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**GAS UTILITY DISTRICT NUMBER 1  
of EAST BATON ROUGE PARISH  
FINANCIAL STATEMENTS**

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

**GERALD A. WALKER**  
Certified Public Accountant

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# **GERALD A. WALKER**

Certified Public Accountant

Member  
American Institute  
of CPA's  
Society of Louisiana  
CPA's  
Institute of  
Management  
Accountants

## **INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
Gas Utility District No. 1  
of East Baton Rouge Parish  
Zachary, Louisiana

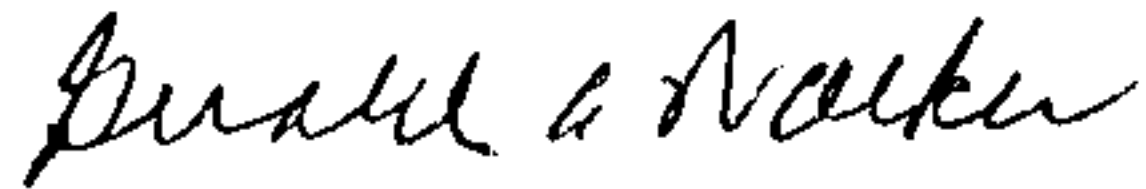
I have audited the accompanying financial statements of Gas Utility District No. 1 of East Baton Rouge Parish, Louisiana, a component unit of the East Baton Rouge Parish Government, as of and for the year ended December 31, 1999, as listed in the table of contents. These financial statements are the responsibility of Gas Utility District No. 1's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards adopted by the American Institute of Certified Public Accountants, *Government Auditing Standards*, promulgated by the United States Comptroller General, and the Louisiana Governmental Auditing Guide. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gas Utility District No. 1 of East Baton Rouge Parish as of December 31, 1999 and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

INDEPENDENT AUDITOR'S REPORT  
PAGE 2

In accordance with *Government Auditing Standards*, I have also issued a report dated June 28, 2000, on my consideration of Gas Utility District No. 1 of East Baton Rouge Parish's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants.



Gerald A. Walker, CPA  
June 28, 2000

**GAS UTILITY DISTRICT NO. 1 of EAST BATON ROUGE PARISH  
ENTERPRISE FUND  
BALANCE SHEET  
DECEMBER 31, 1999**

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 418,517
Accounts receivable	55,504
Less Allowance for uncollectible	( 1,489)
Unbilled accounts receivable	123,986
Inventory	2,981
Prepaid insurance and other receivables	<u>3,475</u>

**TOTAL CURRENT ASSETS** 602,974

**RESTRICTED ASSETS**

Cash - Bond redemption fund	6,789
Cash - Customer meter deposit	<u>66,085</u>

**TOTAL RESTRICTED ASSETS** 72,874

**PROPERTY, PLANT, AND EQUIPMENT**

Land	22,900
Buildings	357,178
Machinery and equipment	211,650
Furniture and fixtures	38,069
Vehicles	85,792
Gas system	1,641,635
Contributed assets	<u>6,000</u>
	2,363,224
Less accumulated depreciation	<u>(1,658,310)</u>

**NET PROPERTY, PLANT, AND EQUIPMENT** 704,914

**OTHER ASSETS**

Deposits	<u>35</u>
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**TOTAL ASSETS** \$ 1,380,797

See accompanying notes

**GAS UTILITY DISTRICT NO. 1 of EAST BATON ROUGE PARISH  
 ENTERPRISE FUND  
 BALANCE SHEET  
 DECEMBER 31, 1999**

**LIABILITIES AND FUND EQUITY**

<b>CURRENT LIABILITIES - payable from current assets</b>	
Accounts payable	\$ 69,283
Insurance, payroll and sales taxes	4,598
Accumulated unpaid vacation and sick leave	<u>218,325</u>
<b>TOTAL CURRENT LIABILITIES-</b>	
payable from current assets	<u>292,206</u>
<b>CURRENT LIABILITIES - payable from restricted assets</b>	
Unclaimed bonds	6,103
Customer meter deposits	<u>62,745</u>
<b>TOTAL CURRENT LIABILITIES-</b>	
payable from restricted assets	<u>68,848</u>
<b>TOTAL LIABILITIES</b>	<u>361,054</u>
<b>FUND EQUITY</b>	
Contributed capital	6,000
Retained earnings - unreserved	<u>1,013,743</u>
<b>TOTAL FUND EQUITY</b>	<u>1,019,743</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 1,380,797</u>

See accompanying notes

**GAS UTILITY DISTRICT NO. 1 of EAST BATON ROUGE PARISH  
ENTERPRISE FUND  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS  
FOR THE YEAR ENDED DECEMBER 31, 1999**

**OPERATING REVENUES**

Gas sales	\$ 1,083,580
Service charges	19,013
Transportation fee	35,377
Other income	<u>1,610</u>

