

**GAS UTILITY DISTRICT #2
OF EAST LOUISIANA PARISH
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 1988**

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

| <u>ASSET</u> | <u>ESTIMATED USEFUL LIVES</u> | <u>AUGUST 31, 1988</u> | |
|----------------------|-----------------------------------|------------------------|------------------|
| | | <u>COST</u> | <u>NET</u> |
| Gas System | 5-40 years | \$1,851,935 | \$418,378 |
| Furniture & fixtures | 3-8 years | 23,585 | 7,550 |
| Vehicles | 3-5 years | 75,145 | 33,727 |
| Land | | 3,500 | 3,500 |
| | | <u>\$1,954,165</u> | <u>\$463,155</u> |

Plant and equipment included \$65,139 of fully depreciated assets as of August 31, 1988.

W. Cash and Cash Equivalents

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

At August 31, 1988, the District carrying balances in cash and cash equivalents are as follows:

| | | |
|-----------------|----|----------------|
| petty cash | \$ | 25 |
| Demand deposits | | <u>244,424</u> |
| Total | | <u>244,449</u> |

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by Federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the Federal deposit insurance should equal the amount on deposit with the fiscal agent. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation insurance. The market value of pledged securities at year end was \$485,824 (Tennessee Valley Authority Bonds) and \$108,184 (FEMA ARM Pool).

| <u>COVERAGE</u> | <u>AMOUNT</u> |
|--|---------------|
| Business Personal Property | \$12,000 |
| Automobile - bodily injury each accident | \$200,000 |
| Uninsured motorist each accident | \$20,000 |
| Contractor's equipment | \$27,500 |
| Workman's compensation | Statutory |
| Fidelity Bond - President | \$100,000 |
| Fidelity Bond - Vice President | \$200,000 |
| Fidelity Bond - Secretary | \$200,000 |
| Fidelity Bond - Commissioners | \$10,000 |
| Fidelity Bond - Secretary/Treasurer | \$10,000 |
| Fidelity Bond - System Operator | \$10,000 |
| Commercial General Liability | |
| General aggregate limit | \$1,000,000 |
| Products aggregate limit | \$1,000,000 |
| Each occurrence limit | \$1,000,000 |
| Personal & advertising injury limit | \$1,000,000 |
| Medical expense limit, any one person | \$5,000 |
| Fire damage limit, any one fire | \$50,000 |
| Computer Equipment | \$1,666 |
| General aggregate limit | |

GAS UTILITY DISTRICT #2
OF EAST FALICIANA PARISH
STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED AUGUST 31, 1994
(WITH COMPARATIVE DATA AS OF AUGUST 31, 1993)

| | UNRESERVED RETAINED EARNINGS | RESERVED RETAINED EARNINGS FOR BOND SERVICE & CONSTRUCTION | TOTAL RETAINED EARNINGS |
|---|------------------------------------|---|-------------------------------|
| Balance - August 31, 1993 | 280,812 | 241,048 | 521,860 |
| Net Income | 79,538 | | 79,538 |
| Transfer (to) from restricted assets | <u>11,083</u> | <u>1,083</u> | |
| Balance - August 31, 1994 | <u>369,433</u> | <u>242,131</u> | <u>611,564</u> |
| Net Income | 38,884 | | 38,884 |
| Transfer (to) from restricted assets | <u>120,865</u> | <u>26,865</u> | |
| Balance - August 31, 1995 | <u>\$ 529,182</u> | <u>\$ 269,017</u> | <u>\$ 798,199</u> |

