

**ST. JAMES PARISH GAS AND WATER DISTRIBUTION SYSTEM**  
State of Louisiana

**Statement of Revenues and Expenses**  
**Budget and Actual**  
**For the Year Ended June 30, 1995**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>Operating revenues</b>			
Gas sales	15,448,300	15,313,608	\$(134,692)
Water sales	5,117,300	5,115,820	\$(1,480)
Fees	75,400	74,488	\$(912)
Miscellaneous	24,500	28,928	\$4,428
Total operating revenues	<u>2,065,500</u>	<u>2,033,844</u>	<u>\$(31,656)</u>
<b>Operating expenses</b>			
Gas department			
Gas purchases	498,300	505,820	\$(7,500)
Wages	185,600	198,817	\$(13,217)
Employee benefits	1,600	1,698	\$(98)
Retirement	27,400	28,754	\$(1,354)
Repairs and maintenance	35,400	42,854	\$(7,454)
Legal fees	-	8,838	\$(8,838)
Depreciation	37,300	38,110	\$(810)
	<u>785,000</u>	<u>823,893</u>	<u>\$(38,893)</u>
Water department			
Chemicals	157,800	149,862	\$(7,938)
Wages	330,400	335,713	\$(5,313)
Employee benefits	800	850	\$(50)
Retirement	13,200	13,854	\$(654)
Utilities	48,800	57,776	\$(8,976)
Repairs and maintenance	23,800	21,880	\$1,920
Depreciation	235,500	244,810	\$(9,310)
	<u>788,300</u>	<u>825,953</u>	<u>\$(37,653)</u>
General and administrative			
Wages	155,800	167,382	\$(11,582)
Bad debts	4,800	5,876	\$(1,076)
Repairs and maintenance	40,200	54,488	\$(14,288)
Office	70,700	60,732	\$9,968
Insurance	87,200	99,587	\$(12,387)
Retirement	12,700	12,882	\$(182)
Employee benefits	120,800	132,237	\$(11,437)
Contracted services	30,700	43,828	\$(13,128)
Depreciation and amortization	38,100	38,128	\$(28)
	<u>645,300</u>	<u>611,384</u>	<u>\$33,916</u>
Total operating expenses	<u>2,117,600</u>	<u>2,269,030</u>	<u>\$(151,430)</u>
Operating income	<u>383,500</u>	<u>291,361</u>	<u>\$92,139</u>
<b>Nonoperating revenues (expenses)</b>			
Intergovernmental			
State	85,000	85,000	-
Interest income	41,400	40,550	\$850
Interest expense	(280,500)	(280,400)	-
Total nonoperating revenues (expenses)	<u>(94,100)</u>	<u>(254,850)</u>	<u>\$160,750</u>
<b>Net income</b>	<u>\$ 289,400</u>	<u>\$ 36,511</u>	<u>\$ 252,889</u>

(See ACCOUNTS\* Report on Accompanying Information)

**ST. JAMES PARISH GAS AND WATER DISTRIBUTION SYSTEM**  
State of Louisiana

Notes to the Financial Statements (Continued)

**NOTE 9 - DEFERRED COMPENSATION PLAN (Continued)**

investor. The System believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

Investments are managed by FEDSCO Securities Corp. The choice of the investments option(s) is made by the participant.

At June 30, 1994 and 1993, the assets in the plan for St. James Parish Council (including the System) were valued at \$1,189,713 and \$1,078,822, respectively.

**NOTE 10 - CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)**

Current liabilities (payable from restricted assets) consist of the following:

	June 30	
	1994	1993
Current maturities of Revenue Bonds		
1973 Series	\$ 145,800	\$ 140,000
1982 Series	25,213	30,914
	<u>182,013</u>	<u>170,914</u>
Accrued interest on Revenue Bonds	18,382	17,885
Customers' deposits	118,838	100,834
	<u>\$ 309,233</u>	<u>\$ 289,633</u>

Restricted asset sinking funds have been established to meet the restricted liabilities for the maturities of the revenue bonds. At June 30, 1994 and 1993, the assets in the sinking funds exceeded restricted liabilities for the current maturities of the revenue bonds by \$8,400 and \$6,482, respectively.

**NOTE 11 - DEFERRED REVENUE**

During the year ended June 30, 1993 the System negotiated with Eagle Asphalt Products, to construct a 6-inch high pressure gas line from the IMC-Agrico metering station to Eagle Asphalt Products, located on the westbank along Highway 18. In order to finance the construction of the gas line, Eagle Asphalt Products advanced the System \$150,000 to begin construction. Starting August, 1993 Eagle Asphalt began using the gas line and receives a monthly credit of \$5,000 on its gas utility bill for a period of thirty months.

**ST. JAMES PARISH GAS AND WATER DISTRIBUTION SYSTEM**  
State of Louisiana

Notes to the Financial Statements (Continued)

**NOTE 5 - RESTRICTED ASSETS (Continued)**

	June 30	
	1996	1995
Repeal of restricted assets		
Cash and cash equivalents:		
Cash	\$ 5,854	\$ 10,816
Certificates of deposits	-	180,000
Money market accounts	125,679	280,418
Total cash and cash equivalents	<u>131,533</u>	<u>471,234</u>
Certificates of deposits	105,000	180,000
LAMP	<u>378,036</u>	<u>358,533</u>
	<u>\$ 514,533</u>	<u>\$ 949,767</u>

**NOTE 6 - UTILITY PLANT, PROPERTY AND EQUIPMENT**

The activity in utility plant, property and equipment for the years ended June 30, 1996 and 1995 were as follows:

	Balance June 30, 1995	Additions	(Retirements)	Balance June 30, 1996
Gas distribution systems	\$ 1,470,288	\$ 407,656	\$ (2,506)	\$ 1,875,438
Water distribution systems	11,881,133	90,098	(11,439)	11,959,892
Office furniture, fixtures, and equipment	303,773	61,160	-	430,873
Transportation equipment	145,965	3,754	-	150,719
Construction in progress	324,865	347,834	(273,799)	398,900
	<u>14,025,909</u>	<u>\$ 809,398</u>	<u>\$ (1,887,744)</u>	<u>14,947,563</u>
Less accumulated depreciation	<u>5,217,317</u>			<u>5,320,477</u>
	<u>\$ 8,854,869</u>			<u>\$ 9,627,086</u>

**ST. JAMES PARISH GAS AND WATER DISTRIBUTION SYSTEM**  
State of Louisiana

Notes to the Financial Statements (Continued)

**NOTE 7 - OTHER ASSETS**

Included in other assets are costs incurred in connection with the issuance of revenue bonds. Bond debt costs are immaterial ratably in relation to the principal maturities of the underlying bonds. Bond debt costs amortized to general and administrative expenses for the years ended June 30, 1996 and 1995 were \$4,694 and \$4,381, respectively.

