

Francis I. Huffman
LUFFEY HUFFMAN & MONROE, A
PROFESSIONAL ACCOUNTING CORPORATION
P.O. Box 4745
Monroe, LA 71211-4745
Tel: 318-387-2672
Fax 318-322-8866

ACCOUNTANTS FOR THE DEBTORS

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

IN RE:	§	
	§	
VARTEC TELECOM, INC., et al.,	§	CASE NO. 04-81694-HDH-11
	§	
DEBTORS.	§	(Chapter 11)
	§	(Jointly Administered)

COVER SHEET FOR SECOND INTERIM APPLICATION FOR ALLOWANCE OF FEES AND REIMBURSEMENT OF EXPENSES OF LUFFEY HUFFMAN & MONROE, A PROFESSIONAL ACCOUNTING CORPORATION AS ACCOUNTANTS TO THE DEBTORS FOR THE PERIOD JULY 1, 2005 THROUGH OCTOBER 31, 2005

Fees Previously Requested:	\$198,228.75
Fees Previously Awarded:	\$198,228.75
Expenses Previously Requested:	\$10,366.74
Expenses Previously Awarded:	\$10,366.74
Fees Requested in This Application	\$65,932.50
Total Hours Billed:	308.25
Average Hourly Rate:	\$213.89
Expenses Requested in This Application:	\$796.15
Retainer Held as of June 30, 2005:	NONE
Summary of Time Billed by Professional:	See <u>Exhibit B</u> below
Summary of Expenses Billed by Type:	See <u>Exhibit C</u> below
Voluntary Fee Reductions	NONE
Cost of Copies per Page	\$0.12
Cost of Faxes per Page	\$0.12

Francis I. Huffman
LUFFEY HUFFMAN & MONROE, A
PROFESSIONAL ACCOUNTING CORPORATION
P.O. Box 4745
Monroe, LA 71211-4745
Tel: 318-387-2672
Fax: 318-322-8866

ACCOUNTANTS FOR THE DEBTORS

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

IN RE: §
§
VARTEC TELECOM, INC., *et al.*, § CASE NO. 04-81694-HDH-11
§
DEBTORS. § (Chapter 11)
§ (Jointly Administered)
§
§ Hearing Set for January 3, 2006 at
§ 1:30 p.m.

SECOND INTERIM APPLICATION FOR ALLOWANCE OF FEES AND REIMBURSEMENT OF EXPENSES OF LUFFEY HUFFMAN & MONROE, A PROFESSIONAL ACCOUNTING CORPORATION AS ACCOUNTANTS TO THE DEBTORS FOR THE PERIOD JULY 1, 2005 THROUGH OCTOBER 31, 2005

A HEARING WILL BE CONDUCTED ON THIS MATTER ON JANUARY 3, 2006 AT 1:30 P.M. IN COURTROOM OF THE HONORABLE HARLIN D. HALE, 1100 COMMERCE STREET, 14TH FLOOR, DALLAS, TEXAS. IF YOU OBJECT TO THE RELIEF REQUESTED, YOU MUST RESPOND IN WRITING, SPECIFICALLY ANSWERING EACH PARAGRAPH OF THIS PLEADING. UNLESS OTHERWISE DIRECTED BY THE COURT, YOU MUST FILE YOUR RESPONSE WITH THE CLERK OF THE BANKRUPTCY COURT WITHIN TWENTY (20) DAYS FROM THE DATE YOU WERE SERVED WITH THIS PLEADING. YOU MUST SERVE A COPY OF YOUR RESPONSE ON THE PERSON WHO SENT YOU THE NOTICE; OTHERWISE, THE COURT MAY TREAT THE PLEADING AS UNOPPOSED AND GRANT THE RELIEF REQUESTED.

