

Internal Audit Report #2017-002

Landfill Gas Collections

Draft Date: September 5, 2017

Final: October 16, 2017



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DIRECTOR OF INTERNAL AUDIT | JEFFERSON PARISH

OVERVIEW

BACKGROUND

Landfill gas (LFG) is generated through the degradation of municipal solid waste and other biodegradable waste, by microorganisms. LFG is extracted and piped to the main collection area and flared or sold for beneficial use. Jefferson Parish has a contract with Renovar Jefferson Parish, Ltd. (Renovar) to market and sell the LFG. Per terms of the contract, Jefferson Parish is to receive proceeds from Renovar for the sale of LFG collected at the Jefferson Parish Sanitary Landfill Facility located in Avondale, Louisiana.

Note: The original contract was between Jefferson Parish and Organic Waste Technologies, Inc. (OWT) dated December 28, 1999, for a period of 15 years. The contract was amended on June 20, 2003, to assign contract rights to The Shaw Group, Inc. d/b/a Shaw Constructors, Inc. The Shaw Group's rights to landfill gas were later assigned to Renovar Jefferson Parish, Ltd. in a contract dated January 18, 2005, and commencing on first delivery of landfill gas. The initial term of the contract expires on January 31, 2021. Contract terms remained unchanged through the assignment of the contract rights.

OBJECTIVES

The following were the objectives of this review:

1. Evaluate the appropriateness of royalties received from Renovar by Jefferson Parish.
2. Determine vendor compliance with insurance requirements.
3. Evaluate controls in place pertaining to contract management and monitoring.
4. Determine vendor compliance with maintaining records in accordance with Generally Accepted Accounting Principles.

SCOPE

Landfill gas royalty settlements, remittance statements, financial statements, and related documentation were reviewed for calendar years 2014, 2015, and 2016. The review encompassed a period of three (3) full years. Additionally, proof of current insurance coverages was examined for 2017.

FINDING #1

CRITERIA

Time Contract for Jefferson Parish Gas Collection and Control Services between Parish of Jefferson, State of Louisiana and Organic Waste Technologies, Inc.

Article X – Landfill Gas and Constituent Products Royalty, 10.1 Royalty Due The Parish. *OWT will pay the Parish a share of the Gross Proceeds for the sale of Landfill Gas and Constituent Products from any Beneficial Use Project as set forth on Exhibit E ("Royalty").* The Royalty shall be due each month and will be payable on the last day of the month following the date of collection. All Royalty payments which shall have accrued prior to the expiration or termination of this Agreement shall be payable within sixty (60) days after such expiration or termination. (Attachment A)

FINDING

VOLUME DELIVERED AND RECEIVED

Renovar distributes and sells the LFG to one vendor, Cornerstone Chemical Company (Cornerstone). The volume delivered to Cornerstone per Renovar data does not agree to the amount received per Cornerstone data. Cornerstone data indicates that 9,926 fewer units (measured in MMBtu, Million Metric British Thermal Units) were received than is reflected in Renovar's volume data. This represents approximately one percent (1%) of the volume received and is an immaterial amount.

Volume - MMBtu			
Year	Delivered Per Renovar	Received Per Cornerstone	Over (Under)
2014	276,311	269,646	6,665
2015	344,104	347,223	(3,119)
2016	279,572	273,192	6,380
Total	899,987	890,061	9,926

RATE CHARGED

The established rate of sale for a unit of LFG contains three (3) price components: Base Price, Energy Charge, and Commodity Sharing.

1. The **Base Price** is a minimum rate of \$2.30 per unit.
2. The **Energy Charge** is calculated by applying 8% to the period Index Rate per Henry Hub.

"The Henry Hub is a distribution hub on the natural gas pipeline system in Erath, Louisiana, owned by Sabine Pipe Line LLC, a subsidiary of EnLink Midstream Partners LP who purchased the asset from Chevron Corporation in 2014.[1] Due to its importance, it lends its name to the pricing point for natural gas futures contracts traded on the New York Mercantile Exchange (NYMEX) and the OTC swaps traded on Intercontinental Exchange (ICE)."

(https://en.wikipedia.org/wiki/Henry_Hub)

3. The **Commodity Sharing Charge** is calculated by applying 35% to the excess of the Index Rate compared to the sum of the Base Price and Energy Charge.

The following table illustrates a rate calculation based on December 2016 data.

Pricing Component	Calc.	Result
Base Price per MMBtu		\$ 2.30
plus		
Index Rate per Henry Hub	3.23	
times 8% = Energy Charge	8%	0.26
equals Base + Energy		2.56
plus		
Index Rate per Henry Hub	3.23	
less Base + Energy	2.56	
equals Excess	0.67	
times 35% = Commodity Sharing	35%	0.24
equals Total Price per MMBtu		\$ 2.79

Rates were recalculated and compared to actual rates per invoices from Renovar to Cornerstone. Immaterial variances were noted.

PROCEEDS RECEIVED BY JEFFERSON PARISH

Jefferson Parish receives royalty payments equal to ten percent (10%) of the sales price to Cornerstone. The sales price is simply the volume delivered times the calculated rate. Two (2) different comparisons were performed in determining the appropriateness of the royalties received by Jefferson Parish.

1. Amounts accumulated from Renovar royalty payment remittance documentation were compared to actual proceeds received by JP (Attachment B)

Royalties Due to JP			
Year	Per Renovar	Actual Received	Over (Under)
2014	90,351	96,402	6,051
2015	89,440	88,009	(1,432)
2016	65,744	63,745	(1,999)
Total	\$ 245,536	\$ 248,156	\$ 2,620

2. Royalty payment amounts were recalculated and compared to actual royalty payments received. The recalculated amount was determined by obtaining data from Cornerstone for volume received and multiplying it by the recalculated rates as per the “rate charged” formula previously explained in this finding. (Attachment C)

Royalties Due to JP			
Year	Calculated *	Actual Received	Over (Under)
	Royalty to JP		
2014	88,081	96,402	8,321
2015	89,704	88,009	(1,695)
2016	67,599	63,745	(3,854)
Total	\$ 245,384	\$ 248,156	\$ 2,772

* Received Volume times Calculated Rate

Both comparisons resulted in immaterial differences between what Jefferson Parish should have received and what was actually received.

OBSERVATIONS

Per discussions with personnel from the Department of Environmental Affairs, neither the volume sold nor the rate charged to Cornerstone is verified by the department upon receipt of the royalty remittance documentation. Once the documentation is received it is kept on file within the department and a copy is sent to the accounting department along with the check. Accounting records the amount received in the accounting system and deposits the check into the bank.

SUGGESTION

The Department of Environmental Affairs should implement procedures to verify the appropriateness of the royalty payments received by Jefferson Parish. The volume sold and the rate charged should be compared against data obtained from a third party source, a source other than Renovar. Also, the proceeds due to the parish should be verified upon receipt of the remittance documentation.

RESPONSE FROM JP DEPARTMENT OF ENVIRONMENTAL AFFAIRS

The contract for sale and purchase of the landfill gas between Renovar and Cornerstone (originally Cytec) includes a “take-or-pay” provision in Article IV which complicates the monthly invoice price. We can estimate the price by multiplying the gas volume by the unit price, but there are adjustments applied.

The take-or-pay provision allowed Renovar to bill Cornerstone for gas that was provided but not used (usually due to a plant slow-down, upset, or maintenance) during the first 8 years of the agreement. However, Cornerstone also accumulated credits for gas that they purchased and used above a monthly minimum. Cornerstone is now applying a portion of the credits to their monthly invoice.

