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GAS UTILITY DISTRICT NO. 1
WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2004

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 8/18/04

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DYER & VICKNAIR

(CERTIFIED PUBLIC ACCOUNTANTS)

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INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
Gas Utility District No. 1
West Feliciana Parish
St. Francisville, Louisiana

We have audited the accompanying general purpose financial statements of

GAS UTILITY DISTRICT NO. 1
WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

a component unit of West Feliciana Parish Police Jury, St. Francisville, Louisiana, as of and for the year ended April 30, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of Gas Utility District No. 1, West Feliciana Parish, St. Francisville, Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Gas Utility District No. 1, West Feliciana Parish, St. Francisville, Louisiana as of April 30, 2004, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note #11 to the general purpose financial statements, revenues were received in year ended April 30, 2004 resulting from under billings in prior years due to gas lost caused by a faulty meter.

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In accordance with Government Auditing Standards, we have also issued a report dated July 13, 2004 on our consideration of Gas Utility District No. 1, West Feliciana Parish, St. Francisville, Louisiana's internal control over financial reporting and test of its compliance with certain provisions of laws and regulations. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The financial information referred to as supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Gas Utility District No. 1, West Feliciana Parish, St. Francisville, Louisiana. Such information, except for that portion marked "unaudited", on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

St. Francisville, Louisiana
July 13, 2004

Dyer & Vicknair

GAS UTILITY DISTRICT NO. 1
WEST FELICIANA PARISH
BALANCE SHEET
APRIL 30, 2004

ASSETS

CURRENT ASSETS

| | |
|--------------------|---------------|
| Cash | \$ 296,039 |
| Investments | 493,159 |
| Receivables | |
| Customers | 230,921 |
| State of Louisiana | <u>22,087</u> |

Total current assets 1,042,206

PROPERTY AND EQUIPMENT

| | |
|----------------------------|------------------|
| Property and equipment | 2,288,229 |
| Less: depreciation to date | <u>1,506,678</u> |

Net property and equipment 781,551

Total assets 1,823,757

The accompanying notes are an integral part of this statement.

LIABILITIES AND FUND EQUITY

CURRENT LIABILITIES

| | |
|----------------------------------|----------------|
| Accounts payable - trade | \$ 167,317 |
| Contracts payable | 47,751 |
| Retainage payable | 16,836 |
| Accrued expenses | 39,091 |
| Customers' security deposit | <u>2,100</u> |
| <u>Total current liabilities</u> | <u>273,095</u> |

FUND EQUITY

| | |
|--|------------------|
| Contributed capital | |
| In aid of construction | 430,271 |
| Retained earnings | <u>1,120,391</u> |
| <u>Total fund equity</u> | <u>1,550,662</u> |
| <u>Total liabilities and fund equity</u> | <u>1,823,757</u> |

GAS UTILITY DISTRICT NO. 1
WEST FELICIANA PARISH
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS
YEAR ENDED APRIL 30, 2004

| | |
|---|---------------------|
| <u>OPERATING REVENUES</u> | |
| Charges for services | \$ <u>2,816,495</u> |
| <u>Total operating revenues</u> | <u>2,816,495</u> |
| <u>OPERATING EXPENSES</u> | |
| Gas purchased | 2,266,847 |
| Depreciation | 55,256 |
| All other | <u>269,827</u> |
| <u>Total operating expenses</u> | <u>2,591,930</u> |
| <u>Operating income</u> | <u>224,565</u> |
| <u>NONOPERATING REVENUES (EXPENSES)</u> | |
| Interest income | 5,468 |
| Miscellaneous income | 33 |
| Uncollectible accounts | <u>(470)</u> |
| <u>Total nonoperating revenues</u> | <u>5,031</u> |
| <u>NET INCOME</u> | <u>229,596</u> |
| <u>RETAINED EARNINGS</u> , beginning of year, as previously stated | 724,913 |
| Prior period adjustment | <u>165,882</u> |
| <u>RETAINED EARNINGS</u> , beginning of year, as restated | <u>890,795</u> |
| <u>RETAINED EARNINGS</u> , end of year | <u>1,120,391</u> |

The accompanying notes are an integral part of this statement.