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

**GAS UTILITY DISTRICT #2
OF EAST FELICIANA PARISH
COMPARATIVE DATA
AUGUST 31, 1998
(UNAUDITED)**

SUMMARY STATEMENT OF REVENUES

| | AUGUST 31, | | | |
|---|------------------|------------------|------------------|------------------|
| | 1994 | 1995 | 1996 | 1997 |
| Operating Revenues | \$ 493,701 | \$ 434,749 | \$ 426,957 | \$ 374,943 |
| Cost of Revenues | <u>311,658</u> | <u>231,392</u> | <u>188,398</u> | <u>244,991</u> |
| Gross Profit | <u>182,043</u> | <u>203,357</u> | <u>238,559</u> | <u>129,952</u> |
| Operating Expenses | 167,377 | 145,413 | 158,704 | 177,613 |
| Depreciation | <u>38,313</u> | <u>37,383</u> | <u>39,613</u> | <u>38,168</u> |
| Operating Income | <u>143,666</u> | <u>57,944</u> | <u>79,855</u> | <u>52,339</u> |
| Nonoperating Revenues | 23,799 | 25,989 | 14,199 | 13,923 |
| Nonoperating Expenses | <u>(21,388)</u> | <u>(26,594)</u> | <u>(23,268)</u> | <u>(28,563)</u> |
| NET INCOME (LOSS) | <u>145,077</u> | <u>57,339</u> | <u>70,786</u> | <u>37,709</u> |
| OTHER DATA | | | | |
| Property, plant and Equipment | <u>1,125,878</u> | <u>1,125,858</u> | <u>1,106,563</u> | <u>1,128,482</u> |
| Net Working Capital | <u>268,891</u> | <u>329,654</u> | <u>261,641</u> | <u>263,988</u> |
| Total Assets | <u>1,394,769</u> | <u>1,455,512</u> | <u>1,368,204</u> | <u>1,392,470</u> |
| Bonds and Other Long- Term Liabilities | <u>317,250</u> | <u>381,219</u> | <u>429,127</u> | <u>444,705</u> |
| Total Equity | <u>1,077,519</u> | <u>1,074,293</u> | <u>939,077</u> | <u>947,765</u> |
| Average Number of Customers | 913 | 913 | 903 | 878 |
| Total Cubic Feet of Gas (MCF) | 55,824 | 47,439 | 51,968 | 49,979 |

See Auditor's report on supplementary information.

GAS UTILITY DISTRICT #2
OF EAST FALGONIA, ILLINOIS
GAS LOSS SCHEDULE
AUGUST 31, 1956

| MONTH | PRICE PER MCF | GAS PURCHASED MCF | GAS SOLD MCF | GAS (GAIN) LOSS MCF | % (GAIN) LOSS MCF | DOLLAR (GAIN) LOSS | LOSS ACCOUNTED FOR MCF | LOSS ACCOUNTED FOR DOLLAR |
|-------|---------------------|-------------------------|--------------------|------------------------------|----------------------------|--------------------------|------------------------------|------------------------------------|
| SEPT | 2.548 | 1898 | 1894 | (135) | (7.35) | (344.72) | 0 | 0 |
| OCT | 3.471 | 2784 | 2411 | (617) | (22.14) | (2,165.36) | 0 | 0 |
| NOV | 2.443 | 8317 | 8886 | (149) | (2.75) | (414.33) | 0 | 0 |
| DEC | 3.783 | 9126 | 7737 | 1349 | 14.84 | 4,996.43 | 0 | 0 |
| JAN | 4.118 | 10811 | 11428 | (798) | (7.44) | (3,284.32) | 0 | 0 |
| FEB | 4.642 | 8387 | 7188 | 1219 | 14.54 | 5,659.35 | 0 | 0 |
| MAR | 3.463 | 7511 | 6226 | 1185 | 17.14 | 4,450.46 | 0 | 0 |
| APR | 4.498 | 3975 | 3695 | 280 | 7.04 | 1,234.70 | 0 | 0 |
| MAY | 2.824 | 1874 | 2024 | (150) | (18.44) | (536.58) | 0 | 0 |
| JUNE | 5.951 | 878 | 824 | (544) | (154.54) | (7,988.57) | 0 | 0 |
| JULY | 2.657 | 1747 | 1347 | 400 | 22.94 | 1,063.97 | 0 | 0 |
| AUG | 3.744 | 1788 | 1834 | (188) | (18.54) | (704.97) | 0 | 0 |
| TOTAL | | <u>57,098</u> | <u>55,825</u> | <u>1,175</u> | <u>2.13</u> | <u>2,133.13</u> | <u>0</u> | <u>0</u> |

