

**NATCHITOCHE PARISH FIRE
PROTECTION DISTRICT NO. 5
FINANCIAL REPORT**

DECEMBER 31, 2002

Natchitoches Parish Fire
Protection District No. 5

TABLE OF CONTENTS

	<u>Page</u>
Accountants' Compilation Report on the Financial Statements	1
General Purpose Financial Statements <u>Combined Statements - Overview</u>	
Combined Balance Sheet-Fund Type and Account Groups	3
Statement of Revenues, Expenditures and Changes in Fund Balance-General Fund	4
Notes to Financial Statements	6-12
Independent Accountants' Report on Applying Agreed-Upon Procedures	13-15
Management Letter	16
Louisiana Attestation Questionnaire	17-19

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ACCOUNTANTS' COMPILATION REPORT ON THE FINANCIAL STATEMENTS

Natchitoches Parish Fire
Protection District No. 5
Natchez, Louisiana 71002

We have compiled the accompanying general purpose financial statements of the Natchitoches Parish Fire Protection District No. 5, a component unit of the Natchitoches Parish Police Jury, as of December 31, 2002, and for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements have been prepared on the modified accrual basis of accounting, which is the generally accepted accounting method established by the Governmental Accounting Standards Board for governmental units.

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

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, we have issued a report dated June 11, 2003, on the results of our agreed-upon procedures.

Johnson, Thomas & Cunningham
Johnson, Thomas & Cunningham, CPA's

June 11, 2003
Natchitoches, Louisiana

GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)

Natchitoches Parish Fire
Protection District No. 5

Combined Balance Sheet- Fund Type and Account Groups
December 31, 2002

	Governmental	<u>Account Groups</u>		Totals
	<u>Fund Type</u>	General	General	(Memorandum
	General	Fixed	Long-Term	Only)
	<u>Fund</u>	<u>Assets</u>	<u>Debt</u>	<u>12-31-02</u>
Assets:				
Cash	\$ 47,790	\$ 0	\$ 0	\$ 47,790
Certificates of Deposit	17,729	0	0	17,729
Revenue Receivable	40,985	0	0	40,985
Amount Available for Retirement of Debt	0	0	59,000	59,000
Buildings	0	11,082	0	11,082
Fire Trucks	0	157,173	0	157,173
Equipment	<u>0</u>	<u>27,351</u>	<u>0</u>	<u>27,351</u>
Total Assets	<u>\$106,504</u>	<u>\$195,606</u>	<u>\$59,000</u>	<u>\$361,110</u>
Liabilities and Fund Equity:				
Liabilities	\$ 0	\$ 0	\$ 0	\$ 0
Certificate of Indebtedness	<u>0</u>	<u>0</u>	<u>59,000</u>	<u>59,000</u>
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$59,000</u>	<u>\$ 59,000</u>
Fund Equity-				
Investment in General Fixed Assets	\$ 0	\$195,606	\$ 0	\$195,606
Fund Balance-				
Reserved for Debt Service	59,000	0	0	59,000
Unreserved-Undesignated	<u>47,504</u>	<u>0</u>	<u>0</u>	<u>47,504</u>
Total Fund Equity	<u>\$106,504</u>	<u>\$195,606</u>	<u>\$ 0</u>	<u>\$302,110</u>
Total Liabilities and Fund Equity	<u>\$106,504</u>	<u>\$195,606</u>	<u>\$59,000</u>	<u>\$361,110</u>

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

Natchitoches Parish Fire
Protection District No. 5

Statement of Revenues, Expenditures and Changes in Fund Balance-
General Fund
Year Ended December 31, 2002

	<u>Actual</u>
REVENUES:	
Taxes-	
Ad Valorem Taxes	\$ 27,772
Parcel Fee	14,527
Intergovernmental-	
Fire Insurance Tax	3,630
Interest	<u>994</u>
Total Revenues	<u>\$ 46,923</u>
EXPENDITURES:	
Current-	
General Government	\$ 9,661
Public Safety	11,775
Debt Service-	
Principal	8,000
Interest	<u>2,650</u>
Total Expenditures	<u>\$ 32,086</u>
Excess of Revenues over Expenditures	\$ 14,837
Fund Balance-Beginning of Year	<u>91,667</u>
Fund Balance-End of Year	<u>\$106,504</u>

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

NOTES TO FINANCIAL STATEMENTS

Natchitoches Parish Fire
Protection District No. 5

Notes to Financial Statements
December 31, 2002

1. The Reporting Entity:

Fire Protection District No. 5, of Natchitoches Parish, Louisiana was created in June 1982, by ordinance of the Natchitoches Parish Policy Jury. The District is charged with providing fire protection for the citizens of District No. 5 of Natchitoches Parish.

