

GAS UTILITY DISTRICT #1  
OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
COMPONENT UNIT FINANCIAL STATEMENT  
AUGUST 31, 2003

GAS UTILITY DISTRICT #2  
OF EAST DELICIANA PARISH  
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AUGUST 31, 2003

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October 22, 2003

INDEPENDENT AUDITOR'S REPORT

Gas Utility District #2  
East Feliciana Parish  
Clinton, Louisiana

I have audited the accompanying general purpose financial statements of

GAS UTILITY DISTRICT #2  
EAST FELICIANA PARISH

a component of East Feliciana Parish Police Jury as of and for the year ended August 31, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in Government Auditing Standards, issued by the Comptroller-General of the United States. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Gas Utility District #2 of East Feliciana Parish as of August 31, 2003, and the results of its operations and cash flows for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated October 22, 2003, on my consideration of Gas Utility District #2 of East Feliciana Parish's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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 my audit.

My audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements Gas Utility District #3 of East Feliciana Parish. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated, in all material aspects, in relation to the general purpose financial statements taken as a whole.

*Paul T. Graham, CPA*

**GAS UTILITY DISTRICT #3  
OF EAST FELICIANA PARISH  
BALANCE SHEET  
AUGUST 31, 2002**

(WITH COMPARATIVE DATA AS OF AUGUST 31, 2001)

**ASSETS**

	2001	2002
<b><u>CURRENT ASSETS</u></b>		
Cash	\$ 402,133	\$ 416,312
Accounts receivable	32,069	44,286
Less: allowance for doubtful accounts	(11,400)	(11,200)
Prepaid insurance	20,107	15,994
Inventory	3,644	3,281
Interest receivable	181	626
	484,734	471,409
 <b><u>RESTRICTED ASSETS</u></b>		
Highway 63 sinking fund	11,619	11,234
1988 Gas utility revenue bond reserve fund	14,402	13,237
1988 Gas depreciation and contingency fund	16,862	14,622
	42,883	39,113
 <b><u>UTILITY PLANT AND EQUIPMENT</u></b>		
Plant and equipment	1,314,940	1,302,488
Less: accumulated depreciation	(812,119)	(886,660)
	491,821	415,828
Land	31,000	31,000
	432,821	446,828
 <b><u>OTHER ASSETS</u></b>		
Deposits	15	15
<b>Total Assets</b>	<b>\$ 959,583</b>	<b>\$ 948,643</b>

**GAS UTILITY DISTRICT #2  
OF EAST FELICIANA PARISH  
BALANCE SHEET  
AUGUST 31, 2002  
(WITH COMPARATIVE DATA AS OF AUGUST 31, 2001)  
(CONCLUDED)**

**LIABILITIES AND FUND EQUITY**

	<u>2002</u>	<u>2001</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 12,398	\$ 10,807
Payroll withholdings	6,098	5,896
Sales tax	76	778
Accrued interest	4,990	3,978
Customer money deposits	<u>60,768</u>	<u>58,276</u>
	<u>84,330</u>	<u>79,635</u>
<b>CURRENT LIABILITIES (payable from restricted assets)</b>		
Bonds payable - PHA	10,121	9,971
Accrued interest payable	<u>2,718</u>	<u>3,982</u>
	<u>12,839</u>	<u>13,953</u>
<b>LONG-TERM DEBT</b>		
Long-term debt	<u>106,092</u>	<u>116,218</u>
<b>Total Liabilities</b>	<u>203,048</u>	<u>208,422</u>
<b>FUND EQUITY</b>		
Contributed capital	<u>65,791</u>	<u>65,791</u>
Retained earnings:		
Reserved for bond and interest retirement	11,609	11,234
Reserved for contingency	30,464	28,379
Unreserved	<u>649,061</u>	<u>646,139</u>
	<u>691,144</u>	<u>681,612</u>
<b>Total Fund Equity</b>	<u>756,935</u>	<u>751,423</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 959,983</u>	<u>\$ 959,845</u>

The accompanying notes are an integral part of these financial statements.

**GAS UTILITY DISTRICT #2  
OF EAST FELICIANA PARISH  
STATEMENT OF CHANGES IN RETAINED EARNINGS  
FOR THE YEAR ENDED AUGUST 31, 2003  
(WITH COMPARATIVE DATA AS OF AUGUST 31, 2002)**

	UNRESERVED RETAINED EARNINGS	RESERVED RETAINED EARNINGS FOR BOND SERVICE & CONSTRUCTION	TOTAL RETAINED EARNINGS
Balance - August 31, 2001	\$ 643,333	\$ 36,872	\$ 684,205
Net Income	1,427		1,427
Transfer to/from restricted assets	(2,641)	2,641	—
Balance - August 31, 2002	<u>\$ 646,119</u>	<u>\$ 39,513</u>	<u>\$ 685,632</u>
Net Income	3,312		3,312
Transfer to/from restricted assets	(2,578)	2,578	—
Balance - August 31, 2003	<u>\$ 649,853</u>	<u>\$ 42,091</u>	<u>\$ 691,944</u>

The accompanying notes are an integral part of these financial statements.