See Auditor's report on supplementary information.
 10

**GAS UTILITY DISTRICT #2
OF EAST TULSA, OKLAHOMA
GAS LOSS SCHEDULE - LOSS BY YEAR
MONTH 31, 1994**

| <u>YEAR</u> | <u>GAS PURCHASED MCF</u> | <u>GAS SOLD MCF</u> | <u>GAS LOSS MCF</u> | <u>PERCENT LOSS MCF</u> | <u>DOLLAR LOSS</u> | <u>UNACCOUNTED LOSS MCF</u> | <u>ACCOUNTED LOSS MCF</u> |
|-------------|----------------------------------|-----------------------------|-----------------------------|---------------------------------|------------------------|-------------------------------------|-----------------------------------|
| 8/79 | 87,984 | 74,100 | 13,884 | 15.71 | \$23,824.65 | 13,356 | |
| 8/80 | 87,079 | 80,800 | 6,279 | 7.20 | 9,300.84 | 6,175 | |
| 8/81 | 88,017 | 73,381 | 14,636 | 16.63 | 46,441.34 | 14,636 | |
| 8/82 | 75,510 | 64,305 | 11,205 | 14.84 | 45,522.83 | 11,305 | |
| 8/83 | 69,645 | 61,285 | 8,360 | 11.99 | 37,820.98 | 8,360 | |
| 8/84 | 73,919 | 61,996 | 11,923 | 16.13 | 53,934.98 | 11,923 | |
| 8/85 | 61,051 | 52,540 | 8,511 | 14.07 | 35,274.07 | 8,561 | |
| 8/86 | 54,569 | 43,433 | 11,136 | 20.23 | 34,202.24 | 7,323 | |
| 8/87 | 69,161 | 62,798 | 6,363 | 9.20 | 23,748.69 | 3,081 | 4,324 |
| 8/88 | 64,838 | 48,812 | 16,026 | 24.72 | 35,189.84 | 3,265 | 3,061 |
| 8/89 | 49,842 | 46,416 | 3,426 | 6.87 | 11,678.44 | 1,816 | 1,810 |
| 8/90 | 51,676 | 46,422 | 5,254 | 10.17 | 18,965.51 | 1,589 | 1,665 |
| 8/91 | 48,313 | 48,078 | 235 | 0.49 | 2,292.57 | 638 | |
| 8/92 | 60,868 | 48,708 | 12,160 | 19.98 | 3,628.11 | 1,299 | |
| 8/93 | 60,918 | 49,980 | 10,938 | 17.95 | 2,640.48 | 958 | |
| 8/94 | 52,447 | 51,907 | 540 | 1.03 | 1,853.26 | 460 | |
| 8/95 | 48,657 | 47,439 | 1,218 | 2.50 | 1,868.96 | 303 | 315 |
| 8/96 | 57,080 | 55,825 | 1,255 | 2.19 | 2,159.15 | 1,175 | |

See Auditor's report on supplementary information.

**WAS UTILITY DISTRICT #2
OF EAST FELICIANA PARISH
STATEMENT OF REVENUES AND EXPENSES
PERCENT OF TOTAL OPERATING REVENUES
FOR THE YEAR ENDED AUGUST 31, 1995**

(WITH COMPARATIVE DATA FOR THE YEAR ENDED AUGUST 31, 1994)

| | AUGUST 31, 1995 <u>AMOUNT</u> | % OF TOTAL OPERATING <u>REVENUE</u> | AUGUST 31, 1994 <u>AMOUNT</u> | % OF TOTAL OPERATING <u>REVENUE</u> |
|-----------------------------|-------------------------------------|--|-------------------------------------|--|
| OPERATING REVENUES | | | | |
| Gas sales | \$ 448,808 | 98.9 | \$ 407,470 | 98.7 |
| Service charges | 180 | .1 | 940 | .1 |
| Penalties | 8,613 | 1.9 | 6,731 | 1.6 |
| | <u>457,601</u> | <u>100.0</u> | <u>414,941</u> | <u>100.0</u> |
| COST OF REVENUES | | | | |
| Gas purchased | <u>211,059</u> | <u>46.2</u> | <u>121,982</u> | <u>29.7</u> |
| GROSS PROFIT | <u>246,542</u> | <u>53.8</u> | <u>292,959</u> | <u>70.3</u> |
| OPERATING EXPENSES | | | | |
| Billing expense | 2,094 | .5 | 1,784 | .4 |
| Board of Director fees | 8,038 | 1.8 | 8,178 | 2.0 |
| Collection fees | 1,252 | .3 | 1,535 | .4 |
| Customer interest | 863 | .2 | 744 | .2 |
| Depreciation | 20,332 | 4.5 | 27,363 | 6.6 |
| Insurance | 20,162 | 4.5 | 19,991 | 4.8 |
| Legal and professional fees | 11,883 | 2.6 | 10,188 | 2.4 |
| Miscellaneous | 2,187 | .5 | 1,933 | .5 |
| Office supplies | 2,432 | .5 | 4,578 | 1.1 |
| Payroll taxes | 6,478 | 1.4 | 5,315 | 1.3 |
| Penalties | 487 | .1 | 188 | .0 |
| Rent | 1,200 | .3 | 1,200 | .3 |
| Repairs and maintenance | 25,489 | 5.6 | 25,507 | 6.2 |
| Retirement Plan | 2,413 | .5 | 2,607 | .6 |
| Salaries | 21,246 | 4.7 | 78,011 | 18.8 |
| Telephone | 1,182 | .3 | 1,287 | .3 |
| Travel | 71 | .0 | 88 | .0 |
| Uniforms | 1,720 | .4 | 612 | .1 |
| Utilities | 594 | .1 | 528 | .1 |
| Vehicles | 8,028 | 1.8 | 9,689 | 2.3 |
| | <u>216,022</u> | <u>47.2</u> | <u>202,876</u> | <u>48.9</u> |
| OPERATING INCOME | <u>20,520</u> | <u>4.6</u> | <u>90,085</u> | <u>21.4</u> |

