	99,000
Orion Bank	33,352
Peoples State Bank	114,437
The Bryn Mawr Trust Company	92,340
United Labor Bank	96,750
Total	\$ 825,970

STATE OF LOUISIANA  
NATCHITOCHEES LEVEE AND DRAINAGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2007

**NOTE 2 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (CONTINUED)**

**B. Investments**

The Natchitoches Levee and Drainage District maintains investment accounts as authorized by the Louisiana Revised Statutes. Under state law, the District may invest in obligations of the U. S. Treasury and U. S. Agencies, or certificates of deposit. Investments are carried at fair market value as of the balance sheet date.

Investments can be classified according to the level of risk to the entity. Investments made by the Natchitoches Levee and Drainage District as of June 30, 2007 are summarized below by the category of risk.

- Category 1 Insured or registered in the entity's name, or security held by the entity or its agent in the entity's name.
- Category 2 Uninsured or registered with securities held by the counterparty's trust department or agent in the entity's name.
- Category 3 Unsecured and unregistered with securities held by the counterparty, or by its trust department or agent but not in the entity's name.

<u>Type of Investments</u>	<u>Amount Reported in Risk</u> <u>Category 3, If Any</u>		<u>Total Reported</u> <u>Amount - All</u> <u>Categories</u> <u>(Including</u> <u>Category 3)</u>	<u>Total Fair</u> <u>Value - All</u> <u>Categories</u> <u>(Including</u> <u>Category 3)</u>
	<u>Held By</u> <u>Counterparty</u>	<u>Held By</u> <u>Counterparty's</u> <u>Trust Dept. Or</u> <u>Agent Not In</u> <u>Entity's Name</u>		
Valley Farmers Preferred Stock	\$ 0	\$ 0	\$ 700	\$ 700
Total	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 700</u>	<u>\$ 700</u>

**NOTE 3 ACCOUNTS RECEIVABLE**

The following is a summary of accounts receivable at June 30, 2007:

<u>Class of Receivable</u>	
Interest	\$ 4,124
Other	<u>0</u>
Total	<u>\$ 4,124</u>

STATE OF LOUISIANA  
NATCHITOCHEES LEVEE AND DRAINAGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2007

**NOTE 4 CAPITAL ASSETS**

A summary of the Natchitoches Levee and Drainage District's capital assets at June 30, 2007 follows:

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2007</u>
Capital Assets, not being depreciated				
Land	\$ 1,200	\$ 0	\$ 0	\$ 1,200
Total Capital Assets, not being depreciated	1,200	0	0	1,200
Capital Assets, being depreciated				
Buildings and building improvements	12,290	0	0	12,290
Less accumulated depreciation	<u>(2,458)</u>	<u>(1,229)</u>	<u>0</u>	<u>(3,687)</u>
Total Buildings and building improvements	9,832	(1,229)	0	8,603
Automobiles and equipment	448,363	0	0	448,363
Less accumulated depreciation:	<u>(274,426)</u>	<u>(25,006)</u>	<u>0</u>	<u>(299,432)</u>
Total Automobiles and equipment	<u>173,937</u>	<u>(25,006)</u>	<u>0</u>	<u>148,931</u>
Total Capital Assets, being depreciated	<u>183,769</u>	<u>(26,235)</u>	<u>0</u>	<u>157,534</u>
Total Capital Assets, net	<u>\$ 184,969</u>	<u>\$ (26,235)</u>	<u>\$ 0</u>	<u>\$ 158,734</u>

**NOTE 5 ACCOUNTS PAYABLE AND ACCRUALS**

The following is a summary of accounts payable at June 30, 2007:

<u>Class of Payable</u>	
Vendor	\$ 6,792
Salaries and benefits	<u>1,937</u>
Total	<u>\$ 8,729</u>

**NOTE 6 COMPENSATED ABSENCES**

At June 30, 2007, employees of the Natchitoches Levee and Drainage District had accumulated \$17,337 in annual leave benefits which were computed in accordance with GASB Codification Section C 60. The following is a summary of the changes in accumulated annual leave benefits for the year ended June 30, 2007.

Compensated absences payable, beginning of year	\$ 16,674
Additions	3,947
Deletions	<u>(3,284)</u>
Compensated absences payable, end of year	<u>\$ 17,337</u>

STATE OF LOUISIANA  
NATCHITOCHEES LEVEE AND DRAINAGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2007

**NOTE 7            RETIREMENT SYSTEM**

Substantially all employees of the Natchitoches Levee and Drainage District are members of the Louisiana State Employees' Retirement System (System), a cost-sharing, multiple-employer, defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefits of state employees, which is administered and controlled by a separate board of trustees. All full time employees of the District are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service.