**GAS UTILITY DISTRICT #2  
OF EAST FELICIANA PARISH  
STATEMENT OF REVENUES AND EXPENSES  
PERCENT OF TOTAL OPERATING REVENUES  
FOR THE YEAR ENDED AUGUST 31, 2003  
(WITH COMPARATIVE DATA FOR THE YEAR ENDED AUGUST 31, 2002)**

	AUGUST 31, 2003 <u>AMOUNT</u>	% OF TOTAL OPERATING <u>REVENUE</u>	AUGUST 31, 2002 <u>AMOUNT</u>	% OF TOTAL OPERATING <u>REVENUE</u>
<b><u>OPERATING REVENUES</u></b>				
Gas sales	\$ 530,553	98.4	\$ 506,150	98.5
Service charges	3,900	.8	2,170	.4
Penalties	5,912	1.0	3,793	.8
	<u>539,365</u>	<u>100.0</u>	<u>512,113</u>	<u>100.0</u>
<b><u>COST OF REVENUES</u></b>				
Gas purchased	394,678	73.2	358,658	70.0
	<u>394,678</u>	<u>73.2</u>	<u>358,658</u>	<u>70.0</u>
<b><u>GROSS PROFIT</u></b>	<u>144,687</u>	<u>26.8</u>	<u>153,455</u>	<u>29.9</u>
<b><u>OPERATING EXPENSES</u></b>				
Billing expense	4,478	.8	2,919	.6
Board of Director fees	8,623	1.6	8,315	1.6
Customer interest	0	0	148	.3
Depreciation	27,490	5.1	26,218	5.1
Insurance	38,781	7.2	37,802	7.4
Legal and professional fees	6,785	1.3	4,668	.9
Miscellaneous	750	.1	1,758	.3
Office supplies and maintenance	4,830	.9	7,300	1.4
Other taxes	1,946	.4	1,943	.4
Payroll taxes	8,428	1.6	9,458	1.8
Penalties	676	.1	689	.1
Repairs and maintenance	28,692	5.3	30,550	6.0
Retirement Plan	4,997	.9	3,919	.8
Salaries	113,180	21.1	103,680	20.2
Telephone	4,617	.9	4,940	1.0
Travel	212	.0	177	.0
Uniforms	3,862	.7	3,892	.8
Utilities	2,403	.5	1,840	.4
Vehicles	11,675	2.2	7,229	1.4
	<u>221,798</u>	<u>41.1</u>	<u>206,686</u>	<u>40.5</u>

(Continued)

The accompanying notes are an integral part of these financial statements.



**GAS UTILITY DISTRICT #3  
OF EAST FELICIANA PARISH  
STATEMENT OF REVENUES AND EXPENSES  
PERCENT OF TOTAL OPERATING REVENUES  
FOR THE YEAR ENDED AUGUST 31, 2003  
(WITH COMPARATIVE DATA FOR THE YEAR ENDED AUGUST 31, 2002)  
(Continued)**

	AUGUST 31, 2003	% OF TOTAL OPERATING	AUGUST 31, 2002	% OF TOTAL OPERATING
	<u>AMOUNT</u>	<u>REVENUE</u>	<u>AMOUNT</u>	<u>REVENUE</u>
<b>OPERATING INCOME (LOSS)</b>	1,796	.60	4833	.61
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	7,047	1.2	10,200	1.0
Miscellaneous	2,359	.4	281	.1
Interest expense	(7,290)	(1.2)	(7,725)	(1.3)
Bad debts	(300)	.1	(700)	.1
	<u>1,316</u>	<u>.3</u>	<u>2,056</u>	<u>.4</u>
<b>NET INCOME (LOSS)</b>	<b>\$ 3,112</b>	<b>.9</b>	<b>\$ 6,889</b>	<b>1.0</b>

The accompanying notes are an integral part of these financial statements.

**GAS UTILITY DISTRICT #2  
OF EAST BELTIANA PARISH  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED AUGUST 31, 2002  
(WITH COMPARATIVE DATA FOR THE YEAR ENDED AUGUST 31, 2001)**