Other assets consist of the following:

	June 30	
	1996	1995
Bond debt costs	\$ 120,388	\$ 120,388
Less accumulated amortization	(97,449)	(91,449)
Contract deposits	245	245
	<u>\$ 23,184</u>	<u>\$ 27,184</u>

**NOTE 8 - EMPLOYEE RETIREMENT SYSTEM AND PLAN**

Substantially all employees of the System are members of the Parochial Employees Retirement System of Louisiana (PERSL), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The PERSL is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the System are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from System funds are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 35 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2% of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only prior to January 1, 1983, the benefit is equal to one percent of final average salary plus \$24 for each year of supplemental-plan-only service earned prior to January 1, 1983. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employer contributions may retire at the ages specified above and receive the benefits accrued to their date of termination. The PERSL also provides death and disability benefits. Benefits are established by state statute.

**ST. JAMES PARISH GAS AND WATER DISTRIBUTION SYSTEM**  
State of Louisiana

Notes to the Financial Statements (Continued)

**NOTE 11 - DEFERRED REVENUE (Continued)**

If the credit is not utilized in the current month, it is not carried forward. The balance in deferred revenue at June 30, 1996 and 1995 is \$95,000 and \$150,000, respectively.

**NOTE 12 - LONG-TERM DEBT**

Revenue bonds payable consist of the following:

	June 30	
	1996	1995
\$3,000,000, 1973 Serial bonds due in annual installments of \$145,000 to \$220,000 through December, 2000, at 6 3/4% interest	\$1,450,000	\$1,590,000
\$1,091,838, 1982 Refunding Serial bonds due in annual installments of \$35,315 to \$146,881 through December, 2007, at 1 1/4% interest	965,671	996,585
	<u>2,415,671</u>	<u>2,586,585</u>
Less current maturities included in restricted liabilities (see note 9)	180,315	170,914
	<u>\$2,235,356</u>	<u>\$2,415,671</u>

**Bond Redemption Provisions**

1973 Series revenue bonds maturing on or after December 1, 1984 may be called for redemption in inverse order at interest payment dates with redemption prices ranging from 101 1/2% to 104% of par value.

1982 Refunding Series revenue bonds maturing on or after June 1, 1989 may be called for redemption in inverse order at interest payment dates at par value plus accrued interest plus a premium as follows:

Redemption Date	Premium
June 1, 1989 and December 1, 1989	2.0%
June 1, 2000 and December 1, 2000	1.5%
June 1, 2001 and December 1, 2001	1.0%
June 1, 2002 and December 1, 2002	0.5%
June 1, 2003 and December 1, 2003 and thereafter	-

**ST. JAMES PARISH GAS AND WATER DISTRIBUTION SYSTEM**  
State of Louisiana

Notes to the Financial Statements (Continued)

**NOTE 12 - LONG-TERM DEBT (Continued)**

The annual retirements to amortize all debt outstanding as of June 30, 1996, including interest payments of \$1,162,427, are as follows:

Fiscal Year Ending June 30	Totals
1997	\$ 347,248
1998	373,468
1999	373,833
2000	373,327
2001	371,954
2002-2005	1,411,356
2007-2008	386,918
	<u>\$7,578,938</u>

**NOTE 13 - CONTRIBUTED CAPITAL**

During the years ended June 30, 1996 and 1995, the Distribution System received the following contributed capital:

	Year Ended June 30	
	1996	1995
St. James Parish Council	\$ -	\$ 100,000
Contractors and customers	155,367	48,648
	<u>155,367</u>	<u>148,648</u>
Beginning balance	4,432,577	4,283,379
Ending balance	<u>\$4,538,148</u>	<u>\$4,432,027</u>

**NOTE 14 - ACCUMULATED UNPAID VACATION AND SICK PAY**

Unpaid vacation and sick pay are accrued when incurred. At June 30, 1996 and 1995, accumulated accrued unpaid vacation and sick pay was \$145,619 and \$152,346, respectively.

**NOTE 15 - CONTINGENCIES**

St. James Parish Gas and Water Distribution System is a defendant in three class action suits. The plaintiffs in each suit are seeking damages (no monetary amounts have been specified) from the System for failure to take precautions against the contamination of

**ST. JAMES PARISH GAS AND WATER DISTRIBUTION SYSTEM**  
State of Louisiana

Notes to the Financial Statements (Continued)

**NOTE 15 - CONTINGENCIES (Continued)**

the water supply after two barges collided in the Mississippi River causing oil to spill into the river. Legal counsel indicates that these matters appear to be covered by liability insurance, although at this time the carriers are contesting coverage. The System's management is of the opinion that insurance coverage is adequate to cover losses, if any.

**NOTE 16 - RISK MANAGEMENT**

The System is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The System carries commercial insurance to cover these risks, including workers' compensation. Settled claims have not exceeded their commercial coverage in any of the past three fiscal years.

The System joined with the St. James Parish Council to form a Group Hospitalization Claims Clearing Fund (an internal service fund accounted for by the Council) to account for and finance its uninsured risks of loss related to employee health and medical claims for its employees. The System pays monthly premiums to the Fund for its health and medical insurance coverage based on estimates of the amounts needed to pay prior- and current-year claims and to establish a reserve for catastrophic losses. Under the program, the Fund provides coverage for up to a maximum of \$40,000 for each employee's health claims. The Council purchases insurance for claims in excess of coverage provided by the Fund.