**TOTAL OPERATING REVENUES** 1,139,580

**OPERATING EXPENSES**

Bad debt	1,690
Bank charges	703
Depreciation expense	85,324
Dues	1,285
Employee benefits	77,754
Employee retirement	33,204
Employee training and seminars	2,545
Freight	344
Fuel	7,005
Gas purchases	378,889
Gas purchases fee	10,499
Insurance	39,890
Janitorial and trash	3,282
Legal and professional	23,742
Miscellaneous	2,878
Office expense	4,910
Postage	9,202
Payroll	325,492
Payroll taxes	25,222
Rental of equipment	1,242
Repairs and maintenance	64,639

See accompanying notes

**GAS UTILITY DISTRICT NO. 1 of EAST BATON ROUGE PARISH  
ENTERPRISE FUND  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS  
FOR THE YEAR ENDED DECEMBER 31, 1999**

Security	2,607
Small tools	2,343
Supplies	7,904
Taxes and licenses	1,386
Telephone	8,431
Utilities	<u>10,371</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>1,132,783</u></b>
<b>OPERATING INCOME</b>	<b><u>6,797</u></b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest income	9,675
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b><u>9,675</u></b>
<b>NET INCOME</b>	<b><u>16,472</u></b>
<b>RETAINED EARNINGS, AT BEGINNING OF YEAR</b>	<b><u>997,271</u></b>
<b>RETAINED EARNINGS, AT END OF YEAR</b>	<b><u>\$ 1,013,743</u></b>

See accompanying notes



**GAS UTILITY DISTRICT NO. 1 of EAST BATON ROUGE PARISH  
ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 1999**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating income	\$ 6,797
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	85,324
Provision for bad debts	39
Changes in assets and liabilities	
(Increase) in receivables	(12,387)
Decrease in prepaid expenses	396
Increase in accounts payable	2,537
Increase in restricted liabilities	330
Increase in accrued payables	21,171
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>104,207</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
	-0-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of capital assets	( <u>39,620</u> )
<b>NET CASH (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>( 39,620 )</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest earned on investments	<u>9,675</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>9,675</u>
<b>NET INCREASE IN CASH</b>	74,262
<b>CASH AT BEGINNING OF YEAR</b>	<u>417,129</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 491,391</u>

See accompanying notes

**GAS UTILITY DISTRICT NO. 1 of EAST BATON ROUGE PARISH  
NOTES TO FINANCIAL STATEMENTS**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

The Gas Utility District No. 1 of East Baton Rouge Parish (hereinafter referred to as the "District") is a political subdivision of the State of Louisiana. The District was created by the East Baton Rouge Parish government on November 8, 1961, under the provision of R.S. 33:4301, and operates under a Board of Commissioners form of government. The commissioners are appointed for a term of five years, except to fill an unexpired term. There are nine commissioners, seven of which are appointed by the East Baton Rouge Parish Council and two which are appointed by the Mayor of the City of Zachary. The District provides natural gas to homes and businesses in a defined area of East Baton Rouge Parish, Louisiana. The District serves approximately 3,200 homes and has about 12 employees.

**Basis of Presentation - Fund Accounting**

The accounting and financial reporting policies of the District conform to generally accepted accounting principles applicable to government entities that use enterprise fund accounting.

Enterprise funds are used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business activities, where net income and capital maintenance are measured, are accounted for through enterprise funds.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The District uses the accrual basis of accounting. Revenue is recognized in the accounting period in which it is earned and becomes measurable and expenses are recognized in the period incurred, if measurable.

**Budgets**

The District adopts a flexible annual operating budget that is used as a management tool in administering the District's business activities. The volume of the District's revenues and expenses are dependent upon the level of demand for the services provided by the District. Increased demand for the goods and services causes a higher level of expenses to be incurred. Consequently, the budget is not integrated into the accounting system as an "appropriated budget" would be.

**GAS UTILITY DISTRICT NO. 1 of EAST BATON ROUGE PARISH  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Financial Reporting Entity**

Gas Utility District No. 1 of East Baton Rouge Parish is a component unit of the East Baton Rouge Parish government. The accompanying financial statements present only financial information of this component unit and no other organizations.

**Cash in Banks**

All funds are consolidated in one bank in Zachary, Louisiana and held in interest bearing demand deposits. The funds in the bank are covered by FDIC insurance up to \$100,000 and the bank has pledged collateral to cover any amounts over the \$100,000 limit.

**Inventory**

The District's inventory, valued at the lower of cost or market, consists of hot water heaters and gas space heaters. Cost is determined using the first-in first-out method.

**Fixed Assets**

A summary of fixed assets at December 31, 1999 follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Land	\$ 22,900	\$ -0-	\$ 22,900
Buildings	357,178	226,192	130,986
Machinery and equipment	211,650	172,180	39,470
Furniture and fixtures	38,069	30,968	7,101
Vehicles	85,792	74,426	11,366
Gas system	1,641,635	1,154,544	487,091
Contributed assets	<u>6,000</u>	<u>-0-</u>	<u>6,000</u>
	<u>\$ 2,363,224</u>	<u>\$ 1,658,310</u>	<u>\$ 704,914</u>

**GAS UTILITY DISTRICT NO. 1 of EAST BATON ROUGE PARISH  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Fixed assets are recorded at cost and depreciated using the straight line method over their estimated useful lives. The estimated useful lives are as follows:

<b>Plant and equipment:</b>	
Buildings	25 years
Machinery and equipment	3 - 5 years
Furniture and fixtures	3 - 10 years
Vehicles	5 years
Gas systems	24 - 40 years

**Bad Debts**

Uncollectible accounts due from customers are recognized as bad debts through the establishment of an allowance account. In 1999, a total of \$1,651 was charged off against the allowance account.

