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Rapides Parish Gas Utility District No. 2
Annual Financial Report
For the Year Ended December 31, 1999

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 ~~JUL 26 2000~~

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ROZIER, HARRINGTON & MCKAY

CERTIFIED PUBLIC ACCOUNTANTS

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June 21, 2000

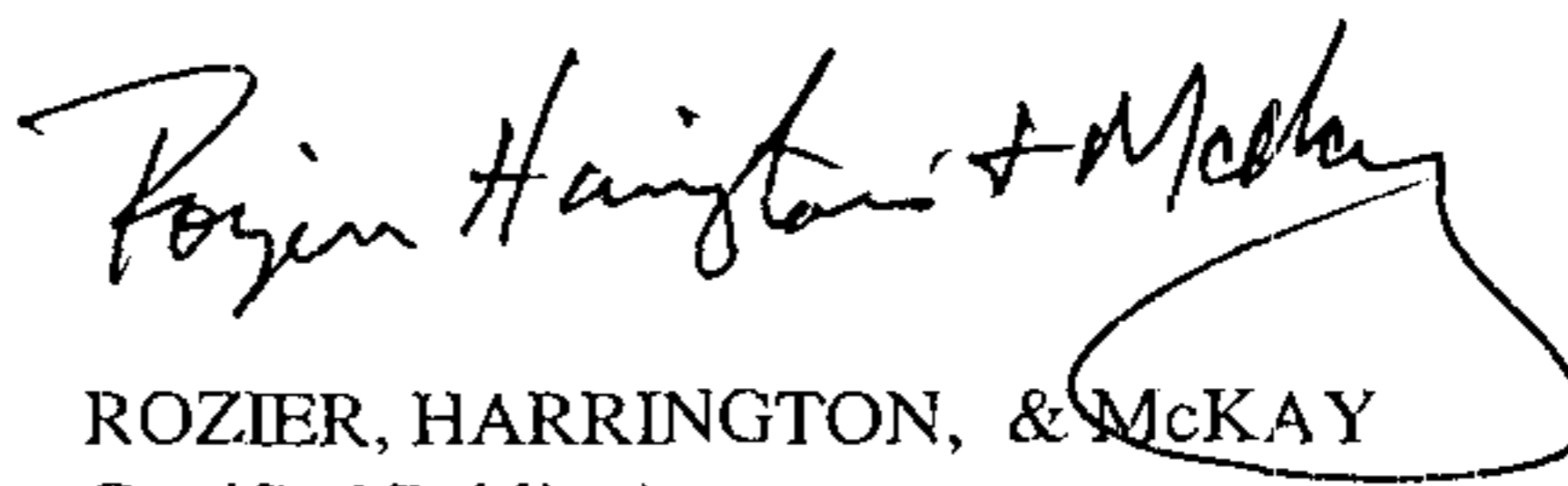
Board of Commissioners
Rapides Parish Gas Utility District No. 2
Alexandria, Louisiana

We have compiled the accompanying balance sheet of Rapides Parish Gas Utility District No. 2 as of December 31, 1999, and the related statement of revenues, expenses and changes in retained earnings for the year then ended, the related statement of cash flows for the year then ended and the accompanying supplementary information contained in the schedule of per diem paid to board members which is presented only for supplementary analysis purposes, 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 and supplementary schedules information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Rapides Parish Gas Utility District No. 2's financial position and the results of operations. Accordingly, these financial statements are not designed for those who are not informed about such matters.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a reported dated May 5, 2000, on the results of our agreed-upon procedures.



ROZIER, HARRINGTON, & MCKAY
Certified Public Accountants

-Members-
American Institute of Certified Public Accountants • Society of Louisiana, CPAs

Rapides Parish Gas Utility District No. 2

Balance Sheet
December 31, 1999

Proprietary Fund -
(Utility Enterprise Fund)

ASSETS

Current Assets:

Cash	\$ 240,270
Receivables	18,164
Prepaid expenses	<u>2,748</u>

Total Current Assets	261,182
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Property and equipment (net of accumulated depreciation)	<u>138,751</u>
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Total Assets	<u><u>\$ 399,933</u></u>
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LIABILITIES AND EQUITY

Current Liabilities:

Accounts Payable - Operating	\$ 16,067
Accounts Payable - Construction	37,703
Customer Deposits	<u>17,165</u>

Total liabilities	<u>70,935</u>
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Equity

Retained earnings	<u>328,998</u>
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Total equity	<u>328,998</u>
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Total liabilities and equity	<u><u>\$ 399,933</u></u>
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See the Accompanying Accountants' Report.