**NOTE 17 - COMMITMENTS**

St. James Parish Gas and Water Distribution System is a member of the Louisiana Municipal Natural Gas Purchasing and Distribution Authority (the Authority). As a member of the Authority, the System agrees to purchase all of its gas supplies for resale to its customers through the Authority's gas distribution system. The Authority prepares an annual budget that contains an estimate of all of the Authority's operation, maintenance and general expenses relating to the operation and conduct of the business of the Authority during the year. The total amount set forth in the Annual Authority Budget shall be paid monthly by each member of the Authority based on a percentage of each member's cost of gas. This contract is renewed annually beginning October 1 and can be terminated by either party by giving written notice to the other party at least six months prior to termination.

## ACCOMPANYING INFORMATION





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## INDEPENDENT AUDITORS' REPORT

To the President and Members  
St. James Parish Council  
Convent, Louisiana

We have audited the accompanying financial statements of St. James Parish Gas and Water Distribution System of the Parish of St. James, State of Louisiana at June 30, 1996, and for the year then ended. These financial statements are the responsibility of the management of the Parish of St. James, State of Louisiana. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of St. James Parish Gas and Water Distribution System of the Parish of St. James, State of Louisiana at June 30, 1995, were audited by other auditors whose report dated August 11, 1995, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only St. James Parish Gas and Water Distribution System and are not intended to present fairly the financial position and results of operations of the Parish of St. James, State of Louisiana in conformity with generally accepted accounting principles.

In our opinion, the 1996 financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of St. James Parish Gas and Water Distribution System of the Parish of St. James, State of Louisiana at June 30, 1996, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated August 14, 1996 on our consideration of St. James Parish Gas and Water Distribution System's internal control structure and a report dated August 14, 1996 on its compliance with laws and regulations.

*Postlethwaite & Netterville*

Metairie, Louisiana  
August 14, 1996

**ST. TAMMIE PARISH GAS AND WATER DISTRIBUTION SYSTEM**  
State of Louisiana

**Statement of Revenues and Expenses**  
**Budget and Actual**  
**For the Year Ended June 30, 1990**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>Operating Revenues</b>			
Gas sales	\$1,484,500	\$1,488,901	\$ 4,401
Water sales	1,000,580	1,048,078	47,598
Fines	78,880	83,078	4,198
Miscellaneous	28,000	38,000	10,000
<b>Total operating revenues</b>	<u>2,591,960</u>	<u>2,658,057</u>	<u>66,097</u>
<b>Operating expenses</b>			
<b>Gas department</b>			
Gas purchases	646,000	733,388	(87,388)
Wages	225,700	228,044	16,056
Employee benefits	3,700	3,037	663
Retirement	30,000	27,538	2,462
Repairs and maintenance	41,000	45,580	4,580
Legal fees	10,000	11,070	1,070
Depreciation	30,000	43,881	(13,881)
	<u>1,026,400</u>	<u>1,073,438</u>	<u>(47,038)</u>
<b>Water department</b>			
Electricity	128,000	128,850	850
Wages	212,000	228,720	(16,720)
Employee benefits	800	874	(74)
Retirement	11,000	14,888	(3,888)
Utilities	77,000	78,388	1,388
Repairs and maintenance	80,000	81,878	1,878
Depreciation	375,000	355,000	20,000
	<u>1,083,800</u>	<u>1,094,178</u>	<u>(10,378)</u>
<b>General and administrative</b>			
Wages	108,000	111,587	(3,587)
Bad debts	4,000	5,907	(1,907)
Repairs and maintenance	197,000	201,387	(4,387)
Office	68,750	69,800	1,050
Insurance	75,000	101,907	(26,907)
Retirement	11,800	11,800	-
Employee benefits	128,000	148,707	(20,707)
Contracted services	48,000	42,811	5,189
Depreciation and amortization	78,000	78,000	-
	<u>760,550</u>	<u>793,506</u>	<u>(32,956)</u>
<b>Total operating expenses</b>	<u>2,544,350</u>	<u>2,565,058</u>	<u>(20,708)</u>
<b>Operating income</b>	<u>367,610</u>	<u>392,999</u>	<u>(25,389)</u>
<b>Nonoperating revenues (expenses)</b>			
Interest revenue	21,000	28,000	7,000
Other income	(188,200)	(188,140)	60
<b>Total nonoperating revenues (expenses)</b>	<u>(167,200)</u>	<u>(160,140)</u>	<u>7,060</u>
<b>Net income</b>	<u>\$ 199,410</u>	<u>\$ 232,859</u>	<u>\$ 33,449</u>

See Accountant's Report on Accompanying Information

**ST. JAMES PARISH GAS AND WATER DISTRIBUTION SYSTEM**  
State of Louisiana

Notes to the Financial Statements (Continued)

**NOTE 4 - UTILITY PLANT, PROPERTY AND EQUIPMENT (Continued)**

	Balance June 30, 1994	Additions	(Retirements)	Balance June 30, 1995
Gas distribution system	\$ 1,454,674	\$ 15,825	\$ (363)	\$ 1,470,286
Water distribution system	11,249,498	556,280	(4,665)	11,801,115
Office furniture, fixtures, and equipment	299,141	9,634	-	308,775
Transportation equipment	118,965	-	-	118,965
Construction in progress	-	324,065	-	324,065
	<u>13,171,278</u>	<u>\$ 905,804</u>	<u>\$ (4,668)</u>	<u>14,072,366</u>
Less accumulated depreciation	<u>4,816,941</u>			<u>5,217,357</u>
	<u>\$ 8,354,337</u>			<u>\$ 8,854,869</u>

During the years ended June 30, 1994 and 1995, depreciation was charged to operating expenses as follows:

	Year Ended June 30	
	1994	1995
Gas department	\$ 43,551	\$ 36,110
Water department	259,822	244,978
General and administrative	18,225	34,225
	<u>\$ 321,598</u>	<u>\$ 315,313</u>

Construction began on a 4-inch high pressure gas line from the BMC-Agrios metering station to Eagle Asphalt Products, located on the westbank along Highway 18 during the year ended June 30, 1995. The construction project was completed in July, 1995 and transferred to the gas distribution system. During the year ended June 30, 1996, preliminary engineering services began for the planned construction on the eastbank water plant upgrade. Actual construction has not begun as of June 30, 1996.

