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PARISH DISTRICT NO. 1
OF VERNON PARISH

VERNON PARISH POLICE JURY
PITRIN, LOUISIANA

COMPONENT UNIT FINANCIAL STATEMENTS

For the two years ended
December 31, 1994

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.

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W. Michael Hines, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Gas Utility District No. 1 of Vernon Parish
Vidalia, Louisiana:

I have audited the accompanying component unit financial statements of Gas Utility District No. 1 of Vernon Parish, a component unit of the Vernon Parish Police Jury, as of December 31, 1986, and for the two years then ended. These component unit financial statements are the responsibility of Gas Utility District No. 1 of Vernon Parish's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of Gas Utility District No. 1 of Vernon Parish, a component unit of the Vernon Parish Police Jury, as of December 31, 1986, and the results of its operations and its cash flow for the two years then ended in conformity with generally accepted accounting principles.

My audit was made for the purpose of forming an opinion on the component unit financial statements taken as a whole. The accompanying financial information listed as schedules in the Table of Contents are presented for purposes of additional analysis and are not a required part of the component unit financial statements of Gas Utility District No. 1 of Vernon Parish. The information in these schedules has been subjected to the auditing procedures applied in the audit of the component unit financial statements and, in my opinion, is fairly stated in all material respects in relation to the component unit financial statements taken as a whole.

W. Michael Hines, CPA
W. Michael Hines, CPA
Lafayette, Louisiana
June 23, 1987

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURES BASED ON AN AUDIT OF COMPONENT UNIT
ON BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
"GOVERNMENT AUDITING STANDARDS"**

Board of Commissioners
Gas Utility District No. 1 of Vernon Parish
Fiskin, Louisiana:

I have audited the component unit financial statements of Gas Utility District No. 1 of Vernon Parish, a component unit of the Vernon Parish Police Jury, as of and for the two years ended December 31, 1990, and have issued my report thereon dated June 23, 1992.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing my audit of the component unit financial statements of Gas Utility District No. 1 of Vernon Parish, for the two years ended December 31, 1990, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the component unit financial statements and SOC to provide assurance on the internal control structure.

The management of Gas Utility District No. 1 of Vernon Parish 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 executed 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 the procedures may become inadequate because of changes in conditions

or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, I have classified the significant internal control structure policies and procedures in the following categories:

Cash receipts	Payroll
Purchasing/receiving	Property and equipment
Accounts payable	General ledger
Cash disbursements	

For all of the internal control structure categories listed above, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk.

I noted no matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the component unit financial statements.

A material weakness is a reportable 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 or irregularities in amounts that would be material in relation to the component unit 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 structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

This report is intended for the information of the Board of Commissioners, management, the Vernon Parish Police Jury, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Elliott & Assoc. "AICPA"
Lafayette, Louisiana
June 29, 1997

ELLIOTT & ASSOCIATES, INC.

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W. Michael Elmer, III

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
BASED ON AN BASIS OF COMPONENT UNIT OR PUBLIC
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
"GOVERNMENT AUDITING STANDARDS"**

Board of Commissioners
Gas Utility District No. 1 of Vernon Parish
Pittkin, Louisiana

I have audited the component unit financial statements of the Gas Utility District No. 1 of Vernon Parish, a component unit of the Vernon Parish Police Jury, for the two years ended December 31, 1994, and have issued my report thereon dated June 29, 1995.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Gas Utility District No. 1 of Vernon Parish is the responsibility of the Gas Utility District No. 1 of Vernon Parish's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of the Gas Utility District No. 1 of Vernon Parish's compliance with certain provisions of laws, regulations, contracts, and grants. However, my objective was not to provide an opinion on overall compliance with such provisions.

The results of my tests indicate that, with respect to the items tested, the Gas Utility District No. 1 of Vernon Parish complied, in all material respects, with the provisions referred to in the preceding paragraphs. With respect to items not tested, nothing came to my attention that caused me to believe that the Gas Utility District No. 1 of Vernon Parish had not complied, in all material respects, with those provisions.