Rapides Parish Gas Utility District No. 2

Statement of Revenues, Expenses, and Changes in Retained Earnings For the Year Ended December 31, 1999

	<u>Proprietary Fund - (Utility Enterprise Fund)</u>
<u>OPERATING REVENUES:</u>	
Sales of Natural Gas	\$ 95,140
Other operating revenue	1,564
Total revenues	<u>96,704</u>
<u>OPERATING EXPENSES:</u>	
Purchases of Natural Gas	48,626
Salaries and Wages	19,705
Employee Benefits and Payroll Taxes	1,500
Legal and Professional	2,971
Insurance and Bonding	3,471
Depreciation	6,047
Repairs and Maintenance	4,379
Telephone and Utilities	1,784
Office Supplies and Expense	3,515
Other	1,395
Total expenses	<u>93,393</u>
Operating Income	<u>3,311</u>
<u>OTHER INCOME AND EXPENSES</u>	
Interest income	7,328
Other	2,606
Total other income and expenses	<u>9,934</u>
Net income (loss)	<u>13,245</u>
<u>Retained earnings (deficit) - beginning of year</u>	
Retained Earnings as Previously Presented	298,696
Adjustment to Capitalize Utility System Improvements That Were Previously Reported as Operating Expenses	<u>17,057</u>
Retained Earnings as Adjusted	<u>315,753</u>
Retained earnings (deficit) - end of year	<u>\$ 328,998</u>

See the Accompanying Accountants' Report.

Rapides Parish Gas Utility District No. 2

Statement of Cash Flows For the Year Ended December 31, 1999

	<u>Proprietary Fund - (Utility Enterprise Fund)</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Operating Income	\$ 3,311
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	6,047
Miscellaneous	2,606
(Increase) decrease in operating receivables	(3,440)
(Increase) decrease in prepaid expenses	(396)
Increase (decrease) in accounts payable	(9,886)
Increase (decrease) in customer deposits	355
 Net cash provided (used) by operating activities	 <u>(1,403)</u>
<u>FINANCING ACTIVITIES:</u>	
Cash payments for property and equipment	<u>(12,076)</u>
 Net cash provided (used) by capital and related financing activities	 <u>(12,076)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Interest receipts	<u>9,474</u>
 Net cash provided by investing activities	 <u>9,474</u>
 Net increase (decrease) in cash	 (4,005)
 Beginning cash balance	 <u>244,275</u>
 Ending cash balance	 <u><u>\$ 240,270</u></u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

For the year ended December 31, 1999 there were no investing, capital or financing activities that did not result in cash receipts or payments.

See the Accompanying Accountants' Report.

Rapides Parish Gas Utility District No. 2

Schedule of Per Diem Paid to Board Members

For the Year Ended December 31, 1999

For the year ended December 31, 1999, members of the Gas Utility District's governing board served without compensation.

See the Accompanying Accountants' Report

ROZIER, HARRINGTON & MCKAY

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June 21, 2000

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners
Rapides Parish Gas Utility District No. 2
Colfax, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Rapides Parish Gas Utility District No. 2 and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Rapides Parish Gas Utility District No. 2's compliance with certain laws and regulations during the year ended December 31, 1999, included in the *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

PUBLIC BID LAW:

1. Select all expenditures made during the year for material and supplies exceeding \$7,500, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

There were no expenditures made during the year for materials and supplies exceeding \$7,500. A contract was awarded for a public works project that exceeded \$100,000. The contract was advertised and awarded to the lowest bidder in the manner prescribed by the public bid law.