LUFFEY HUFFMAN & MONROE, A PROFESSIONAL ACCOUNTING CORPORATION ("LHM"), accountants for the above-referenced debtors and debtors in

possession (collectively, the “Debtors”)¹ files its Second Interim Application for Allowance of Fees and Reimbursement of Expenses as Accountants to the Debtors for the Period July 1, 2005 through October 31, 2005 (the “Second Application”), and in support would show as follows:

STATEMENT OF JURISDICTION

1. This Court has jurisdiction to hear this Application pursuant to the provisions of 28 U.S.C. §§ 1334 and 157. This proceeding involves the administration of the estates; and thus, it is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A).

STATEMENT OF FACTS

2. On November 1, 2004 (the “Petition Date”), the Debtors each filed a voluntary petition for relief (collectively, the “Cases”) under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”).

3. On April 15, 2005, the Court entered its Order [Docket No. 1215] (the “Employment Order”) approving the employment of LHM on a final basis effective as of January 7, 2005 (the “Effective Date”). The Court amended the Employment Order by its Order [Docket No. 1487] entered on July 12, 2005.

4. Since the Effective Date, LHM has rendered professional services and incurred expenses as accountants to the Debtors.

5. On November 5, 2004, the Court entered its Amended Order Establishing Procedure for Monthly and Interim Compensation and Reimbursement of Expenses for Case Professionals [Docket No. 118] (the “Fee Procedures Order”) by which the Court established

¹ The Debtors include VarTec Telecom, Inc., Excel Communications Marketing, Inc., Excel Management Service, Inc., Excel Products, Inc., Excel Telecommunications, Inc., Excel Telecommunications of Virginia, Inc., Excel Teleservices, Inc., Excelcom, Inc., Telco Communications Group, Inc., Telco Network Services, Inc., VarTec Business Trust, VarTec Properties, Inc., VarTec Resource Services, Inc., VarTec Solutions, Inc., VarTec Telecom Holding Company, VarTec Telecom International Holding Company, and VarTec Telecom of Virginia, Inc.

procedures for the compensation of fees and the reimbursement of expenses of case professionals, including LHM.

6. The table which follows summarizes the fee statements of LHM for the period July 1, 2005 through October 31, 2005 (the "Period"). In accordance with the Fee Procedures Order, copies of each of these statements have been furnished on a regular basis to the Debtors, counsel for the Official Committee of Unsecured Creditors (the "Official Committee"), counsel for the Rural Telephone Finance Cooperative ("RTFC"), and the United States Trustee. The following table also summarizes the payments made to LHM in accordance with the Monthly Fee Procedures Order.²

Period Covered	Total Fees for Period	Fees Paid (80% of Total Fees)	Balance of Fees Owed (20% of Total Fees)	Total Expenses Paid (100% of Total Expenses)
7/01/2005 – 7/29/2005	\$22,792.50	\$18,234.00	\$4,558.50	\$342.46
7/30/2005 – 8/26/2005	\$10,342.50	\$8,274.00	\$2,068.50	\$99.66
Total	\$33,135.00	\$26,508.00	\$6,627.00	\$442.12

7. By this Application, LHM seeks compensation for services and reimbursement of expenses incurred in its representation of the Debtors during the Period.

8. During the Period, LHM expended 308.25 hours representing the Debtors; LHM's fees total \$ 65,932.50 at its standard rates, and its expenses total \$ 796.15.

9. Funds are available to pay the fees requested herein. LHM does not maintain any retainer.

² LHM has not yet billed the Debtors for fees in the amount of \$32,797.50 and expenses in the amount of \$354.03. LHM requests allowance and payment of these fees and expenses in this Application.

Summary of Services Provided by LHM

10. LHM rendered services to the Debtors that were necessary to (i) re-issue the Debtors 2002 financial statements after eliminating financial information relating to the operation of foreign companies; (ii) finish payphone attestation procedures; (iii) audit the 2004 financial statements of three employee benefit plans; and (iv) prepare Nebraskan Universal Service Fund Agreed Upon Procedures Report.