GAS UTILITY DISTRICT NO. 1
WEST FELICIANA PARISH
STATEMENT OF CASH FLOWS
YEAR ENDED APRIL 30, 2004

| | |
|---|----------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | |
| Operating income | \$ 224,565 |
| Adjustments to reconcile net income to net cash provided by operating activities | |
| Depreciation | 55,256 |
| Uncollectible accounts | (470) |
| (Increase) decrease in | |
| Receivables | 59,383 |
| Increase (decrease) in | |
| Accounts payable - trade | (15,292) |
| Contracts payable | 47,751 |
| Retainage payable | 16,836 |
| Accrued expenses | 10,851 |
| Customers' security deposits | <u>150</u> |
| <u>Net cash provided by operating activities</u> | <u>399,030</u> |
| <u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u> | |
| Miscellaneous income | <u>33</u> |
| <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES</u> | |
| Capital contributions | 84,679 |
| Prior period adjustment | 165,882 |
| Purchase of equipment | (62,315) |
| Construction in progress | <u>(452,830)</u> |
| <u>Net cash provided (used) by capital and related financing activities</u> | <u>(264,584)</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | |
| Interest on investments | 5,468 |
| Purchase of investments | <u>(170,279)</u> |
| <u>Net cash provided (used) by investing activities</u> | <u>(164,811)</u> |
| <u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u> | <u>(30,332)</u> |
| <u>CASH AND CASH EQUIVALENTS, beginning of year</u> | <u>326,371</u> |
| <u>CASH AND CASH EQUIVALENTS, end of year</u> | <u>296,039</u> |

The accompanying notes are an integral part of this statement.

GAS UTILITY DISTRICT NO. 1
WEST FELICIANA PARISH
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2004

INTRODUCTION

Gas Utility District No. 1, West Feliciana Parish, St. Francisville, Louisiana was created by the West Feliciana Parish Police Jury under Louisiana Revised Statutes 33:4301-4308. The District is governed by nine commissioners. These nine members are referred to as the Board of Commissioners. The nine commissioners are appointed by the parish governing authority. The District was created to provide natural gas resources to residents within the District.

Note #1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements of Gas Utility District No. 1, West Feliciana Parish, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

As the governing authority of the parish, for reporting purposes, the West Feliciana Parish Police Jury is the financial reporting entity for West Feliciana Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organization for which the primary government is financially accountable, and (c) other organizations for which 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 No. 14 established criteria for determining which component units should be considered part of West Feliciana 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. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and (a) the ability of the police jury to impose its will on that

GAS UTILITY DISTRICT NO. 1
WEST FELICIANA PARISH
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2004
(Continued)

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 of significance of the relationship.

Because the police jury meets criteria (1) above, Gas Utility District No. 1, West Feliciana Parish, St. Francisville, Louisiana is determined to be a component unit of West Feliciana Parish Police Jury, financial reporting entity. The accompanying financial statements present information only on the funds maintained by Gas Utility District No. 1 and do not present information on the Police Jury, the general government services provided by the Police Jury, or the other governmental units that comprise the financial reporting entity.

C. Fund Accounting

The District is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all

GAS UTILITY DISTRICT NO. 1
WEST FELICIANA PARISH
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2004
(Continued)

liabilities associated with the operation of this fund is included on the balance sheet. The enterprise fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded at the time liabilities are incurred.

E. Proprietary Activity Accounting

Activities of the District are recognized in conjunction with all pronouncements of the Financial Accounting Standards Board (FASB), unless those pronouncements conflict with or contradict GASB pronouncements.

F. Budgets and Budgetary Accounting

A budget is not required by state law and, therefore, is not prepared.

