

VERMILION PARISH FIRE PROTECTION DISTRICT NUMBER 7
OF THE PARISH OF VERMILION, STATE OF LOUISIANA
A COMPONENT UNIT OF THE VERMILION PARISH POLICE JURY

COMPONENT UNIT
FINANCIAL STATEMENTS

DECEMBER 31, 2003 AND 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 5.5.04

**VERMILION PARISH FIRE PROTECTION DISTRICT NUMBER 7
OF THE PARISH OF VERMILION, STATE OF LOUISIANA
A COMPONENT UNIT OF THE VERMILION PARISH POLICE JURY**

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DECEMBER 31, 2003 AND 2002**

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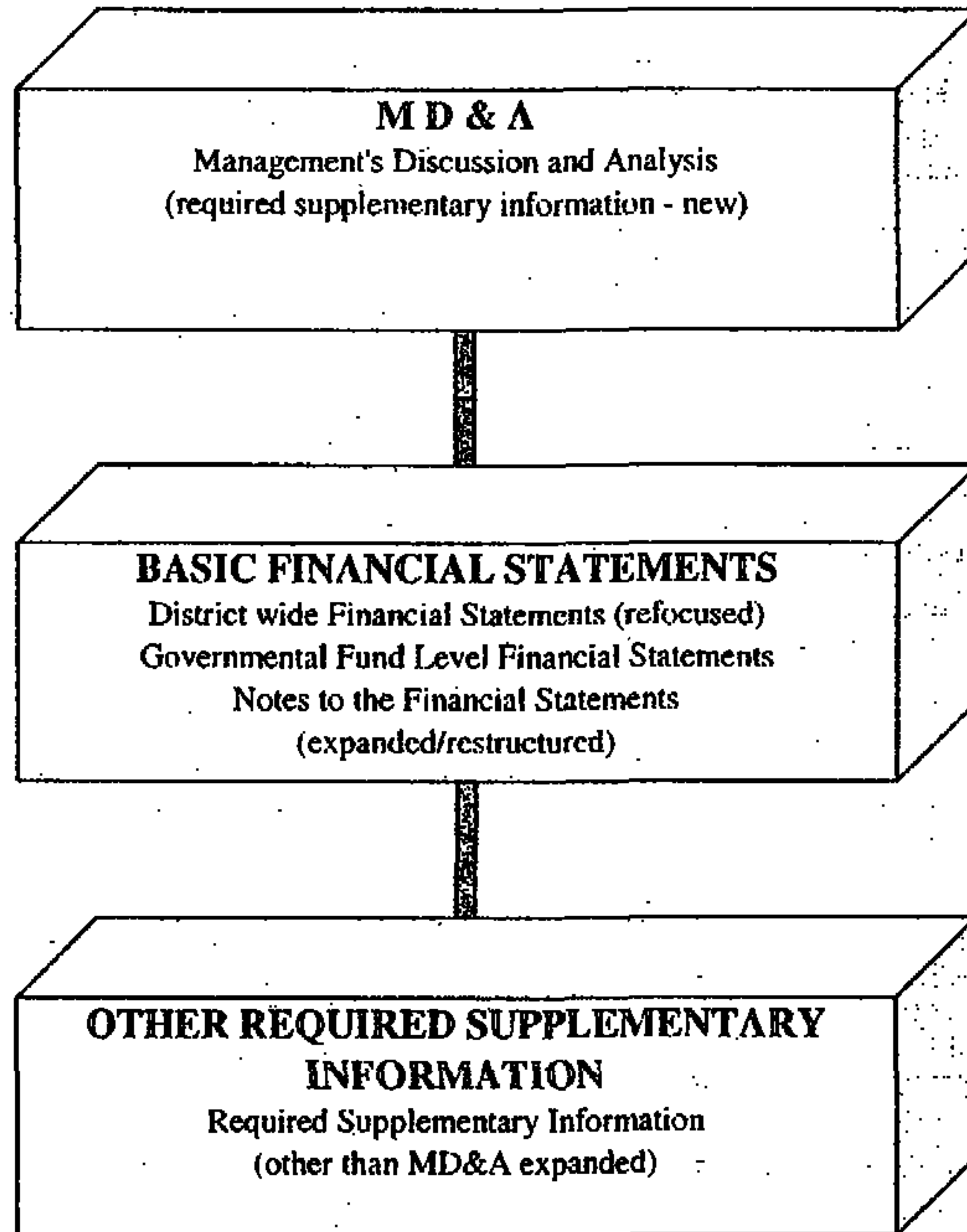
**VERMILION PARISH FIRE PROTECTION DISTRICT NUMBER 7
OF THE PARISH OF VERMILION, STATE OF LOUISIANA
A COMPONENT UNIT OF THE VERMILION PARISH POLICE JURY**

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2003

Vermilion Parish Fire Protection District Number Seven of the Parish of Vermilion, State of Louisiana's (the District) management's discussion and analysis is intended to assist the reader in focusing on significant financial issues, provide an overview of the District's financial activity, identify changes in the District's financial position and its ability to address the next and subsequent year challenges. It also identifies any material deviations from the financial plan and identifies individual fund issues or concerns. This is a requirement of the Government Accounting Standards Board (GASB) Statement Number 34 "Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments" and is intended to provide the financial results for the fiscal years ending December 31, 2003 and 2002.

This is the first year of GASB 34 implementation for the District. As a result, the financial report is presented very differently from previous years. The following is an illustration on how this financial report is presented.



GASB 34 requires the presentation of two basic types of financial statements: District-wide and fund level financial statements.