This report is intended for the information of the Gas Utility District No. 1 of Vernon Parish's management, the Vernon Parish Police Jury, and the legislative auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Elliott & Assoc. of Pitt.
W. Michael Elmer, III
June 29, 1995

GAS UTILITY DISTRICT NO. 1
OF VERMILION PARISH

BALANCE SHEET

December 31, 1986

ASSETS

Current assets:	
Cash and cash equivalents (Note 2)	\$ 188,594
Receivables less, where applicable, of allowances for uncollectibles (Note 3)	10,824
Total current assets	199,418
Restricted assets (Notes 3):	
Depreciation and contingency fund - checking	8,992
Depreciation and contingency fund - certificate of deposit	39,283
Motor deposit fund	186
Total restricted assets	48,461
Fixed assets (Note 4):	
Property, plant, and equipment	300,570
less: accumulated depreciation	116,712
Fixed assets (net of accumulated depreciation)	183,858
Total assets	382,860

The accompanying notes are an integral part of this statement.

LIABILITIES AND EQUITY

current liabilities:

Accounts payable	\$	7,300
Salaries payable		1,500
Sales taxes payable		400
Payroll taxes payable		199
Total current liabilities		10,399

Current liabilities payable from restricted assets:

Retained basis and coupons payable (Note 5)		1,000
Motor deposits		12,500
Total current liabilities payable from restricted assets		13,500
Total liabilities		23,899

Equity:

Retained earnings:		
Unreserved		218,917
Total equity		218,917

Total liabilities and equity \$ 242,816

GAS UTILITY DISTRICT NO. 1
OF WASHINGTON PARISH

Comparative Statements of Revenues, Expenses and
Changes in Retained Earnings

For the two years ended December 31, 1936

	Year ended Dec. 31	
	1936	1935
Operating revenues:		
Gas sales	\$309,556	\$ 82,314
Delinquent metercharges	2,257	1,079
Installation and connection fees	1,329	2,166
Total operating revenues	313,142	85,559
Operating expenses:		
Gas purchases	60,868	28,513
Operator's salary	12,517	11,813
Other salaries	11,378	9,816
Bank charges	388	---
Office expenses	1,838	2,100
Rent	360	350
Insurance	4,223	4,794
Taxes	6,276	5,319
Repairs	4,364	7,891
Depreciation	8,388	8,457
Total operating expenses	107,122	78,653
Operating income (loss)	206,020	6,906
Nonoperating revenues (expenses):		
Interest income	4,073	9,468
Interest expense & financial agent fees	---	(4,501)
Miscellaneous income	4,588	2,508
Total nonoperating revenues (expenses)	8,661	7,475
Net income (loss)	214,681	14,381
Retained earnings, beginning	281,488	221,461
Retained earnings, ending	\$496,169	\$235,842

The accompanying notes are an integral part of this statement.

GAS UTILITY DISTRICT NO. 1
OF VERMONT TOWNSHIP

Exhibit C

Comparative Statements of Cash Flows
For the two years ended December 31, 1996

	1996	1995
Operating activities:		
Net income (loss)	\$ 14,932	\$ 30,032
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	4,788	4,683
(Increase) decrease in accounts receivable	15,634	(20,777)
(Increase) decrease in restricted assets	(4,683)	19,557
Increase (decrease) in accounts payable	(813)	2,917
Increase (decrease) in salaries payable	284	(11)
Increase (decrease) in payroll taxes payable	249	3
Increase (decrease) in sales taxes payable	(42)	98
Increase (decrease) in restricted liability	328	351
Net cash provided by operating activities	<u>26,392</u>	<u>37,264</u>
Investing activities:		
Purchase of capital assets	(1,328)	(718)
Net cash used by investing activities	<u>(1,328)</u>	<u>(718)</u>
Financing activities:		
Principal payments on revenue bonds	---	(12,000)
Net cash used by financing activities	<u>---</u>	<u>(12,000)</u>
Increase (decrease) in cash and cash equivalents	25,064	24,546
Cash and cash equivalents, beginning	<u>123,292</u>	<u>98,746</u>
Cash and cash equivalents, ending	<u>\$148,356</u>	<u>\$123,292</u>

The accompanying notes are an integral part of this statement.

GAS UTILITY DISTRICT NO. 1 OF VERNON PARISH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 1988

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Vernon Parish Police Jury is a political subdivision of the State of Louisiana. Vernon Parish Police Jury is the reporting entity for Vernon Parish as defined by GASB Statement 3, (Defining the Governmental Reporting Entity).

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governments. In November of 1984, the GASB issued a codification of governmental accounting and financial reporting standards. This codification is recognized as generally accepted accounting principles for state and local governments.

Gas Utility District No. 1 of Vernon Parish "District" is a component unit of Vernon Parish Police Jury as defined by GASB codification Section 2180. The District was created by the Vernon Parish Police Jury as authorized by Louisiana Revised Statutes 33:3413-21. The District is governed by a board of 5 commissioners appointed by the Vernon Parish Police Jury, who are responsible for providing gas service within the boundaries of the district.

A. FUND ACCOUNTING

Gas Utility District No. 1 of Vernon Parish is organized and operated on a fund basis on a Proprietary Fund Type: Enterprise Fund. In an enterprise fund the accrual basis of accounting is utilized and revenues and expenses are recognized when earned and expenses are recognized when incurred. Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

GAS UTILITY DISTRICT NO. 1 OF VERNON PARISH

Notes to the Financial Statements (Continued)

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

B. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement basis applied.

C. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes amounts in petty cash, demand deposits, interest bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits, with maturities of one year or less. Investments include amounts in treasury bills stated at cost. Under state law, the district may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, and time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana, or United States banks, treasury bills and notes, or certificates.

D. RESTRICTED ASSETS

Certain proceeds of the Enterprise Fund revenue bonds as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The restricted assets include reserve bond reserve accounts and customer's meter deposits.

E. FIXED ASSETS AND LONG-TERM LIABILITIES

The fixed assets and long-term liabilities of the gas district are accounted for on the balance sheet of the Enterprise Fund. The fixed assets of the district as shown on the balance sheet are recorded at historical cost. Depreciation is computed by the straight line method based on the estimated useful life of the individual assets.

F. VACATION AND SICK LEAVE

One full time employee of the District accrues up to seven days of sick leave each year. Upon resignation or retirement, unused sick leave is forfeited.

GAS UTILITY DISTRICT NO. 1 OF VERMONT FURNISH
Notes to the Financial Statements (Continued)

NOTE 2--CASH AND CASH EQUIVALENTS

At December 31, 1996, the carrying amount of the District's cash and cash equivalents, consisting entirely of certificates of deposit, was \$188,598 and the bank balance was \$188,781. The bank balance was covered in full by Federal depository insurance at each respective bank.

NOTE 3--RECEIVABLES

Receivables at December 31, 1996 consist of the following:

Accounts	15,187
Less: Allowance for doubtful accounts	<u>15,412</u>
Net total receivables	<u>\$ 19,802</u>

NOTE 4--FIXED ASSETS

The following is a summary of plant and equipment at December 31, 1996:

Transmission System	\$ 281,148
Buildings	21,840
Equipment	<u>17,881</u>
Total	320,869
Less: Accumulated depreciation	<u>(236,232)</u>
Net	<u>\$ 84,637</u>

GAS UTILITY DISTRICT NO. 3 OF VERNON PARISH
Notes to the Financial Statements (Continued)

NOTE 4--FIXED ASSETS (CONTINUED)

The following estimated useful lives are used to compute depreciation:

Improvements other than land	45 years
Furniture, fixtures, and equipment	15 years

NOTE 5--BONDS IN LONG-TERM DEBT

The following is a summary of bond transactions of the Gas Utility District No. 3 of Vernon Parish for the two years ended December 31, 1996:

Bonds payable, Dec 31, 1994	\$ 12,000
Bonds retired:	
1995	(12,000)
Bonds payable, Dec. 31, 1996	\$ -----0-

NOTE 6--LITIGATION

The District was not involved in any litigation nor did it have asserted claims lodged against it.

SUPPLEMENTARY INFORMATION

GAS UTILITY DISTRICT NO. 1 OF VERMOS PARISH
Supplementary Information
For the two years ended December 31, 1996

Schedule 1--Questioned Costs

During the two years ended December 31, 1996, I noted no questioned costs arising from my examination.

Schedule 2--Exit Conference

An exit conference was held with Ms. Annis Ruth Haricle and Diane Thompson on June 29, 1997 to discuss the proposed audit report and the fact that no questioned costs were discovered during my examination.

Schedule 3--Compensation of Board Members

The Board of Commissioners of the Gas Utility District No. 1 of Vermos Parish received without compensation for the two years ended December 31, 1996.