G. Cash and Cash Equivalents and Investments

Cash includes amounts in interest-bearing demand deposits. For purposes of the statement of cash flows, the District considers all time deposits (including restricted assets) with a maturity of ninety days or less to be cash equivalents. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under Louisiana Revised Statute 33:2955, the District may invest in United States bonds, treasury notes or certificates, or any other federally insured investment, or in mutual and trust fund institutions, which are registered with the Securities and Exchange Commission, and which have underlying investments consisting solely of and limited to securities of the United States government or its agencies. For purposes of the statement of cash flows, the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less to be cash equivalents.

Investments are stated at cost which approximate market value.

GAS UTILITY DISTRICT NO. 1
WEST FELICIANA PARISH
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2004
(Continued)

H. Receivables

The direct charge-off method for bad debts is used; therefore, there is no allowance for doubtful accounts as no material write-offs are expected for receivables at the balance sheet date.

All amounts known to be uncollectible have been charged off.

Substantially all amounts presented are expected to be collected within one year.

I. Property and equipment

Property and equipment are stated at historical cost.

Depreciation of property and equipment is charged as an expense against operations. Depreciation is computed using the straight-line method over an estimated useful life of 5 to 33 years.

J. Compensated Absences

Vested or accumulated vacation leave is recorded as a fund liability and operating expense in the year earned.

In accordance with the provisions of Statement of Financial Standard No. 43, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulated rights to receive sick pay benefits nor vacation leave.

K. Fund Equity

Contributed capital represents grants or contributions from governmental bodies, developers or customers.

Note #2: CASH AND CASH EQUIVALENTS

At April 30, 2004, the carrying amount of deposits is \$ 296,039. This total is comprised of interest-bearing demand deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent

GAS UTILITY DISTRICT NO. 1
WEST FELICIANA PARISH
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2004
(Continued)

bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. 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.

At April 30, 2004, the bank balance of the deposits is \$ 298,751. These deposits are secured from risk by federal deposit insurance, in the amount of \$ 100,000 and \$ 198,751 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Note #3: INVESTMENT

Investment at April 30, 2004, is comprised of Louisiana Asset Management Pool, Inc. (LAMP), which invests in United States government securities. This investment is fully secured by the United States government (GASB Category 1).

The investment's cost and market value at April 30, 2004 is \$ 493,159.

Note #4: PROPERTY AND EQUIPMENT

A summary of property and equipment follows:

| | |
|----------------------------|--------------------|
| Distribution system | \$ 1,746,703 |
| Vehicles | 16,901 |
| Equipment and furniture | 71,795 |
| Construction in progress | 452,830 |
| Less: depreciation to date | <u>(1,506,678)</u> |
| <u>Net</u> | <u>781,551</u> |

Depreciation expense charged to operations is \$ 55,256 for the year.

Note #5: RETIREMENT COMMITMENTS

All employees of the Gas District have the opportunity to belong to the Parochial Employees' Retirement System of Louisiana (System) a multiple employee, cost-sharing, public employee retirement system, controlled

GAS UTILITY DISTRICT NO. 1
WEST FELICIANA PARISH
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2004
(Continued)

and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions.

During the year, no employees belonged to the System.

All employees of the Gas District are members of the Social Security System.

Note #6: RELATED PARTY TRANSACTIONS

During the year, the Gas District sold \$31,392 of natural gas to West Feliciana Parish Police Jury.

Note #7: COMPENSATED ABSENCES

At April 30, 2004, employees of the District have accumulated and vested \$ 39,091 of employee leave benefits, which was computed in accordance with GASB Codification C60.

Note #8: MAJOR CUSTOMERS

The Gas District provides natural gas to the East Louisiana State Hospital and the Louisiana State Penitentiary.

During the year, gas sold to the East Louisiana State Hospital and the Louisiana State Penitentiary was \$ 956,183 and \$ 1,628,659, respectively, which represents 34% and 58%, respectively, of the total gas sold.

Note #9: BOARD OF COMMISSIONERS' COMPENSATION

The Board of Commissioners are paid a per diem of \$50 for attending a board meeting.

The total amount of per diem for the year was \$ 7,250.

Note #10: OTHER MATTER

Funds have been obligated by U.S. Department of Agricultural Rural Development for a loan of \$ 2,790,000 at 4.5 percent for a gas system renovation program.

GAS UTILITY DISTRICT NO. 1
WEST FELICIANA PARISH
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2004
(Continued)

Note #11: PRIOR PERIOD ADJUSTMENT

Certain errors in billing due to a faulty meter resulted in an understatement of previously reported revenues. Correction of these errors resulted in an increase of returned earnings of prior years in the amount of \$ 165,882.

SUPPLEMENTAL INFORMATION

GAS UTILITY DISTRICT NO. 1
WEST FELICIANA PARISH
SCHEDULE OF OPERATING EXPENSES
YEAR ENDED APRIL 30, 2004

| | |
|-------------------------------------|------------------|
| Gas purchased | \$ 2,266,847 |
| Salaries | 106,806 |
| Depreciation | 55,256 |
| Professional services | 52,670 |
| Insurance | 30,108 |
| Repairs and maintenance | 21,960 |
| Truck operation | 12,239 |
| Commissioners' per diem and mileage | 8,320 |
| Payroll taxes | 7,890 |
| Telephone | 5,037 |
| Travel | 4,495 |
| Utilities | 3,697 |
| Rent | 3,000 |
| Office supplies and postage | 2,941 |
| Taxes - other | 2,878 |
| Computer billing services | 1,555 |
| Official publications | 789 |
| DOTTIE system | 725 |
| All other | <u>4,717</u> |
| | |
| <u>Total</u> | <u>2,591,930</u> |

GAS UTILITY DISTRICT NO. 1
WEST FELICIANA PARISH
SCHEDULE OF HISTORICAL DATA
APRIL 30, 2004
(Unaudited)

| | YEAR | |
|---|---------------------|---------------------|
| | <u>2004</u> | <u>2003</u> |
| <u>REVENUES AND EXPENSES</u> | | |
| Operating revenues | \$ 2,816,495 | \$ 2,623,959 |
| Operating expenses | <u>2,591,930</u> | <u>2,380,183</u> |
| <u>Operating income (loss)</u> | 224,565 | 243,776 |
| Nonoperating revenues (expenses) | <u>5,031</u> | <u>321</u> |
| <u>Net income</u> | <u>229,596</u> | <u>244,097</u> |
| <u>GAS PURCHASED</u> | <u>\$ 2,266,847</u> | <u>\$ 2,071,418</u> |
| <u>PROPERTY AND EQUIPMENT (AT COST)</u> | | |
| Gas distribution system | \$ 1,746,703 | \$ 1,746,703 |
| Vehicles | 16,901 | 16,901 |
| Equipment and furniture | 71,795 | 9,480 |
| Construction in progress | <u>452,830</u> | <u> </u> |
| <u>Total property and equipment (at cost)</u> | <u>2,288,229</u> | <u>1,773,084</u> |
| <u>AVERAGE NUMBER OF CUSTOMERS</u> | <u>280</u> | <u>283</u> |

| ENDED APRIL 30, <u>2002</u> | <u>2001</u> | <u>2000</u> | <u>1999</u> | <u>1998</u> |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 2,120,565 | \$ 3,061,905 | \$ 1,581,699 | \$ 1,605,443 | \$ 1,990,937 |
| <u>2,227,204</u> | <u>3,153,228</u> | <u>1,572,325</u> | <u>1,562,464</u> | <u>1,996,121</u> |
| (156,639) | (91,323) | 9,374 | 42,979 | (5,185) |
| <u>24,167</u> | <u>14,053</u> | <u>16,083</u> | <u>13,677</u> | <u>9,829</u> |
| <u>(132,472)</u> | <u>(77,270)</u> | <u>25,457</u> | <u>56,656</u> | <u>4,644</u> |
| <u>\$ 2,071,197</u> | <u>\$ 2,911,174</u> | <u>\$ 1,370,618</u> | <u>\$ 1,370,696</u> | <u>\$ 1,793,857</u> |
| \$ 1,746,703 | \$ 1,746,703 | \$ 1,746,703 | \$ 1,746,703 | \$ 1,746,703 |
| 16,901 | 28,248 | 11,347 | 11,347 | 11,347 |
| 9,480 | 9,480 | 5,479 | 5,479 | 5,479 |
| <u>1,773,684</u> | <u>1,784,431</u> | <u>1,763,529</u> | <u>1,763,529</u> | <u>1,763,529</u> |
| <u>282</u> | <u>281</u> | <u>282</u> | <u>279</u> | <u>279</u> |

GAS UTILITY DISTRICT NO. 1
WEST FELICIANA PARISH
SCHEDULE OF HISTORICAL DATA
APRIL 30, 2004
 (Unaudited)
 (Continued)

COST OF GAS PURCHASED

| <u>MONTH</u> | <u>PER MCF</u> |
|-----------------|--------------------|
| May, 2003 | 6.74 |
| June, 2003 | 7.71 |
| July, 2003 | 7.05 |
| August, 2003 | 6.05 |
| September, 2003 | 5.74 |
| October, 2003 | 5.52 |
| November, 2003 | 6.58 |
| December, 2003 | 6.11 |
| January, 2004 | 6.34 |
| February, 2004 | 5.99 |
| March, 2004 | 6.99 |
| April, 2004 | 6.32 |

GAS PURCHASED, BILLED AND GAIN

| | <u>YEAR ENDED APRIL 30, 2004 MCF</u> |
|--------------------------------------|--|
| Gas purchased | <u>\$ 356,134</u> |
| Gas billed | |
| Residential and commercial customers | 10,508 |
| Louisiana State Penitentiary | 209,002 |
| East Louisiana State Hospital | <u>123,128</u> |
| <u>Total billed</u> | <u>342,638</u> |
| Gas loss | <u>13,496</u> |

GAS UTILITY DISTRICT NO. 1
WEST FELICIANA PARISH
SCHEDULE OF BOARD OF COMMISSIONERS' COMPENSATION
YEAR ENDED APRIL 30, 2004

| | |
|-----------------------|--------------|
| Mr. Kevin Beauchamp | \$ 850 |
| Ms. Bess Kelley | 800 |
| Mr. Joseph Kowalczyk | 750 |
| Mr. Anthony Long | 800 |
| Mr. Dennis Neal | 750 |
| Mr. Terry Osterberger | 900 |
| Mr. D.E. Honeycutt | 700 |
| Mr. Edward Sharper | 850 |
| Mr. William Wade | <u>850</u> |
| | |
| <u>Total</u> | <u>7,250</u> |

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Commissioners
Gas Utility District No. 1
West Feliciana Parish
St. Francisville, Louisiana

We have audited the general purpose financial statements of Gas Utility District No. 1, St. Francisville, Louisiana, for the year ended April 30, 2004, and have issued our report thereon dated July 13, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

COMPLIANCE

As part of obtaining reasonable assurance about whether Gas Utility District No. 1, St. Francisville, Louisiana's, general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered Gas Utility District No. 1, St. Francisville, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial

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(CERTIFIED PUBLIC ACCOUNTANTS)

reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

There were no comments related to compliance or internal control noted in the audit for the year ended April 30, 2003.

This report is intended for the use of management and the State of Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. By provision of state law, this report is a public document and it has been distributed to appropriate public officials.

St. Francisville, Louisiana
July 13, 2004

Dyer & Vicknair