Cornerstone and Renovar come to an agreement each month on the amount of credits to apply. For all of 2016 and through June 2017, they applied a credit of 1,000 MMBtu. It is my understanding that Cornerstone has another 90,000 to 100,000 MMBtu credits that can be applied to future monthly invoices.

At this rate, they can continue to take the credits for 90-100 months. There are only 42 months remaining so I expect that they will begin applying more credits each month.

So, while we can calculate the gross amount based on the gas volume and unit price, there are other price adjustments which result in the variances. We will request a monthly accounting of the “Prepayments for shortfall” and “excess volume credits”. This should provide documentation for the variances.

The meter installed at the Renovar plant is calibrated to provide the accuracy needed for measurement and payment. The flow meter, calibration, and the opportunity for independent calibration checks are provided in Article VIII of the Renovar-Cornerstone contract. We will investigate the feasibility of an independent check of the volume of gas delivered by Renovar including the following options:

- an independent verification of the Renovar meter calibration;
- independent monthly meter readings;
- installation, calibration, and reading of a meter owned by Jefferson Parish at the landfill (this task could be added to the scope of work for the landfill gas O&M contractor)

Henry Hub gas prices are readily available for comparison. The gas volume can be checked by one of the options above. We can track the excess volume credits and more closely verify the royalty remittance.

FINDING #2

CRITERIA

Time Contract for Jefferson Parish Gas Collection and Control Services between Parish of Jefferson, State of Louisiana and Organic Waste Technologies, Inc.

Article X – Landfill Gas and Constituent Products Royalty, 10.1 Royalty Due The Parish. *OWT will pay the Parish a share of the Gross Proceeds for the sale of Landfill Gas and Constituent Products from any Beneficial Use Project as set forth on Exhibit E (“Royalty”).* The Royalty shall be due each month and will be payable on the last day of the month following the date of collection. All Royalty payments which shall have accrued prior to the expiration or termination of this Agreement shall be payable within sixty (60) days after such expiration or termination. (Attachment A)

FINDING

Renovar distributes and sells the LFG to Cornerstone Chemical Company (Cornerstone). LFG is distributed directly to Cornerstone via a dedicated pipeline from the landfill to the Cornerstone facility located nearby. Renovar does not have any other customers besides Cornerstone.

OBSERVATIONS

Renovar relies totally on Cornerstone for its income from which Jefferson Parish receives proceeds. This makes the customer concentration risk for Renovar very high. Moreover, Renovar has little leverage over rate negotiation since they have only one customer.

There are three (3) main areas of landfill responsibilities:

1. Operations – collection of solid waste, regulatory compliance, and overall landfill operations;
2. Gas Collection System – collection of landfill gas; and
3. LFG distribution – operation of compressors and distribution of LFG.

Three (3) different vendors singularly have responsibility for each area as of the timing of this report.

SUGGESTION

The Department of Environmental Affairs should explore restructuring future contractual relationships for landfill responsibilities and the sale of LFG. A reduction in the number of vendors responsible for the landfill may provide for more efficient and effective management and may result in increased LFG sales. Other LFG marketing and distribution options should be explored so as to ensure that the return to JP is maximized.

RESPONSE FROM JP DEPARTMENT OF ENVIRONMENTAL AFFAIRS

We informally discussed the possibility of the landfill operations contractor (IESI) taking on the landfill gas O&M responsibilities. There are some economies of scale with unskilled labor and equipment that may result in cost savings, but IESI did not pursue a Request for Proposal (RFP 0365) because they do not believe that they can hire the skilled technicians required for this work. They contract these services at IESI-owned landfills. We may consider combining these services when the next landfill operation contract RFP is advertised, but that is 7-8 years away.

Combining the landfill gas O&M with the landfill gas sales presents some advantages and some disadvantages. A contractor with both responsibilities would be incentivized to maximize gas production, which would be mutually beneficial. But there are some landfill gas regulations that conflict with maximum gas production. Department of Environmental Quality (DEQ) regulations limit the concentration of oxygen in gas wells to less than 5%. Maximizing gas production can sometimes draw air, and oxygen, into the gas well, resulting in oxygen concentrations in excess of 5% and compliance issues. The United States Environmental Protection Agency (USEPA) is considering revising these regulations, and that may remove this concern. But until the revision is finalized, and then adopted by Louisiana, this remains a concern.

Regarding other marketing and distribution options, we have initiated a Statement of Qualifications procurement process of selecting a consultant to conduct a feasibility study to identify viable options and cost estimates of potential revenue.

FINDING #3

CRITERIA

Time Contract for Jefferson Parish Gas Collection and Control Services between Parish of Jefferson, State of Louisiana and Organic Waste Technologies, Inc.

Article X – Landfill Gas and Constituent Products Royalty, 10.1 Royalty Due The Parish. OWT will pay the Parish a share of the Gross Proceeds for the sale of Landfill Gas and Constituent Products from any Beneficial Use Project as set forth on Exhibit E (“Royalty”). *The Royalty shall be due each month and will be payable on the last day of the month following the date of collection.* All Royalty payments which shall have accrued prior to the expiration or termination of this Agreement shall be payable within sixty (60) days after such expiration or termination.

FINDING

Jefferson Parish received royalty payments for all thirty-six (36) months under the scope of this review. There were no instances where payments were made timely. The contract specifies that each payment shall be payable on the last day of the month following the date of collection.

OBSERVATION

Ninety-seven percent (97%) of the royalty payments received were greater than thirty (30) days late. Such payments were made via live check. (Attachment D)

Aging of Royalty Payments Received		
Days Late	# of Pymts	% of Pymts
1-30	1	3%
31-60	3	8%
61-90	5	14%
91+	27	75%
Total	36	100%

SUGGESTION

The Department of Environment Affairs should monitor vendor royalty payments and ensure that such payments are made timely. Additionally, the department should consider having the royalty payments sent electronically, via ach, to better safeguard parish assets.

RESPONSE FROM JP DEPARTMENT OF ENVIRONMENTAL AFFAIRS

Renovar has provided payment intermittently over the term of the agreement. They have stated that they provide the royalty within 30 days of receipt of payment from Cornerstone. A letter will be drafted for review by the Parish Attorney to demand payment of royalties within the time required by Article X of our agreement with Renovar, regardless of the status of payment by Cornerstone.

We will also coordinate with Renovar and Jefferson Parish Accounting to arrange for electronic payment of royalties.

FINDING #4

CRITERIA

Time Contract for Jefferson Parish Gas Collection and Control Services between Parish of Jefferson, State of Louisiana and Organic Waste Technologies, Inc.

Article XX – Insurance, 20.1 Before entering the Jefferson Parish Sanitary Landfill Facility for purposes of commencing any testing, services or work under the terms of this Agreement, OWT *shall at its own expense provide and maintain insurance* with coverages and liability limits as set forth in Exhibit G attached hereto and made part hereof. (Attachment E)

FINDING

The Department of Environment Affairs collects and maintains current certificates of insurance for the vendors under contract; however, there is not a procedure in place to ensure that coverage levels are in accordance with the terms of the contract.

OBSERVATION

Although the department is responsible for collecting and maintaining current certificates of coverage, they do not ensure that coverage levels are appropriate as per the contract. Further, the Department of Risk Management does not receive and review such coverages. Internal Audit forwarded current certificates to Risk Management for review. Per Risk Management, there is question as to whether or not the vendor is in compliance with the contract in terms of insurance requirements.

SUGGESTION

The Department of Risk Management should establish a tracking mechanism for renewal dates of insurance requirements as specified in contracts on a parish wide basis. There should be a process in place for individual departments to report coverage levels to Risk Management, and a process in place for Risk Management to review such coverages for compliance with contract terms.