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 accounting and financial reporting. The codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local government.

Fire Protection District No. 5, of Natchitoches Parish prepares its financial statements in accordance with the standards established by the GASB. GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and has defined the governmental reporting entity to be the Natchitoches Parish Police Jury. The accompanying statements present only transactions of the Fire District No. 5, of Natchitoches Parish, a component unit of the Natchitoches Parish Police Jury.

2. Summary of Significant Accounting Policies:

The accounting and reporting policies of Natchitoches Parish Fire Protection District No. 5 conform to generally accepted accounting principles as applicable to governmental units. Such accounting and reporting policies also conform to the requirements of Louisiana Revised Statutes 24:517.

As the governing authority of the parish, for reporting purposes, the Natchitoches Parish Police Jury is the financial reporting entity for Natchitoches Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Natchitoches Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability.

1. Appointing a voting majority of an organization's governing body, and

Natchitoches Parish Fire
Protection District No. 5

Notes to Financial Statements
December 31, 2002

- a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
 3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury created by ordinance Fire District No. 5, the District was determined to be a component unit of the Natchitoches Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

The following is a summary of certain significant accounting principles and practices-

Fund Accounting:

The accounts of Natchitoches Parish Fire Protection District No. 5 are organized on the basis of a fund and account groups, each of which is considered a separate accounting entity. The operations of the fund or account groups are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, revenues and expenditures. Resources are allocated to the fund or account group based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The fund presented in this report is described as follows:

Governmental Fund:

General Fund. The General Fund is the general operating fund of the District. It is used to account for all financial resources of the District.

Fixed Assets and Long-term Liabilities-

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. The governmental fund is accounted for on a spending or "financial flow" measurement focus and only current assets and liabilities are generally included on its balance sheet.

Natchitoches Parish Fire
Protection District No. 5

Notes to Financial Statements
December 31, 2002

Fixed assets used in the governmental fund operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in the general fund.

These assets are recorded as expenditures in the General Fund when purchased. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost.

Long-term obligations expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental fund.

The two account groups are not "funds". They are concerned only with the measurement of financial position, not with measurement of results of operations.

Basis of Accounting:

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

The General Fund is accounted for using the modified accrual basis of accounting. Its revenues are recognized when they become measurable and available as net current assets. Taxes are recorded when levied since they are measurable and available and are therefore considered to be susceptible accrual. Expenditures are generally recognized when the related fund liability is incurred. Purchases of various operating supplies are regarded as expenditures at the time purchased.

The Natchitoches Parish Fire Protection District No. 5 does not employ the use of "Encumbrance accounting".

Total Columns on Combined Statements-Overview:

Total columns on the combined statements - overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis.

Natchitoches Parish Fire
Protection District No. 5

Notes to Financial Statements
December 31, 2002

Budgetary Practices:

Prior to the beginning of each fiscal year, the Treasurer submits a proposed budget to the Board of Commissioners. The budget is adopted, and held open for public inspection. All budgetary appropriations lapse at the end of the year.

Investments:

The District does not have any investments other than cash invested in interest bearing checking accounts.

3. Pension Plan:

The District is not a member of any retirement plan.

4. Compensated Absences:

The District has no formal leave policy; therefore, no liability for compensated absences exists.

5. General Fixed Assets:

A summary of changes in general fixed assets follows:

	Balance <u>1-1-02</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12-31-02</u>
Building	\$ 11,082	\$ 0	\$0	\$ 11,082
Fire Trucks	157,173	0	0	157,173
Fire Equipment	<u>27,351</u>	<u>0</u>	<u>0</u>	<u>27,351</u>
Totals	<u>\$195,606</u>	<u>\$ 0</u>	<u>\$0</u>	<u>\$195,606</u>

6. Litigation:

The District is not a party in any litigation seeking damages for the year ended December 31, 2002.

