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THE FIRST HOSPITAL SERVICE DISTRICT  
OF THE PARISHES OF  
ST. LANDRY AND ST. MARTIN  
FINANCIAL REPORT

June 30, 2002

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 2/19/03

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# BROUSSARD, POCHE', LEWIS & BREAU, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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P.O. Drawer 307  
Crowley, Louisiana  
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## INDEPENDENT ACCOUNTANT'S REPORT

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To the Board of Commissioners  
The First Hospital Service District of the  
Parishes of St. Landry and St. Martin  
State of Louisiana  
Arnaudville, Louisiana

We have compiled the accompanying general purpose financial statements of The First Hospital Service District of the Parishes of St. Landry and St. Martin, State of Louisiana as of and for the years ended June 30, 2002 and 2001, and the supplementary schedule, as listed in the table of contents. The statements and supplementary schedule, which is presented only for supplementary analysis purposes, were compiled in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting information that is the representation of the Board in the form of financial statements and supplementary schedules. We have not audited or reviewed the accompanying financial statements and the supplementary schedule and, accordingly, we do not express an opinion or any other form of assurance on them.

In accordance with the Louisiana Governmental Audit Guide and the provision of state law, we issued a report dated November 1, 2002, on the results of our agreed-upon procedures.

*Broussard, Poche', Lewis & Breau, L.L.P.*

Crowley, Louisiana  
November 1, 2002

Eugene C. Gilder, CPA\*  
Donald W. Kelley, CPA\*  
Herbert Lemoine II, CPA\*  
Frank A. Stagno, CPA\*  
Scott J. Broussard, CPA\*  
L. Charles Abshire, CPA\*  
Kenneth R. Dugas, CPA\*  
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Lawrence A. Cramer, CPA\* 1999  
Michael P. Crochet, CPA\* 1999

*Members of American Institute of Certified Public Accountants  
Society of Louisiana Certified Public Accountants*

\* A Professional Accounting Corporation.

FIRST HOSPITAL SERVICE DISTRICT  
OF THE PARISHES OF ST. LANDRY AND ST. MARTIN

BALANCE SHEETS  
June 30, 2002 and 2001  
See Accountants' Compilation Report

	2002	2001
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 528,089	\$ 421,146
Rent receivable	24,437	29,449
Certificate of deposit	175,000	175,000
Accrued interest receivable	8,348	9,897
Prepaid expenses	2,400	1,200
Total current assets	\$ 738,274	\$
<b>PROPERTY, PLANT AND EQUIPMENT</b> , at cost, less allowance for depreciation of 2002 - \$1,378,326 and 2001 - \$1,324,654	575,375	575,811
Total assets	\$ 1,313,649	\$ 1,212,503
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 171,837	\$ 171,837
Accrued expenses	2,807	2,983
Estimated third-party payor settlements	231,899	231,899
Total liabilities	\$ 406,543	\$ 406,719
<b>FUND BALANCE</b>		
Non-designated	907,106	805,784
Total liabilities and fund balance	\$ 1,313,649	\$ 1,212,503

FIRST HOSPITAL SERVICE DISTRICT  
OF THE PARISHES OF ST. LANDRY AND ST. MARTIN

STATEMENTS OF REVENUES AND EXPENSES  
Years Ended June 30, 2002 and 2001  
See Accountants' Compilation Report

	2002	2001
Lease income	\$ 80,085	\$ 82,155
Operating expenses:		
Depreciation	\$ 53,672	\$ 47,982
Administrative expenses	9,677	9,569
Repairs and maintenance	17,935	13,168
Office expenses	235	1,367
Insurance	10,376	8,184
Professional services	2,015	2,073
Total Operating Expenses	\$ 93,910	\$ 82,343
Operating loss	\$ (13,825)	\$ (188)
Other income (expenses) :		
Ad valorem taxes	\$ 97,396	\$ 91,904
Interest income	17,751	17,149
Total other income	\$ 115,147	\$ 109,053
Net Income	\$ 101,322	\$ 108,865

FIRST HOSPITAL SERVICE DISTRICT  
OF THE PARISHES OF ST. LANDRY AND ST. MARTIN

STATEMENTS OF FUND BALANCE  
Years Ended June 30, 2002 and 2001  
See Accountants' Compilation Report

	<u>Fund Balance</u>
Balance, June 30, 2000	\$ 696,919
Net Income	108,865
Balance, June 30, 2001	\$ 805,784
Net Income	101,322
Balance, June 30, 2002	<u>\$ 907,106</u>

FIRST HOSPITAL SERVICE DISTRICT  
OF THE PARISHES OF ST. LANDRY AND ST. MARTIN

STATEMENTS OF CASH FLOWS  
Years Ended June 30, 2002 and 2001  
See Accountants' Compilation Report

	2002	2001
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating loss	\$ (13,825)	\$ (188)
Adjustments to reconcile net income (loss) to net cash provided by (used by) operating activities:		
Depreciation	53,672	47,982
(Increase) decrease in assets:		
Rent receivable	5,012	(15,740)
Accrued interest receivable	1,549	(2,564)
Prepaid expenses	(1,200)	-
Increase (decrease) in liabilities:		
Accrued expenses	(176)	1,457
Net cash provided by (used in) operating activities	\$ 45,032	\$ 30,947
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Ad valorem taxes	97,396	91,904
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Interest income	17,751	17,149
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of property and equipment	(53,236)	(28,778)
Net increase (decrease) in cash and cash equivalents	\$ 106,943	\$ 111,222
Cash and cash equivalents at beginning of year	421,146	309,924
Cash and cash equivalents at end of year	\$ 528,089	\$ 421,146

FIRST HOSPITAL SERVICE DISTRICT  
OF THE PARISHES OF ST. LANDRY AND ST. MARTIN

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Significant Accounting Policies

Organization:

The accompanying financial statements are presented for First Hospital Service District of the Parishes of St. Landry and St. Martin, State of Louisiana. The District, which is a political subdivision of the State, was created by an ordinance adopted by the Parish Police Juries for the purpose of serving the surrounding area of said parishes.

The First Hospital Service District of the Parishes of St. Landry and St. Martin is not considered a component unit of the Parish Police Juries of St. Landry and St. Martin due to the fact that they do not meet the established criteria as provided in GASB Statement No. 14, *The Financial Reporting Entity*. These criteria includes financial accountability by the Police Juries or the ability to impose their will on the district by significantly influencing the programs, projects, activities, or level of services performed or provided by the district, and the existence of a financial benefit or burden.

Operation:

Prior to October 19, 1990, the District operated a hospital for acute care services. In December 1990, the Hospital facility was leased to other health care providers.

Method of accounting:

The First Hospital Service District utilizes the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual method. The First Hospital Service District's accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:514 and to the guide set forth in the *Louisiana Audit Guide*, and the *Audit and Accounting Guide – Health Care Organizations*, published by the American Institute of Certified Public Accountants, and standards established by the Governmental Accounting Standards Board (GASB), which is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Cash and cash equivalents:

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Accounting standards:

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the First Hospital Service District has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989.

Use of 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes:

The First Hospital Service District is a political subdivision and exempt from taxes.

NOTES TO FINANCIAL STATEMENTS

Environmental Matters:

The First Hospital Service District is subject to laws and regulations relating to the protection of the environment. The First Hospital Service District's policy is to accrue environmental and cleanup related costs of a non-capital nature when it is both probable that a liability has been incurred and when the amount can be reasonable estimated. Although it is not possible to quantify with any degree of certainty, the potential financial impact of the First Hospital Service District's continuing compliance efforts, management believes any future remediation or other compliance related costs will not have a material adverse effect on the financial condition or reported results of operations of the First Hospital Service District. At June 30, 2002, management is not aware of any liability resulting from environmental matters.

Property, plant, and equipment:

The District records all property, plant and equipment acquisitions at cost, except for assets donated to the District. Donated assets are recorded at fair market value at the date of donation.

The District provides for depreciation of its plant and equipment using the straight-line method in amounts sufficient to amortize the cost of its assets over their estimated useful lives. Amortization expense on assets acquired under capital leases is included in depreciation expense of owned assets.

Equipment	5-10 years
Buildings	40 years

Note 2. Property and Equipment

A summary of property, plant, and equipment is as follows:

	<u>2002</u>	<u>2001</u>
Land and land improvements	\$ 16,097	\$ 16,097
Buildings	1,462,472	1,462,472
Fixed equipment	137,089	137,089
Major movables	<u>338,043</u>	<u>284,807</u>
Total property, plant, and equipment	\$ 1,953,701	\$ 1,900,465
Less: accumulated depreciation	<u>(1,378,326)</u>	<u>(1,324,654)</u>
Net property, plant, and equipment	<u>\$ 575,375</u>	<u>\$ 575,811</u>

Depreciation expense for the year ended June 30, 2002 and 2001, amounted to \$53,672 and \$47,982 respectively.

Note 3. Ad Valorem Taxes

The First Hospital Service District's property tax is levied by the parish on the taxable real property in the district in late October of each year. Bills are sent out in November of each year at which time the First Hospital Service District records the tax revenue, and become a lien in the following March. The collection period for the First Hospital Service District's property taxes is from December (at which time they become delinquent) to the succeeding May.

Note 4. Leasing of Hospital

In 1996, the Board of Commissioners of First Hospital Service District of the Parishes of St. Landry and St. Martin entered into a lease agreement to lease the Hospital facility. The lessee pays \$4,500 monthly for 169 patient days, and \$15.00 per each additional patient day, plus utilities, general repairs, & upkeep. First Hospital Service District is responsible for the maintenance and repair of roofing, heating and air conditioning and any improvements to the parking lot. Lease revenue amounted to \$80,085 and \$82,155 for the year ended June 30, 2002 and 2001 respectively.

NOTES TO FINANCIAL STATEMENTS

Note 5. Bank Deposits

For reporting purposes, cash and cash equivalents include cash and certificates of deposit. The First Hospital Service District may invest in United States bonds, treasury notes, or certificates of deposit with state banks having their office in the State of Louisiana, or any other federally insured investment. The First Hospital Service District may also invest in shares of any homestead and building and loan association in any amount not exceeding the federally insured amount. These deposits are stated at cost, which approximates market. Under state laws, the deposits must be secured by federal deposit insurance on the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurances must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The deposits at June 30, 2002, were as follows:

	<u>Bank Balance</u>	<u>FDIC Insurance</u>	<u>Balance Uninsured</u>
Demand deposits	<u>\$ 528,094</u>	<u>\$ (100,000)</u>	\$ 428,094
<i>Certificate of deposit</i>	<u>\$ 175,000</u>	<u>\$ (100,000)</u>	<u>75,000</u>
Total amount uninsured			\$ 503,094
Securities pledged and held by the custodial bank in the bank's name (Category III)			<u>(1,123,101)</u>
Excess of FDIC insurance plus pledged securities over deposits in financial institutions			<u>\$ (620,007)</u>

Note 6. Estimated Third Party Payer Settlement

The District has Medicaid intermediary payable balances on cost reports from when the District operated a Hospital in the amount of \$231,899, which has not been settled as of June 30, 2002.

FIRST HOSPITAL SERVICE DISTRICT

SCHEDULE OF BOARD FEES  
Year Ended June 30, 2002

Board Members

The First Hospital Service District's board members did not receive any compensation during the year ending June 30, 2002 and 2001.



# BROUSSARD, POCHE', LEWIS & BREAUX, L.L.P.

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

To the Board of Commissioners  
The First Hospital Service District of the  
Parishes of St. Landry and St. Martin  
State of Louisiana  
Arnaudville, 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 First Hospital Service District of the Parishes of St. Landry and St. Martin and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about The First Hospital Service District of the Parishes of St. Landry and St. Martin's compliance with certain laws and regulations during the year ended June 30, 2002 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. 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 \$15,000, 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).

There were no expenditures made during the year for materials and supplies exceeding \$15,000, or 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 appeared on the list provided by management in agreed-upon procedure (2).

To the Board of Commissioners  
The First Hospital Service District of the  
Parishes of St. Landry and St. Martin  
State of Louisiana

### **Budgeting**

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

Not legally required to adopt a budget due to operate as enterprise fund.

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

Not legally required to adopt a budget due to operate as enterprise fund.

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

Not legally required to adopt a budget due to operate as enterprise fund.

### **Accounting and Reporting**

8. Randomly select six 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 payments were coded to the proper account and fund.

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

Inspection of documentation supporting each of the six selected disbursements indicated approvals from the accountant and the chairman of the Board of Commissioners.

9. There have been no payments to the members of the Board of Commissioners during the year ended June 30, 2002.

### **Meetings**

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

Management has asserted that such documents were properly posted; however, we could find no evidence supporting such assertion other than an unmarked copy of the notices and agendas.

### **Debt**

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

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

To the Board of Commissioners  
The First Hospital Service District of the  
Parishes of St. Landry and St. Martin  
State of Louisiana

**Advances and Bonuses**

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

We inspected all payroll transactions and minutes 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 First Hospital Service District of the Parishes of St. Landry and St. Martin 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. However, this report is a matter of public record and its distribution is not limited.

*Broussard, Poche, Lewis & Breaux, L.L.P.*

Crowley, Louisiana  
November 1, 2002

FIRST HOSPITAL SERVICE DISTRICT  
OF THE PARISHES OF ST. LANDRY AND ST. MARTIN

SCHEDULE OF PRIOR YEAR FINDINGS  
For the Year Ended June 30, 2002  
See Accountants' Compilation Report

Section I: Internal Control and Compliance Material to the Financial Statements

N/A

Section II: Internal Control and Compliance Material to Federal Awards

N/A

Section III: Management Letter

N/A

**LOUISIANA ATTESTATION QUESTIONNAIRE  
(For Attestation Engagements of Government)**

7-15-02 (Date Transmitted)

The First Hospital Service District  
of the Parishes of St. Landry + St. Martin  
P.O. Box 314, Arnaudville, LA 70512  
Broussard, Poche, Lewis + Breaux (Auditors)

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

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

**Public Bid Law**

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

Yes  No

**Code of Ethics for Public Officials and Public Employees**

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

Yes  No

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

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.

<u><i>Adolphe La Grange</i></u>	Secretary	<u>7-15-02</u>	Date
<u><i>Ronald Duval</i></u>	Treasurer	<u>7-15-02</u>	Date
<u><i>Justin Hardy</i></u>	President	<u>7-15-2002</u>	Date