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**ST. JAMES PARISH GAS AND WATER DISTRIBUTION SYSTEM**  
State of Louisiana

**Statement of Changes in Assets Restricted for Revenue Bond Debt, Senior**  
Year Ended June 30, 1999

	<u>Working Funds</u>	<u>Reserve Funds</u>	<u>Capital Additions and Contingencies Funds</u>	<u>Total</u>
Restricted assets, July 1, 1998	<u>\$ 154,497</u>	<u>\$ 397,803</u>	<u>\$ 238,200</u>	<u>\$ 790,500</u>
<b>Receipts</b>				
Interest on investments	6,804	30,249	2,268	39,321
<b>Transfers from:</b>				
Operating account	278,843	-	171,378	450,221
Capital contributions	-	-	8,208	8,208
Total receipts	<u>285,647</u>	<u>30,249</u>	<u>181,854</u>	<u>507,750</u>
Total available	<u>440,144</u>	<u>428,052</u>	<u>420,054</u>	<u>1,288,250</u>
<b>Disbursements</b>				
Bond principal	170,814	-	-	170,814
Bond interest	188,324	-	-	188,324
Capital expenditures and repairs	-	-	248,217	248,217
<b>Transfers to:</b>				
Operating account	-	-	88,198	88,198
Miscellaneous expenses	888	-	-	888
Total disbursements	<u>360,026</u>	<u>-</u>	<u>336,415</u>	<u>696,441</u>
Restricted assets, June 30, 1999	<u>\$ 74,118</u>	<u>\$ 428,052</u>	<u>\$ 83,639</u>	<u>\$ 785,809</u>

See accountants' report on accompanying information

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GAS AND WATER DISTRIBUTION SYSTEM

STATE OF LOUISIANA

Financial Statements  
and  
Accompanying Information  
Years Ended June 30, 1994 and 1995

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 11/13/96

FORM 3-1996



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To the President and Members  
St. James Parish Council  
Convent, Louisiana

We have audited the financial statements of St. James Parish Gas and Water Distribution System of the Parish of St. James, State of Louisiana for the year ended June 30, 1996, and have issued our report thereon dated August 14, 1996.

We conducted our audit in accordance with generally accepted auditing standards, and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of St. James Parish Gas and Water Distribution System of the Parish of St. James, State of Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are recorded in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the St. James Parish Gas and Water Distribution System of the Parish of St. James, State of Louisiana, for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

ST. JAMES PARISH  
GAS AND WATER DISTRIBUTION SYSTEM

STATE OF LOUISIANA

REPORT ON INTERNAL ACCOUNTING CONTROLS

JUNE 30, 1996



**ST. JAMES PARISH GAS AND WATER DISTRIBUTION SYSTEM**  
State of Louisiana

Company	Insurance Coverage June 30, 1991 (Unaudited)		Expiration Date 12-31-91
	Coverage	Amount	
Parish-Administ Insurance Company provides coverage on all of Parish property	Fire, lightning and expanded coverage (80% co-insurance)		
	Water Plant No. 1 Building and machinery Contents	\$ 450,000 \$ 540,000	
	Water Plant No. 2 Building and machinery Contents	\$ 1,200,000 \$ 540,000	
	Water Towers		
	Convent, LA	\$ 70,000	
	Udon, LA	\$ 70,000	
	South Veranda, LA		
	Large Tower	\$ 80,000	
	Small Tower	\$ 67,000	
	North Veranda, LA	\$ 87,000	
	Waboom, LA	\$ 87,000	
	Booster station, Convent, LA		
	Building	\$ 3,000	
	Contents	\$ 10,000	
	Warehouse		
	Building	\$ 27,000	
	Contents	\$ 70,000	
	Office, Veranda, LA		
	Building	\$ 80,000	
	Contents	\$ 78,000	
Parish Government Risk Management Agency	Workers' Compensation Employer's Liability	\$250,000 \$180,000	12-31-90
Zurich-American Insurance Company	Comprehensive automobile		05-01-87
	Bodily injury/property damage Comprehensive (\$1,000 deductible)	\$1,000,000 Actual value	
	Uninsured motorist Collision (\$1,000 deductible)	\$1,000,000 Actual value	
Ranger Insurance Company	Comprehensive general liability coverage including completed operations and explosion	\$1,000,000	01-14-87
Ranger Insurance Company	Excess Liability	\$2,000,000	01-14-87
Zurich-American Insurance Company	Contractors equipment 1% of value deductible	\$22,587	1-0-90

See Accountant's Report on Accompanying Information

**ST. JAMES PARISH GAS AND WATER DISTRIBUTION SYSTEM**  
*State of Louisiana*

**Notes to the Financial Statements (Continued)**

**NOTE 8 - EMPLOYEE RETIREMENT SYSTEM AND PLAN (Continued)**

PERSE issues an annual publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14639, Baton Rouge, Louisiana 70898-4639, or by calling (504) 828-1363.

**Funding Policy.** Under Plan A, members are required by state Statute to contribute 9.5 percent of their annual covered salary and the System is required to contribute at an actuarially determined rate. The current rate is 7.25 percent of annual covered payroll. Contributions to the PERSE include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the System are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The System's contributions to PERSE under Plan A for the years ending June 30, 1996, 1995, and 1994, were \$120,104, \$118,722, and \$119,279, respectively, equal to the required contributions for each year.

**NOTE 9 - DEFERRED COMPENSATION PLAN**

The employees of the System may participate in a deferred compensation plan offered by the St. James Parish Council. The plan was created in accordance with Internal Revenue Code Section 457 and is available to all Parish employees. The plan permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, or unforeseeable emergency.