7. Related Party Transactions:

The District had no identified related party transactions for the year ended December 31, 2002.

Natchitoches Parish Fire
Protection District No. 5

Notes to Financial Statements
December 31, 2002

8. Compensation Paid to Board Members:

The members of the Board of Commissioners of the District receive no compensation for their services.

9. Ad Valorem Taxes:

The District levies taxes on real and business personal property located within the boundaries of Natchitoches Parish Fire District No. 5. Property taxes are levied by the District on property values assessed by the Natchitoches Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

The Natchitoches Parish Sheriff's office bills and collects property taxes for the District. Collections are remitted to the District monthly. The District recognizes property tax revenues when levied.

Property Tax Calendar

Assessment date	January 1, 2002
Levy date	June 30, 2002
Tax bills mailed	October 15, 2002
Total taxes are due	December 31, 2002
Penalties and interest added	January 31, 2003
Lien date	January 31, 2003
Tax Sale	May 15, 2003

The District is permitted to levy taxes up to 10% of the assessed property valuation for each specified purpose, or, in the aggregate for all purposes 25% of the assessed valuation for the payment of principal and interest on long-term debt after the approval by the voters of the District.

Assessed values are established by the Natchitoches Parish Tax Assessor each year on a uniform basis at the following ratios to fair market value:

10% land	15% machinery
10% residential improvements	15% commercial improvements
15% industrial improvements	25% public service properties, excluding land

A revaluation of all property is required to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 2000. Total assessed value was \$4,509,570 in 2002. Louisiana state law exempts the first \$7,500 of assessed value of a taxpayer's primary

Natchitoches Parish Fire
Protection District No. 5

Notes to Financial Statements
December 31, 2002

residence from parish property taxes. This homestead exemption was a total of \$1,598,670 of the assessed value in 2002. For the year ended December 31, 2002, taxes of 8.42 mils were levied on the property and were dedicated to fire protection. Taxes collected totaled \$27,772.

In addition to property taxes, the residents of Fire District No. 5, of Natchitoches Parish voted on and approved a proposition to levy and collect an annual parcel fee of \$25 on each lot on which a structure is located. The purpose of this assessment is to provide funds for acquiring, constructing, and maintaining fire protection facilities and equipment. The parcel fees attach as an enforceable lien and are levied in the same manner as property taxes described above.

For the year ended December 31, 2002, fees of \$16,475 were levied of which the entire amount is included as revenue for the year. Uncollected taxes average less than 1% of the total taxes levied. Accordingly, the District makes no provision for uncollectible taxes.

10. Cash and Investments:

For reporting purposes, cash and cash equivalents include cash, demand deposits, time deposits, and certificates of deposits. At December 31, 2002, the District had cash equivalents totaling \$65,519. Under Louisiana Law, these deposits must be secured by Federal deposit insurance, or by the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. The deposits at December 31, 2002, were as follows:

	<u>Bank Balance</u>	<u>FDIC Insurance</u>	<u>Balance Uninsured</u>
<u>Bank Balances:</u>			
Cash – Checking	\$47,790	\$47,790	\$0
Certificates of Deposit	<u>17,729</u>	<u>17,729</u>	<u>0</u>
Cash In Banks	<u>\$65,519</u>	<u>\$65,519</u>	

11. Receivables:

The following is a summary of receivables at December 31, 2002:

<u>Class of Receivable</u>	<u>General Fund</u>
Taxes-	
Ad Valorem	\$24,510
Parcel Fee	<u>16,475</u>
Total	<u>\$40,985</u>

Natchitoches Parish Fire
Protection District No. 5

Notes to Financial Statements
December 31, 2002

Substantially all receivables are considered to be fully collectible, and no allowance for uncollectibles is used.

12. Long-Term Debt:

During 2001, the District incurred \$75,000 of long-term debt. Certificates of Indebtedness for \$65,000 and \$10,000 were issued in March 2001. Certificate Number R-5 in the amount of \$10,000 due March 1, 2005 has a zero interest rate. Certificate Numbers R-1 through R-4 and R-6 through R-8 issued in March 2001 bear an interest rate of 5%.

Due <u>Date</u>	<u>R-3</u>	<u>R-4</u>	<u>R-5</u>	<u>R-6</u>	<u>R-7</u>	<u>R-8</u>	Total Amount <u>Due</u>
3/1/2003	<u>\$9,225</u>	\$ 225	\$ 0	\$ 250	\$ 250	\$ 275	\$10,225
9/1/2003		225	0	250	250	275	1,000
3/1/2004		9,225	0	250	250	275	10,000
9/1/2004		225	0	250	250	275	1,000
3/1/2005		225	<u>10,000</u>	250	250	275	11,000
9/1/2005		225		250	250	275	1,000
3/1/2006		225		10,250	250	275	11,000
9/1/2006		225		250	250	275	1,000
3/1/2007		225		250	10,250	275	11,000
9/1/2007		225		250	250	275	1,000
3/1/2008		<u>225</u>		<u>250</u>	<u>250</u>	<u>11,275</u>	<u>12,000</u>
Total	<u>\$9,225</u>	<u>\$11,475</u>	<u>\$10,000</u>	<u>\$12,750</u>	<u>\$12,750</u>	<u>\$14,025</u>	<u>\$70,225</u>

Total long-term debt, including interest of \$11,225, is \$70,225 for the year ending December 31, 2002.

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners of the
Natchitoches Parish Fire District No. 5

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the Natchitoches Parish Fire Protection District No. 5 and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluation management's assertions about the Natchitoches Parish Fire District No. 5's compliance with certain laws and regulations during the year ended December 31, 2002, included in the *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 materials 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).

No expenditures found to be in violation.

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.

Not applicable.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedures (3) were also included on the listing obtained from management in agreed-upon procedures (2) as immediate family members.

Not applicable.

BUDGETING

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

For the year ending December 31, 2002, the District did not adopt a budget.

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

Not applicable.

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

Not applicable.

ACCOUNTING AND REPORTING

8. Randomly select 6 disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee:

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account:

Each disbursement appeared to be coded correctly.

- (c) determine whether payments received approval from proper authorities:

Inspection of supporting documentation showed written approval. In addition, non-recurring entries were discussed and approved in the minutes.

MEETINGS

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

The District is only required to post a notice of each meeting and the accompanying agenda on the door of the District's office building. Management has asserted that such documents were properly posted.

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 any other indebtedness which have not been approved by the State Bond Commission.

We inspected copies of all bank deposits for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds or other indebtedness which had not been approved by the State Bond Commission.

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.

Not applicable.

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 Parish Fire Protection District No. 5 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.

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Johnson, Thomas & Cunningham, CPA's

June 11, 2003

Natchitoches, Louisiana

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To the Board of Commissioners of the
Natchitoches Parish Fire District No. 5

We have compiled the general purpose financial statements of the Natchitoches Parish Fire District No. 5, and have applied certain agreed upon procedures and issued our report dated June 11, 2003. As part of those procedures, we have the following information to report to you.

Finding:

Louisiana statutes require that a budget be prepared each year for the general fund. For the year ended December 31, 2002, the District did not approve a budget.

Recommendation:

The District should ensure that prior to the beginning of each fiscal year, a budget has been properly prepared and approved in accordance with Louisiana Statutes RS 38:1301-1314.

The Board of Commissioners did not have sufficient time to respond prior to the issuance of the report and will respond directly at a later date.

Johnson, Thomas & Cunningham
Johnson, Thomas & Cunningham, CPA's

June 11, 2003
Natchitoches, Louisiana

**NATCHITOCHEES PARISH
FIRE PROTECTION DISTRICT NO. 5**

LOUISIANA ATTESTATION QUESTIONNAIRE

Johnson, Thomas & Cunningham, CPA's
321 Bienville Street
Natchitoches, LA 71457

In connection with your compilation of our financial statements as of December 31, 2002 and for the period 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 March 31, 2003.

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 X 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 X 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 X 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 39:43.

Yes X 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 X No ___

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:453, and/or 39:92, as applicable.

Yes X No ___

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

Yes X No ___

Meetings

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

Yes X 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 47:1410.60.

Yes X 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 72-729.

Yes X 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.

Fire Chief McKindley Hoover, Sr. Date March 31, 2003

Note - Quasi-public entities should delete reference to the above statutes, unless required to follow such laws by contact with their public funding agencies. The quasi-public entities should include a representation that they have complied with the contractual provisions under which they have received state and/or local funds.