**Unbilled Accounts Receivable**

The District has its customer routes divided into 4 billing cycles. Under this procedure, meters are read and billed based on their billing cycle. At the end of the month, customers will have used some gas for which they have not yet been billed. At the end of December, an entry is made to accrue this unbilled revenue.

**Cash and Cash Equivalents**

For the purpose of the statement of cash flows, all highly liquid investments with an original maturity of three months or less when purchased are considered to be cash equivalents. Included in this definition is restricted cash. Cash at December 31, 1999 is as follows:

	<u>1999</u>
Cash included in current assets	\$ 418,517
Restricted cash	<u>72,874</u>
Total cash	\$ 491,391

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



**GAS UTILITY DISTRICT NO. 1 of EAST BATON ROUGE PARISH  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Investments**

The District had no investments in the current year, other than interest earned on demand deposits.

**Income Taxes**

The District is a local governmental entity that is exempt from income taxes.

**Accumulated Vacation and Sick Leave**

The District's policy on vacation allows the carryover of vacation days. The number of days allowed is determined by the length of service. The maximum number of vacation days that can be accumulated is 45. Sick leave is earned at the rate of one day for every month worked. Employees vest sick leave days up to 10 years of service. The maximum at that level is 6 months full pay and 6 months half pay. At the date of termination, an employee will be paid for any unused vacation and sick leave at their then current rate of pay.

**Post Employment Benefits**

In addition to the pension benefits described in Note B, the District provides certain health care benefits, in accordance with the policy adopted by the Board of Commissioners, to all employees who retire from the District and to the retirees' beneficiaries and dependents who were receiving benefits when the retiree died. At December 31, 1999, the District had one dependent and one retired employee who were receiving these benefits. The District recognizes the cost of providing these benefits by expensing the annual insurance premium, which was \$3,325 for the year ended December 31, 1999.

**NOTE B. PENSION FUND FOR EMPLOYEES**

The District established the "Gas Utility District No. 1 of East Baton Rouge Parish Money Purchase Plan" effective June 1, 1979. Union Planters Bank is the trustee of this defined contribution plan.

The plan is funded by monthly contributions of 10% of eligible employee wages paid between January 1 and December 31. The plan allows eligible employee contributions of up to 10% of their wages. To be an eligible employee, an individual must be 21 years of age and have been employed by the Gas Utility District for six months.

**GAS UTILITY DISTRICT NO. 1 of EAST BATON ROUGE PARISH  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

The District uses Union Planters Bank's Non-Standardized Defined Contribution Prototype Plan and complies with the provisions of the Tax Reform Act of 1986 which became effective in 1993. The vesting schedule presently being applied is as follows:

1 - 2 years participation	0%	vested
3 years	20%	vested
4 years	40%	vested
5 years	60%	vested
6 years	80%	vested
7 and over years	100%	vested

The contributions for the year ended December 31, 1999 were \$33,204.

**NOTE C. REQUIRED SUPPLEMENTAL DISCLOSURES**

A. Board members do not receive per diem payments and no per diem payments were made for the year ended December 31, 1999.

B. There were no prior year findings and questioned costs and there were no findings and questioned costs for the current year ended December 31, 1999.

# GERALD A. WALKER

Certified Public Accountant

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

Board of Commissioners  
Gas Utility District No. 1  
of East Baton Rouge Parish  
Zachary, Louisiana

I have audited the financial statements of Gas Utility District No.1 of East Baton Rouge Parish as of and for the year ended December 31, 1999, and have issued my report thereon dated June 28, 2000. I conducted my audit in accordance with generally accepted auditing standards 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 of East Baton Rouge Parish's financial statements are free of material misstatement, I 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 statements amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

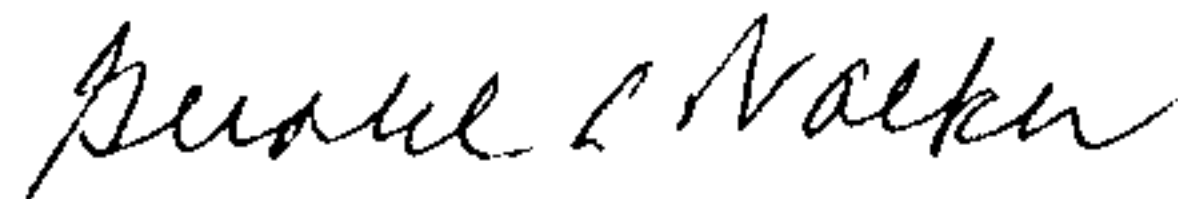
**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
PAGE 2**

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered Gas Utility District No. 1 of East Baton Rouge Parish's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial 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 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of management, the Board of Commissioners and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Gerald A. Walker, CPA  
June 28, 2000