	<u>2002</u>	<u>2001</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Net income (loss)	\$ 3,512	\$ 1,407
Noncash items included in net income		
Depreciation	27,460	26,238
Provision for bad debts	200	700
Net (increase) decrease in:		
Accounts receivable	(7,775)	2,715
Prepaid insurance	(4,113)	(5,287)
Inventory	2,567	1,129
Interest receivable	465	57
Net increase (decrease) in:		
Accounts payable	1,591	(116)
Payroll withholdings	290	2,485
Sales tax	(782)	45
Accrued salaries	614	(533)
Customer meter deposits	2,484	4,945
Accrued interest payable	(1,729)	(1,553)
<b><u>NET CASH PROVIDED/USED BY OPERATING ACTIVITIES</u></b>	<u>28,316</u>	<u>33,566</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchase of fixed assets	(11,333)	(13,812)
<b><u>NET CASH PROVIDED/USED BY INVESTING ACTIVITIES</u></b>	<u>(11,333)</u>	<u>(13,812)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
(Increase) decrease in assets restricted for debt service	(2,570)	(2,641)
Principal payment of long-term debt	(8,572)	(8,051)
<b><u>NET CASH PROVIDED/USED BY FINANCING ACTIVITIES</u></b>	<u>(11,142)</u>	<u>(11,692)</u>
<b><u>NET INCREASE (DECREASE) IN CASH</u></b>	<u>4,821</u>	<u>3,062</u>
<b><u>UNRESTRICTED CASH AT BEGINNING OF YEAR</u></b>	<u>416,512</u>	<u>413,450</u>
<b><u>UNRESTRICTED CASH AT END OF YEAR</u></b>	<u>421,333</u>	<u>416,512</u>
<b><u>SUPPLEMENTAL SCHEDULE OF CASH FLOW INFORMATION</u></b>		
Cash paid during the period for interest	<u>\$ 3,206</u>	<u>\$ 3,725</u>

The accompanying notes are an integral part of these financial statements.

GAS UTILITY DISTRICT #3  
EAST FLOUCLIANA PARISH  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
YEAR ENDED AUGUST 31, 2002

<u>PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>TOTAL EXPENDITURE</u>
U. S. Department of Agriculture		
Community Facilities Loans*	10-423	\$ 106,219

\* This represents loan guarantees. There were no loan amounts received during the year nor were there any expenditures for this program during the year.

The accompanying notes are an integral part of these financial statements.

**GAZ UTILITY DISTRICT #2  
OF EAST FULBIAHA PARISH  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2002**

**NOTE #1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This fund is a proprietary fund of the East Feliciana Parish Police Jury. A proprietary fund, also known as enterprise fund, is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**A. Basis of accounting.**

The records of Gas District #2 are maintained on an accrual basis of accounting. This method recognizes revenues when they are earned, and expenses are recognized when the related liability is incurred. All GASB pronouncements are applied as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1987, unless these pronouncements conflict with or contradict GASB pronouncements.

**B. Accounts receivable - Customers**

The District's billing cycle may extend into the subsequent year. If that should be the case, accounts receivable at August 31, 2002 has been adjusted to allow for a year-end cut-off date. Receivables over 90 days old for active accounts were \$2,132 and \$1,321 as of August 31, 2001 and 2002, respectively. Receivables over 90-days-old for inactive accounts were \$9,379 for the year ended August 31, 2000 and \$9,870 for the year ended August 31, 2002. Inactive accounts are accounts disconnected for nonpayment and accounts which are only active during the winter months.

**C. Taxes**

The Gas Utility District is exempt from paying federal and state income tax. All local, state and federal payroll taxes are paid current.

**D. Cash and Cash Equivalents**

For the purposes of the statement of cash flows, the District considers all unrestricted checking, savings and certificates of deposits to be cash equivalents.

GAS UTILITY DISTRICT #2  
OF EAST FELICIANA PARISH  
NOTICE TO FINANCIAL STATEMENTS  
AUGUST 31, 2003

NOTE #1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**E. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**F. Reporting entity**

The accompanying financial statements include only the accounts and transactions of Gas Utility District #2 of East Feliciana Parish. The Gas Utility District is owned and operated by the East Feliciana Parish Police Jury which is the governing authority of East Feliciana Parish, Louisiana. The governing authority appoints members of the Gas District's Board of Directors. The Board exercises all administrative functions with respect to the operation and management of the Gas District.

**G. Inventory**

Inventory is determined using the average cost valuation method. Physical inventory is conducted once a year. Inventory consists of various supplies used for maintaining the system.

**H. Plant and equipment**

Plant and equipment are stated at cost and do not purport to represent replacement or realizable values. The cost of depreciable property, plant and equipment is charged to earnings over the estimated useful lives of the assets. Expenditures for maintenance and repairs are charged to expenses as incurred; expenditures for renewals and betterments are generally capitalized. When properties are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in revenue. Depreciation of all depreciable property, plant and equipment is computed using the straight-line method over the following lives:

<u>ASSET</u>	<u>ESTIMATED USEFUL LIVES</u>	<u>AUGUST 31, 2003</u>	
		<u>COST</u>	<u>NET</u>
Gas System	5-40 years	\$1,075,460	\$ 276,377
Furniture & equipment	3-8 years	38,851	16,601
Vehicles	3-5 years	84,283	11,254
Building & improvements	10-40 years	115,468	97,689

**GAS UTILITY DISTRICT #2  
OF EAST FELICIANA PARISH  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2005**

**NOTE #1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

<u>ASSET</u>	<u>ESTIMATED USEFUL LIVES</u>	<u>AUGUST 31, 2005</u>	
		<u>COST</u>	<u>NET</u>
Land		<u>31,088</u>	<u>31,088</u>
Total		<u>\$1,348,048</u>	<u>\$ 432,821</u>

**1. Fund Balances**

The District utilizes its reserves to denote that portion of retained earnings which is not appropriate for expenditures or is legally segregated for specific use. Reserves are as indicated on the balance sheet.