RESPONSE FROM JP DEPARTMENT OF RISK MANAGEMENT

Currently, every department is responsible for ensuring that they request and maintain valid certificates of insurance for every contract in their department, as certificates can expire during the term of the agreement. Certificates of insurance are forwarded to The Department of Risk Management in the event of a question or coverage issue. At this time, because of the large number of contracts Parish wide and because of the small number of employees in Risk Management, it is not feasible for Risk Management to review every single certificate of insurance. That is why the Department of Risk Management is currently exploring several options, including; working on a plan or software that would provide training on how to verify proper coverage on a certificate and that would ensure departments are alerted when a certificate of insurance is expiring or possibly outsourcing the management of certificates of insurance.

In regards, to the contract which is the subject of this audit report, upon further research, the insurance requirements for the latest contract were located. These requirements were particularly different from the ones in the original contract, as the scope of the contract had changed. The current certificates of insurance provided for Renovar and Shaw are in compliance with these requirements. In the event that

the contract is re-written, Risk Management recommends that the requirements are revised to the scope of the contract.

FINDING #5

CRITERIA

Time Contract for Jefferson Parish Gas Collection and Control Services between Parish of Jefferson, State of Louisiana and Organic Waste Technologies, Inc.

Article X – Landfill Gas and Constituent Products Royalty, 10.6 Audit and Access to Records For a period of three (3) years after any Royalty would be due, OWT shall maintain all contracts and financial records pertaining to the sale of Landfill Gas and Constituent Products produced by the Landfill and Landfill Expansion Area and such *records shall be maintained in accordance with Generally Accepted Accounting Principles consistently applied*. The Parish shall have access upon reasonable notice to review, copy and audit said books and records to verify all Royalty payments. (Attachment F)

FINDING

Renovar Jefferson Parish, Ltd. provided internally prepared balance sheets and income statements for fiscal years ending December 31, 2014, 2015 and 2016. (Attachment G) Additionally, excerpts from the parent company's audited consolidated financial statements, Renovar Entergy Corp., were provided for the years ended December 31, 2014, and 2013. Based on the independent auditor's report, the organization was issued an unmodified or "clean" opinion and the statements were prepared in accordance with Generally Accepted Accounting Principles.

OBSERVATION

The Department of Environmental Affairs historically has not obtained financial statements from Renovar.

Landfill gas sales amounts as stated on each of the income statements agreed to annual amounts as accumulated from the monthly remittance statements provided by Renovar to Jefferson Parish.

The income statements included a "Project Expense" line item called "Gas Royalty Settlement JP" which agreed to the amount that Jefferson Parish received. For example, Jefferson Parish received \$63,745 from Renovar as royalties from the sale of LFG in 2016. The Renovar Income Statement showed the following:

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RENOVAR ENERGY
Income Statement
Current Year - Standard
January 01, 2016 - December 31, 2016
Profit Center: 85 Jefferson Parish

	-----Current-----		-----Year To Date-----	
	Amount	% - Sales	Amount	% - Sales
3000-85 / REVENUES				
3010-85 / LFG Sales	.00	.0	637,450.35	100.0
Total 3000-85 / REVENUES	.00	.0	637,450.35	100.0
Total Sales	.00	.0	637,450.35	100.0
4000-85 / PROJECT EXPENSES				
4010-85 / Electricity	.00	.0	154,994.01	24.3
4020-85 / Plant Operating & Maintenance	.00	.0	118,411.15	18.6
4030-85 / Field Operating & Maintenance	.00	.0	2,644.63	.4
4034-85 / Gas Royalty Settlement JP	.00	.0	63,745.03	10.0
4035-85 / Equipment/Parts/Supplies	.00	.0	25,912.35	4.1
4050-85 / Project Insurance	.00	.0	36,617.76	5.7
4090-85 / Communications	.00	.0	4,619.80	.7
4110-85 / Non-Routine Project Costs	.00	.0	3,429.90	.5
4120-85 / Travel	.00	.0	8,094.35	1.3
Total 4000-85 / PROJECT EXPENSES	.00	.0	418,468.98	65.6
Total Cost of Goods Sold	.00	.0	418,468.98	65.6
Gross Profit	.00	.0	218,981.37	34.4
5000-85 / ADMINISTRATIVE COSTS				
5010-85 / Accounting	.00	.0	10,229.04	1.6
5015-85 / Licenses and Fees	.00	.0	1,247.57	.2
5020-85 / Legal and Professional	.00	.0	298.00	.0
5070-85 / Office Supplies	.00	.0	1,744.55	.3
5999-85 / Allocated G&A Expense	2,504.38	.0	50,333.77	7.9
Total 5000-85 / ADMINISTRATIVE COSTS	2,504.38	.0	63,850.93	10.0
7000-85 / OTHER EXPENSE (INCOME)				
7030-85 / Interest Expense	.00	.0	70,410.19	11.0
7040-85 / Depreciation	.00	.0	240,399.15	37.7
7045-85 / Amortization Expense	.00	.0	591.93	.1
Total 7000-85 / OTHER EXPENSE (INCOME)	.00	.0	311,401.27	48.9
Total Expenses	2,504.38	.0	375,252.20	58.9
Operating Profit	2,504.38-	.0	156,270.83-	24.5-
Total Income Taxes	.00	.0	.00	.0
Net Profit	2,504.38-	.0	156,270.83-	24.5-

The Gas Royalty Settlement JP Project Expense consistently equaled ten percent (10%) of LFG Sales Revenues on the Renovar Income Statement. This is consistent with contractual requirements regarding Royalty Payments to Jefferson Parish. (See Finding #1)

The Renovar Entergy Corp. audited financial statements contained an "Emphasis of Matter Regarding Going Concern" paragraph. That is, the auditor's determined that there was uncertainty in the organization's ability to continue operations unless certain events occurred. Renovar continued to operate and sell LFG through the third quarter of 2017 when they were purchased by Mas Energy. There was no disruption in service to Jefferson Parish and the contract allows for the assignment of rights.

SUGGESTION

The Department of Environmental Affairs should obtain financial statements from Renovar on an annual basis, and review for consistency of sales revenues and gas royalty expenses versus remittance statements provided to Jefferson Parish. Such financial statements should be kept on file and be available for review by internal audit if selected.

RESPONSE FROM JP DEPARTMENT OF ENVIRONMENTAL AFFAIRS

We will request annual financial statements from Renovar (Mas Energy going forward) to check the consistency of sales revenue and royalty calculation. The statements will be maintained for future internal audits.

SUMMARY

In summary, the review confirmed that the amount of royalties received from the sale of LFG is appropriate; however, the current contract should be reviewed and potentially restructured so as to ensure efficient and effective management of the landfill and to ensure maximum royalty proceeds to the parish. Royalty payments were not made timely and there is an opportunity to implement best practices in terms of the manner in which payments are received. A process needs to be put in place whereby Risk Management reviews insurance coverages to manage parish risk and ensures contractual compliance. Financial statements should be obtained annually and kept on file for selective review by Internal Audit.

Internal audit recommends that the Department of Environmental Affairs should review and take appropriate actions as noted in the Findings #1, 2, 3, and 5. Additionally, the Department of Risk Management should review and take appropriate actions as noted in Finding #4.

REPORT WRAP UP

Internal Audit obtained responses from all departments which are noted in the “Response From...” section of each Finding. Additionally, a response from the Parish Administration can be found in Attachment 1, immediately following this report.

****END****



ATTACHMENT #1

RESPONSE* FROM PARISH ADMINISTRATION

The administration concurs with the findings and suggestions of the internal auditor. The administration will be requesting the parish attorney's office to review and restructure this contract to be in line the internal auditor's concerns with late payments. The administration will also request the parish attorney to opine as to the constitutionality of the 90/10% split of royalties. The administration's concern is that it appears to be a prohibited donation.