**VERMILION PARISH FIRE PROTECTION DISTRICT NUMBER 7
OF THE PARISH OF VERMILION, STATE OF LOUISIANA
A COMPONENT UNIT OF THE VERMILION PARISH POLICE JURY**

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2003

DISTRICT-WIDE FINANCIAL STATEMENTS

The District-wide statements are new and provide a perspective of the District as a whole. These statements use the full accrual basis of accounting similar to private sector companies. There are two District-wide statements: the Statement of Net Assets and the Statement of Activities.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Summary of Net Assets

	<u>2003</u>	<u>2002</u>
Assets		
Current Assets	\$ 262,738	\$ 262,296
Assets Limited as to Use	4,073	6,048
Capital Assets, net book value	262,861	253,195
Other Assets	-	-
Total Assets	<u>\$ 529,672</u>	<u>\$ 521,539</u>
Liabilities		
Current Liabilities	\$ 33,737	\$ 6,777
Current Liabilities Payable With Assets Limited as to Use	35,928	55,537
Long-term Liabilities	128,000	160,000
Total Liabilities	<u>197,665</u>	<u>222,314</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	173,733	87,353
Restricted	(31,855)	(49,489)
Unrestricted	190,129	261,361
Total Net Assets	<u>332,007</u>	<u>299,225</u>
Total Liabilities and Net Assets	<u>\$ 529,672</u>	<u>\$ 521,539</u>

As indicated by the statement above, total net assets at December 31, 2003 and 2002, are \$332,007, and \$299,225 respectively. Net assets can be separated into three categories: net capital assets net of related debt, restricted net assets, and unrestricted net assets.

Net capital assets are a combination of funds available for capital assets, plus capital assets at original cost less accumulated depreciation and related debt. The original cost of capital assets is \$333,733 and \$298,353 for 2003 and 2002, respectively; which is an accumulation of capital assets year after year less any capital disposals. The accumulated depreciation is the accumulation of depreciation expense since acquisition of each capital asset. In accordance with Generally Accepted Accounting Principles (GAAP), depreciation expense is recorded on the original cost of the asset, less an estimated salvage value, and expensed over the estimated useful life of the asset. Total accumulated depreciation is \$70,872 and \$45,158 for 2003 and 2002, respectively. Most long-term debt of the District is incurred to finance the acquisition of capital assets. Primarily, long-term debt is repaid as the debt service comes due from ad valorem tax revenues that have been set aside for debt retirement. Total revenue bonds outstanding for the years ending 2003 and 2002 is \$128,000 and \$160,000, respectively.

**VERMILION PARISH FIRE PROTECTION DISTRICT NUMBER 7
OF THE PARISH OF VERMILION, STATE OF LOUISIANA
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MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2003

Restricted net assets consist of debt retirement funds, and funds that are required to be used for the purchase of fire-fighting equipment. Restricted net assets represent an amount equal to the assets limited as to use, less the related liabilities. The breakdown of these funds is as follows:

	2003	2002
Revenue Bond Sinking Fund	\$ (33,940)	\$ (52,886)
Insurance Rebate Funds	2,085	3,397
Protested Taxes	-	-
Total	\$ (31,855)	\$ (49,489)

The remaining net assets balances of \$363,862 and \$348,714 for 2003 and 2002, respectively, are a combination of funds that are unrestricted. The unrestricted net assets is an accumulation of current and prior years' operating results.

RESULTS OF OPERATIONS

	2003		2002	
	Amount	% of Total	Amount	% of Total
Revenues				
Property Taxes	\$ 164,127	82.12%	\$ 172,611	91.94%
Interest Income	2,295	1.15%	4,271	2.27%
Intergovernmental	-	0.00%	3,752	2.00%
Donations Received	-	0.00%	4,595	2.45%
Grant Revenue	29,830	14.93%	-	0.00%
Insurance Rebate Income	3,606	1.80%	1,413	0.75%
Other Income	-	0.00%	1,100	0.59%
Total Revenues	\$ 199,858	100.00%	\$ 187,742	100.00%

	2003		2002	
	Amount	% of Total	Amount	% of Total
Expenses				
Current Public Safety:				
General & Administrative	\$ 5,598	3.35%	\$ 5,284	3.32%
Depreciation	25,714	15.39%	24,059	15.12%
Fuel	733	0.44%	218	0.14%
Insurance	14,774	8.84%	18,931	11.90%
Interest on Long-Term Debt	8,956	5.36%	14,379	9.04%
Repairs & Supplies	9,347	5.59%	3,523	2.21%
Payroll Related	94,901	56.80%	87,566	55.03%
Utilities	1,395	0.83%	955	0.60%
Other	5,658	3.40%	4,217	2.64%
Total Expenses	167,076	100.00%	159,132	100.00%
Increase in Net Assets	\$ 32,782	16.40%	\$ 28,610	15.24%

As indicated above, net assets increased by \$32,782 and \$28,610 for 2003 and 2002, respectively. This increase was due entirely to the receipt of property tax revenue and grant revenue. For each year, the increase was used for the retirement of bond principal.

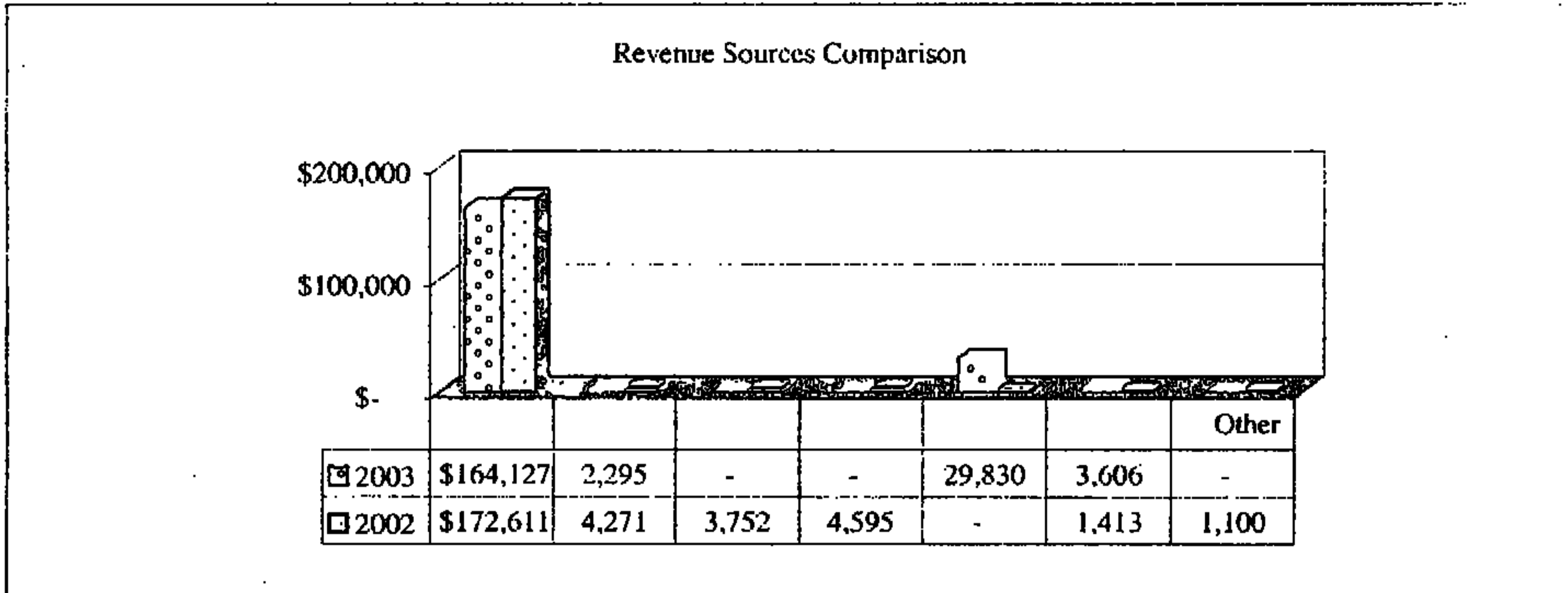
**VERMILION PARISH FIRE PROTECTION DISTRICT NUMBER 7
OF THE PARISH OF VERMILION, STATE OF LOUISIANA
A COMPONENT UNIT OF THE VERMILION PARISH POLICE JURY**

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2003

REVENUES

The following chart illustrates the District's sources of revenues:

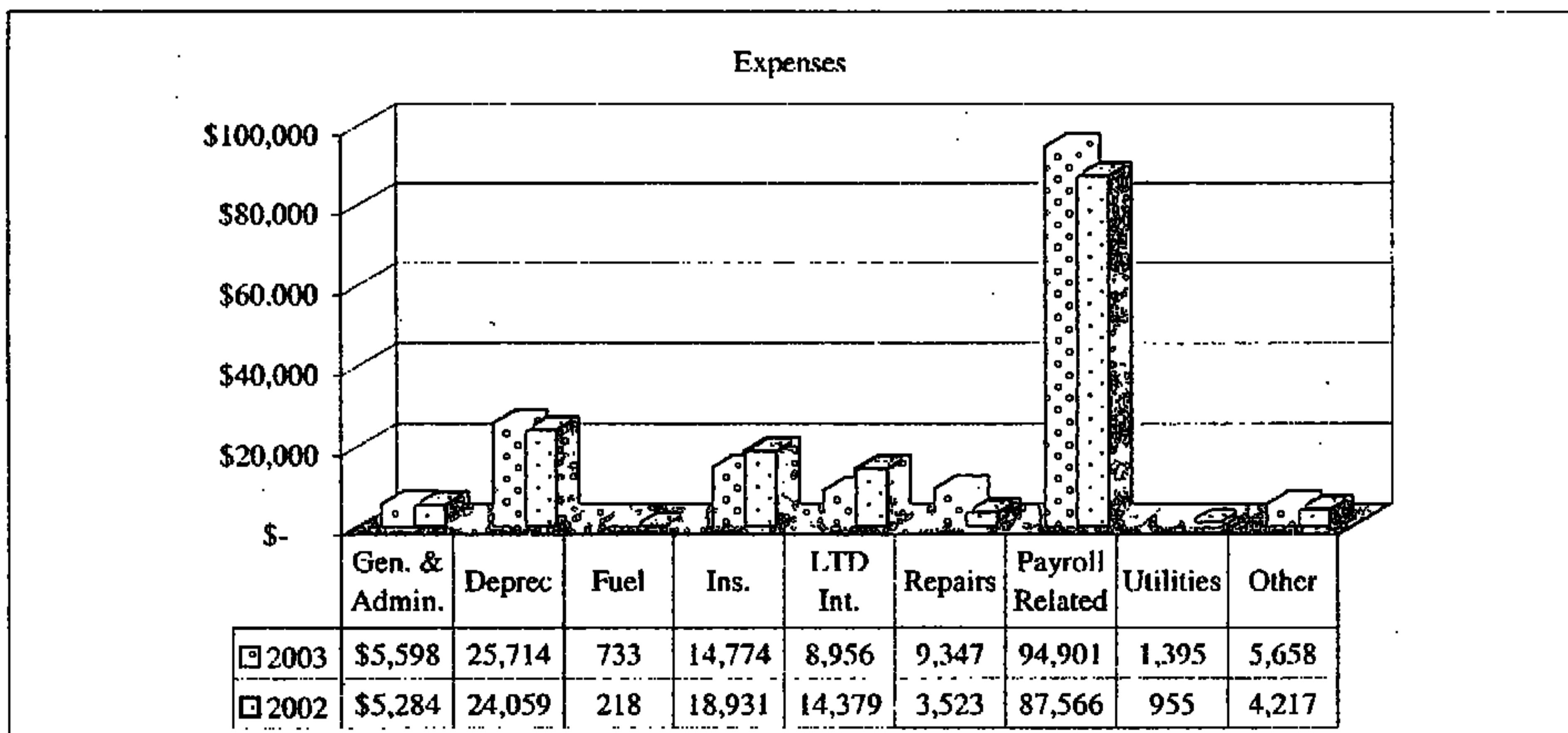


Ad Valorem taxes in the amount of \$164,127 represent eighty-two percent (82%) of total District revenues. The District has relied mainly on these revenues to fund its operations.

A reimbursement grant was receivable at year end from FEMA in the amount of \$29,830 for equipment purchased as compared to 2002 where no grant revenues were received.

EXPENSES

The following chart illustrates the District's expenses:



No retirement expense was reported for 2003 due to the fact that all District employees elected to discontinue participation in the State of Louisiana Fireman's Retirement System effective January 1, 2003.

**VERMILION PARISH FIRE PROTECTION DISTRICT NUMBER 7
OF THE PARISH OF VERMILION, STATE OF LOUISIANA
A COMPONENT UNIT OF THE VERMILION PARISH POLICE JURY**

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2003

CAPITAL ASSETS

At December 31, investments in capital assets were as follows:

CAPITAL ASSETS	2003	2002
Buildings	\$ 113,828	\$ 113,828
Property, Plant, and Equipment	<u>219,905</u>	<u>184,525</u>
Gross Capital Assets	333,733	298,353
Less: Accumulated Depreciation	<u>(70,872)</u>	<u>(45,158)</u>
 Net Capital Assets	 <u>\$ 262,861</u>	 <u>\$ 253,195</u>

DEBT

At the end of this year, the District had \$160,000 in Revenue Bonds outstanding as compared to \$211,000 for 2002. This is a combination of the Series 2000 and Series 1998 Revenue Bond issuances. Both issuances are used to provide funds for the acquisition and construction of major capital facilities and equipment. As part of these bond issuances a cash account was created whose use is limited as follows:

Fire Protection District Bond and Interest Sinking Fund - An amount sufficient to accumulate the amount needed to assure the prompt payment of the principal and interest installments as they become due is required to be set aside into this fund and may be used only for such purpose.

ECONOMIC FACTORS

Federal funding of equipment purchases through the FEMA grant in 2003 will produce significant savings in future years. The FEMA funds replaced funds that would have otherwise been taken from future years' operational revenues. Due to this grant, it was not necessary to set aside funds for these capital outlays.

ORIGINAL VS. REVISED BUDGET

The District prepares budgets on the GAAP basis of accounting. Budgets are prepared annually and approved by the District and then forwarded to the Vermilion Parish Police Jury for approval.

For the year ended December 31, 2003, the budget was amended in November 2003. The General Fund budget for revenues was increased by 14%.

**VERMILION PARISH FIRE PROTECTION DISTRICT NUMBER 7
OF THE PARISH OF VERMILION, STATE OF LOUISIANA
A COMPONENT UNIT OF THE VERMILION PARISH POLICE JURY**

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2003

General Fund Revenues:

General Fund Revenues

Total Revenues Revised Budget	\$ 203,300
Total Revenues Original Budget	<u>178,000</u>
	<u>\$ 25,300</u>

The significant revised budget adjustments for revenues for the year include:

The FEMA grant was approved for the payment of capital purchases.

The budget for interest revenue was amended due to substantial drops in interest rates. Furthermore, the budget was decreased after considering the effect of the use of invested funds to pay additional bond principal.

General Fund Expenditures:

The District's budget for expenditures increased by 12% for the year ended December 30, 2003.

General Fund Expenditures

Total Expenditures Revised Budget	\$ 217,732
Total Expenditures Original Budget	<u>194,236</u>
	<u>\$ 23,496</u>

The significant revised budget adjustments for expenditures include:

Insurance premiums for Liability, Auto, and Workers' Compensation coverage exceeded initial expected premium amounts.

Significant additional repairs were required on equipment in 2003.

Capital Outlays for 2003 were almost three times the amount spent in 2002 due to the approval of the FEMA grant for capital purchases.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact Vermilion Fire Protection District Number 7, Post Office Box 613, Abbeville, LA, 70511.

LANGLINAIS

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BROUSSARD

(A Corporation of Certified Public Accountants)

Glenn P. Langlinais, C.P.A.
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Chris Kehlhorn, C.P.A., M.B.A., M.F.A.

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Commissioners
Vermilion Parish Fire Protection District
Number 7, of the Parish of Vermilion,
State of Louisiana

We have compiled the accompanying financial statements of the Vermilion Parish Fire Protection District Number 7, of the Parish of Vermilion, State of Louisiana, (District) a component unit of the Vermilion Parish Police Jury, State of Louisiana, as of and for the years ended December 31, 2003 and 2002, 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 in the form of financial statements information that is the representation of management of the District. 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 February 27, 2004, on the results of our agreed-upon procedures.


LANGLINAIS & BROUSSARD
Certified Public Accountants

February 27, 2004

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**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Board of Commissioners
Vermilion Parish Fire Protection District
Number 7, of the Parish of Vermilion,
State of Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* as enumerated below, which were agreed to by the management of the Vermilion Parish Fire Protection District Number 7, of the Parish of Vermilion, State of Louisiana, (District) and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the District's compliance with certain laws and regulations during the year ended December 31, 2003, 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).
No expenditures made during the year for material and supplies exceeded \$15,000, or public works exceeded \$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 year under examination.

The District provided a list of all employees paid during the year under examination.

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 in the list of employees were also identified by management as immediate family members.

Budgeting

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

The District approved a budget for the fiscal year ending December 31, 2003, as required by the Local Government Budget Act (LSA-RS 39:1301-14).

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

We traced the adoption and amendments to the budget to the minutes of the District.

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

We compared actual total revenues and total expenditures to the budgeted amounts and determined that actual expenditures did not exceed budgeted expenditures by more than the allowable five percent (5.00%) and that budgeted revenues did not exceed actual revenues by more than five percent (5.00%).

Accounting and Reporting

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

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

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

(b) determine if payments were properly coded to the correct fund and general ledger account; and all of the payments were properly coded to the correct fund and general ledger account.

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

Inspection of documentation supporting each of the six selected disbursements indicated proper approvals were present for all payments.

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).

Due to the fact that the District is merely required to post the meeting agenda's and meeting notices at the meeting location, we were unable to test compliance. However, nothing came to our attention indicating that the District did not comply with the open meetings law.

Debt

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

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

Advances and Bonuses

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

Payroll records and the minutes for the year did not indicate that any payments were made to employees which may 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 District 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.


LANGLAINAIS & BROUSSARD
Certified Public Accountants

February 27, 2004

**VERMILION PARISH FIRE PROTECTION DISTRICT NUMBER 7
OF THE PARISH OF VERMILION, STATE OF LOUISIANA
A COMPONENT UNIT OF THE VERMILION PARISH POLICE JURY**

DISTRICT-WIDE STATEMENTS OF NET ASSETS

DECEMBER 31,

	2003	2002
ASSETS		
CURRENT ASSETS		
Cash and Equivalents	\$ 24,694	\$ 106,697
Investments	71,313	20,125
Taxes Receivable (net)	129,584	135,068
Other Receivables	31,750	331
Prepaid Expenses	5,397	75
Total Current Assets	262,738	262,296
ASSETS LIMITED AS TO USE		
Revenue Bond Sinking Cash	138	838
Insurance Rebate Cash	2,085	3,397
Protested Tax Investment	1,850	1,813
Total Assets Limited as to Use	4,073	6,048
CAPITAL ASSETS		
Buildings	113,828	113,828
Property, Plant, and Equipment	219,905	184,525
Gross Capital Assets	333,733	298,353
Less: Accumulated Depreciation	(70,872)	(45,158)
Net Capital Assets	262,861	253,195
TOTAL ASSETS	\$ 529,672	\$ 521,539
LIABILITIES AND NET ASSETS		
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$ 29,830	\$ 1,053
Payroll Liabilities	3,907	5,724
Total Current Liabilities	33,737	6,777
CURRENT LIABILITIES PAYABLE WITH ASSETS LIMITED AS TO USE		
Accrued Interest Payable	2,078	2,724
Current Portion of Long-Term Debt	32,000	51,000
Protested tax Liability	1,850	1,813
Total Current Liabilities Payable with Assets Limited as to Use	35,928	55,537
LONG-TERM LIABILITIES		
Revenue Bonds Payable	128,000	160,000
TOTAL LIABILITIES	197,665	222,314
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	173,733	87,353
Restricted	(31,855)	(49,489)
Unrestricted	190,129	261,361
TOTAL NET ASSETS	332,007	299,225
TOTAL LIABILITIES AND NET ASSETS	\$ 529,672	\$ 521,539

See Independent Accountants' Compilation Report and Notes to the Financial Statements

**VERMILION PARISH FIRE PROTECTION DISTRICT NUMBER 7
OF THE PARISH OF VERMILION, STATE OF LOUISIANA
A COMPONENT UNIT OF THE VERMILION PARISH POLICE JURY**

RECONCILIATION OF THE BALANCE SHEET -

FOR THE YEAR ENDED

GOVERNMENTAL FUND (GENERAL FUND) TO THE STATEMENT OF NET ASSETS

DECEMBER 31,

	2003	2002
Total Fund Balances - Governmental Fund (General Fund)	<u>\$ 231,224</u>	<u>\$ 259,754</u>
Amounts reported for Governmental Activities in the Statement of Net Assets are different due to the following:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds (Note 4)		
The Cost of Capital Assets	333,733	298,353
Accumulated Depreciation	<u>(70,872)</u>	<u>(45,158)</u>
Net Capital Assets	<u>262,861</u>	<u>253,195</u>
Interest on Long-Term Debt is recorded when paid in Governmental Funds whereas in the Statement of Activities it is recorded as interest Expense as it accrues		
	<u>(2,078)</u>	<u>(2,724)</u>
Long-term Liabilities are not due and payable in the current period therefore are not reported in the funds		
Bonds Payable - Current	(32,000)	(51,000)
Bonds Payable - Long-Term	<u>(128,000)</u>	<u>(160,000)</u>
Total Bonds Payable	<u>(160,000)</u>	<u>(211,000)</u>
Net Assets of Governmental Activities:	<u>\$ 332,007</u>	<u>\$ 299,225</u>

**VERMILION PARISH FIRE PROTECTION DISTRICT NUMBER 7
OF THE PARISH OF VERMILION, STATE OF LOUISIANA
A COMPONENT UNIT OF THE VERMILION PARISH POLICE JURY**

**DISTRICT WIDE - STATEMENTS OF ACTIVITIES
AND CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED
DECEMBER 31,**

	<u>PROGRAM REVENUES</u>		<u>GOVERNMENTAL ACTIVITIES</u>	
	<u>Expenses</u>	<u>Operating</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>	
		<u>Grants</u>	<u>2003</u>	<u>2002</u>
Functions/Programs				
Governmental Activities				
Fire Protection:				
Advertising and Publicity	113	-	(113)	-
Accounting and Audits	3,900	-	(3,900)	(3,975)
Depreciation Expense	25,714	-	(25,714)	(24,059)
Fuel	733	-	(733)	(218)
Insurance	14,774	-	(14,774)	(18,931)
Interest on Long-Term Debt	8,956	-	(8,956)	(14,379)
Materials and Supplies	2,676	-	(2,676)	(1,741)
Medical	-	-	-	(651)
Miscellaneous	911	-	(911)	(250)
Office	1,585	-	(1,585)	(1,309)
Paying Agent Fee	150	-	(150)	(173)
Payroll Taxes	7,982	-	(7,982)	(2,487)
Repairs and Maintenance	6,671	-	(6,671)	(1,782)
Retirement Expense	-	-	-	(7,108)
Salaries	86,919	-	(86,919)	(77,971)
Telephone	342	-	(342)	(367)
Travel	818	-	(818)	(55)
Training	673	-	(673)	(30)
Uniforms	1,189	-	(1,189)	(1,108)
Housing Expenses	1,917	-	(1,917)	(1,950)
Utilities	1,053	-	(1,053)	(588)
Total Governmental Activities	\$ 167,076	\$ -	\$ (167,076)	\$ (159,132)
General Revenues				
Taxes				
Property Taxes, levied for general purposes			\$ 164,127	\$ 172,611
Interest			2,295	4,271
Intergovernmental			-	3,752
Donations Received			-	4,595
Grant Revenue			29,830	-
Capital Grants - Insurance Rebate Income for Equipment			3,606	1,413.00
Other Income			-	1,100.00
Total General Revenues			199,858	187,742
Changes in Net Assets			32,782	28,610
Beginning Net Assets			299,225	270,615
Ending Net Assets			\$ 332,007	\$ 299,225

See Independent Accountants' Compilation Report and Notes to the Financial Statements

**VERMILION PARISH FIRE PROTECTION DISTRICT NUMBER 7
OF THE PARISH OF VERMILION, STATE OF LOUISIANA
A COMPONENT UNIT OF THE VERMILION PARISH POLICE JURY**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUND (GENERAL FUND) TO THE DISTRICT WIDE STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31,

	2003	2002
Total Net Change in Fund Balances - Governmental Fund (General Fund)	\$ (28,530)	\$ 12,997
 Amounts Reported for Governmental Activities in the Statement of Activities are different due to the following:		
Governmental Funds reported Capital Outlays as Expenditures whereas in the Statement of Activities, these costs are depreciated over their estimated useful lives		
Depreciation Expense	(25,714)	(24,059)
Capital Outlays	35,380	12,396
	9,666	(11,663)
 Repayment of Bond Principal is an Expenditure in the Governmental Funds, but it reduces Long-Term Liabilities in the Statement of Net Assets and does not affect the Statement of Activities		
	51,000	30,000
 Interest on Long-Term Debt is recorded when due whereas in the Statement of Activities it is recorded as Interest Expense as it Accrues		
	646	(2,724)
Change in Net Assets of Governmental Activities	\$ 32,782	\$ 28,610

**VERMILION PARISH FIRE PROTECTION DISTRICT NUMBER 7
OF THE PARISH OF VERMILION, STATE OF LOUISIANA
A COMPONENT UNIT OF THE VERMILION PARISH POLICE JURY**

**BALANCE SHEET
GOVERNMENTAL FUND (GENERAL FUND)**

DECEMBER 31,

	GENERAL FUND	
	2003	2002
ASSETS:		
Cash and Cash Equivalents	\$ 24,694	\$ 106,697
Investments	71,313	20,125
Taxes Receivable (net)	129,584	135,068
Other Receivables	31,750	331
Prepaid Expenses	5,397	75
Restricted Assets:		
Sinking Fund Cash	138	838
Insurance Rebate Cash	2,085	3,397
Protested Tax Investment	1,850	1,813
Total Assets	\$ 266,811	\$ 268,344
 LIABILITIES, EQUITY, AND OTHER CREDITS		
LIABILITIES:		
Accounts Payable	\$ 29,830	\$ 1,053
Payroll Liabilities	3,907	5,724
Protested Tax Liability	1,850	1,813
Total Liabilities	35,587	8,590
 EQUITY AND OTHER CREDITS		
Investment in General Fixed Assets		
Fund Balances:		
Unreserved and Undesignated	231,224	259,754
Total Equity and Other Credits	231,224	259,754
Total Liabilities, Equity, and Other Credits	\$ 266,811	\$ 268,344

**VERMILION PARISH FIRE PROTECTION DISTRICT NUMBER 7
OF THE PARISH OF VERMILION, STATE OF LOUISIANA
A COMPONENT UNIT OF THE VERMILION PARISH POLICE JURY**

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES GOVERNMENTAL FUND (GENERAL FUND)**

**FOR THE YEAR ENDED
DECEMBER 31,**

	GENERAL FUND	
	2003	2002
REVENUES:		
Property Taxes	\$ 164,127	\$ 172,611
Interest	2,295	4,271
Intergovernmental	-	3,752
Donations Received	-	4,595
Grant Revenue	29,830	-
Insurance Rebate Income	3,606	1,413
Other Income	-	1,100
Total Revenues	199,858	187,742
EXPENDITURES:		
Current Public Safety:		
Advertising and Publicity	113	-
Accounting and Audits	3,900	3,975
Fuel	733	218
Insurance	14,774	18,931
Materials and Supplies	2,676	1,741
Medical	-	651
Miscellaneous	911	250
Office	1,585	1,309
Payroll Taxes	7,982	2,487
Repairs and Maintenance	6,671	1,782
Retirement Expense	-	7,108
Salaries	86,919	77,971
Telephone	342	367
Travel	818	55
Training	673	30
Uniforms	1,189	1,108
Housing Expenses	1,917	1,950
Utilities	1,053	588
Capital Outlay	35,380	12,396
Debt Service:		
Principle Payment	51,000	30,000
Interest Payments	9,602	11,655
Paying Agent Fees	150	173
Total Expenditures	228,388	174,745
Excess (Deficiency) of Revenues Over (Under) Expenditures	(28,530)	12,997
Fund Balance, Beginning	259,754	246,757
Fund Balance, Ending	\$ 231,224	\$ 259,754

See Independent Accountants' Compilation Report and Notes to the Financial Statements.

**VERMILION PARISH FIRE PROTECTION DISTRICT NUMBER 7
OF THE PARISH OF VERMILION, STATE OF LOUISIANA
A COMPONENT UNIT OF THE VERMILION PARISH POLICE JURY**

**AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2003 AND 2002**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Vermilion Parish Fire Protection District Number 7, of the Parish of Vermilion, State of Louisiana, (District) was formed to oversee the fire protection services for the seventh ward of Vermilion Parish, State of Louisiana.

The District is considered a component unit of the Vermilion Parish Police Jury, State of Louisiana, and, accordingly, the financial position and results of operations of the District are reflected in the financial statements included in the annual financial report of the Vermilion Parish Police Jury. The Vermilion Parish Police Jury exercises oversight responsibility with respect to the District. The Police Jury, however, does not exercise any control over specific expenditures of the District.

All activities over which the District exercises oversight responsibility have been incorporated to form the District's reporting entity. Oversight responsibility is determined by financial interdependency, selection of governing board, designation of management, accountability for financial matters, and ability to significantly influence operations. Such activities include the general operations and support services of the District.

During fiscal year 2003, the District adopted GASB Statement No. 34, Basic Financial Statements- and Management's Discussion and Analysis-for State and Local Governments, as amended by GASB Statement No. 37 and No. 38, and applied those standards on a retroactive basis. GASB Statement No. 34 established standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset categories.

The following is a summary of significant accounting policies followed in the preparation of these financial statements.

A. NET ASSETS

Invested in Capital Assets, Net of Related Debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted Net Assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributions, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets often are designated, to indicate that management does not consider them to be available for general operations. Unrestricted net assets often have constraints on resources which are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenue.

**VERMILION PARISH FIRE PROTECTION DISTRICT NUMBER 7
OF THE PARISH OF VERMILION, STATE OF LOUISIANA
A COMPONENT UNIT OF THE VERMILION PARISH POLICE JURY**

**AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2003 AND 2002**

NOTES TO THE FINANCIAL STATEMENTS

B. GASB 34 ACCOUNTING DISTRICT WIDE FINANCIALS

The District wide statements are new and provide a perspective of the District as a whole. These statements use the full accrual basis method of accounting similar to private sector companies. There are two District Wide statements: the Statement of Net Assets and the Statement of Activities and Changes in Net Assets.

The Statement of Net Assets, for the first time, combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations, regardless if they are currently available or not.

Consistent with the full accrual basis method of accounting, the Statement of Activities accounts for current year revenues and expenses regardless of when cash is received or paid.

C. GASB 34 FUND FINANCIAL STATEMENTS

The fund statements are similar to financial presentations of years past, but the new focus is on the District's Major Funds rather than fund types as in the past. The two Account Groups: General Fixed Assets and General Long Term Debt are no longer reported. Consistent with previous years, the fund statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

The District considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Expenditures are accounted for in the period that goods and services are used. In addition, capital asset purchases are expensed and not recorded as assets. Debt payments are recorded as expenditures in the current year and future debt obligations are not recorded.

Property taxes are susceptible to accrual. Other receipts become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

D. FUND ACCOUNTING

Only one government fund type pertains to the District, its description is as follows:

General Fund - The General Fund is the District's primary operating fund accounting for all financial resources of the general government, except those required to be accounted for in another fund. Its revenues are derived primarily from ad valorem property taxes, in addition to periodic intergovernmental and grant revenues.

Basis of Accounting

The accounts are maintained on a modified accrual basis. As mentioned previously, revenues are recognized when received or when susceptible to accrual and expenditures are recognized in the period that goods and services are used.

**VERMILION PARISH FIRE PROTECTION DISTRICT NUMBER 7
OF THE PARISH OF VERMILION, STATE OF LOUISIANA
A COMPONENT UNIT OF THE VERMILION PARISH POLICE JURY**

NOTES TO THE FINANCIAL STATEMENTS

**AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2003 AND 2002**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. DEPOSITS AND INVESTMENTS

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

State statutes authorized the District to invest in obligations of the U. S. Treasury, certificates or other obligations of the United States of America, and time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana.

F. RECEIVABLES AND PAYABLES

All property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 6.60 percent of outstanding property taxes at December 31, 2003.

Property taxes were levied on January 1 on property values assessed on that date. Notices of tax liability are mailed on or about November 1, of the same year and are due and payable at that time. All unpaid taxes levied become delinquent January 1, of the following year. Property tax revenues are recognized in the same fiscal year within which they are billed because they are considered available in that period. Available includes those property tax receivables expected to be collected within sixty days after year end.

G. ASSETS LIMITED AS TO USE

Certain cash of the District are limited as to use for payment of debt service on the District's certificates of indebtedness (sinking fund), the purchase of equipment (insurance rebate), and the reimbursement of protested taxes contingent on settlement of appeals (protested tax account).

H. FIXED ASSETS AND LONG-TERM LIABILITIES

For modified accrual purposes, capital asset purchases are expensed and depreciation is not recorded. This expense is represented as Capital Outlays on the Governmental Fund Statement of Revenues Expenditures and Changes in Fund Balances. For full accrual purposes, fixed assets are categorized as current, limited as to use, or capital and represented on the Statement of Net Assets. Purchases are recorded at cost and depreciated using the straight-line method. Depreciation expense is represented on the Statement of Activities.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not added to the cost of the asset in either method but are expensed as incurred.

**VERMILION PARISH FIRE PROTECTION DISTRICT NUMBER 7
OF THE PARISH OF VERMILION, STATE OF LOUISIANA
A COMPONENT UNIT OF THE VERMILION PARISH POLICE JURY**

**AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2003 AND 2002**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Under the modified accrual method, debt payments are recorded as expenditures in the current year and future debt obligations are not recorded. These expenditures are shown on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances under Debt Service. Under the full accrual method, debt obligations are found on the Statement of Net Assets. Future debt obligations are shown at face value as a long-term liability with the current portion reported separately as a current liability payable with assets limited as to use.

For governmental fund types, bond premiums and discounts, as well as issue costs, are recognized during the current period. Bond proceeds are reported as an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. Under the full accrual method, bond premiums and discounts and issue costs are amortized over the life of the bond.

I. FUND EQUITY

Reservations of fund balance represents amounts that are not appropriable or are legally segregated for a specific purpose.

J. ESTIMATES

The preparation of financial statements in accordance 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, as well as revenues and expenses reported for the periods presented. The District regularly assesses these estimates and, while actual results may differ, management believes that the estimates are reasonable.

K. BUDGETS

The District prepares budgets on the GAAP basis of accounting. Budgets are prepared annually and approved by the District and the forwarded to the Vermilion Parish Police Jury for approval.

NOTE 2: CASH AND INVESTMENTS

At year-end, the District's carrying amount and bank balance of its deposits was \$26,917 and \$30,710 respectively. The total amount of this bank balance was covered by federal depository insurance in addition to excess collateral securities held by the pledging financial institution's trust department or agent in the entity's name. Investments consist of certificates of deposit with financial institutions. The fair value for these investments is not materially different from its reported amounts. Investments are categorized into three categories of credit risk:

- (1) Insured or registered, or securities held by the District or its agent in the District's name.
- (2) Uninsured and unregistered, with securities held by the counter-party's trust department or agent in the District's name.

**VERMILION PARISH FIRE PROTECTION DISTRICT NUMBER 7
OF THE PARISH OF VERMILION, STATE OF LOUISIANA
A COMPONENT UNIT OF THE VERMILION PARISH POLICE JURY**

**AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2003 AND 2002**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: CASH AND INVESTMENTS (Continued)

(3) Uninsured and unregistered, with securities held by the counter-party, or by its trust department or agent but not in the District's name.

At December 31, 2003, the District's investment balances were as follows:

	CATEGORY			CARRYING AMOUNT	MARKET VALUE
	1	2	3		
Certificates of Deposit	\$ 73,163	\$ -	\$ -	\$ 73,163	\$ 73,163

NOTE 3: PROPERTY TAX REVENUES / RECEIVABLES

For the year ended December 31, 2003, taxes of 7.67 mills were levied on property with assessed valuations totaling \$22,260,490.

Total Taxes levied on January 1, 2003, were \$170,785. Taxes receivable at December 31, 2003, consisted of the following:

Taxes receivable current roll	\$ 138,740
Allowance for Uncollectible Taxes	<u>(9,156)</u>
Net Taxes Receivable	<u>\$ 129,584</u>

NOTE 4: FIXED ASSETS

Activity related to capital assets for the District for the year ended December 31, 2003, were as follows:

	BALANCE JANUARY 1, 2003	ADDITIONS	RETIREMENTS	BALANCE DECEMBER 31, 2003
Furniture and Fixtures	\$ 2,738	\$ -	\$ -	\$ 2,738
Equipment	8,723	2,578	-	11,301
Buildings	113,828	-	-	113,828
Vehicles	150,049	-	-	150,049
Fire Fighting Equipment	23,015	32,802	-	55,817
Totals	<u>\$ 298,353</u>	<u>\$ 35,380</u>	<u>\$ -</u>	<u>\$ 333,733</u>

**VERMILION PARISH FIRE PROTECTION DISTRICT NUMBER 7
OF THE PARISH OF VERMILION, STATE OF LOUISIANA
A COMPONENT UNIT OF THE VERMILION PARISH POLICE JURY**

**AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2003 AND 2002**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5: LONG-TERM DEBT

Certificates of Indebtedness. The District issued general obligation certificates of indebtedness to provide funds for the acquisition and construction of major capital facilities and equipment. All the certificates are reported as Long-Term Liabilities on the District-Wide Statement of Net Assets.

General obligation certificates of indebtedness are direct obligations and pledge the full faith and credit of the District. These certificates have both varying rates of interest and amounts of principal maturing each year. Certificates of indebtedness currently outstanding are as follows:

Certificates of Indebtedness, interest at 5.40%, payable in annual installments from \$14,000 to \$21,000 through March 1, 2008.	\$	95,000
Certificates of indebtedness, interest from 4.55% to 5.00%, payable in annual installments from \$10,000 to \$20,000 through March 1, 2008		<u>65,000</u>
Total General Long-term Debt	\$	<u>160,000</u>

The following are maturities of general long-term debt for each of the next five years:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL DEBT SERVICE</u>
2004	\$ 32,000	7,487	\$ 39,487
2005	33,000	5,815	38,815
2006	34,000	4,085	38,085
2007	40,000	2,169	42,169
2008	<u>21,000</u>	<u>567</u>	<u>21,567</u>
	<u>\$ 160,000</u>	<u>\$ 20,123</u>	<u>\$ 180,123</u>

During the year ended December 31, 2003, the following changes occurred in long-term debt:

	<u>BALANCE JANUARY 1, 2003</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>BALANCE DECEMBER 31, 2003</u>
Certificates of Indebtedness	<u>\$ 211,000</u>	<u>\$ -</u>	<u>\$ 51,000</u>	<u>\$ 160,000</u>

**VERMILION PARISH FIRE PROTECTION DISTRICT NUMBER 7
OF THE PARISH OF VERMILION, STATE OF LOUISIANA
A COMPONENT UNIT OF THE VERMILION PARISH POLICE JURY**

NOTES TO THE FINANCIAL STATEMENTS

**AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2003 AND 2002**

NOTE 6: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance.

**VERMILION PARISH FIRE PROTECTION DISTRICT NUMBER 7
OF THE PARISH OF VERMILION, STATE OF LOUISIANA
A COMPONENT UNIT OF THE VERMILION PARISH POLICE JURY**

BUDGETARY COMPARISON SCHEDULE **FOR THE YEAR ENDED
DECEMBER 31, 2003 AND 2002**

	<u>BUDGET</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(UNFAVORABLE)</u>
REVENUES:				
Property Taxes	\$ 168,000	\$ 168,000	\$ 164,127	\$ (3,873)
Interest	5,000	1,000	2,295	1,295
Intergovernmental	-	-	-	-
Donations Received	-	-	-	-
Grant Revenue	-	30,700	29,830	(870)
Insurance Rebate Income	-	-	3,606	3,606
Other Income	5,000	3,600	-	(3,600)
Total Revenues	<u>178,000</u>	<u>203,300</u>	<u>199,858</u>	<u>(3,442)</u>
EXPENDITURES:				
Current Public Safety:				
Advertising and Publicity	150	100	113	(13)
Accounting and Audits	5,000	3,600	3,900	(300)
Bank Charges	-	-	-	-
Computer Supplies	97	50	-	50
Fuel	500	700	733	(33)
Insurance	13,220	17,000	14,774	2,226
Legal and Professional	100	100	-	100
Materials and Supplies	2,000	1,600	2,676	(1,076)
Medical	600	100	-	100
Miscellaneous	860	100	911	(811)
Office	1,200	1,700	1,585	115
Payroll Taxes	7,169	7,500	7,982	(482)
Repairs and Maintenance	3,500	6,800	6,671	129
Retirement Expense	-	-	-	-
Salaries	78,030	78,030	86,919	(8,889)
Telephone	800	500	342	158
Travel	800	800	818	(18)
Training	2,000	800	673	127
Uniforms	900	1,300	1,189	111
Housing Expenses	1,950	1,800	1,917	(117)
Utilities	600	600	1,053	(453)
Capital Outlay	5,500	33,800	35,380	(1,580)
Debt Service:				
Principle Payment	58,000	51,000	51,000	-
Interest Payments	11,102	9,602	9,602	-
Paying Agent Fees	158	150	150	-
Total Expenditures	<u>194,236</u>	<u>217,732</u>	<u>228,388</u>	<u>(10,656)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,236)	(14,432)	(28,530)	(14,098)
Fund Balance, Beginning	259,754	259,754	259,754	-
Fund Balance, Ending	<u>\$ 243,518</u>	<u>\$ 245,322</u>	<u>\$ 231,224</u>	<u>\$ (14,098)</u>

See Independent Accountants' Compilation Report and Notes to the Financial Statements.

LOUISIANA ATTESTATION QUESTIONNAIRE

January 22, 2004

LANGLINAIS & BROUSSARD
 A Corp. of CPA=s
 P. O. Box 1123
 Abbeville, Louisiana 70511-1123

In connection with your compilation of our financial statements as of December 31, 2003, 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 December 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 39:34. 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, 33:463, 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 39:1410.60.. 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 79-729. 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.

Edward J. [Signature] Secretary Feb. 18, 2004 Date

[Signature] Treasurer _____ Date

Lee [Signature] President Feb 18, 2004 Date