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

2. Obtain from management a list of the immediate family members of the board members as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

-Members-

American Institute of Certified Public Accountants • Society of Louisiana, CPAs

Rapides Parish Gas Utility District No. 2
June 21, 2000

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with all payroll records.

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

None of the employees included on the list of employees provided by management in agreed-upon procedure (3) appeared on the reports provided by management in agreed-upon procedure (2).

BUDGETING

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

Not Applicable:

Since all of the Utility District's activities are reported in an enterprise fund, it is not required to adopt a budget.

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

Not Applicable:

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

Not Applicable:

ACCOUNTING AND REPORTING

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

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

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

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

All of the payments were properly coded to the correct fund and general ledger account.

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

Rapides Parish Gas Utility District No. 2
June 21, 2000

Inspection of documentation supporting each of the six selected disbursements indicated that each check was signed by two board members. No further approval was required.

MEETINGS

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

The Utility District is only required to post a notice of each meeting and the accompanying agenda on the door of the meeting facility. Although management has asserted that such documents were properly posted, we could find no evidence supporting such assertion.

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 the cash receipts journal 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.

We inspected payroll records and read minutes for the year. No instances which would indicate payments to employees which would constitute bonuses, advances, or gifts were noted as a result of these procedures.

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 Rapides Parish Gas Utility District No. 2 and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.



ROZIER, HARRINGTON & MCKAY
CERTIFIED PUBLIC ACCOUNTANTS

**RAPIDES PARISH GAS UTILITY DISTRICT NO. 2
MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Year Ended December 31, 1999**

SECTION I COMPILATION REPORT	
N/A – No findings of this nature were reported.	Response – N/A
SECTION II ATTESTATION REPORT	
N/A – No findings of this nature were reported.	Response – N/A
SECTION III MANAGEMENT LETTER	
N/A – No findings of this nature were reported.	Response – N/A

RAPIDES PARISH GAS UTILITY DISTRICT NO. 2
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 1999

SECTION I COMPILATION REPORT	
N/A – No findings of this nature were reported.	Response – N/A
SECTION II ATTESTATION REPORT	
N/A – No findings of this nature were reported.	Response – N/A
SECTION III MANAGEMENT LETTER	
N/A – No findings of this nature were reported.	Response – N/A

LOUISIANA ATTESTATION QUESTIONNAIRE
FOR THE YEAR ENDED DECEMBER 31, 1999

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

_____ (Date Transmitted)

Rozier Harrington & McKay
Post Office Box 12178
Alexandria, LA 71315
_____ (Auditors)

In connection with your compilation of our financial statements as of December 31, 1999 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 6/7/00.

Public Bid Law

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

Yes No

Code of Ethics for Public Officials and Public Employees

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

Yes No

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

Yes No

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes No

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes No

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes No

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

Yes [] No []

Meetings

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

Yes [] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes [] No []

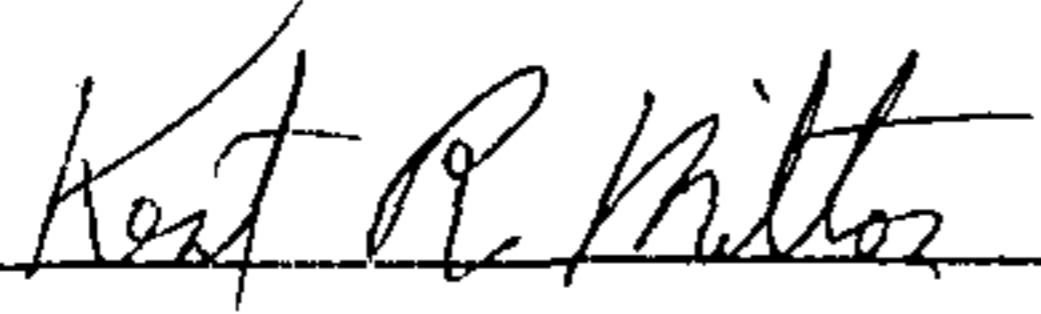


Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

	Secretary	6-7-00	Date
	Treasurer		Date
	President	6-7-00	Date