Vested employees are entitled to a retirement benefit, payable monthly for life at a) any age with 30 years of service, b) age 55 with 25 years of service, or c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608.

Members are required by state statute to contribute 7.5% of their annual covered salary and the Natchitoches Levee and Drainage District is required to contribute at an actuarially determined rate. The current employer rate is 19.1% of annual covered payroll. The contribution requirements of plan members and the office are established and may be amended by state statute. As provided by state statute, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District's contribution to the System for the year ending June 30, 2007, 2006 and 2005 were \$15,667, \$20,232 and \$17,656, respectively, equal to the required contribution for each year.

**NOTE 8            POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

The Natchitoches Levee and Drainage District currently provides certain continuing healthcare and life insurance benefits for its retired employees. Substantially all of the District's employees become eligible for these benefits if they reach normal retirement age while working for the District. The District recognizes the cost of providing these benefits as an expense when the monthly premiums are paid. The cost of providing these benefits to retirees for the year ended June 30, 2007 totaled \$9,811 for 1 retiree.

**NOTE 9            LEASE OBLIGATIONS**

On July 14, 2004, the Natchitoches Levee and Drainage District entered into a lease agreement for the acquisition of a dozer. The agreement provides for monthly payments of \$2,872.92. At the maturity of the lease term, the District may purchase the dozer for one (1) dollar. The cost of the dozer, \$156,517, is included as an asset and obligation in the financial statements.

STATE OF LOUISIANA  
NATCHITOCHEES LEVEE AND DRAINAGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2007

**NOTE 9 LEASE OBLIGATIONS (CONTINUED)**

The following is a schedule of future minimum lease payments and the present value of the net future minimum lease payments as of June 30, 2007:

Year Ending June 30	Dozer
2008	\$ 34,475
2009	34,475
Total minimum lease payments	68,950
Less amount representing interest	(2,792)
Present value of minimum lease payments	\$ 66,158

The Natchitoches Levee and Drainage District was not obligated under any noncancellable operating lease commitments at June 30, 2007.

**NOTE 10 RISK MANAGEMENT**

The Natchitoches Levee and Drainage District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District.

**NOTE 11 LITIGATION**

There was no outstanding litigation against the Natchitoches Levee and Drainage District at June 30, 2007.

**REQUIRED SUPPLEMENTARY INFORMATION**

STATE OF LOUISIANA  
 NATCHITOCHEES LEVEE AND DRAINAGE DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

	Original/Final Budget	Actual	Variance Fav./Unfav.)
<b>REVENUES</b>			
Taxes	\$ 374,000	\$ 388,677	\$ 14,677
State revenue sharing	39,000	39,120	120
Interest income	28,000	32,132	4,132
Miscellaneous	0	1,478	1,478
Total Revenues	<u>441,000</u>	<u>461,407</u>	<u>20,407</u>
<b>EXPENDITURES</b>			
General government			
Personal services	180,000	181,005	(1,005)
Travel	3,000	3,436	(436)
Operating services	116,000	85,649	30,351
Supplies	17,000	27,725	(10,725)
Professional services	31,000	31,600	(600)
Capital outlay	<u>59,000</u>	<u>0</u>	<u>59,000</u>
Total Expenditures	<u>406,000</u>	<u>329,415</u>	<u>76,585</u>
Excess/(Deficiency) Of Revenues Over Expenditures	35,000	131,992	96,992
Other Financing Sources/(Uses)			
Capital lease payments	<u>(35,000)</u>	<u>(34,475)</u>	<u>525</u>
Total Other Financing Sources/(Uses)	<u>(35,000)</u>	<u>(34,475)</u>	<u>525</u>
Net Change in Fund Balance	0	97,517	97,517
Fund Balance, Beginning of year	<u>869,665</u>	<u>869,665</u>	<u>0</u>
Fund Balance, End of year	<u>\$ 869,665</u>	<u>\$ 967,182</u>	<u>\$ 97,517</u>

**OTHER SUPPLEMENTARY INFORMATION**

STATE OF LOUISIANA  
NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT  
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS  
FOR THE YEAR ENDED JUNE 30, 2007

<u>Commissioners</u>		
Adolph Sklar, Jr.	\$	900
Alfred Bruning		900
Billy Giddens		600
Janet Jones		975
John Clifton Conine		1,275
Joseph Ned Henry, Jr.		900
Karlton Methvin		1,125
Doris Roge		1,050
Total	\$	7,725

The schedule of compensation paid board members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Per diem payments are authorized by Louisiana Revised Statute 38:308 and are included in the personal services expenses. Board members are paid \$75 per day to a maximum of 36 days per year for board meetings and/or official business. The board president may receive compensation not to exceed \$1,000 per month in lieu of per diem.