**1. Comparative Data**

Comparative data for the prior period has been presented in the accompanying financial statements to provide an understanding of the changes in the District's financial position and operations.

**NOTE #2: CASH**

Under state law, Gas Utility District # 2 of East Feliciana Parish may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in United States bonds, treasury notes or certificates, and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At August 31, 2005, the District carrying balances in unallocated cash and cash equivalents are as follows:

Demand deposits	<u>3,478,487</u>
Total	<u>3,478,487</u>

These deposits are stated at cost, which approximates market. 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 bank. The market value of the pledged securities plus the federal deposit insurance should equal the amount on deposit with the fiscal agent. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation insurance. The market value of pledged securities at year end was \$104,876 (FNLB Note) and \$25,838 (FNMA Pool), and \$109,595 (Municipal bond).

**GAS UTILITY DISTRICT #2  
OF EAST FELIXIANA PARISH  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2000**

**NOTE #2: CASH (CONTINUED)**

Bank account balances at August 31, 2000 are as follows:

Bank balances	\$ 476,487
Federal deposit insurance	<u>389,337</u>
Balance uninsured	<u>\$ 865,824</u>
Bank balance which is collateralized with securities held by the pledging financial institution's agent in the Gas District's name	<u>\$ 379,851</u>
Uninsured, noncollateralized bank balance	<u>\$ 485,973</u>

The following are carrying bank balances in all accounts.

Unrestricted cash consists of the following:

Checking, interest bearing	\$ 179,800
Checking, non-interest bearing	3,337
Certificates of deposit	<u>268,263</u>
	<u>\$ 451,400</u>

Restricted cash consists of the following:

Highway 63 sinking fund, savings	11,609
1988 Gas utility revenue bond reserves fund, savings	14,402
1988 Gas depreciation & contingency fund, savings	<u>18,082</u>
	<u>44,093</u>
Total	<u>\$ 495,493</u>

**NOTE #3: PROPERTY, PLANT AND EQUIPMENT**

The following is a summary of property, plant and equipment at August 31, 2000:

	<u>8/31/00</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>8/31/00</u>
Land	\$ 31,000			\$ 31,000
Gas system	1,967,283	8,177		1,975,460
Equipment	32,475	3,376		35,851
Building	115,488			115,488
Vehicles	<u>84,263</u>			<u>84,263</u>
	<u>\$ 2,132,509</u>	<u>\$ 11,553</u>	<u>\$ 0</u>	<u>\$ 2,144,062</u>

**Gas Utility District #2  
of East Feliciana Parish  
Notes to Financial Statements  
August 31, 2003**

**NOTE #4: RESTRICTED ASSETS**

On February 8, 1988 the District adopted a Revenue Bond Resolution on outstanding Gas Utility District Revenue Bonds dated April 7, 1988, for the purpose of financing improvements and extensions to the gas utility system of the District. The resolution provides for all income and revenues derived by the District from the operation of the system, after giving priority to payment of reasonable and necessary expenses of operating and maintaining the system and maintenance of the Revenue Bond Sinking Account, Revenue Bond Reserve Account, and Capital Addition and Contingency Account, to be pledged and dedicated to the retirement of said bonds dated April 7, 1988, and are to be set aside in the following special accounts:

- A. **1988 Gas Utility Revenue Bond and Interest Sinking Account** The establishment and maintenance of a 1988 Gas Utility Revenue Bond and Interest Sinking Account sufficient in amount to pay promptly and fully the principal and interest on the bonds herein authorized. The funding of this account will be accomplished by transferring from the Gas System Account monthly in advance on or before the 20th day of each month of each year a sum equal to one-twelfth (1/12) of the total amount of principal and interest falling due on the next principal and interest payment date, together with such additional proportionate sum as may be required to pay said principal and interest on the same respectively because due. As of August 31, 2003, the Gas Utility District has complied with the Sinking Fund requirements.
- B. **1988 Gas Utility Revenue Bond Reserve Account** The establishment and maintenance of a 1988 Gas Utility Revenue Bond Reserve Account by transferring from the Gas System Account monthly in advance on or before the 20th day of each month of each year, commencing with the month following completion of final acceptance of the improvements and extensions financed with the proceeds of the bonds, a sum at least equal to five percent (5%) of the amount to be paid into the 1988 Gas Utility Revenue Bond and Interest Sinking Account. The payments into the 1988 Gas Utility Revenue Bond Reserve Account are to continue until such time as there has been accumulated therein a sum equal to the highest combined principal and interest falling due in any year on the bonds, the money to be retained solely for the purpose of paying the principal of and interest on bonds payable from the aforesaid 1988 Gas Utility Revenue Bond and Interest Sinking Account as to which there would otherwise be default. As of August 31, 2003, the 1988 Gas Utility Revenue Bond Reserve Account is in compliance with the above requirements.
- C. **1988 Gas Depreciation and Contingency Account** The establishment and maintenance of a 1988 Gas Depreciation and Contingency Account to care for depreciation, extensions, additions, improvements and replacements necessary to operate properly the System by transferring from the Gas System Account monthly in advance on or before the 20th day of each month of each year, commencing with the month following completion of final acceptance of the improvements and extensions financed with the proceeds of the bonds, the sum of \$76