**Response received via email on October 11, 2017, from Keith Conley, Jefferson Parish Chief Operating Officer.*

ROYALTY – EXCERPT FROM CONTRACT

**EXHIBIT E
ROYALTY**

During the term of this Agreement, OWT, and its successors and assigns, shall pay the Parish a Royalty being equal to the following percentages of the Gross Proceeds from the Landfill Gas and Constituent Products that may be produced and saved from the Landfill free of the cost of production and transportation:

I. Medium BTU Market

For all Landfill Gas and Constituent Products sold in a Medium BTU Market, the Parish shall be entitled to a Royalty equal to ten (10%) percent of the Gross Proceeds. A “Medium BTU Market” is defined as the sale of Landfill Gas and Constituent Products having a heat content less than 900 BTU per standard cubic foot.

II. High BTU Market

For all Landfill Gas and Constituent Products sold in a High BTU Market, the Parish shall be entitled to a Royalty during the Contract Years set forth below equal to the following Royalty:

Contract Year 1 through 5	5%
Contract Year 6 through 10	7%
Contract Year 11 through the end of the Contract Term	9%

A “High BTU Market” is defined as the sale of Landfill Gas and Constituent Products having a heat content equal to or greater than 900 BTU per standard cubic foot equal to or greater than 900.

“Contract Year” is defined as a period of twelve (12) calendar months commencing on the Contract Date.

ATTACHMENT B

ROYALTY PAYMENTS - PER RENOVAR RECORDS VERSUS ACTUAL

JP Receipts Data		Renovar Sales Data					Due to JP - Comparison		
		Vendor: Cornerstone Chemical Company							
	A	B	C	D = B x C	E	F	G = D * 10%	H = A	I = H - G
		LFG Delivered							
		Volume	LFG Price	LFG Cost	LFG Cost				
Sale Month	Amount	MMBtu	\$/MMBtu	Calculated	Per Statement	Difference	Per Renovar	Actual	Difference
Jan-14	\$ 10,449.20	31,976	\$ 3.27	\$ 104,561.52	\$ 104,492.01	\$ (69.51)	\$ 10,456.15	\$ 10,449.20	\$ (6.95)
Feb-14	\$ 11,491.87	30,742	\$ 3.74	\$ 114,975.08	\$ 114,918.68	\$ (56.40)	\$ 11,497.51	\$ 11,491.87	\$ (5.64)
Mar-14	\$ 10,197.45	29,569	\$ 3.45	\$ 102,013.05	\$ 101,974.54	\$ (38.51)	\$ 10,201.31	\$ 10,197.45	\$ (3.85)
Apr-14	\$ 7,653.28	22,913	\$ 3.34	\$ 76,529.42	\$ 76,532.79	\$ 3.37	\$ 7,652.94	\$ 7,653.28	\$ 0.34
May-14	\$ 9,100.83	8,910	\$ 3.42	\$ 30,472.20	\$ 91,008.26	\$ 60,536.06	\$ 3,047.22	\$ 9,100.83	\$ 6,053.61
Jun-14	\$ 3,652.02	11,040	\$ 3.31	\$ 36,542.40	\$ 36,520.23	\$ (22.17)	\$ 3,654.24	\$ 3,652.02	\$ (2.22)
Jul-14	\$ 4,711.43	14,418	\$ 3.27	\$ 47,146.86	\$ 47,114.32	\$ (32.54)	\$ 4,714.69	\$ 4,711.43	\$ (3.26)
Aug-14	\$ 5,813.41	19,208	\$ 3.03	\$ 58,200.24	\$ 58,134.09	\$ (66.15)	\$ 5,820.02	\$ 5,813.41	\$ (6.61)
Sep-14	\$ 5,986.14	19,316	\$ 3.10	\$ 59,879.60	\$ 59,861.41	\$ (18.19)	\$ 5,987.96	\$ 5,986.14	\$ (1.82)
Oct-14	\$ 7,452.95	24,756	\$ 3.01	\$ 74,515.56	\$ 74,529.46	\$ 13.90	\$ 7,451.56	\$ 7,452.95	\$ 1.39
Nov-14	\$ 8,146.15	27,021	\$ 3.01	\$ 81,333.21	\$ 81,461.46	\$ 128.25	\$ 8,133.32	\$ 8,146.15	\$ 12.83
Dec-14	\$ 11,747.52	36,442	\$ 3.22	\$ 117,343.24	\$ 117,475.24	\$ 132.00	\$ 11,734.32	\$ 11,747.52	\$ 13.20
Jan-15	\$ 9,286.86	33,437	\$ 2.78	\$ 92,954.86	\$ 92,868.62	\$ (86.24)	\$ 9,295.49	\$ 9,286.86	\$ (8.63)
Feb-15	\$ 8,366.34	31,586	\$ 2.65	\$ 83,702.90	\$ 83,663.44	\$ (39.46)	\$ 8,370.29	\$ 8,366.34	\$ (3.95)
Mar-15	\$ 8,539.44	33,043	\$ 2.66	\$ 87,894.38	\$ 87,919.51	\$ 25.13	\$ 8,789.44	\$ 8,539.44	\$ (250.00)
Apr-15	\$ 7,623.34	29,963	\$ 2.54	\$ 76,106.02	\$ 76,233.42	\$ 127.40	\$ 7,610.60	\$ 7,623.34	\$ 12.74
May-15	\$ 5,330.80	21,221	\$ 2.51	\$ 53,264.71	\$ 53,308.04	\$ 43.33	\$ 5,326.47	\$ 5,330.80	\$ 4.33
Jun-15	\$ 7,845.40	30,781	\$ 2.63	\$ 80,954.03	\$ 80,913.17	\$ (40.86)	\$ 8,095.40	\$ 7,845.40	\$ (250.00)
Jul-15	\$ 7,855.09	31,054	\$ 2.61	\$ 81,050.94	\$ 81,004.41	\$ (46.53)	\$ 8,105.09	\$ 7,855.09	\$ (250.00)
Aug-15	\$ 7,800.22	30,264	\$ 2.66	\$ 80,502.24	\$ 80,405.23	\$ (97.01)	\$ 8,050.22	\$ 7,800.22	\$ (250.00)
Sep-15	\$ 7,737.46	31,018	\$ 2.56	\$ 79,406.08	\$ 79,289.42	\$ (116.66)	\$ 7,940.61	\$ 7,737.46	\$ (203.15)
Oct-15	\$ 6,401.28	25,360	\$ 2.52	\$ 63,907.20	\$ 64,012.78	\$ 105.58	\$ 6,390.72	\$ 6,401.28	\$ 10.56
Nov-15	\$ 4,372.28	17,756	\$ 2.46	\$ 43,679.76	\$ 43,722.81	\$ 43.05	\$ 4,367.98	\$ 4,372.28	\$ 4.30
Dec-15	\$ 6,850.01	28,621	\$ 2.48	\$ 70,980.08	\$ 70,889.58	\$ (90.50)	\$ 7,098.01	\$ 6,850.01	\$ (248.00)
Jan-16	\$ 6,377.39	26,612	\$ 2.49	\$ 66,263.88	\$ 66,273.36	\$ 9.48	\$ 6,626.39	\$ 6,377.39	\$ (249.00)
Feb-16	\$ 5,573.30	23,473	\$ 2.48	\$ 58,213.04	\$ 58,101.20	\$ (111.84)	\$ 5,821.30	\$ 5,573.30	\$ (248.00)
Mar-16	\$ 4,286.77	25,980	\$ 1.65	\$ 42,867.00	\$ 42,867.70	\$ 0.70	\$ 4,286.70	\$ 4,286.77	\$ 0.07
Apr-16	\$ 4,147.14	22,417	\$ 1.85	\$ 41,471.45	\$ 41,471.42	\$ (0.03)	\$ 4,147.15	\$ 4,147.14	\$ (0.01)
May-16	\$ 4,512.45	23,260	\$ 1.94	\$ 45,124.40	\$ 45,124.50	\$ 0.10	\$ 4,512.44	\$ 4,512.45	\$ 0.01
Jun-16	\$ 4,225.82	22,125	\$ 1.91	\$ 42,258.75	\$ 42,258.22	\$ (0.53)	\$ 4,225.88	\$ 4,225.82	\$ (0.06)
Jul-16	\$ 5,535.77	21,716	\$ 2.67	\$ 57,981.72	\$ 57,955.58	\$ (26.14)	\$ 5,798.17	\$ 5,535.77	\$ (262.40)
Aug-16	\$ 5,176.30	21,127	\$ 2.57	\$ 54,296.39	\$ 54,262.30	\$ (34.09)	\$ 5,429.64	\$ 5,176.30	\$ (253.34)
Sep-16	\$ 6,159.70	24,273	\$ 2.64	\$ 64,080.72	\$ 64,096.86	\$ 16.14	\$ 6,408.07	\$ 6,159.70	\$ (248.37)
Oct-16	\$ 6,325.62	24,528	\$ 2.68	\$ 65,735.04	\$ 65,757.37	\$ 22.33	\$ 6,573.50	\$ 6,325.62	\$ (247.88)
Nov-16	\$ 5,232.56	20,998	\$ 2.61	\$ 54,804.78	\$ 54,773.84	\$ (30.94)	\$ 5,480.48	\$ 5,232.56	\$ (247.92)
Dec-16	\$ 6,192.21	23,063	\$ 2.79	\$ 64,345.77	\$ 64,425.42	\$ 79.65	\$ 6,434.58	\$ 6,192.21	\$ (242.37)
		899,987					\$ 245,535.85	\$ 248,155.80	\$ 2,619.95