(Continued)

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

**WAS UTILITY DISTRICT #2
OF EAST PULASKI PARISH
STATEMENT OF REVENUES AND EXPENSES
PERCENT OF TOTAL OPERATING REVENUE
FOR THE YEAR ENDED AUGUST 31, 1998
(WITH COMPARATIVE DATA FOR THE YEAR ENDED AUGUST 31, 1995)
(Continued)**

| | AUGUST 31, 1998 <u>AMOUNT</u> | % OF TOTAL OPERATING <u>REVENUE</u> | AUGUST 31, 1995 <u>AMOUNT</u> | % OF TOTAL OPERATING <u>REVENUE</u> |
|------------------------------|-------------------------------------|--|-------------------------------------|--|
| NONOPERATING REVENUES | | | | |
| (EXPENSES) | | | | |
| Interest income | \$ 23,323 | 0.0 | \$ 23,100 | 0.4 |
| Miscellaneous | 877 | .1 | 2,671 | .6 |
| Interest expense | (20,000) | (4.2) | (24,000) | (5.0) |
| Bad debts | (1,750) | (1.8) | (1,882) | (1.8) |
| | <u>2,048</u> | <u>.5</u> | <u>(1,191)</u> | <u>(1.2)</u> |
| NET INCOME | <u>\$ 28,524</u> | <u>7.5</u> | <u>\$ 78,528</u> | <u>12.2</u> |

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

**CASA UTILITE DISTRICT #2
OF EAST FLOUIDANA PARISH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 1996
(WITH COMPARATIVE DATA FOR THE YEAR ENDED AUGUST 31, 1995)**

| | AUGUST 31, | |
|---|---|------------------|
| | 1996 | 1995 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income (loss) | \$ 38,804 | \$ 78,538 |
| Noncash items included in net income | | |
| Depreciation | 38,332 | 37,363 |
| Provision for bad debts | 1,780 | 1,863 |
| Net (increase) decrease in: | | |
| Accounts receivable | 3,125 | (765) |
| Meter deposit fund | (3,758) | (7,591) |
| Prepaid insurance | (80) | (318) |
| Inventory | (348) | 227 |
| Interest receivable | (115) | (370) |
| Net increase (decrease) in: | | |
| Accounts payable | 2,804 | (321) |
| Payroll withholdings | (3,793) | 912 |
| Sales tax | (384) | 136 |
| Accrued salaries | 1,023 | 3,341 |
| Customer meter deposits | 2,315 | 2,232 |
| | NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | 121,124 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets | (188,394) | (388) |
| | NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | (188,394) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase in assets restricted for debt service | (33,816) | (6,098) |
| Payment of revenue bonds | (39,800) | (36,088) |
| Payment of long-term debt | (6,452) | (6,333) |
| | NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES | (79,506) |
| NET INCREASE (DECREASE) IN CASH | (57,880) | 72,236 |
| CASH AT BEGINNING OF YEAR | 301,369 | 229,133 |
| CASH AT END OF YEAR | 243,489 | 301,369 |
| SUPPLEMENTAL SCHEDULE OF CASH FLOW INFORMATION | | |
| Cash paid during the period for interest | \$ 23,514 | \$ 25,035 |

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

GAS UTILITY DISTRICT #2
OF EAST FELICIANA PARISH
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 1988

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

D. Deposited funds

All funds collected by the Gas Utility District are deposited into institutions insured by the Federal Government.

August 31, 1988 cash deposits were adequately collateralized by the depository institution as required by state statute.

E. Reporting entity

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

F. Inventory

Inventory is determined utilizing the lower of cost or market based on the average cost valuation method. Physical inventory is conducted once a year. Inventory is primarily meters, pipes, etc.