**GAS UTILITY DISTRICT #2  
OF EAST FULBINA PARISH  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2003**

**NOTE #4: RESTRICTED ASSETS (CONTINUED)**

per month. The money in the 1988 Gas Depreciation and Contingency Account shall also be used to pay the principal of and the interest on any bond for the payment of which there is not sufficient money in the 1988 Gas Utility Reserve Bond and Interest Sinking Account or the 1988 Gas Utility Revenue Reserve Account, but if so used such money shall be replaced as soon as possible out of the earnings of the System after making the required payments into the respective accounts herein above set out. As of August 31, 2003, the 1988 Gas Depreciation and Contingency Account is in compliance with the above requirements.

**NOTE #5: VACATION AND SICK LEAVE**

The Gas District employees are paid for vacation time used. They may carry up to one week over to the next year. Employees may accrue up to ninety days of annual sick leave. Unused sick leave is not paid upon retirement or termination.

Accrued vacation in the amount of \$4,590 has been reflected as part of accrued salaries in current liabilities. Any balance in accrued salaries in amounts earned in August but not paid until September due to the payroll cut off date.

**NOTE #6: LONG-TERM DEBT**

The summary of changes in long-term debt is as follows:

Bond payable 8/31/02	\$123,790
Less principal payments	<u>(9,572)</u>
Bond payable 8/31/03	\$114,218

As of August 31, 2003, Long-term Debt - Other consists of the following:

U. S. Department of Agriculture - Farmer's Home Administration		\$ 116,218
\$16,800.00 due annually including interest at 5.75%		
Less amounts due within one year		<u>(10,121)</u>
		\$106,097

Following are maturities of bonds payable-PHA for each of the next five years:

YEAR ENDED	PRINCIPAL MATURITY	INTEREST MATURITY	TOTAL DEBT SERVICE
2004	10,121	6,683	16,804

**GAS UTILITY DISTRICT #2  
OF EAST TULIACANA PARISH  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2003**

**NOTE #6: LONG-TERM DEBT (CONTINUED)**

<b>YEAR ENDED</b>	<b>PRINCIPAL MATURITY</b>	<b>INTEREST MATURITY</b>	<b>TOTAL DEBT SERVICE</b>
2005	10,703	6,103	16,804
2006	11,319	5,483	16,804
2007	11,930	4,834	16,804
2008	12,688	4,146	16,804
Beyond 5 years	29,447	8,938	38,385
	<u>\$16,218</u>	<u>\$35,188</u>	<u>\$51,406</u>

**NOTE #7: PENSION PLAN**

The District established a deferred compensation plan created in accordance with the Internal Revenue Code Section 457(b) for employees who meet the eligibility requirements set forth in the plan. Employer contributions are determined as a percent of compensation paid each year to eligible participants. The employer contributions for 2003 were \$4,097. The plan is administered by independent plan administrators through administrative service agreements.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (and) paid or made available to the employee or other beneficiary) solely the property and rights of the District (without being restricted to the provisions of benefits under the plan), subject only to the claims of the District's general creditors. Participants' rights under the plan are equal to those of general creditors of the District in an amount equal to the fair market value of the deferred amount for each participant.

**NOTE #8: COMPENSATION PAID TO BOARD MEMBERS**

<b>Board Member</b>	<b>Meetings Attended</b>	<b>Amount Paid</b>	<b>Term Expires</b>
Minnie Douglas	25	\$1,875	January, 2005
Eileen Siebert	21	1,575	January, 2004
Frank McIligan	23	1,650	January, 2007
John Strain	24	1,800	January, 2006
Maurice Whitcomb	16	1,200	January, 2003
Deborah Armetstead	7	525	January, 2008
		<u>\$8,625</u>	

# PHIL T. GRAHAM

CERTIFIED PUBLIC ACCOUNTANT

(A PROFESSIONAL CORPORATION) COMPANY

---

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TELEPHONE: 225-928-4861 • FAX: 225-928-4866

October 22, 2005

## INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

Gas Utility District #2  
East Feliciana Parish  
Clinton, LA 70712

My report on my audit of the general purpose financial statements of

### GAS UTILITY DISTRICT #2 EAST FELICIANA PARISH

for the year ended August 31, 2005, appears on page 1. That audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for that portion marked "unaudited," on which I express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Phil T. Graham, CPA*