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 (until paid or made available to the employee or other beneficiary) solely the property and rights of the Parish (without being restricted to the provisions of benefits under the plan), subject only to the claims of the Parish's general creditors. Participants' rights under the plan are equal to those of general creditors of the Parish in an amount equal to the fair market value of the deferred account for each participant.

The System's legal counsel believes that the Parish has no liability for losses under the plan, but does have the duty of due care that would be required of an ordinary prudent



# Postlethwaite & Netterville

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## INDEPENDENT AUDITORS' REPORT ON ACCOMPANYING INFORMATION

Our audit was made for the purpose of forming an opinion on the financial statements of St. James Gas and Water Distribution System of the Parish of St. James, State of Louisiana as June 30, 1996, and for the year then ended. The financial information on pages 23 to 25 is presented for the purposes of additional analysis and is not a required part of the financial statements of St. James Parish Gas and Water Distribution System of the Parish of St. James, State of Louisiana. Such information, except for that portion marked "Unaudited", has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements, taken as a whole. The financial information as June 30, 1995 and for the year then ended was extracted from information accompanying the financial statements that were audited by other auditors whose report was dated August 11, 1995.

*Postlethwaite & Netterville*

Metairie, Louisiana  
August 14, 1996

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ST. JAMES PARISH  
GAS AND WATER DISTRIBUTION SYSTEM

STATE OF LOUISIANA

MANAGEMENT LETTER

JUNE 30, 1986

**ST. JAMES PARISH GAS AND WATER DISTRIBUTION SYSTEM**  
*State of Louisiana*

Notes to the Financial Statements (Continued)

**NOTE 3 - INVESTMENTS**

Investments held at June 30, 1998 and 1997 include \$378,626 and \$338,538, respectively, in the Louisiana Asset Management Pool, Inc. (LAMP), a local government investment pool (see Summary of Significant Accounting Policies). In accordance with GASB Codification Section 150.163, the investment in LAMP at June 30, 1998, is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP Inc., a nonprofit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana Certified Public Accountants. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

**NOTE 4 - ACCOUNTS RECEIVABLE**

Accounts receivable consist of the following:

	June 30	
	1998	1997
Gas and water sales	\$ 338,985	\$ 330,448
Tapping fees receivable	12,859	7,861
Damages to utility property	8,276	12,823
Insurance refund	-	1,860
Less allowance for doubtful accounts	<u>(34,819)</u>	<u>(27,889)</u>
	323,311	324,904
Accrued interest receivable	262	899
	<u>\$ 323,574</u>	<u>\$ 325,803</u>

**ST. JAMES PARISH GAS AND WATER DISTRIBUTION SYSTEM**  
State of Louisiana

Notes to the Financial Statements (Continued)

**NOTE 2 - CASH**

Cash and cash equivalents are as follows:

	<u>June 30</u>	
	<u>1996</u>	<u>1995</u>
Cash	\$ 60,825	\$ 284,480
Restricted assets		
Cash (excluding certificates of deposit of \$100,000 and \$100,000 as of June 30, 1996 and 1995, respectively)	<u>331,327</u>	<u>491,252</u>
	<u>\$ 432,152</u>	<u>\$ 775,732</u>

Cash and cash equivalents are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 1996 the book balance of the System's deposits (including certificates of deposit) at financial institutions was \$593,132 and the bank balance was \$575,111. Deposits are secured as follows:

	Insured (FDIC)	Collateralized with securities held by the pledging financial institution's trust department	Total
Cash	<u>\$ 38,839</u>	<u>\$438,172</u>	<u>\$477,011</u>
Certificates of deposit	-	<u>155,830</u>	<u>155,830</u>
	<u>\$ 38,839</u>	<u>\$594,002</u>	<u>\$632,841</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the System that the fiscal agent has failed to pay deposited funds upon demand.

**ST. JAMES PARISH GAS AND WATER DISTRIBUTION SYSTEM**  
**State of Louisiana**

**Notes to the Financial Statements (Continued)**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and cash equivalents**

For purposes of the statement of cash flows, the System considers all highly liquid investments (including restricted assets) with original maturities of three months or less to be cash equivalents.

**Investments**

State statutes authorize St. James Gas and Water Distribution System to invest in United States bonds, treasury notes and bills, or certificates or time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. Investments are stated at cost. Market value is not materially different from its cost.

**Concentrations of credit risk**

Financial instruments that potentially subject the System to concentrations of credit risk consist principally of trade accounts receivable. The System's revenues are generated in St. James Parish, Louisiana. The System does not require collateral from its customers to secure trade accounts receivable.

**Annual and sick leave**

The System employees earn from 12 to 18 days of both annual and sick leave each year, depending upon length of service. Sick leave may be accumulated without limitation; however, annual leave may not be carried forward from one year to the next unless approved by the Parish President. Upon retirement, unused accumulated sick leave from 15 to 60 days depending on length of service, shall be paid to the employee at the employee's current rate of pay. Any unused annual leave is paid to the employee upon retirement or termination.

The cost of leave privileges, computed in accordance with the codification, is recognized as a current year expenditure in the operating expenses.

**ST. JAMES PARISH GAS AND WATER DISTRIBUTION SYSTEM**  
State of Louisiana

**Reports of Gas Unaccounted For**  
(in thousand cubic feet)  
(Unaudited)

	Year Ended June 30	
	1995	1994
Gas purchased	405,289	335,447
Gas used	389,677	320,170
Gas unaccounted for	<u>15,612</u>	<u>15,277</u>
Percentage unaccounted for	<u>3.85%</u>	<u>4.56%</u>

**Reports of Water Unaccounted For**  
(in thousand gallons)  
(Unaudited)

	Year Ended June 30	
	1995	1994
Metered water leaving plant	734,352	675,421
Water filled in containers	618,158	541,748
Backwash water used	70,227	7,289
Total water accounted for	<u>1,422,737</u>	<u>1,224,458</u>
Water unaccounted for	<u>311,615</u>	<u>451,963</u>
Percentage unaccounted for	<u>21.91%</u>	<u>36.92%</u>