ATTACHMENT C

ROYALTY PAYMENTS – CALCULATED VERSUS ACTUAL PROCEEDS

Sale Month	Index	LFG		Calculated Proceeds to JP	Actual Proceeds to JP	Difference
		Calculated LFG Price \$/MMBtu	Received Volume MMBtu			
Jan-14	4.41	3.27	28,384	\$ 9,275.38	\$ 10,449.20	\$ 1,173.82
Feb-14	5.58	3.74	31,316	\$ 11,706.42	\$ 11,491.87	\$ (214.55)
Mar-14	4.86	3.45	25,266	\$ 8,713.54	\$ 10,197.45	\$ 1,483.91
Apr-14	4.59	3.34	22,372	\$ 7,472.65	\$ 7,653.28	\$ 180.63
May-14	4.80	3.42	8,932	\$ 3,058.85	\$ 9,100.83	\$ 6,041.98
Jun-14	4.51	3.31	10,877	\$ 3,598.13	\$ 3,652.02	\$ 53.89
Jul-14	4.41	3.27	14,226	\$ 4,648.80	\$ 4,711.43	\$ 62.63
Aug-14	3.81	3.03	18,936	\$ 5,731.21	\$ 5,813.41	\$ 82.20
Sep-14	3.99	3.10	19,363	\$ 6,000.55	\$ 5,986.14	\$ (14.41)
Oct-14	3.77	3.01	25,256	\$ 7,603.42	\$ 7,452.95	\$ (150.47)
Nov-14	3.77	3.01	27,717	\$ 8,344.31	\$ 8,146.15	\$ (198.16)
Dec-14	4.30	3.22	37,001	\$ 11,927.64	\$ 11,747.52	\$ (180.12)
Jan-15	3.19	2.78	34,316	\$ 9,530.86	\$ 9,286.86	\$ (244.00)
Feb-15	2.87	2.65	30,637	\$ 8,114.94	\$ 8,366.34	\$ 251.40
Mar-15	2.90	2.66	33,392	\$ 8,884.94	\$ 8,539.44	\$ (345.50)
Apr-15	2.61	2.54	30,189	\$ 7,680.75	\$ 7,623.34	\$ (57.41)
May-15	2.53	2.51	22,454	\$ 5,640.58	\$ 5,330.80	\$ (309.78)
Jun-15	2.82	2.63	31,185	\$ 8,197.41	\$ 7,845.40	\$ (352.01)
Jul-15	2.77	2.61	30,937	\$ 8,070.04	\$ 7,855.09	\$ (214.95)
Aug-15	2.89	2.66	30,382	\$ 8,071.83	\$ 7,800.22	\$ (271.61)
Sep-15	2.64	2.56	31,251	\$ 7,988.63	\$ 7,737.46	\$ (251.17)
Oct-15	2.56	2.52	26,575	\$ 6,707.85	\$ 6,401.28	\$ (306.57)
Nov-15	2.03	2.31	17,277	\$ 3,992.82	\$ 4,372.28	\$ 379.46
Dec-15	2.21	2.38	28,628	\$ 6,823.25	\$ 6,850.01	\$ 26.76
Jan-16	2.38	2.45	26,148	\$ 6,410.86	\$ 6,377.39	\$ (33.47)
Feb-16	2.19	2.38	23,153	\$ 5,499.72	\$ 5,573.30	\$ 73.58
Mar-16	1.70	2.18	25,637	\$ 5,584.76	\$ 4,286.77	\$ (1,297.99)
Apr-16	1.90	2.26	21,976	\$ 4,963.94	\$ 4,147.14	\$ (816.80)
May-16	1.99	2.29	23,869	\$ 5,477.89	\$ 4,512.45	\$ (965.44)
Jun-16	1.96	2.28	22,057	\$ 5,035.44	\$ 4,225.82	\$ (809.62)
Jul-16	2.92	2.67	21,840	\$ 5,828.75	\$ 5,535.77	\$ (292.98)
Aug-16	2.67	2.57	20,677	\$ 5,310.56	\$ 5,176.30	\$ (134.26)
Sep-16	2.85	2.64	23,642	\$ 6,243.14	\$ 6,159.70	\$ (83.44)
Oct-16	2.95	2.68	24,567	\$ 6,586.17	\$ 6,325.62	\$ (260.55)
Nov-16	2.77	2.61	22,257	\$ 5,805.83	\$ 5,232.56	\$ (573.27)
Dec-16	3.23	2.79	17,369	\$ 4,851.96	\$ 6,192.21	\$ 1,340.25
				\$ 245,383.83	\$ 248,155.80	\$ 2,771.97