G. Plant and equipment

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

**GAS UTILITY DISTRICT #2
OF EAST WELCHIANA PARISH
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 1998**

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

Bank account balances at August 31, 1998 are as follows:

| | |
|---------------------------|-------------------|
| Bank balances | \$ 420,439 |
| Federal deposit insurance | 194,360 |
| Balance uninsured | <u>\$ 614,799</u> |

Bank balances which is collateralized with securities held by the pledging financial institution's agent in the Gas District's name \$ 500,000

For the purpose of the Statement of Cash Flows, cash equivalents are considered to be highly liquid, nonrestricted investments with maturities of three months or less.

2. Comparative Data

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

NOTE #2: PROPERTY, PLANT AND EQUIPMENT

The following is a summary of property, plant and equipment at August 31, 1998:

| | BALANCE 8/31/97 | ADDITIONS | DEDUCTIONS | BALANCE 8/31/98 |
|------------|---------------------|------------------|-------------------|---------------------|
| Land | \$ 5,000 | | | \$ 5,000 |
| Gas system | 1,015,775 | \$ 34,144 | | 1,049,919 |
| Equipment | 21,248 | 2,347 | | 23,595 |
| Vehicles | 42,826 | 15,001 | \$ (8,268) | 49,559 |
| | <u>\$ 1,126,849</u> | <u>\$ 51,592</u> | <u>\$ (8,268)</u> | <u>\$ 1,169,173</u> |

GAS UTILITY DISTRICT #3
OF EAST CALCIANA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 1988

NOTE #1: RESTRICTED ASSETS

The Revenue Bond Resolution, Section 8, adopted the 28th day of January 1978 on outstanding Gas Utility Revenue Bonds dated March 1, 1970, provides for all income and revenue (hereinafter referred to as revenue) of every nature, earned or derived from operations of the Utility System to be pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special accounts: Revenue Bond Sinking Account and Revenue Bond Reserve Account.

A. Gas System Account entire revenue of the system shall be deposited as collected into an account known as the Gas System Account. Said account shall be maintained and administered for the purpose of the payment of all reasonable and necessary expenses for administration, operations, and maintenance of the system.

B. Revenue Bond Sinking Account

The establishment and maintenance of a Revenue Bond Sinking Account sufficient in amount to pay promptly and fully the principal and the interest on the bonds is herein authorized. The funding of this account will be accomplished by transferring monthly in advance on or before the 28th of each month, of each year, a sum equal to one-sixth (1/6) of the interest falling due on the next interest payment date, and a sum equal to one twelfth (1/12) of the principal falling due on the next principal payment date, together with such additional proportionate sum as may be required to pay said principal and interest as the same respectively become due. As of August 31, 1988, the Gas Utility District has complied with the Sinking Fund requirements.

C. Revenue Bond Reserve Account

The establishment and maintenance of a Revenue Bond Reserve Account by depositing simultaneously with the bond proceeds and thereafter by transferring from the Gas System Account monthly in advance on or before the 28th of each month of each year, a sum at least equal to 20% of the amount required to be paid into the aforesaid Revenue Bond Sinking Account. The payments into the Revenue Bond Reserve Account are to continue until

GAS UTILITY DISTRICT #2
OF EAST FELICIANA PARISH
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 1998

NOTE #3: RESTRICTED ASSET (CONTINUED)

such time as there has been accumulated therein the sum of \$45,000, the money in said Revenue Bond Reserve Account to be retained solely for the purpose of paying the principal of and the interest on bonds payable from The aforesaid Revenue Bond Sinking Account as to which there would otherwise be default. As of August 31, 1998, the Revenue Bond Reserve Account is in compliance with the above requirements.

D. Capital Additions and Contingencies Account

The establishment and maintenance of a Capital Additions and Contingencies Account to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the System by transferring from said Gas System Account monthly on or before the 10th day of each year, a sum at least equal to 5% of the gross revenues of the System for the preceding month, provided that such sum is available after provisions made for the funds required under paragraphs listed above. The payments into said Account shall continue as long as any of the bonds herein authorized by the resolution are outstanding. The money in said Capital Additions and Contingencies Account shall also be used to pay the principal of and the interest on the bonds herein authorized, for the payment of which there is not sufficient money in the Revenue Bond Sinking Account or Revenue Bond Reserve Account, but the money in said account shall never be used for the making of replacements to the system if such use of said money will leave in said Capital Additions and Contingencies Account for the making of emergency repairs or replacements less than the sum of \$2,000. As of August 31, 1998, the Capital Additions and Contingencies Account is in compliance with the Resolution.