Hourly Fee/Expense Summary

11. The accounting services rendered by LHM are detailed in **Exhibit A**, which exhibit sets forth the description of the accounting services rendered by LHM, the dates on which LHM's accountants and paraprofessionals rendered such accounting services, the identity of those accountants and paraprofessionals who performed such accounting services, the time spent by each accountant and paraprofessional in performance of accounting services, the itemized expenses incurred and a summary of expenses by major category. A summary of the accounting services rendered by LHM on a professional by professional basis is attached hereto as **Exhibit B**.

12. LHM has neither shared nor agreed to share its compensation for services rendered in or in connection with these Cases with any other person.

13. A summary of the expenses incurred by LHM is attached hereto as **Exhibit C**.

STANDARDS FOR ALLOWANCE OF FEES AND EXPENSES

14. The award of interim compensation to professionals is specifically authorized under Bankruptcy Code § 331, which provides:

A trustee, an examiner, a debtor's attorney, or any professional person employed under section 327 or 1103 of this title may apply to the court not more than once every 120 days after an order for relief in a case under this title, or more often if the court permits, for such compensation for services rendered before the date of

such an application or reimbursement for expenses incurred before such date as is provided under section 330 of this title. After notice and a hearing, the court may allow and disburse to such applicant such compensation for reimbursement.

11 U.S.C. § 331.

15. Bankruptcy Code § 330 authorizes the court to award professional persons employed pursuant to Bankruptcy Code § 1103 reasonable compensation for the actual and necessary services rendered by such professional persons and any paraprofessional person employed by such persons. 11 U.S.C. § 330. Furthermore, the court may also award reimbursement for actual and necessary expenses incurred by such professional persons. *Id.*

16. LHM submits that the elements governing awards of compensation pursuant to Bankruptcy Code §§ 330 and 331 justify the allowance of the fees and expenses incurred in its representation of the Debtors during the Period.

17. In 1974, the Fifth Circuit established a set of guidelines for use by lower courts when ruling on professionals' fee requests. *See Johnson v. Georgia Highway Express, Inc.*, 488 F.2d 714, 717-19 (5th Cir. 1974). The *Johnson* court found the following factors necessary to consider:

- a. the time and labor required;
- b. the novelty and difficulty of the questions presented;
- c. the skill requisite to perform the legal services properly;
- d. the preclusion of other employment due to the acceptance of the case;
- e. the customary fee;
- f. whether the fee is fixed or contingent;
- g. time limitations imposed by the client with the circumstances of the case;
- h. the amount involved and the results obtained;
- i. the experience, reputation and ability of the professional;

- j. the undesirability of the case;
- k. the nature and length of the professional relationship with the client; and
- l. awards in similar cases.

Id. at 717-19.

18. In *In re First Colonial Corp. of America*, 544 F.2d 1291, 1298-99 (5th Cir. 1977), *cert. denied*, 431 U.S. 904 (1977), the Fifth Circuit applied the *Johnson* factors to the analysis of fee awards in bankruptcy cases.

19. Under an analysis utilizing the *Johnson* factors and the standards customarily applied to fee awards under Bankruptcy Code §§ 330 and 331, LHM believes that its request for compensation and reimbursement of expenses is reasonable and proper, and that such request should be allowed in the amount requested.

20. After analyzing the *Johnson* factors in their totality, LHM's Application should be granted. Therefore, LHM requests the Court to allow and order the payment at this time of the following: (a) interim compensation for the Period in the aggregate amount of \$65,932.50; and (b) reimbursement of necessary out-of-pocket expenses incurred by LHM during the Period in the aggregate amount of \$796.15.

PRAYER

LHM respectfully requests that this Court grant it interim compensation in the amount of \$65,932.50 in fees (including the holdback in the amount of \$6,627.00 that has not been paid and \$32,797.50 that has not been billed or paid) and \$796.15 in expenses (including \$354.03 that has not been billed or paid) and such other and further relief as this Court deems just and proper.