STATE OF LOUISIANA  
NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT  
SCHEDULE OF LONG-TERM DEBT  
JUNE 30, 2007

None.

STATE OF LOUISIANA  
NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT  
SCHEDULE OF LONG-TERM DEBT AMORTIZATION  
JUNE 30, 2007

CAPITAL LEASES

Dozer

Fiscal Year Ending	Payment	Interest	Principal	Balance
2008	\$ 34,475	\$ 2,056	\$ 32,419	\$ 33,739
2009	34,475	736	33,739	\$ 0
Total	<u>\$ 68,950</u>	<u>\$ 2,792</u>	<u>\$ 66,158</u>	

STATE OF LOUISIANA  
NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT  
SCHEDULE OF COOPERATIVE ENDEAVORS  
JUNE 30, 2007

None.

STATE OF LOUISIANA  
NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT  
SUMMARY SCHEDULE OF PRIOR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2007

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
2006-01	2006	Actual expenditures of the District were \$37,347 (10.37%) more than budgeted amounts in 2006.	Yes	This finding has been resolved.

STATE OF LOUISIANA  
NATCHITOCHEES LEVEE AND DRAINAGE DISTRICT  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2007

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name(s) of Contact Person(s)</u>	<u>Anticipated Completion Date</u>
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Nothing came to our attention that would require disclosure under Government Auditing Standards.

# HINES, JACKSON & HINES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS  
P.O. BOX 2188 - 133 EAST FIFTH STREET  
NATCHITOCHES, LA 71457

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JAMES S. SHEFFIELD, CPA

## Independent Accountants' Report on Applying Agreed-Upon Procedures

Board of Commissioners  
Natchitoches Levee and Drainage District  
Natchitoches, 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 Natchitoches Levee and Drainage District and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Natchitoches Levee and Drainage District's compliance with certain laws and regulations during the year ended June 30, 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).

No expenditure was made during the year for materials and supplies exceeding \$20,000. No expenditures were made 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.

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 and all amendments. There were no amendments to the budget during the year.

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

We traced the adoption of the original budget to the minutes.

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 percent or more or if actual expenditures exceed budgeted amounts by 5 percent or more.

We compared the revenues and expenditures of the budget to actual revenues and expenditures. Actual revenues exceed budgeted revenues. Actual expenditures were less than budgeted amounts.

### **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; and

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

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

Inspection of documentation supporting each of the six selected disbursements indicated approval was obtain from the proper authorities for payment.

### **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 meeting law).

Notices with the date and location of upcoming meetings are required to be posted on the door of the District's meeting room. Although management has asserted that such documents were properly posted, we could find no evidence supporting such assertion.

**Debt**

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

**Advances and Bonuses**

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

A reading of the minutes of the District for the year under examination indicated no approval for the payments noted. We also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Natchitoches Levee and Drainage District, management 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.

***Hines, Jackson & Hines***

Natchitoches, Louisiana

August 24, 2007

**BOARD OF COMMISSIONERS**  
**NATCHITOCHE LEVEE AND DRAINAGE DISTRICT**  
448 JEFFERSON STREET  
P.O. BOX 1209  
NATCHITOCHE, LOUISIANA 71458-1209  
TELEPHONE (318) 357-1853  
FAX (318) 352-3608  
E-MAIL nldd@cp-tel.net

KARLTON METHVIN, President  
MILTON McDONALD, Vice President  
and Secretary/Treasurer  
JOHN CLIFTON CONINE, Assistant Secretary  
and Attorney

ALFRED BRUNING, Member  
BILLY GIDDENS, Member  
JOSEPH NED HENRY, JR., Member  
JANET JONES, Member  
ADOLPH SKLAR, JR. Member

August 24, 2007

Hines, Jackson & Hines  
P. O. Box 2188  
Natchitoches, Louisiana 71457

In connection with your review of our financial statements as of June 30, 2007, 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 August 24, 2007.

**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 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

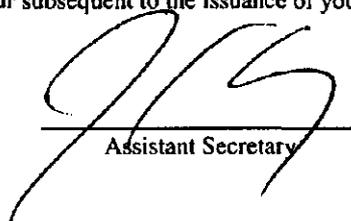
**Advances and Bonuses**

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.

  
Assistant Secretary