Any money in excess of \$2,000 remaining in said Gas System Account at the close of each fiscal year after making the above required payments shall be deposited in the Revenue Bond Reserve Account until there is on deposit the maximum amount required after which time said money may be used by the District for the purpose of retirement bonds in advance of their maturities. As of August 31, 1998, the maximum amount required (\$45,000) is on deposit in the Revenue Bond Reserve Account.

**SEA UTILITY DISTRICT #2
OF EAST FELICIANA PARISH
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 1988**

NOTE #4: VACATION AND SICK LEAVE (CONTINUED)

accrue up to ninety days of unused sick leave. Unused sick leave is not paid upon retirement or termination.

Accrued vacation in the amount of \$3,000 has been reflected as paid of accrued salaries in current liabilities. The balance of accrued salaries is amounts earned in August but not paid until September due to the payroll cut off date.

NOTE #5: BONDS PAYABLE

The following is a summary of the Gas Utility Revenue Bond transactions of the Sea Utility District #2 of East Feliciana Parish, for the year ended August 31, 1988:

| | |
|--|-------------------|
| Revenue bonds payable, beginning of year | \$ 300,000 |
| Revenue bonds retired, during the year | <u>39,000</u> |
| Revenue bonds payable, end of year | <u>\$ 261,000</u> |

Bonds payable are comprised of the following individual issues:

\$415,000 - Gas Utility Revenue Bonds dated March 1, 1978; due in annual installments of various amounts through March 1, 1988; interest at 8%, payable semi-annually.

The annual requirements to amortize all bonds outstanding as of August 31, 1988, including interest payments of \$28,000 are as follows:

| YEAR ENDING | ANNUAL |
|-------------------|---------------------|
| <u>AUGUST 31.</u> | <u>REQUIREMENTS</u> |
| 1987 | 48,840 |
| 1988 | 48,440 |
| 1989 | 38,800 |
| 1990 | <u>43,820</u> |
| TOTAL: | <u>\$ 180,000</u> |

GAS UTILITY DISTRICT #2
OF EAST FELICIANA PARISH
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 1998

NOTE #1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of accounting

The records of Gas District #2 are maintained on an accrual basis of accounting. This method recognizes revenues when they are earned, and expenses when they are incurred. As a result, the financial statements are in conformity with generally accepted accounting principles.

B. Accounts receivable - Customers

The District's billing cycle may extend into the subsequent year. If that should be the case, accounts receivable at August 31, 1998 has been adjusted to allow for a year end cut-off date.

Provision for uncollectible accounts receivable represents 1998 of accounts receivable due from customers whose services have been discontinued at year end. Current receivables were \$13,084 and over thirty days were \$27,130 at August 31, 1998.

C. Taxes

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

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)**

In planning and performing my audit of the general purpose financial statements of Gas Utility District #2, East Feliciana Parish, for the year ended August 31, 1996, 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 general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted a certain matter involving the internal control structure and its operation that I consider to be a reportable condition 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 general purpose financial statements.

Findings:

Due to the small number of employees, some of the functions within the accounting system do not have adequate segregation of duties.

Recommendation:

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

Response:

No response is considered necessary.

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 or irregularities in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned

PHIL T. GRAHAM

CERTIFIED PUBLIC ACCOUNTANT

7112 GOODWIND BOULEVARD, SUITE F - BATON ROUGE, LOUISIANA 70802
TELEPHONE: 804/920-4865 FAX: 504/920-4866

November 8, 1996

**INDEPENDENT AUDITOR'S REPORT
ON ADDITIONAL INFORMATION**

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

My report on my audit of the basic financial statements of

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

for the year ended August 31, 1996, appears on page 1. That audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for that portion marked "unaudited," on which I express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



PHIL T. GRAHAM
CERTIFIED PUBLIC ACCOUNTANT

1731 GOODWOOD BOULEVARD, SUITE F - BAYON BOUGE, LOUISIANA 70006
TELEPHONE: 824-9222-4885 FAX: 824-9222-4886

November 8, 1996

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH THE GENERAL REQUIREMENTS APPLICABLE TO
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

Gas Utility District #2
East Feliciana Parish

I have audited the general purpose financial statements of

GAS UTILITY DISTRICT #2
EAST FELICIANA PARISH

as of and for the year ended August 31, 1996, and have issued my report thereon dated November 8, 1996.

I have applied procedures to test Gas Utility District #2, East Feliciana Parish's compliance with the following requirements applicable to 30 Federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended August 31, 1996: Political Activity, Drug Free Workplace Act, Civil Rights, Federal Financial Reports and Administrative Requirements.

My procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Gas Utility District #2, East Feliciana Parish's compliance with the requirements listed in the preceding paragraph. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to my attention that caused me to believe that Gas Utility District #2, East Feliciana Parish, had not complied, in all material respects, with those requirements. Also, the results of my procedures did not disclose any immaterial instances of noncompliance with those requirements.

This report is intended for the information of the management and its funding agencies; however, this report is a matter of public record and its distribution is not limited.



GAS UTILITY DISTRICT NO
OF EAST FELICIANA PARISH
STATISTICAL DATA
FOR THE YEAR ENDED AUGUST 31, 1936

| <u>MONTH</u> | <u>NUMBER OF CUSTOMERS</u> | <u>GAS SALES CUBIC FEET OF GAS (MOFL)</u> |
|-----------------------------|------------------------------------|---|
| September | 905 | 1893.8 |
| October | 907 | 3416.6 |
| November | 918 | 6485.7 |
| December | 922 | 7773.4 |
| January | 937 | 11428.6 |
| February | 922 | 7187.9 |
| March | 924 | 6224.1 |
| April | 917 | 3694.5 |
| May | 908 | 3024.2 |
| June | 903 | 3214.0 |
| July | 904 | 1346.7 |
| August | <u>906</u> | <u>1854.3</u> |
| Average number of customers | <u>911</u> | |
| Total cubic feet of gas | | <u>53,823.8</u> |

See Auditor's report on supplementary information.

**INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL
CONTROL STRUCTURE USED IN ADMINISTERING
FEDERAL FINANCIAL ASSISTANCE PROGRAMS
(CONCLUDED)**

amounts claimed or used for matching that are applicable to the aforementioned non-major programs. My procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, I do not express such an opinion.

My consideration of the internal control structure policies and procedures used in administering federal financial assistance 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 noncompliance with laws and regulations that would be material to a federal financial assistance program 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 operation that I consider to be material weaknesses as defined above.

However, I noted certain matters involving the internal control structure and its operation that I have reported to the management of Gas Utility District #2, East Feliciana Parish in a separate letter dated November 6, 1998.

This report is intended for the information of the management and its funding agencies; however, this report is a matter of public record and its distribution is not limited.

A handwritten signature in dark ink, appearing to be 'J. P. ...', is written in the lower right quadrant of the page.

**INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL
CONTROL STRUCTURE USED IN ADMINISTERING
FEDERAL FINANCIAL ASSISTANCE PROGRAMS
(CONTINUED)**

judgements 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, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of basic financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance 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.

For the purpose of this report, I have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

Debt and Debt Service Expenditures

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

During the year ended August 31, 1986, Gas Utility District #2 of East Feliciana Parish, had no major federal financial assistance programs and expended 100% of its total federal financial assistance under the following non-major federal financial assistance programs:

Community Facilities Loans

I performed test of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that I have considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and

PHIL T. GRAHAM

CERTIFIED PUBLIC ACCOUNTANT

2112 GOODWOOD BOULEVARD, SUITE F - BAYOU TERRACE, LOUISIANA 70006
TELEPHONE: 504-833-4880 FAX: 504-833-4888

November 8, 1994

INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL
CONTROL STRUCTURE USED IN ADMINISTERING
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

Gas Utility District #2
East Feliciana Parish
Clinton, Louisiana 70723

I have audited the general purpose financial statements of

GAS UTILITY DISTRICT #2
EAST FELICIANA PARISH

as of and for the year ended August 31, 1994, and have issued my report thereon dated November 8, 1994.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, "Audits of State and Local Governments." Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing my audit for the year ended August 31, 1994, I considered the internal control structure of Gas Utility District #2 of East Feliciana Parish, in order to determine my auditing procedures for the purpose of expressing my opinion on Gas District #2 of East Feliciana Parish's general purpose financial statements and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses my consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. I have addressed internal control structure policies and procedures relevant to my audit of the general purpose financial statements in a separate report dated November 8, 1994.