Dated: December 7, 2005

**LUFFEY HUFFMAN & MONROE, A
PROFESSIONAL ACCOUNTING
CORPORATION**
P.O. Box 4745
Monroe, LA 71211-4745
Tel: 318-387-2672
Fax: 318-322-8866

By: 
Francis I. Huffman, President

ACCOUNTANTS FOR THE DEBTORS

1041602_3.DOC

CERTIFICATION OF FRANCIS I. HUFFMAN

1. I am President of Luffey Huffman & Monroe, A Professional Accounting Corporation, and I make this certification in accordance with the Local Rules of Bankruptcy Procedure.

2. I have read the Second Interim Application for Allowance of Fees and Reimbursement of Expenses of Luffey Huffman & Monroe, A Professional Accounting Corporation as Accountants to the Debtors for the Period July 1, 2005 through October 31, 2005 (the "Application").

3. To the best of my knowledge, information, and belief, formed after reasonable inquiry, the compensation and expense reimbursement sought is in conformity with the local guidelines, except as specifically noted in the application.

4. The compensation and expense reimbursement requested are billed at rates, in accordance with practices, no less favorable than those customarily employed by LHM and generally accepted by LHM's clients.

Dated: December 7, 2005

**LUFFEY HUFFMAN & MONROE, A
PROFESSIONAL ACCOUNTING
CORPORATION**
P.O. Box 4745
Monroe, LA 71211-4745
Tel: 318-387-2672
Fax: 318-322-8866

By: 
Francis I. Huffman

ACCOUNTANTS FOR THE DEBTORS

LUFFEY, HUFFMAN & MONROE
(A Professional Accounting Corporation)

Var Tec Telecom, Inc.
CASE NO. 04-81694-SAF-11
SECOND INTERIM BILLING for Luffey, Huffman & Monroe (APAC)
For the Period July 1, 2005 through October 31, 2005

	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>	
Professional Services July 2, through July 29, 2005				
Francis Huffman, Principal	23.00	\$ 240.00	\$ 5,520.00	
John Herman, Manager	82.25	210.00	17,272.50	
Out of Pocket Expenses			159.60	
Clerical, Long Distance, Postage and Copies			182.86	
Total Charges July 2, through July 29, 2005			<u>23,134.96</u>	\$ 23,134.96

OUT OF POCKET EXPENSES

John Herman Expense Report 7\15\05	<u>\$ 159.60</u>
Total Out of Pocket Expenses	<u>\$ 159.60</u>

	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>	
Professional Services July 30, through August 26, 2005				
Francis Huffman, Principal	0.00	\$ 240.00	\$ -	
John Herman, Manager	49.25	210.00	10,342.50	
Clerical, Long Distance, Postage and Copies			99.66	
Total Charges April 30, through May 27, 2005			<u>10,442.16</u>	\$ 10,442.16

Luffey, Huffman & Monroe (APAC) has not yet billed the Debtors for the following services

Professional Services August 26, through October 31, 2005

	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>	
Francis Huffman, Principal	6.75	\$ 240.00	\$ 1,620.00	
John Herman, Manager	8.25	210.00	1,732.50	
Clerical, Long Distance, Postage and Copies			162.69	
Total Charges May 28, through June 30, 2005			<u>3,515.19</u>	\$ 3,515.19

Audit of Employee Benefit Plans for the Calendar year 2004

Professional Services July 1, through October 31, 2005

	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>	
Francis Huffman, Principal	20.25	\$ 240.00	\$ 4,860.00	
Fred Monroe, Principal	2.00	240.00	480.00	
John Herman, Manager	110.50	210.00	23,205.00	
Philip Ragsdale, Senior	6.00	150.00	900.00	
Clerical, Long Distance, Postage and Copies			191.34	
Total Charges May 28, through June 30, 2005			<u>29,636.34</u>	\$ 29,636.34

TOTAL FEES AND EXPENSES July 1, 2005 through October 31, 2005	<u>308.25</u>		<u>\$ 66,728.65</u>	
---	---------------	--	---------------------	--