ATTACHMENT D

RECEIPTS OF ROYALTY PAYMENTS – AGING DETAIL

Sale Month	Amount	Date Rec'd	Due Date	Days Late
Jan-14	\$ 10,449.20	8/19/2014	2/28/2014	172
Feb-14	\$ 11,491.87	8/19/2014	3/31/2014	141
Mar-14	\$ 10,197.45	8/19/2014	4/30/2014	111
Apr-14	\$ 7,653.28	9/18/2014	5/31/2014	110
May-14	\$ 9,100.83	4/27/2015	6/30/2014	301
Jun-14	\$ 3,652.02	4/27/2015	7/31/2014	270
Jul-14	\$ 4,711.43	4/27/2015	8/31/2014	239
Aug-14	\$ 5,813.41	4/27/2015	9/30/2014	209
Sep-14	\$ 5,986.14	4/27/2015	10/31/2014	178
Oct-14	\$ 7,452.95	4/27/2015	11/30/2014	148
Nov-14	\$ 8,146.15	4/27/2015	12/31/2014	117
Dec-14	\$ 11,747.52	9/11/2015	1/31/2015	223
Jan-15	\$ 9,286.86	9/11/2015	2/28/2015	195
Feb-15	\$ 8,366.34	9/11/2015	3/31/2015	164
Mar-15	\$ 8,539.44	9/11/2015	4/30/2015	134
Apr-15	\$ 7,623.34	9/11/2015	5/31/2015	103
May-15	\$ 5,330.80	9/11/2015	6/30/2015	73
Jun-15	\$ 7,845.40	9/11/2015	7/31/2015	42
Jul-15	\$ 7,855.09	9/11/2015	8/30/2015	12
Aug-15	\$ 7,800.22	12/28/2015	9/30/2015	89
Sep-15	\$ 7,737.46	3/28/2016	10/31/2015	149
Oct-15	\$ 6,401.28	3/28/2016	11/30/2015	119
Nov-15	\$ 4,372.28	3/28/2016	12/31/2015	88
Dec-15	\$ 6,850.01	3/28/2016	1/31/2016	57
Jan-16	\$ 6,377.39	7/1/2016	2/29/2016	123
Feb-16	\$ 5,573.30	9/12/2016	3/31/2016	165
Mar-16	\$ 4,286.77	9/12/2016	4/30/2016	135
Apr-16	\$ 4,147.14	9/12/2016	5/31/2016	104
May-16	\$ 4,512.45	9/12/2016	6/30/2016	74
Jun-16	\$ 4,225.82	9/12/2016	7/31/2016	43
Jul-16	\$ 5,535.77	4/7/2017	8/30/2016	220
Aug-16	\$ 5,176.30	4/7/2017	9/30/2016	189
Sep-16	\$ 6,159.70	4/7/2017	10/31/2016	158
Oct-16	\$ 6,325.62	4/7/2017	11/30/2016	128
Nov-16	\$ 5,232.56	4/7/2017	12/31/2016	97
Dec-16	\$ 6,192.21	4/7/2017	1/31/2017	66

INSURANCE REQUIREMENTS – EXCERPT FROM CONTRACT

**EXHIBIT G
INSURANCE**

A. OWT, prior to commencing Service/Work, shall provide and maintain, for the duration of this Agreement or such other period of time as provided herein, at its own expense, and provide proof of the following insurance coverage by insurance companies authorized to do business in the State of Louisiana. Insurance is to be placed with insurers with an A.M. Best rating of no less than A:VI. This requirement will be waived for worker's compensation coverage placed with companies who participate in the State of Louisiana Worker's Compensation Corporation. The Parish, Garbage District No. 1 of the Parish of Jefferson, State of Louisiana, Garbage District No. 6 of the Parish of Jefferson, State of Louisiana, and Consolidated Garbage District No. 2 of the Parish of Jefferson State of Louisiana, shall be included as additional insureds on all policies of insurance (except Professional Liability). The certificate of insurance shall require thirty (30) days prior written notice to the Parish of any cancellation or change made in the coverages provided. All policies of insurance shall be approved by the Parish of Jefferson prior to the commencing of any Service/Work. The Parish of Jefferson shall be named as an additional insured on all policies of insurance.

ALL POLICIES AND CERTIFICATES OF INSURANCE SHALL CONTAIN THE FOLLOWING CLAUSES:

i. A waiver of subrogation to the effect that the insurers will have no right of recovery or subrogation against the Parish, it being the intention of the parties that the insurance policy so affected shall protect both parties and be the primary coverage for any and all losses covered by the above described insurance.

ii. The Parish shall be named as additional insured as regards to negligence by OWT [ISO Forms CG 20 10 (Form B) or latest applicable ISO form], or equivalent.

iii. The insurance companies issuing the policy or policies shall have no recourse against the Parish for payment of any premiums or for assessments under any form of policy.

1. Worker's Compensation Insurance:

As required by Louisiana State Statute exception; employer's liability shall be \$1,000,000.00 per occurrence when Service/Work is to be over water and involves maritime exposures, otherwise this limit shall be no less than \$500,000.00 per occurrence.

2. Commercial General Liability Insurance with a Combined Single Limit of \$5,000,000.00 per occurrence for bodily injury and property damage. This insurance shall include coverage for bodily injury and property damage, and indicate on the certificate of insurance the following:

- a) Premises – operations;
- b) Broad form contractual liability;

- c) Products and completed operations;
- d) Use of contractors and sub-contractors;
- e) Personal Injury;
- f) Broad form property damage;
- g) Exposure, collapse and underground (XCU) coverage; and,
- h) Contractual Liability.

NOTE: On the certificate of insurance, under the description of operations, the following wording is required: "The aggregate loss limit applies to each project or a copy of ISO Form CG 25 03 (ed. 11-85 or latest form) shall be submitted."

3. **Business Automobile Liability Insurance** with a Combined Single Limit of \$1,000,000.00 per occurrence for bodily injury and property damage, unless otherwise indicated. This insurance shall include for bodily injury and property damage the following coverage:

- 1) Any automobiles;
- 2) Owned automobiles;
- 3) Hired automobiles;
- 4) Non-owned automobiles;

4. An umbrella policy or excess may be used to meet minimum requirements.

5. **Owner's Protective Liability:** From the Contract Date until one (1) year after acceptance by the Parish of the Collection Facilities in the Landfill, OWT shall take out and maintain a policy of Owner's Protective Liability for the same limits of liability for bodily injury and property damage liability and conditions as provided herein above under "Comprehensive General Liability Insurance". The cost of this coverage is at OWT's expense. In the event OWT is selected to install the Collection Facilities in the Landfill Expansion Area, it shall maintain at its expense Owner's Protective Liability coverage for a period commencing with the installation work and ending one (1) year after acceptance thereof by the Parish.

ARTICLE X – EXCERPT FROM CONTRACT

X.

LANDFILL GAS AND CONSTITUENT PRODUCTS ROYALTY

10.1 Royalty Due The Parish. OWT will pay the Parish a share of the Gross Proceeds from the sale of Landfill Gas and Constituent Products from any Beneficial Use Project as set forth on Exhibit E ("Royalty"). The Royalty shall be due each month and will be payable on the last day of the month following the date of collection. All Royalty payments which shall have accrued prior to the expiration or termination of this Agreement shall be payable within sixty (60) days after such expiration or termination.

10.2 Limitation. No Royalty shall be attributable to or due for any Landfill Gas and Constituent Products which are actually and reasonably used, consumed or lost in the operation of the Collection Facilities or the Beneficial Use Facilities. Notwithstanding the above, OWT shall take reasonable steps to minimize the loss of Landfill Gas and Constituent Products in the operation of the Beneficial Use Facilities and in no event shall such loss exceed twenty (20%) percent of all Landfill Gas and Constituent Products measured at the flange connection between the Collection Facilities and the Beneficial Use Facilities.

10.3 Exclusion. No Royalty shall be due for any Landfill Gas and Constituent Products which are sold to the Parish at mutually agreed-upon prices.

10.4 Security Interest Of Parish. OWT does hereby grant to the Parish a security interest in the Gross Proceeds as security for the payment of the Royalty. OWT shall not assign its interest in the Gross Proceeds from the sale of Landfill Gas and Constituent Products without the prior written consent of the Parish. OWT shall not grant a security interest in the Gross Proceeds to any third party which will be superior to the security interest of the Parish. OWT agrees to execute any additional documents or instruments, including a financing statement, to evidence the security interest of the Parish in the Gross Proceeds.

10.5 Payment. Each payment shall be accompanied by a detailed statement showing the Gross Proceeds from the sale of Landfill Gas and Constituent Products received by OWT. The Parish will have access to the books and records of OWT to verify the accuracy and correctness of all royalty statements and payments received pursuant to this Article X.