**Utility Customers**  
(Unaudited)

	Year Ended June 30	
	1995	1994
Water	4,871	4,748
Gas	5,125	5,155
Total	<u>9,996</u>	<u>9,903</u>

See Accountants' Report on Accompanying Information



**ST. JAMES PARISH GAS AND WATER DISTRIBUTION SYSTEM**  
State of Louisiana

Notes to the Financial Statements (Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Utility plant, property and equipment**

Utility plant, property and equipment are stated at cost and depreciated using the straight-line method over the following estimated useful lives:

Utility plant, distribution systems and components	5-50 years
Office furniture, fixtures and equipment	3-15 years
Transportation equipment	5- 8 years

Improvements and betterments to utility plant, property and equipment are capitalized. The System reports public domain or infrastructure fixed assets (i.e. gas and water lines) that are immovable. Expenditures for repairs and maintenance which do not extend the life of the applicable assets are charged to expense as incurred. Upon retirement or disposal of an asset, the cost of the asset and the accumulated depreciation are removed from the books and any resulting gain or loss is included in the statement of revenues and expenses.

**Bad debts**

The System has established an allowance for uncollectible customer accounts based upon past experience.

**Inventories**

Materials and supplies inventories are stated at the lower of cost (weighted moving average) or market. Gas purchased and in the System's lines is expensed when purchased. Water produced by the System is expensed when purified.

**Unbilled revenue**

Because gas and water customers are billed at various times during the month, a certain amount of unbilled revenue exists at year end. This amount has been accrued at year end.

**Capitalized interest**

It is the System's policy to capitalize construction period interest, if any. For the years ended June 30, 1996 and 1995, no such interest was capitalized.

# ST. JAMES PARISH GAS AND WATER DISTRIBUTION SYSTEM

State of Louisiana

## Notes to the Financial Statements

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Reporting entity

The St. James Parish Gas and Water Distribution System (System) was established June 2, 1954 by the St. James Parish Police Jury and later acknowledged by the St. James Parish Council.

The financial statements of the Distribution System are components of the St. James Parish Council's financial statements as of December 31.

St. James Parish Gas and Water Distribution System supplies water and gas to the residents of St. James Parish in the State of Louisiana.

#### Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles (GAAP) as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The System applies all applicable GASB pronouncements as well as any of the pronouncements issued on or before November 30, 1989 by Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure unless those pronouncements conflict with or contradict GASB pronouncements.

#### Fund accounting

The System is operated as an enterprise fund which is intended by the local governing body to recover through user charges the costs (expenses including depreciation) of retirement of indebtedness and of providing goods and services to the general public on a continuing basis.

**ST. JAMES PARISH GAS AND WATER DISTRIBUTION SYSTEM**  
State of Louisiana

**Statement of Cash Flows**

	Year Ended June 30	
	1997	1996
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 2,715,799	\$ 2,657,140
Cash paid to suppliers	(1,804,888)	(2,217,855)
Cash paid to employees	(700,888)	(888,111)
Administrative income received for handling garbage collection	75,444	29,820
Miscellaneous receipts	34,328	8,890
<b>Net cash provided by operating activities</b>	<u>179,185</u>	<u>(405,956)</u>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and construction of capital assets	(482,771)	(388,888)
Principal paid on revenue bond indebtedness	(170,814)	(158,733)
Interest paid on revenue bonds	(199,129)	(278,954)
Subsidy from state grant	-	88,888
Capital contributed by customers and St. James Parish Council	38,888	128,888
<b>Net cash used in capital and related financing activities</b>	<u>(714,826)</u>	<u>(1,006,927)</u>
<b>Cash flows from investing activities:</b>		
Maturations of certificates of deposit	100,000	(98,888)
Purchases of certificates of deposit	(100,000)	(110,000)
Purchases of investments	(78,487)	(58,888)
Interest received	48,245	88,888
<b>Net cash provided by (used in) investing activities</b>	<u>(138,242)</u>	<u>(168,888)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(273,883)</u>	<u>(276,888)</u>
Cash and cash equivalents - beginning of year	778,192	1,128,872
<b>Cash and cash equivalents - end of year</b>	<u>\$ 504,309</u>	<u>\$ 851,984</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 276,827	\$ 261,161
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>		
Depreciation and amortization	328,799	388,834
Provision for uncollectible accounts	6,821	8,137
Gain on disposal of capital assets	(71,100)	-
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(28,000)	18,888
(Increase) decrease in inventory	(24,388)	2,823
(Increase) in prepaid insurance	21,100	(2,894)
(Decrease) increase in accounts payable	(2,794)	100,882
(Decrease) increase in intangible assets	(88,271)	(88,271)
(Increase) (decrease) in due to St. James Parish (Solid Waste Fund)	38,888	(18,888)
Increase in accrued expenses	14,245	18,444
(Decrease) increase in deferred revenue	(88,000)	158,888
Increase in customers' deposits	-	2,741
<b>Net cash provided by operating activities</b>	<u>\$ 179,185</u>	<u>\$ (405,956)</u>
<b>Noncash capital and related financing activities:</b>		
Utility plant, property and equipment contributed by subscribers	\$ 88,734	\$ 18,888

The notes to the financial statements are an integral part of this statement.