DETAIL OF ACCOUNTING SERVICES RENDERED BY Luffey, Huffman & Monroe (APAC)
July 1, 2005 through October 31, 2005 by interim Billing Period and charges not previously billed

<u>Staff Member</u>	<u>Hours Charged</u>	<u>Audit Service Performed</u>
Francis Huffman		
07\05\05	2.50	Review 2002 workpapers for audit
07\07\05	2.75	Regrouping ATBs for 2002 consistency.
07\13\05	1.25	Reviewing presentation of 1st quarter financials of 2004 and 2005
07\18\05	2.25	Reviewing workpapers for 2002, 2003 and 2004 audit
07\18\05	3.50	Reviewing financial statements for 2003, 2004 and 2005 audit
07\19\05	2.25	Reviewing financial statements for 2003, 2004 and 2005 audit
07\20\05	5.00	Reviewing workpapers for 2002, 2003 and 2004 audit
07\20\05	3.50	Reviewing financial statements for 2003, 2004 and 2005 audit

23.00 TOTAL FRANCIS HUFFMAN JULY 29, INTERIM BILLING

John Herman		
07\05\05	6.75	Working on footnote re-write, reviewing client statements for 2002, 2003 and 2004
07\06\05	6.50	Working on footnote re-write, reviewing client statements for 2002, 2003 and 2004
07\07\05	6.50	Review Reg SX checklist, finish footnote re-write, email to client for response
07\08\05	6.00	Review client quarterly and annual statement drafts, get footnot and consolidating support from TEC
07\11\05	5.25	Work on draft of financial statements, footnotes and engagement planning docs.
07\12\05	6.75	Work on draft of financial statements, footnotes, reference to 2002 w/ps, PY report.
07\13\05	7.00	Engagement documents and disclosure checklist
07\14\05	1.50	Review NE USF statutes for changes.
07\15\05	6.00	Review latest revisions to statements, footnotes from KJA, LR
07\18\05	6.50	Review final changes to statement draft and request items needed from LR and KJ
07\19\05	6.25	Review legal reps. Prepare w/ps and disclosure checklists
07\20\05	4.00	Final changes to footnotes, reprot, prepare for binding and PDF formatting.
07\20\05	1.50	Review 2005 Payphone Compliance Document, and document changes
07\21\05	1.50	NE-USF Review PT workpapers, draft JAL, discussions with client
07\21\05	3.75	Payphone attestation-Review FCC docket for changes, read final updated 2005 PCD from client
07\26\05	1.25	Research SOP 90-7, send conclusions to client, Leucadia, discuss auction
07\27\05	2.25	Payphone attestation- Prepare PBC list for client, update engagement documentation for new PSD
07\29\05	1.75	Payphone attestation-Review PY files, final CY docket orders
07\29\05	1.25	NE USF - Review PY files, work on PBC listing for NK

82.25 TOTAL JOHN HERMAN JULY 29, 2005 INTERIM BILLING

John Herman		
08\02\05	4.00	COCOT - Update understnading of controls, work program, review CFO affidavits
08\02\05	1.75	NE USF - Update PBS list for current year, update engagement documents
08\03\05	5.75	COCOT - Review, brief NPC's SAS 70 report and update letter
08\08\05	2.75	VarTec Telecom - Final engagement documents - Reg SX report
08\08\05	0.50	COCOT - T/C with Luttrell, Henderson re: file formats, NPC submissions
08\09\05	3.00	COCOT - Working with data from VT as submitted to NPC for purposes of analyses
08\15\05	2.00	COCOT - Work with Q1 2005 data submissions from VT to NPC, NPC submission docs
08\16\05	0.75	COCOT - Data manipulation and data mining on NPC submissions for Q1 2005
08\17\05	7.00	COCOT - Analyzing CC/IC Toll-free/access code and CompCarrier submissions
08\18\05	4.25	COCOT - Testing of file submissions to NPC formats, review toll-free NPANXX, FG CIC
08\19\05	2.75	COCOT - Updating engagement documents, document results of NPC tests, get Q4 2004 data
08\22\05	0.75	COCOT - Get Q4 2004 NPC submissions from client, begin formatting, review top providers
08\23\05	7.00	COCOT - Text editing records, data mining and analyses for Q4 2004
08\24\05	7.00	COCOT - Finish data analyses on Q1 2005 and Q4 2004, email to client, draft report