10.6 Audit And Access To Records. For a period of three (3) years after any Royalty would be due, OWT shall maintain all contracts and financial records pertaining to the sale of Landfill Gas and Constituent Products produced by the Landfill and Landfill Expansion Area and such records shall be maintained in accordance with Generally Accepted Accounting Principles consistently applied. The Parish shall have access upon reasonable notice to review, copy and audit said books and records to verify all Royalty payments.

10.7 Independent Determination Of Royalty. For a period not to exceed three (3) years after any Royalty would otherwise be due and not more often than once annually, the Parish shall have the right, through an independent Certified Public Accountant, acceptable to OWT, which acceptance shall not be unreasonably withheld or delayed, to audit OWT's records, documents and

accounts regarding the sale of Landfill Gas and Constituent Products during OWT's regular business hours at its place of business in a manner sufficient to verify OWT's compliance with obligations regarding the Royalty due the Parish under the terms of this Agreement. If the accountant determines that the payment of the Royalty made to the Parish under this Agreement has been in conformity with OWT's obligations under this Agreement, the fees and expenses of the accountant performing such audit shall be borne by the Parish.

If the accountant determines that OWT has not conformed with its obligations under this Agreement and there has been an underpayment greater than \$1,000.00 annually with respect to the payment of the Royalty due the Parish, the fees and expenses of the accountant performing such audit shall be borne by OWT. OWT shall pay the Parish the amount shown to be due by the report of the accountant within fifteen (15) days after receipt of the accountant's written report.

ATTACHMENT G

FINANCIAL STATEMENTS – FISCAL YEARS 2014, 2015, 2016

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RENOVAR ENERGY Balance Sheet Current Year - Standard For Period Ending December 31, 2016 Profit Center: 85 Jefferson Parish

Page 1 of 2

Assets		
1000-85 / CURRENT ASSETS		
1030-85 / FCB - Operating	5,476.83	
1100-85 / Accounts Receivable	61,922.12	
1310-85 / Due To/From REC	2,504.38-	
Total 1000-85 / CURRENT ASSETS		64,894.57
1600-85 / PROPERTY, PLANT & EQUIPMENT		
1610-85 / Landfill Gas Production Facili	4,821,522.34	
1611-85 / Accumulated Deprec-Landfill	2,103,912.49-	
Total 1600-85 / PROPERTY, PLANT &		2,717,609.85
1700-85 / OTHER ASSETS		
1760-85 / Capitalized Financing Costs	3,699.55	
1761-85 / Ammortize Financing Costs	641.26-	
Total 1700-85 / OTHER ASSETS		3,058.29
Total Assets		2,785,562.71

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RENOVAR ENERGY Balance Sheet Current Year - Standard For Period Ending December 31, 2016 Profit Center: 85 Jefferson Parish

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Liabilities		
2000-85 / CURRENT LIABILITIES		
2010-85 / Accounts Payable	54,443.33	
2310-85 / Current Portion of L/T Debt	211,873.38	
Total 2000-85 / CURRENT LIABILITIES		266,316.71
2500-85 / LONG TERM LIABILITIES		
2650-85 / FCB Term Loan	1,200,391.95	
Total 2500-85 / LONG TERM LIABILITIES		1,200,391.95
Total Liabilities		1,466,708.66
Equity		
2900-85 / EQUITY		
2930-85 / Partner Capital	42,394.94	
2999-85 / Retained Earnings (Deficit)	1,432,729.94	
Net Profit	156,270.83-	
Total 2900-85 / EQUITY		1,318,854.05
Total Equity		1,318,854.05
Total Liabilities & Equity		2,785,562.71

RENOVAR ENERGY
Income Statement
Current Year - Standard
January 01, 2016 - December 31, 2016
Profit Center: 85 Jefferson Parish

	-----Current-----		-----Year To Date-----	
	Amount	% - Sales	Amount	% - Sales
3000-85 / REVENUES				
3010-85 / LFG Sales	.00	.0	637,450.35	100.0
Total 3000-85 / REVENUES	.00	.0	637,450.35	100.0
Total Sales	.00	.0	637,450.35	100.0
4000-85 / PROJECT EXPENSES				
4010-85 / Electricity	.00	.0	154,994.01	24.3
4020-85 / Plant Operating & Maintenance	.00	.0	118,411.15	18.6
4030-85 / Field Operating & Maintenance	.00	.0	2,644.83	.4
4034-85 / Gas Royalty Settlement JP	.00	.0	63,745.03	10.0
4035-85 / Equipment/Parts/Supplies	.00	.0	25,912.35	4.1
4050-85 / Project Insurance	.00	.0	36,617.76	5.7
4090-85 / Communications	.00	.0	4,619.80	.7
4110-85 / Non-Routine Project Costs	.00	.0	3,429.90	.5
4120-85 / Travel	.00	.0	8,094.35	1.3
Total 4000-85 / PROJECT EXPENSES	.00	.0	418,468.98	65.6
Total Cost of Goods Sold	.00	.0	418,468.98	65.6
Gross Profit	.00	.0	218,981.37	34.4
5000-85 / ADMINISTRATIVE COSTS				
5010-85 / Accounting	.00	.0	10,229.04	1.6
5015-85 / Licenses and Fees	.00	.0	1,247.57	.2
5020-85 / Legal and Professional	.00	.0	296.00	.0
5070-85 / Office Supplies	.00	.0	1,744.55	.3
5999-85 / Allocated G&A Expense	2,504.38	.0	50,333.77	7.9
Total 5000-85 / ADMINISTRATIVE COSTS	2,504.38	.0	63,850.93	10.0
7000-85 / OTHER EXPENSE (INCOME)				
7030-85 / Interest Expense	.00	.0	70,410.19	11.0
7040-85 / Depreciation	.00	.0	240,399.15	37.7
7045-85 / Amortization Expense	.00	.0	591.93	.1
Total 7000-85 / OTHER EXPENSE (INCOME)	.00	.0	311,401.27	48.9
Total Expenses	2,504.38	.0	375,252.20	58.9
Operating Profit	2,504.38-	.0	156,270.83-	24.5-
Total Income Taxes	.00	.0	.00	.0
Net Profit	2,504.38-	.0	156,270.83-	24.5-

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RENOVAR ENERGY
Balance Sheet
Current Year - Standard
For Period Ending December 31, 2015
Profit Center: 85 Jefferson Parish

Page 1 of 2

Assets			
1000-85 / CURRENT ASSETS			
1030-85 / FCB - Operating	1,142.94-		
1100-85 / Accounts Receivable	68,500.09		
1310-85 / Due To/From REC	78,191.04-		
Total 1000-85 / CURRENT ASSETS		10,833.89-	
1600-85 / PROPERTY, PLANT & EQUIPMENT			
1610-85 / Landfill Gas Production Facili	4,803,470.10		
1611-85 / Accumulated Deprecio-Landfill	1,863,513.34-		
Total 1600-85 / PROPERTY, PLANT &		2,939,956.76	
1700-85 / OTHER ASSETS			
1760-85 / Capitalized Financing Costs	3,699.55		
1761-85 / Ammortize Financing Costs	49.33-		
Total 1700-85 / OTHER ASSETS		3,650.22	
Total Assets			2,932,773.09

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RENOVAR ENERGY
Balance Sheet
Current Year - Standard
For Period Ending December 31, 2015
Profit Center: 85 Jefferson Parish