**67. JAMES-PATRICK GAS AND WATER DISTRIBUTION SYSTEM**  
**State of Louisiana**

**Statement of Revenues and Expenses**

	<u>Year Ended June 30</u>	
	<u>2000</u>	<u>1999</u>
<b>Operating revenues</b>		
Charges for services		
Gas sales	\$ 1,400,004	\$ 1,310,000
Water sales	1,528,070	1,771,000
Fees	83,040	74,400
Miscellaneous	28,000	28,000
Total operating revenues	<u>3,039,114</u>	<u>3,183,400</u>
<b>Operating expenses</b>		
Gas department		
Gas purchases	708,000	600,000
Wages	208,004	180,000
Employee benefits	1,000	1,000
Retirement	27,000	28,704
Repairs and maintenance	40,000	40,004
Legal fees	11,000	4,000
Depreciation	40,000	30,100
	<u>1,275,004</u>	<u>878,808</u>
Water department		
Electricity	100,000	140,000
Wages	600,000	600,000
Employee benefits	874	800
Retirement	14,000	12,004
Utilities	74,000	67,770
Repairs and maintenance	40,000	33,000
Depreciation	200,000	200,000
	<u>929,874</u>	<u>953,574</u>
<b>General and administrative</b>		
Wages	171,000	167,100
Bad debts	6,000	5,000
Repairs and maintenance	57,700	50,400
Office	60,000	50,110
Insurance	100,000	90,000
Retirement	11,000	12,000
Employee benefits	140,700	130,200
Contracted services	40,000	40,000
Depreciation and amortization	30,200	24,000
	<u>667,600</u>	<u>612,800</u>
<b>Total operating expenses</b>	<u>2,569,478</u>	<u>2,444,182</u>
<b>Operating income</b>	<u>469,636</u>	<u>739,218</u>
<b>Nonoperating revenues (expenses)</b>		
Intergovernmental		
State	-	80,000
Interest revenue	50,000	40,000
Interest expense	(300,000)	(200,000)
Total nonoperating revenues (expenses)	<u>(250,000)</u>	<u>(110,000)</u>
<b>Net income</b>	<u>\$ 219,636</u>	<u>\$ 629,218</u>

The notes to the financial statements are an integral part of this statement.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities 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. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of the St. James Parish Gas and Water Distribution System of the Parish of St. James, State of Louisiana in a separate letter dated August 14, 1996.

This report is intended for the information of management and the St. James Parish Gas and Water Distribution System. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Robert H. White & McElvaine*

Metairie, Louisiana  
August 14, 1996

**ST. JAMES PARISH GAS AND WATER DISTRIBUTION SYSTEM**  
State of Louisiana

Notes to the Financial Statements (Continued)

**NOTE 4 - ACCOUNTS RECEIVABLE (Continued)**

Bad debt expense was \$6,597 and \$5,973 for the years ended June 30, 1996 and 1995, respectively. No accounts receivable were written off during the years ended June 30, 1996 and 1995.

**NOTE 5 - RESTRICTED ASSETS**

The 1973 Series and 1982 Refunding Series Bond Resolutions established the following restricted funds:

**Sinking Fund (SF)**

This fund was established to provide for the payments of bond principal and interest. Deposits to the fund of 1/50th of the next interest payments and 1/12th of the next principal payments are required monthly. At June 30, 1996 and 1995, the 1973 Series revenue bond sinking fund has investments in excess of its required balance by \$64,538 and \$68,461, respectively. At June 30, 1996 and 1995, the 1982 Refunding Series sinking fund has assets in excess of its required balance by \$18,993 and \$17,154, respectively.

**Reserve Fund (RF)**

This fund was established for the payments of bond principal and interest if the Sinking Fund is not capable of meeting the payments. At June 30, 1996 and 1995, the 1973 Series revenue bond reserve fund has been fully funded at an amount of \$230,800. The 1982 Refunding Series revenue bonds require monthly deposits to the fund in an amount that will increase the total amount on deposit, within a period not exceeding five years, to a sum equal to the highest principal and interest requirements in any succeeding fiscal year on the 1973 Series and 1982 Refunding Series revenue bonds. The highest principal and interest amount that will fall due is \$373,851, occurring in the fiscal year ending June 30, 1998. At June 30, 1996 and 1995 the fund balance for the 1982 Refunding Series revenue bonds was \$172,071 and \$151,823, respectively. The revenue bond reserve fund has been overfunded at June 30, 1996 and 1995 by \$26,649 and \$13,781, respectively.



## Pastkhwaite & Netterville

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August 14, 1996

To Mr. Dale J. Hymel, Jr., President and  
Members of the St. James Parish Council  
Conson, Louisiana

RE: St. James Parish Gas and Water Distribution System

### Gentlemen:

In planning and performing our audit of the financial statements of St. James Parish Gas and Water Distribution System for the year ended June 30, 1996, we considered the System's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. We previously reported on the System's internal control structure in our report dated August 14, 1995. This letter does not affect our report dated August 14, 1995 on the financial statements of St. James Parish Gas and Water Distribution System.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with you, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Pastkhwaite & Netterville

#### MANAGEMENT LETTER (continued)

Periodically review an aged trial balance and send letters to customers with balances over 90 days old. Follow up with a phone call if payment is not received by a specified period after the letter is sent. Attempt to determine the cause of nonpayment. If the cause appears to be financial difficulty, attempt to work out a plan for receiving a regular partial payment until the balance is paid.

This report is intended solely for the use of St. James Parish Gas and Water Distribution System and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by St. James Parish Gas and Water Distribution System, is a matter of public record.



ST. JAMES PARISH  
GAS AND WATER DISTRIBUTION SYSTEM

STATE OF LOUISIANA

REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS

JUNE 30, 1990



## Postlethwaite & Netterville

A Professional Accounting Corporation  
OF REGISTERED PUBLIC ACCOUNTANTS

1024 SEVENTH AVENUE - SUITE 4 - METairie, LOUISIANA 70001-1977 - TELEPHONE (504) 887-5800 - FAX (504) 887-0800

To the President and Members  
St. James Parish Council  
Convent, Louisiana

We have audited the financial statements of the St. James Parish Gas and Water Distribution System of the Parish of St. James, State of Louisiana, for the year ended June 30, 1996, and have issued our report thereon dated August 14, 1996.