SUPPLEMENTARY INFORMATION

GAS UTILITY DISTRICT NO  
OF EAST FELICIANA PARISH  
STATISTICAL DATA  
FOR THE YEAR ENDED AUGUST 31, 2021

<u>MONTH</u>	NUMBER OF CUSTOMERS	GAS SALES CUBIC FEET OF GAS(INC)
September	941	1,258.5
October	949	2,470.1
November	954	5,999.4
December	957	7,571.8
January	971	11,752.8
February	974	8,286.4
March	980	2,304.8
April	953	3,742.3
May	949	1,616.2
June	953	1,913.8
July	955	1,834.8
August	952	<u>1,633.2</u>
<i>Average number of customers</i>	<u>955</u>	
<i>Total cubic feet of gas</i>		<u>51,281.2</u>

See Auditor's report on supplementary information.

**GAS UTILITY DISTRICT NO.  
OF EAST FELIXIANA PARISH  
SCHEDULE OF BOARD MEMBER INFORMATION  
FOR THE YEAR ENDED AUGUST 31, 2003**

DeGloria Armstrong  
6289 Kinross Lane  
Ethel, LA 70730  
(225) 683-3718

Miriam K. Douglas  
2496 Highway 63  
Clanton, LA 70722  
(225) 683-3707

Frank Milligan  
4117 Highway 955 East  
Ethel, LA 70730  
Telephone unlisted

Eileen Siebert  
9478 Highway 955 East  
Ethel, LA 70730  
(225) 683-8335

John Strain  
9150 Highway 957  
Ethel, LA 70730  
(225) 683-5236

See Auditor's report on supplementary information.

**GAS UTILITY DISTRICT #2  
OF EAST FELICIANA PARISH  
SCHEDULE OF INSURANCE IN FORCE  
AUGUST 31, 2003  
(Unaudited)**

<u>POLICY NUMBER</u>	<u>EXPIRES</u>	<u>COMPANY &amp; COVERAGE</u>	<u>AMOUNT</u>
CF 178106138	08-23-04	<b>Evanson Insurance Company</b> Business Personal Property	\$10,000
020146080	02-08-04	<b>Progressive Security Insurance Company</b> Automobile-theft injury death accident Uninsured motorist each accident	\$200,000 \$20,000
66WDC009706	07-30-04	<b>Evanson Insurance Company</b> Contractor's equipment	\$27,500
17312	04-15-04	<b>LA Worker's Compensation Corp.</b> Workman's compensation	Retrospect
W512004858	03-23-04	<b>Western Surety Company</b> Fidelity Bond - President Fidelity Bond - Secretary Fidelity Bond - Commissioners (joint) Fidelity Bond - Secretary/Bookkeeper Fidelity Bond - System Operator	\$100,000 \$100,000 \$20,000 \$20,000 \$10,000
01068056800	06-30-04	<b>Ranger Insurance Company</b> Commercial General Liability General aggregate limit Products aggregate limit Each occurrence limit Personal & advertising injury limit Medical expense limit, any one person Fire damage limit, any one fire	\$1,000,000 \$1,000,000 \$1,000,000 \$1,000,000 \$1,000,000 \$1,000 \$50,000
874-16-26	09-23-03	<b>National Union Fire Insurance Company of Pittsburgh, PA</b> Public Officials and Employees- Liability Insurance General aggregate limit Each wrongful act Deductible each wrongful act	\$1,000,000 \$1,000,000 \$5,000

See Auditor's report on supplementary information.

**GAS UTILITY DISTRICT #2  
OF EAST FELICIANA PARISH  
COMPARATIVE DATA  
AUGUST 31, 2002  
(UNAUDITED)**

<b>SUMMARY STATEMENT OF REVENUES</b>	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Operating Revenues	\$ 378,765	\$ 314,113	\$ 743,332	\$ 423,300
Cost of Revenues	<u>164,679</u>	<u>158,658</u>	<u>458,970</u>	<u>163,364</u>
Gross Profit	<u>214,086</u>	<u>155,455</u>	<u>284,362</u>	<u>260,018</u>
Operating Expenses	343,810	229,848	215,221	212,540
Depreciation	<u>27,460</u>	<u>26,218</u>	<u>36,508</u>	<u>38,858</u>
Operating Income (Loss)	<u>3,296</u>	<u>(811)</u>	<u>72,643</u>	<u>9,620</u>
Nonoperating Revenues	9,306	10,483	17,210	20,883
Nonoperating Expenses	<u>(7,490)</u>	<u>(8,425)</u>	<u>(14,625)</u>	<u>(16,140)</u>
NET INCOME (LOSS)	<u>5,112</u>	<u>2,058</u>	<u>65,228</u>	<u>14,363</u>
 <b>OTHER DATA</b>				
Property, plant and Equipment	<u>1,345,040</u>	<u>1,333,488</u>	<u>1,321,403</u>	<u>1,347,907</u>
Net Working Capital	<u>400,844</u>	<u>391,846</u>	<u>394,640</u>	<u>374,344</u>
Total Assets	<u>859,782</u>	<u>959,845</u>	<u>960,972</u>	<u>931,582</u>
Bonds and Other Long- Term Liabilities	<u>116,218</u>	<u>125,799</u>	<u>134,841</u>	<u>143,408</u>
Total Equity	<u>743,564</u>	<u>834,046</u>	<u>826,131</u>	<u>788,174</u>
Average Number of Customers	938	944	935	934
Total Cubic Foot of Gas (MCF)	51,281	47,328	56,549	42,475
Number of customers:				
Residential	902	905	903	909
Commercial	40	6	6	6
3/4" Meters	4	3	3	3

See Auditor's report on supplementary information.



**GAS UTILITY DISTRICT OF  
OF EAST FELICIANA PARISH  
GAS LOSS SCHEDULE  
AUGUST 31, 2022**

<b>MONTH</b>	<b>PRICE PER MCF</b>	<b>GAS PURCH. MCF</b>	<b>GAS SOLD MCF</b>	<b>GAS (GAIN) LOSS MCF</b>	<b>% (GAIN) LOSS MCF</b>	<b>DOLLAR (GAIN) LOSS</b>	<b>LOSS ACCOUNTED FOR MCF</b>	<b>DOLLAR LOSS ACCOUNTED FOR</b>
SEPT	3.9583	1,792	1,858	(67)	3.74	(265.21)	43	\$ 178.13
OCT	4.5406	2,958	2,476	468	15.93	2,148.40	400	1,816.24
NOV	4.4899	5,897	5,998	(102)	(1.73)	(458.99)	79	314.89
DEC	4.5398	9,659	7,878	1,771	18.25	8,099.99	1000	4,539.80
JAN	5.3383	11,949	11,753	196	1.64	1,046.51	60	320.99
FEB	6.1974	7,942	8,288	(346)	(4.35)	(2,131.91)	0	0.00
MAR	7.3488	5,924	2,369	2,729	54.21	20,054.88	1570	11,597.62
APR	5.9998	3,316	3,743	(427)	(12.89)	(2,544.82)	60	357.59
MAY	5.6763	1,979	1,616	363	18.34	2,060.59	50	283.82
JUNE	6.5807	1,722	1,914	(192)	(11.15)	(1,259.63)	0	0.00
JULY	6.0763	1,796	1,825	(29)	(2.17)	(236.98)	100	607.64
AUG	5.2340	<u>1,255</u>	<u>1,623</u>	<u>332</u>	<u>7.52</u>	<u>690.93</u>	<u>75</u>	<u>392.57</u>
<b>TOTAL</b>		<u>55,770</u>	<u>51,382</u>	<u>4,488</u>	<u>8.05</u>	<u>\$27,140.44</u>	<u>1,428</u>	<u>\$20,358.20</u>

See Auditor's report on supplementary information.

**GAS UTILITY DISTRICT #2  
OF EAST FELICIANA PARISH  
GAS LOSS SCHEDULE - LOSS BY YEARS  
AUGUST 31, 2002**

<u>YEAR</u>	<u>GAS PURCH. MCF</u>	<u>GAS SOLD MCF</u>	<u>GAS LOSS MCF</u>	<u>PERCENT LOSS MCF</u>	<u>DOLLAR LOSS</u>	<u>UNACCOUNTED LOSS MCF</u>	<u>ACCOUNTED LOSS MCF</u>
8/93	56,938	49,980	998	1.88	2,640	998	
8/94	52,447	51,687	460	.88	1,895	460	
8/95	48,857	47,439	618	1.28	1,568	303	115
8/96	57,800	55,825	1,175	2.06	2,199	1,175	
8/97	52,899	47,323	5,676	10.73	17,666	5,876	
8/98	55,164	52,348	2,816	5.10	9,288	2,816	
8/99	45,316	42,550	2,786	6.13	7,823	1,640	1,146
8/00	48,966	45,476	3,490	7.13	11,850	752	2,738
8/01	60,443	56,578	3,875	6.41	28,917	1,049	2,826
8/02	51,628	47,528	4,298	8.33	22,855	1,873	2,425
8/03	55,778	51,282	4,488	8.05	27,143	1,058	3,430

See Auditor's report on supplementary information.

# PHIL T. GRAHAM

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October 22, 2003

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

Gas Utility District #2  
East Feliciana Parish  
Clinton, Louisiana 70722

I have audited the general purpose financial statements of

**GAS UTILITY DISTRICT #2  
EAST FELICIANA PARISH**

as of and for the year ended August 31, 2003, and have issued my report (letter dated October 22, 2003). I conducted my 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 #2 of East Feliciana Parish's general purpose 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 statement 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as item 2000-1.

### **Internal Control Over Financial Reporting**

In planning and performing my audit, I considered Gas Utility District #2 of East Feliciana Parish's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting, that, in my judgment, could adversely affect Gas Utility District #2 of East Feliciana Parish's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(CONCLUDED)**

Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 1977-1. I also noted other matters involving internal control over financial reporting that I have reported to the management of Gas Utility District #3 of East Feliciana Parish in a separate letter dated October 22, 2003.

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. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of Gas Utility District #3 of East Feliciana Parish's management, others within the organization, the East Feliciana Parish Police Jury, federal awarding agencies, and the Louisiana Legislative Auditor's office and is not intended to be used and should not be used by anyone other than those specified parties. However, under La. Revised Statute 24:512, the Legislative Auditor distributes this report as a public document.

Phil T. Graham, CPA

**GAS UTILITY DISTRICT #2  
OF EAST FELICIANA PARISH  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2003**

I have audited the financial statements of Gas Utility District #2 of East Feliciana Parish as of and for the year ended August 31, 2003, and have issued my report thereon dated November 26, 2003. 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. My audit of the financial statements as of August 31, 2003 resulted in an unqualified opinion.

**SECTION I. SUMMARY OF AUDIT REPORTS**

**A. Report on Internal Control and Compliance Material to the Financial Statements**

1. There were no material weaknesses reported.
2. Reportable conditions are described in section IV.
3. No instances of noncompliance material to the financial statements of Gas Utility District #2 of East Feliciana Parish were disclosed during the audit.

**B. FEDERAL AWARDS**

1. The federal program is listed in the schedule of federal financial assistance on page 5. There were no major programs. There were no material weaknesses or reportable conditions relating to internal control for the federal program.

**SECTION II. FINANCIAL STATEMENT FINDINGS**

None

**SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no findings or questioned costs.

**SECTION IV. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS**

**A. REPORTABLE CONDITIONS: 1997-1. SEGREGATION OF DUTIES**

Due to the small number of employees, some of the functions within the accounting system do not have adequate segregation of duties. This was also a finding in the prior years audit.

**RECOMMENDATION:**

Based on the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

**RESPONSE:**

No response is considered necessary.

GAS UTILITY DISTRICT #2  
OF EAST FELICIANA PARISH  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2003

**SECTION V: MANAGEMENT LETTER**

See attached.

**PRIOR YEAR FINDINGS**

1997-1 Segregation of duties, same as above.

2002-1 Unreconciled bank balances. This has been corrected in the current year.

# PHIL T. GRAHAM

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TELEPHONE: 225-928-4865 • FAX: 225-928-4866

October 22, 2003

To the Board of Directors of  
Gas Utility District #2  
East Feliciana Parish

In planning and performing my audit of the general purpose financial statements of

**GAS UTILITY DISTRICT #2**  
**EAST FELICIANA PARISH**

for the year ended August 31, 2003, I considered the District's internal control in order to determine my auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on the internal control.

However, during my audit, I became aware of matters that are an opportunity for strengthening internal control and operating efficiency. The following item summarizes my comments and suggestions regarding these matters. I previously reported on the District's internal control in my report dated October 22, 2003. This letter does not affect my report dated October 22, 2003, on the general purpose financial statements of Gas Utility District #2 of East Feliciana Parish.

- Item 1: Due to the increased cost of gas and large consumption by some customers, the board should consider increasing the security deposit for those customers whose balances consistently exceed the security deposit being held on their account. Existing customers who have exhibited a good payment history could be retained at their current deposit level. However, customers who have a delinquent payment history and large bills should be evaluated to determine if an additional security deposit should be required.
- Item 2: A Policy and Procedure Manual will assist the employees of the District to understand and execute the policies set by the board. The policies of the District are currently communicated on a verbal basis at the board meetings. With the passage of time, this may lead to misinterpretations of policies. A written Policy and Procedure Manual will assist both management and employees in the operation of the District.
- Item 3: Staff currently maintains a record of the vacation and sick days that have been taken

and the number of days remaining. Management would benefit by reviewing this record on a monthly basis. It should be included with the data that the board reviews at each meeting.

- Item 4: Adjustments to customer accounts receivable should be included in the minutes of the board meeting and reviewed by the board at least once a month. This will document all adjustments made to customer's accounts and help the board understand the reason for these adjustments.
- Item 5: Currently, no conflict of interest policy is in place for the District. This should be incorporated into the Policy and Procedure Manual so that both management and employees are aware of the prohibition of receiving anything of monetary value from any business transactions with the Gas District.
- Item 6: The board should establish a retirement policy that addresses part-time employees. This policy should include the years of service and the minimum number of hours worked in a year that a part-time employee would need in order to participate in the District's retirement plan. The minimum requirements can be obtained from the administrator of the Gas District's retirement plan. This will eliminate misunderstandings as part-time or temporary employees are hired in the future.

I will review the status of these comments during my next public engagement. I have already discussed these comments and suggestions with District personnel, and I will be pleased to discuss them in further detail at your convenience.

Ed J. Graham CEA