49.25 TOTAL JOHN HERMAN AUGUST 26, 2005 INTERIM BILLING

Luffey, Huffman & Monroe (APAC) has not yet billed the Debtors for the following services

Francis Huffman

08\26\05	0.50	Planning NE USF engagement
08\29\05	5.00	Review NE USF workpapers and report
09\26\05	<u>1.25</u>	Final review NE USF report
	6.75	TOTAL FRANCIS HUFFMAN

John Herman

10\27\05	1.75	Review current NE USF statutes, prior engagement files
10\28\05	<u>6.50</u>	Review NE USF filings, prepare analysis of same and revenue / state
	8.25	TOTAL JOHN HERMAN

The following charges relate to various Employee Benefit Plans

Francis Huffman

07\19\05	1.00	Audit Planning VT ESOP
07\19\05	1.00	Audit Planning VT 401 (k)
08\11\05	0.50	Audit Planning VT 401 (k)
08\26\05	1.00	Engagement planning TELCO 401 K
10\07\05	2.50	Engagement documents TELCO 401 K
10\12\05	1.00	Review financial statements VT ESOP
10\12\05	1.00	Review financial statements VT 401 (k)
10\13\05	3.75	Review financial statements and workpapers and sign report TELCO 401 K
10\14\05	1.25	Review financial statements and workpapers VT ESOP
10\15\05	3.50	Review financial statements and workpapers VT ESOP
10\17\05	<u>3.75</u>	Review financial statements and workpapers VT 401 (k)
	20.25	TOTAL FRANCIS HUFFMAN

Fred Monroe

10\14\05	1.00	Review financial statements and sign report VT ESOP
10\14\05	<u>1.00</u>	Review financial statements and sign report VT 401 (k)
	2.00	TOTAL FRED MONROE

John Herman

07\28\05	4.00	Review P/Y workpapers and report and audit planning VT ESOP
08\04\05	1.75	Prepare PBC list and search BK court docket VT ESOP
08\04\05	1.75	Prepare PBC list and search BK court docket VT 401 (k)
08\04\05	2.00	Prepare PBC list and search BK court docket TELCO 401 K
08\08\05	1.00	Engagement planning TELCO 401 K
08\09\05	1.75	Review distributions, select items for testing, look through ML auditor pack TELCO 401 K
08\10\05	1.25	Planning documents TELCO 401 K
08\10\05	2.00	Planning documents VT ESOP
08\10\05	2.00	Planning documents VT 401 (k)
08\15\05	1.50	Review auditor package from ML TELCO 401 K
08\19\05	2.50	Finish review of ML auditor package TELCO 401 K
08\22\05	1.00	Review PBC list TELCO 401 K
08\22\05	1.50	Draft engagement letter TELCO 401 K
08\22\05	1.00	Review PBC list VT ESOP
09\26\05	2.00	Participant data tests, review and brief insurance VY 401 (k)
10\03\05	5.00	Work on trial balances, distributions, trust statements TELCO 401 K
10\04\05	7.50	Finish investments, distributions, research terminations TELCO 401 K