We conducted our audit in accordance with generally accepted auditing standards, and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws and regulations applicable to St. James Parish Gas and Water Distribution System is the responsibility of the management of St. James Parish Gas and Water Distribution System. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of St. James Parish Gas and Water Distribution System's compliance with certain provisions of laws and regulations. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of management and the St. James Parish Gas and Water Distribution System. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Postlethwaite & Netterville

Metairie, Louisiana  
August 14, 1996

**ST. JAMES PARISH GAS AND WATER DISTRIBUTION SYSTEM**  
State of Louisiana

**Statement of Changes in Retained Earnings**  
Years Ended June 30, 1998 and 1999

	Reserved for Revenue Bond Debt Service	Unreserved	Total Retained Earnings
Balance at July 1, 1994	\$ 128,400	\$ 1,787,387	\$ 2,508,768
Net income	-	183,187	183,187
Increase (decrease) in reserve for revenue bond debt service	(85,447)	85,447	-
Balance at June 30, 1995	<u>60,853</u>	<u>2,055,921</u>	<u>2,895,828</u>
Net income	-	112,284	112,284
Increase (decrease) in reserve for revenue bond debt service	(143,658)	143,658	-
Balance at June 30, 1996	<u>\$ 57,195</u>	<u>\$ 2,294,863</u>	<u>\$ 2,852,058</u>

The notes to the financial statements are an integral part of this statement.

**ST. JAMES PARISH GAS AND WATER DISTRIBUTION SYSTEM**  
State of Louisiana

**Balance Sheet**

Assets	June 30	
	1995	1994
<b>Current assets</b>		
Cash	\$ 93,898	\$ 284,490
Accounts receivable	325,074	385,880
Inventories	109,284	114,890
Prepaid insurance	15,008	89,833
Total current assets	653,272	779,213
Restricted assets	814,053	949,791
Utility plant, property and equipment, net	9,800,719	8,854,889
Other assets, net	33,384	27,384
Total assets	\$ 10,980,828	\$ 10,687,367
<b>Liabilities and Equity</b>		
<b>Current liabilities (payable from current assets)</b>		
Accounts payable	\$ 241,891	\$ 247,883
Retainage payable	-	89,271
Due to St. James Parish Solid Waste Fund	120,821	86,889
Accrued expenses	232,121	278,189
Total current liabilities (payable from current assets)	594,833	612,232
Current liabilities (payable from restricted assets)	307,256	288,828
<b>Long-term liabilities</b>		
Deferred revenue	95,008	150,000
Long-term debt, net	2,235,358	2,415,871
Total long-term liabilities	2,330,366	2,565,871
Total liabilities	2,227,294	2,443,321
<b>Equity</b>		
Contributed capital	4,538,144	4,433,071
Retained earnings:		
Reserved for reserves (bond debt service)	307,288	650,893
Unreserved	2,284,825	2,028,871
Total retained earnings	2,592,113	2,679,764
Total equity	7,130,257	7,112,835
<b>Total liabilities and equity</b>	\$ 10,980,828	\$ 10,687,367

The notes to the financial statements are an integral part of this statement.

**ST. JAMES PARISH GAS AND WATER DISTRIBUTION SYSTEM**  
State of Louisiana

Notes to the Financial Statements (Continued)

**NOTE 5 - RESTRICTED ASSETS (Continued)**

**Capital Additions and Contingency Fund (CAGE)**

This fund was established to provide for extensions, additions, improvements, renewals and replacement of the gas and water distribution systems. It may also be used for bond maturity payments and interest payments if the Sinking Funds and Reserve Funds are not capable of meeting the payments. The 1973 Series and the 1982 Refunding Series revenue bonds require 3% of the gross revenue of the Distribution System collected be deposited to the fund after the required deposits to the Sinking Fund and Reserve Fund have been made.

Restricted assets consist of the following:

	Interest Rate %	Maturity Date	June 30	
			1986	1985
<b>1973 Series revenue bonds</b>				
Sinking fund				
Money market	3.60*	-	2,126,153	1,150,878
<b>1982 Refunding Series</b>				
Revenue bonds				
Sinking fund				
Money market	3.60*	-	48,121	44,511
<b>Reserve fund</b>				
Money market	2.50*	-	29,945	29,083
LAMB*	4.75*	-	178,636	308,559
			<u>407,811</u>	<u>382,653</u>
<b>Capital additions and</b>				
<b>contingency fund</b>				
Money market	3.60*	-	50,811	126,903
Certificate of deposit	4.93	5/18/85	-	189,088
			<u>50,811</u>	<u>315,991</u>
<b>Total restricted accounts</b>				
<b>in revenue bonds</b>			<u>305,659</u>	<u>838,953</u>
<b>Contract deposits</b>				
Cash	2.20*	-	5,834	18,806
Certificate of deposit	4.10	11/2/86	105,800	189,088
			<u>111,634</u>	<u>207,894</u>
<b>Total restricted assets</b>			<u>1,114,145</u>	<u>1,354,741</u>

\*Interest rate is a floating rate and interest rate given is current rate at June 30, 1985.

## MANAGEMENT LETTER

We appreciate the difficulties that are encountered in attempting to establish the highest degree of internal control with the limited number of personnel available to accomplish what may be desired. We believe, however, that our recommendations, if substantially implemented, will provide a reasonable degree of internal control with a minimum of change or additional cost.

### Separation of Duties

Although the small size of the Gas and Water Distribution System's staff limits the extent of separation of duties, we believe that certain steps could be taken to separate incompatible duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

One of the most critical areas of separation is cash, where we noted that the bookkeeper handles incoming checks or cash and prepares the deposit slip on certain occasions when other employees are absent or busy. The result is the danger that intentional or unintentional errors could be made and not detected. We suggest that someone other than the bookkeeper receive walk-in cash payments, prepare a list of the cash received, and prepare the deposit slip. These simple steps would not require the addition of any new employees or add significant time to either the clerk's, director of finance's or manager's time.

### Improved Collection Efforts

The allowance for doubtful accounts at June 30, 1996 has a balance of \$26,281 (including \$229 and \$8,140 reserved for doubtful accounts on tapping fee receivable and letter billings for damaged property, respectively), of which \$7,991 relate to the current fiscal year.

Also noted was that the letter billings for damaged property has a balance of \$9,278, of which only \$1,851 or 17% relate to the current fiscal year.

Failure to collect receivables promptly creates hidden expenses in that cash flow is reduced and receivables must be "financed." Also, the older a balance gets, the more difficult it is to collect. To improve accounts receivable collection, we recommend that the following steps be considered: