

INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL STRUCTURE RELATED MATTERS NOTED
IN A COMPANY'S UNIT FINANCIAL STATEMENTS
ADULT CONDUCTED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. I noted certain immaterial instances of noncompliance that I have reported to the management of Gas Utility District No. 1 of East Baton Rouge Parish in a separate letter dated June 13, 1997.

This report is intended solely for the use of management, and the Louisiana Legislative Auditor, 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 the Board of Commissioners, is a matter of public record.

Yours truly,


Gustavo Gonzalez, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH LAWS AND REGULATIONS BASED ON AN AUDIT
OF COMPONENT UNIT FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS ISSUED BY THE GAO

SCHEDULE 2

Gas Utility District No. 1 of East Baton Rouge Parish

SCHEDULES OF PER DIEM SALARY FOR BOARD MEETINGS

For the Years Ended December 31, 1994 and 1995

	<u>1994</u>	<u>1995</u>
Ralph Gilpin	\$ 1,875	\$ 1,875
Mark White	1,875	1,875
Janelle O'Neal	1,875	1,875
Rhonda Doatrar	1,875	1,875
Reddell Croft	1,875	1,875
Frank Parker	1,875	1,875
L. Arlene McRowland	375	=0=
Ray Davis, Jr	<u>1,875</u>	<u>1,875</u>
Total Per Diem	<u>\$ 14,625</u>	<u>\$ 14,750</u>

See notes to financial statements.

EXHIBIT C

San Utility District No. 1 of East Baton Rouge Parish

STATEMENT OF CASH FLOWS

For the years ended December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Cash Flows from Operating Activities		
Operating income, (loss)	\$ (19,820)	\$ 100,000
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Provision for bad debts	1,800	3,472
Depreciation	84,800	100,280
Changes in assets and liabilities:		
Decrease, (increase) in receivables	28,720	(40,911)
Decrease, (increase) in inventory	504	(267)
Decrease, (increase) in prepaid expense	(34)	(814)
Increase, (decrease) in accounts payable	(58,492)	14,463
Increase, (decrease) in other current accrued liabilities	<u>82,253</u>	<u>(12,531)</u>
Total adjustments	<u>122,802</u>	<u>70,838</u>
Net Cash Provided by operating Activities	100,982	170,748
Cash Flows from Capital and Related Financing Activities:		
Proceeds from Unclaimed Bonds	-0-	7,100
Loan Proceeds	-0-	34,800
Repayment of loans	<u>(43,822)</u>	<u>(10,800)</u>
Net Cash from Capital and Related Financing Activities	(43,822)	30,100
Cash Flows from Investing Activities:		
Investment in plant and equipment	(76,486)	(83,933)
Interest on investments	<u>2,502</u>	<u>8,838</u>
Net cash used by investing activities	<u>(83,150)</u>	<u>(75,095)</u>
Net Increase, (Decrease) in Cash	(25,990)	125,753
Cash - Beginning of Year	<u>224,128</u>	<u>179,425</u>
Cash - End of Year - Note 4	<u>\$ 198,138</u>	<u>\$ 305,178</u>

The accompanying notes are an integral part of these statements.

Gas Utility District No. 1 of East Baton Rouge Parish
NOTES TO FINANCIAL STATEMENTS
December 31, 1998 and 1999

Note 1. Summary of Significant Accounting Policies

The Gas Utility District No. 1 of East Baton Rouge Parish (hereinafter referred to as the "District") is a political subdivision of the state of Louisiana. The District was created by the East Baton Rouge Parish government on November 8, 1961, under the provision of Art. R.S. 4893, and operated under a board of commissioners form of government.

The accounting and reporting policies of the District conform to generally accepted accounting principles applicable to governments. Such accounting and reporting procedures also conform to the requirement of Louisiana R.S. 24:812 and to the guides set forth in the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

Financial Reporting Entity

This report includes all funds and account groups which are controlled by or dependent on the Gas District's Board of Commissioners. Control by or dependence on the Board was determined on the basis of budget adoption, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

Based on the foregoing criteria, the Gas Utility District No. 1 of East Baton Rouge Parish is a component unit of the East Baton Rouge government. The accompanying financial statements only present financial information of this component unit of the East Baton Rouge Parish Government and no other organization.

Fund Accounting

The Gas District has only one fund to which all accounts are organized and accounted for as a single entity. This fund is operated as an Enterprise Fund.

San Utility District No. 1 of East Baton Rouge Parish
NOTES TO FINANCIAL STATEMENTS, CONTINUED
December 31, 1995 and 1993

Enterprise funds are 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 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; or
- b. where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Deposit Funds

All bank accounts utilized by the District are held in institutions insured by the Federal Deposit Insurance Corporation (FDIC) and/or the National Credit Union Administration (NCUA). All bank account balances are fully insured.

Inventory

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

Fixed Assets and Long Term Liabilities

The enterprise fund is accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities associated with their activity are included on its balance sheet.

Gas Utility District No. 3 of East Baton Rouge Parish
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 1994 and 1993

Depreciation of all exhaustible fixed assets used by enterprise fund is charged as an expense against operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Plant and equipment:	
Building	25 years
Furniture and fixtures	3 - 10 years
Equipment	3 - 5 years
Gas systems	24 - 40 years

All fixed assets are stated at cost. Contributed assets are depreciated at the rate of \$200 per year.

Basis of Accounting

Assets, liabilities, retained earnings, revenues, and expenditures are recognized on the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred.

Bad Debts

Uncollectible accounts due for customers receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable.

Unbilled Accounts Receivable

The District has its customer routes divided into 4 billing cycles. Under this procedure, meters are read and billed based on their billing cycle. Certain customers would accrue a receivable based on the period that is unbilled.

Prior Year Balances

Certain prior year amounts have been reclassified to conform with current year presentation.

Gas Utility District No. 1 of East Baton Rouge Parish
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 1998 and 1995

Income Taxes

The District is not a taxpaying entity for purposes of federal and state income taxes. Accordingly, no income taxes have been reported in the accompanying financial statements.

Accumulated Vacation and Sick Leave

With some restrictions, employees are allowed to accumulate vacation and unused sick leave.

Note 2. Plant and Equipment

A summary of plant and equipment, stated at cost, at December 31, 1998, and 1995 is as follows:

	1998	1995
Buildings	\$ 387,178	\$ 387,178
Furniture and fixtures	50,444	51,528
Equipment	150,430	148,798
Gas system	1,883,716	1,523,022
Automotive	81,828	81,828
Contributed assets	0,000	0,000
TOTALS	2,553,706	2,190,472
Less accumulated depreciation	2,338,188	1,308,817
Plant and Equipment, net	\$ 215,518	\$ 881,655

Note 3. Note Payable Bank of Zachary

On August 28, 1995, the District acquired 2 new trucks. The Board of Commissioners approved financing these trucks with a second loan from the Bank of Zachary. In the March board meeting the board approved the retirement of the 2 notes payable.

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 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 my audit of the financial statements of Gas Utility District No. 1 of East Baton Rouge Parish for the year ended December 31, 1998 I obtained an understanding of the internal control structure.

With respect to the internal control structure, 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 in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure. Accordingly I do not express such an opinion.

My 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 reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors of

SCHEDULE 1

Gas Utility District No. 1 of East Baton Rouge Parish

SCHEDULE OF OPERATING EXPENSES

For the Years Ended December 31, 1996 and 1995

	1996	1995
Bad debts	\$ 1,900	\$ 1,472
Rate changes	282	168
Cash over/short	(56)	(33)
Damage expenses	228	-0-
Depreciation	64,888	100,208
Discn	1,388	1,410
Employee benefits	87,881	78,488
Employee training	250	920
Travel and entertainment	1,225	688
Freight	185	-0-
Gas and oil	8,324	11,258
Gas purchases	487,876	280,881
Gas authority fee	11,843	12,088
Insurance	78,954	78,932
Interest	1,305	1,588
Sanitorial and trash removal	1,550	1,688
Legal and professional	20,458	27,427
Miscellaneous expense	453	78
Office expense	8,312	11,288
Office postage	10,485	10,267
Payroll taxes	28,787	28,833
Perdion expense	28,203	31,483
Directors fees	12,875	12,758
Rental of equipment	838	274
Repairs and maintenance	27,144	29,983
Salaries	187,181	267,256
Vacation and sick leave	80,840	4,883
Security	1,080	1,088
Seminars and conventions	480	328
Supplies	6,344	4,483
Taxes and licenses	8,894	7,818
Tax penalties and interest	467	-0-
Telephone expense	9,883	18,479
Tools	4,190	3,123
Utilities	8,285	8,722
Total operating expenses	<u>\$1,388,876</u>	<u>\$1,144,217</u>

see notes to financial statements.

Irregularities in accounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control structure and its operations that I consider to be material weaknesses as defined above.

This report is intended solely for the use of management, and the Louisiana Legislative Auditor, 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 the Board of Commissioners, is a matter of public record.

Yours truly,

Mustavo Gonzalez, CPA

Gas Utility District No. 1 of East Baton Rouge Parish

SCHEDULE OF INSURANCE IN FORCE

December 31, 1996 and 1995

Unaudited

Expiration Date	Insurer - Coverage - Amount
July 16, 1997	Aetna Casualty and Surety Company Workmen's Compensation Each Accident \$ 100,000 Policy limit 500,000 Each Employee 100,000
February 1, 1997	Trinity Universal Fire, Lighting and Extended coverage 80% Co-insurance Bldg 100 Milldale \$ 23,000 Bldg 100 B Milldale 15,000 Contents 10,000 Bldg 100 E Milldale 11,000 Building Zachary-Milldale 200,000 contents 90,000
November 18, 1997	Eastern Surety Company Public Employees Blanket Bond \$ 25,000
August 18, 1997	Trinity Universal Money Purchase Plan bond covering the three (3) members of the retirement committee. Total \$ 25,000
February 1, 1997	Titan Insurance Company Auto liability: Uninsured motorists \$ 500,000 Combined single limit \$3,000,000
February 1, 1997	Titan Insurance Company Comprehensive General Liability Bodily Injury and property damage amount \$1,000,000

SCHEDULE 4

Gas Utility District No. 1 of East Baton Rouge Parish

STATISTICAL DATA

December 31, 1986 and 1985
Unaudited

Schedule of MCF Purchases, Sales and Other Customer Data

	MCF	AMOUNT
Gas sales	186,860	\$1,386,933
Gas purchases	177,870	485,128
Gas losses 4.82%	9,013	
		<u>— STG.</u>
Total customers billed		36,424
Total customers per year		36,487
Average CUSTOMERS per month		3,038
Average sales per customer per year	52.08	\$ 405
Average sales per customer per month	4.34	\$ 33

Total Customers at December 31, 1985 1,049

Schedule of Residential Billing Rates (per MCF)

Rates in Effect at

	12-31-86	12-31-85
MCF per month		
First 1,000	\$ 18.00	\$ 18.00
Over 1,000	\$ 6.00	\$ 6.00

Schedule of Commercial Billing Rates (per MCF)

Rates in Effect at

	12-31-86	12-31-85
MCF per month		
First 1,000	\$ 18.00	\$ 15.00
Over 1,000	\$ 6.00	\$ 6.40

SCHEDULE 3
Gas Utility District No. 1 of East Baton Rouge Parish
SCHEDULES OF REVENUES AND EXPENSES
BUDGET AND ACTUAL

December 31, 1996 and 1995

	Unaudited		1995	
	Budget	Actual	Variance	Budget
Gas sales	\$1,300,000	\$1,281,985	83,885	\$1,161,419
Late penalties	17,000	28,882	3,882	18,231
Service charges	22,000	22,172	3,172	22,810
Transportation fee	10,000	44,946	14,946	25,542
Customer assistance	17,000	28,211	8,211	931
Misc income	1,000	7,378	6,378	4,913
Total operating	1,387,000	1,623,074	216,074	1,251,545
Operating expenses				
Bad debts	1,000	1,908	908	2,472
Bank charges	280	282	[2]	280
Cash over/short	-0-	(56)	(56)	(11)
Damage expense	1,000	254	(746)	-0-
Depreciation	85,000	94,999	9,999	188,286
Director's expense	100	-0-	(100)	-0-
Dues	1,000	1,300	(300)	2,600
Employee benefits	88,000	87,861	7,861	78,888
Employee training	800	260	(540)	500
Entertainment	1,000	-0-	(1,000)	-0-
Freight	-0-	282	282	-0-
Gas and oil	17,000	8,224	(8,676)	12,258
Gas purchases	225,000	487,878	162,878	248,995
Gas authority fee	5,500	11,862	6,362	12,000
Insurance	70,000	78,854	8,854	76,517
Interest	2,800	1,700	(1,100)	2,300
Janitorial & trash	1,300	1,888	(588)	1,688
Legal professional	10,000	10,658	2,658	27,427
Miscellaneous	500	653	153	700
Office expense	9,000	8,322	(678)	11,200
Office postage	9,500	10,888	988	12,267
Payroll taxes	18,200	28,747	(8,547)	38,851
Per diem	13,125	12,075	(1,050)	12,700
Person expense	17,000	18,201	901	17,450
Rental of equipment	1,000	838	(162)	274
Rep./ maintenance	42,350	27,144	(15,206)	28,882
Salaries	382,000	387,101	5,101	167,288
Seminars/conventions	2,000	400	(1,600)	200
Vacation and leave	-0-	58,000	58,000	4,841
Customer assistance	19,000	22,219	3,219	1,400
Security	-0-	2,000	2,000	1,844

See notes to financial statements.

SCHEDULE 5

Gas Utility District No. 1 of East Baton Rouge Parish

STATEMENT OF REVENUES AND EXPENSES
BUDGET AND ACTUAL CONTINUED

December 31, 1994 and 1995

	Unaudited			1995 Actual
	Budget	1994 Actual	Variance	
Supplies	10,000	6,392	(3,608)	6,989
Service awards	550	-0-	(550)	-0-
Taxes and licenses	3,600	6,894	3,294	2,618
Tax penalties	-0-	467	467	-0-
Telephone expense	11,600	9,893	(1,707)	10,879
Fuels	5,200	4,390	(810)	5,123
Transportation fee	14,000	-0-	(14,000)	-0-
Travel	1,000	1,215	215	644
Utilities	8,320	9,285	965	8,722
Total operating expense	1,215,970	1,422,896	206,926	1,144,317
Operating income (loss)	23,829	(10,820)	(34,649)	187,329
Other income				
Gain, (loss) on fixed assets sold	-0-	334	334	(870)
Interest income	6,028	7,502	1,474	6,948
Total non-operating income	6,028	7,836	1,808	6,078
Net income (loss)	\$ 29,857	(\$ 2,984)	(\$ 32,841)	\$ 193,407

See notes to financial statements.

GIORGANO BOSCHIALE
Certified Public Accountant
1738 4th St., Suite 204
Baton Rouge, Louisiana 70802

Senior
Accountant Institute of CPA's

Telephone
888-487-2077

June 11, 1997

Board of Commissioners,
Gas Utility District No. 1 of
East Baton Rouge Parish
10612 Zachary-Beverly Road
Zachary, LA 70791

I have audited the component unit financial statements of Gas Utility District No. 1 of East Baton Rouge Parish, Zachary, LA., as of and for the years ended December 31, 1996 and 1995, and have issued my report thereon dated May 16, 1997.

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

GIORVANO SCORLICO
certified public accountant
1709 North Ave., Suite 100
Baton Rouge, Louisiana 70801

Form 70
American Institute of CPAs

teletype
800-487-2477

June 11, 1993

Board of Commissioners,
Gas Utility District No. 1 of
East Baton Rouge Parish
10600 Zachary-Bossierd Road
Zachary, La 70791

I have audited the component unit financial statements of Gas Utility District No. 1 of East Baton Rouge Parish, Louisiana, as of and for the year ended December 31, 1992, and have issued my report thereon dated May 14, 1993.

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.

The management of the District 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

OTHER SUPPLEMENTARY INFORMATION

EXHIBIT A

LIABILITIES AND FUND EQUITY

	<u>1994</u>	<u>1993</u>
Current liabilities - payable from current assets		
Accounts payable	\$ 9,433	\$ 45,142
Insurance, payroll and sales taxes	8,334	5,433
Accumulated unpaid vacation and sick leave	<u>214,359</u>	<u>264,429</u>
Total current liabilities payable from current assets	232,126	315,004
Current liabilities - payable from restricted assets		
Unclaimed bonds	7,182	7,182
Customer meter deposits	<u>48,505</u>	<u>52,595</u>
Total current liabilities	55,687	59,777
Long Term liabilities	<u>-0-</u>	<u>43,312</u>
Fund equity		
Contributed assets	8,000	8,000
Retained earnings - unreserved	<u>1,035,155</u>	<u>1,846,329</u>
Total Fund Equity	<u>1,043,155</u>	<u>1,854,329</u>
Total liabilities and fund equity	<u>\$ 1,380,768</u>	<u>\$ 1,321,382</u>

EXHIBIT B

Gas Utility District No. 1 of East Baton Rouge Parish

STATEMENTS OF REVENUES, EXPENSES, AND
AND CHANGE IN RETAINED EARNINGS

For the years ended December 31, 1995 and 1994

	<u>1995</u>	<u>1994</u>
Revenue		
Gas sales	\$ 1,181,488	\$ 1,101,419
Late penalties	20,990	16,231
Service charges	29,172	21,519
Transportation Fee	48,546	20,942
Other income	7,378	4,823
customer assistance sales, net	<u>1,193</u>	<u>18121</u>
 Total operating revenues	 1,380,856	 1,258,144
operating expenses - schedule	<u>1,389,876</u>	<u>1,384,213</u>
operating income (loss)	(9,020)	185,926
Nonoperating income		
Interest income	7,583	6,848
Gain, (loss) on sale of equipment	<u>134</u>	<u>14291</u>
total nonoperating income	<u>7,717</u>	<u>8,378</u>
 Net income, (loss)	 (11,303)	 194,304
Retained earnings, beginning	<u>1,286,218</u>	<u>824,415</u>
retained earnings, ending	<u>21,915,315</u>	<u>21,048,119</u>

The accompanying notes are an integral part of these statements.

ORIGINAL
FULL COPY
DO NOT SIGN THIS
These documents
should never be
used for TEACH
[unclear]

NOV 20 1995
NOV 20 1995

PARISH DISTRICT NO. 1 OF EAST BAYOU BOULEVARD PARISH
REPORT ON AUDIT OF COMPONENT UNIT FINANCIAL STATEMENTS
DECEMBER 31, 1994 AND 1995
MONROE, LOUISIANA

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.

Printed Date: JUL 15 1996

Gas Utility District No. 1 of East Baton Rouge Parish
Balance Sheets
 December 31, 1994 and 1993

ASSETS

	<u>1994</u>	<u>1993</u>
CURRENT		
Cash	\$ 224,089	\$ 215,219
Accounts receivable (net of allowance for uncollectible accounts of \$3,154 in 1994 and \$ 2,280 in 1993)	74,824	79,000
unbilled accounts receivable - Note 1	118,848	149,411
Inventory	2,982	3,465
Prepaid insurance	<u>4,853</u>	<u>4,847</u>
Total current assets	425,496	462,742
Restricted customer meter deposits - cash in bank	60,880	58,245
Land	22,900	22,900
Plant and equipment, at cost, net of accumulated depreciation - Notes 1 and 2	812,538	862,800
Deposits	<u>15</u>	<u>25</u>
total assets	<u>\$ 1,338,769</u>	<u>\$ 1,387,382</u>

The accompanying notes are an integral part of these statements.

In my opinion, the component unit financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Gas Utility District No. 1 of East Baton Rouge Parish, Louisiana, at December 31, 1996 and 1995, and the results of its operations and cash flows for the years then ended, in conformity with generally accepted accounting principles.

My audit was conducted for the purpose of forming an opinion on the component unit financial statements taken as a whole. The supplementary information on pages 10 through 13 are presented for purposes of additional analysis and are not a required part of the component unit financial statements of the Gas Utility District No. 1 of East Baton Rouge Parish, Louisiana. 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 component unit financial statements and, in my opinion, the information is fairly stated in all material respects in relation to the component unit financial statements taken as a whole.


Baton Rouge, Louisiana
May 16, 1997

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GUSTAVO GONZALES
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COMPONENT UNIT'S REPORT

Board of Commissioners
East Baton Rouge Parish
of East Baton Rouge Parish
10033 Zachary - Deserford Road
Zachary, Louisiana 70131

I have audited the accompanying financial statements of the Gas Utility District No. 1 of East Baton Rouge Parish, Louisiana, a component unit of the East Baton Rouge Parish government, as of December 31, 1998 and 1999 and for the years then ended. These financial statements are the responsibility of the District'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. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the component unit 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.