10\05\05	5.25	Finish statements, review 5500, finish engagement documents TELCO 401 K
10\05\05	1.00	Research on short plan year VT ESOP
10\06\05	8.00	Trial balances, review trust stats from Travelers, reconcile part accounts VT 401 (k)
10\07\05	2.00	Work on financial statement draft VT 401 (k)
10\10\05	4.75	Loans testing, participant data testing, 5500 review, allocations VT 401 (k)
10\11\05	8.00	Allocations, financial statement draft, work on engagement docs.VT 401 (k)
10\12\05	7.75	Allocations testing, work on trust statement, review 5500 VT ESOP
10\13\05	8.00	Work on engagement documents, financials and audit report VT ESOP
10\14\05	5.00	Finish engagement docs, final financial statement changes, audit programs VT 401 (k)
10\17\05	3.50	Final statement changes and engagement docs VT 401 (k)
10\18\05	7.50	Final engagement documents VT ESOP
10\19\05	4.00	Final engagement documents VT 401 (k)
10\19\05	3.25	Engagement documents TELCO 401 K
10\20\05	<u>3.00</u>	Final engagement documents TELCO 401 K
	<u>110.50</u>	TOTAL JOHN HERMAN

Philip Ragsdale

10\14\05	2.00	Review workpapers VT ESOP
10\17\05	1.00	Final review of workpapers VT ESOP
10\14\05	2.00	Review workpapers VT 401 (k)
10\17\05	<u>1.00</u>	Final review of workpapers VT 401 (k)
	<u>6.00</u>	TOTAL PHILIP RAGSDALE

**SUMMARY OF ACCOUNTING SERVICES ON A PROFESSIONAL BY PROFESSIONAL BASIS
July 1, 2005 through October 31, 2005**

FEES

Staff Member

	HOURS	HOURLY RATE	AMOUNT
Francis I. Huffman, CPA, Principal	50.00	\$ 240.00	\$ 12,000.00
Fred Monroe, CPA, Principal	2.00	240.00	480.00
John Herman, CPA, Audit Manager	250.25	210.00	52,552.50
Philip Ragsdale, CPA, Senior	6.00	150.00	900.00

TOTAL FEES

308.25 \$ 65,932.50

EXPENSES

Clerical			\$ 180.00
Long Distance & Fax			63.20
Fed Ex, Postage and copies			439.55
Mileage			113.40

TOTAL EXPENSES

\$ 796.15

TOTAL FEES AND EXPENSES

\$ 66,728.65

LUFFEY, HUFFMAN & MONROE
(A PROFESSIONAL ACCOUNTING CORPORATION)

SUMMARY OF EXPENSES July 1, 2005 through October 31, 2005

John Herman Expense Report 07\15\05	<u>\$ 159.60</u>		
Total Out of Pocket Expenses		\$	159.60
Clerical, Long Distance, Postage and Copies			<u>182.86</u>
TOTAL July 29, 2005 BILLING		\$	342.46
Clerical, Long Distance, Postage and Copies			<u>99.66</u>
TOTAL August 26, 2005 BILLING			99.66
THE FOLLOWING EXPENSES HAVE NOT PREVIOUSLY BEEN BILLED			
Clerical, Long Distance, Postage and Copies			
For the period August 26, 2005 through October 31, 2005			162.69
Clerical, Long Distance, Postage and Copies for Employee Benefit Plans			
For the period July 1, 2005 through October 31, 2005			<u>191.34</u>
TOTAL OUT OF POCKET EXPENSES NOT PREVIOUSLY BILLED			<u>354.03</u>
TOTAL EXPENSES JULY 1, 2005 THROUGH OCTOBER 31, 2005		\$	<u>796.15</u>

John Herman
Expense Report
Week Ending

7/15/2005

	Saturday	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Total
	7/9/2005	7/10/2005	7/11/2005	7/12/2005	7/13/2005	7/14/2005	7/15/2005	
Mileage			113.40					113.40
Air Fare								-
Parking & Tolls								-
Hotel								-
Groceries								-
Dinner								-
Lunch								-
FedEx charges								-
Cell Phone Charges							46.20	46.20
Bus. Meals								-
	-	-	113.40	-	-	-	46.20	159.60
								<u>159.60</u>

Allocation:

VarTec Telecom	1199	159.60
LHM	9999	-
		<u>159.60</u>