Page 2 of 2

Liabilities			
2000-85 / CURRENT LIABILITIES			
2010-85 / Accounts Payable	116,247.52		
2310-85 / Current Portion of L/T Debt	281,412.60		
Total 2000-85 / CURRENT LIABILITIES		397,660.12	
2500-85 / LONG TERM LIABILITIES			
2650-85 / FCB Term Loan	1,102,383.03		
Total 2500-85 / LONG TERM LIABILITIES		1,102,383.03	
Total Liabilities			1,500,043.15
Equity			
2900-85 / EQUITY			
2999-85 / Retained Earnings (Deficit)	1,325,697.70		
Net Profit	107,032.24		
Total 2900-85 / EQUITY		1,432,729.94	
Total Equity			1,432,729.94
Total Liabilities & Equity			2,932,773.09

RENOVAR ENERGY
Income Statement
Current Year - Standard
January 01, 2015 - December 31, 2015
Profit Center: 85 Jefferson Parish

	-----Current-----		-----Year To Date-----	
	Amount	% - Sales	Amount	% - Sales
3000-85 / REVENUES				
3010-85 / LFG Sales	.00	.0	877,671.58	100.0
Total 3000-85 / REVENUES	.00	.0	877,671.58	100.0
Total Sales	.00	.0	877,671.58	100.0
4000-85 / PROJECT EXPENSES				
4010-85 / Electricity	.00	.0	149,601.86	17.0
4020-85 / Plant Operating & Maintenance	.00	.0	76,821.44	8.8
4030-85 / Field Operating & Maintenance	.00	.0	3,433.70	.4
4034-85 / Gas Royalty Settlement JP	.00	.0	88,008.52	10.0
4035-85 / Equipment/Parts/Supplies	.00	.0	22,385.92	2.6
4050-85 / Project Insurance	.00	.0	37,082.81	4.2
4090-85 / Communications	.00	.0	3,016.71	.3
4100-85 / Gas Analysis	.00	.0	1,084.82	.1
4110-85 / Non-Routine Project Costs	.00	.0	1,821.61	.2
4120-85 / Travel	.00	.0	6,957.52	.8
4130-85 / Oil	.00	.0	2,022.33	.2
Total 4000-85 / PROJECT EXPENSES	.00	.0	392,237.24	44.7
Total Cost of Goods Sold	.00	.0	392,237.24	44.7
Gross Profit	.00	.0	485,434.34	55.3
5000-85 / ADMINISTRATIVE COSTS				
5010-85 / Accounting	.00	.0	8,060.80	.9
5015-85 / Licenses and Fees	.00	.0	870.00	.1
5020-85 / Legal and Professional	.00	.0	244.06	.0
5080-85 / Postage/Shipping	.00	.0	131.00	.0
5999-85 / Allocated G&A Expense	.00	.0	64,079.25	7.3
Total 5000-85 / ADMINISTRATIVE COSTS	.00	.0	73,385.11	8.4
7000-85 / OTHER EXPENSE (INCOME)				
7030-85 / Interest Expense	.00	.0	69,858.23	8.0
7040-85 / Depreciation	.00	.0	234,309.66	26.7
7045-85 / Amortization Expense	.00	.0	849.10	.1
Total 7000-85 / OTHER EXPENSE (INCOME)	.00	.0	305,016.99	34.8
Total Expenses	.00	.0	378,402.10	43.1
Operating Profit	.00	.0	107,032.24	12.2
Total Income Taxes	.00	.0	.00	.0
Net Profit	.00	.0	107,032.24	12.2

RENOVAR ENERGY
Balance Sheet
Current Year - Standard
For Period Ending December 31, 2014
Profit Center: 85 Jefferson Parish

Assets			
1000-85 / CURRENT ASSETS			
1030-85 / FCB - Operating	67.32		
1100-85 / Accounts Receivable	117,475.25		
1310-85 / Due To/From REC	366,056.95-		
Total 1000-85 / CURRENT ASSETS		248,514.38-	
1600-85 / PROPERTY, PLANT & EQUIPMENT			
1610-85 / Landfill Gas Production Facili	4,803,470.10		
1611-85 / Accumulated Deprec-Landfill	1,629,203.68-		
Total 1600-85 / PROPERTY, PLANT &		3,174,266.42	
1700-85 / OTHER ASSETS			
1760-85 / Capitalized Financing Costs	9,597.20		
1761-85 / Ammortize Financing Costs	8,797.43-		
Total 1700-85 / OTHER ASSETS		799.77	
Total Assets			<u><u>2,926,551.81</u></u>

RENOVAR ENERGY
Balance Sheet
Current Year - Standard
For Period Ending December 31, 2014
Profit Center: 85 Jefferson Parish

Liabilities			
2000-85 / CURRENT LIABILITIES			
2010-85 / Accounts Payable	76,535.78		
2310-85 / Current Portion of L/T Debt	281,412.60		
Total 2000-85 / CURRENT LIABILITIES		357,948.38	
2500-85 / LONG TERM LIABILITIES			
2650-85 / FCB Term Loan	1,242,905.73		
Total 2500-85 / LONG TERM LIABILITIES		1,242,905.73	
Total Liabilities			<u><u>1,600,854.11</u></u>
Equity			
2900-85 / EQUITY			
2999-85 / Retained Earnings (Deficit)	1,207,112.17		
Net Profit	118,585.53		
Total 2900-85 / EQUITY		1,325,697.70	
Total Equity			<u><u>1,325,697.70</u></u>
Total Liabilities & Equity			<u><u>2,926,551.81</u></u>

RENOVAR ENERGY
Income Statement
Current Year - Standard
January 01, 2014 - December 31, 2014
Profit Center: 85 Jefferson Parish

	-----Current-----		-----Year To Date-----	
	Amount	% - Sales	Amount	% - Sales
3000-85 / REVENUES				
3010-85 / LFG Sales	.00	.0	964,022.64	100.0
Total 3000-85 / REVENUES	.00	.0	964,022.64	100.0
Total Sales	.00	.0	964,022.64	100.0
4000-85 / PROJECT EXPENSES				
4010-85 / Electricity	.00	.0	207,961.72	21.6
4020-85 / Plant Operating & Maintenance	.00	.0	78,998.40	8.2
4034-85 / Gas Royalty Settlement JP	.00	.0	96,402.25	10.0
4035-85 / Equipment/Parts/Supplies	.00	.0	11,875.96	1.2
4050-85 / Project Insurance	.00	.0	43,855.15	4.5
4090-85 / Communications	.00	.0	3,386.58	.4
4100-85 / Gas Analysis	.00	.0	950.00	.1
4110-85 / Non-Routine Project Costs	.00	.0	4,034.49	.4
4120-85 / Travel	.00	.0	7,495.50	.8
Total 4000-85 / PROJECT EXPENSES	.00	.0	454,960.05	47.2
Total Cost of Goods Sold	.00	.0	454,960.05	47.2
Gross Profit	.00	.0	509,062.59	52.8
5000-85 / ADMINISTRATIVE COSTS				
5010-85 / Accounting	.00	.0	11,285.69	1.2
5015-85 / Licenses and Fees	.00	.0	33.00	.0
5999-85 / Allocated G&A Expense	.00	.0	50,587.74	5.2
Total 5000-85 / ADMINISTRATIVE COSTS	.00	.0	61,906.43	6.4
7000-85 / OTHER EXPENSE (INCOME)				
7030-85 / Interest Expense	.00	.0	83,279.23	8.6
7040-85 / Depreciation	.00	.0	243,371.96	25.2
7045-85 / Amortization Expense	.00	.0	1,919.44	.2
Total 7000-85 / OTHER EXPENSE (INCOME)	.00	.0	328,570.63	34.1
Total Expenses	.00	.0	390,477.06	40.5
Operating Profit	.00	.0	118,585.53	12.3
Total Income Taxes	.00	.0	.00	.0
Net Profit	.00	.0	118,585.53	12.3