The management of Gas District #2 of East Feliciana Parish is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and

**GAS UTILITY DISTRICT #2
OF EAST FELICIANA PARISH
BOARDS COMMISSION
FOR THE YEAR ENDED AUGUST 31, 1996**

| | AUGUST 31, 1996 <u>ACTUAL</u> | AUGUST 31, 1996 <u>BUDGET</u> | FAVORABLE (UNFAVORABLE) |
|--|-------------------------------------|-------------------------------------|----------------------------|
| OPERATING REVENUES | | | |
| Gas sales | \$ 488,908 | \$ 400,000 | \$ 88,908 |
| Service charges | 180 | 600 | (420) |
| Penalties | 8,612 | 3,000 | 5,612 |
| Total Operating Revenues | <u>497,700</u> | <u>406,600</u> | <u>91,100</u> |
| COST OF REVENUES | | | |
| Gas purchases | <u>211,000</u> | <u>100,000</u> | <u>(111,000)</u> |
| GROSS PROFIT | <u>286,700</u> | <u>306,600</u> | <u>(19,900)</u> |
| OPERATING EXPENSES | | | |
| Billing expense | 2,094 | 1,800 | (294) |
| Board of Director fees | 8,025 | 9,500 | 1,475 |
| Collection fees | 1,250 | 0 | (1,250) |
| Customer interest | 603 | 850 | (247) |
| Depreciation | 38,332 | 41,500 | 3,168 |
| Insurance | 20,183 | 21,000 | 817 |
| Legal and professional fees | 11,042 | 10,000 | (1,042) |
| Miscellaneous | 2,357 | 3,200 | 843 |
| Office supplies | 2,632 | 4,000 | 1,368 |
| Payroll taxes | 6,478 | 6,000 | (478) |
| Penalties | 687 | 400 | (287) |
| Rent | 3,200 | 3,200 | 0 |
| Repairs and maintenance | 25,000 | 32,000 | 6,999 |
| Retirement plan | 2,433 | 2,000 | (433) |
| Salaries | 31,244 | 40,000 | (8,756) |
| Telephone | 1,142 | 1,200 | 58 |
| Travel | 73 | 300 | 227 |
| Uniforms | 1,770 | 0 | (1,770) |
| Utilities | 894 | 750 | 144 |
| Vehicles | 8,088 | 9,000 | 912 |
| | <u>225,088</u> | <u>218,050</u> | <u>7,038</u> |
| OPERATING INCOME (LOSS) | <u>61,612</u> | <u>88,550</u> | <u>(26,938)</u> |
| NON-OPERATING REVENUES AND (EXPENSES) | | | |
| Interest income | 23,323 | 13,000 | 10,323 |
| Miscellaneous | 473 | 500 | (27) |
| Interest expense | (20,000) | (20,000) | 0 |
| Bad debt expense | (2,798) | (2,000) | (798) |
| Total Nonoperating Revenues | <u>2,008</u> | <u>(12,500)</u> | <u>14,508</u> |
| NET INCOME (LOSS) | <u>\$ 63,620</u> | <u>\$ (3,950)</u> | <u>\$ 67,570</u> |

See Auditor's report on supplementary information.

PHIL T. GRAHAM
CERTIFIED PUBLIC ACCOUNTANT

7117 GOODWOOD BOULEVARD, SUITE F - BAYON TERRACE, MOBILE, ALA 36606
TELEPHONE: 204-933-4882 FAX: 204-933-4882

November 8, 1996

**INDEPENDENT AUDITOR'S REPORT ON SCHEDULE
OF FEDERAL FINANCIAL ASSISTANCE**

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

I have audited the general purpose financial statements of

GAS UTILITY DISTRICT #2
EAST FELICIANA PARISH

as of and for the year ended August 31, 1996, and have issued my report thereon dated November 8, 1996. These basic financial statements are the responsibility of the district's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audits of State and Local Governments." Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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.

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements of Gas Utility District #2, East Feliciana Parish, taken as a whole. The accompanying schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



SINGLE AUDIT SECTION

November 8, 1994

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO NON-MAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

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

I have audited the general purpose financial statements of

GAS UTILITY DISTRICT #2
EAST FELICIANA PARISH

as of and for the year ended August 31, 1994, and have issued my report thereon dated November 8, 1994.

In connection with my audit of the general purpose financial statements of Gas Utility District #2, East Feliciana Parish, and with my consideration of the District's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments, I selected certain transactions applicable to certain non-major federal financial assistance programs for the year ended August 31, 1994. As required by OMB Circular A-128, I have performed auditing procedures to test compliance with the requirements governing special requirements: debt and debt service, that are applicable to those transactions. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Gas Utility District #2, East Feliciana Parish's compliance with these requirements. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to my attention that caused me to believe that Gas Utility District #2, East Feliciana Parish, had not complied, in all material respects, with those requirements.

This report is intended for the information of the management and its funding agencies; however, this report is a matter of public record and its distribution is not limited.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONCLUDED)**

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. However, I do not believe the reportable condition described above is a material weakness.

I noted a certain matter involving the internal control structure and its operation that I have reported to the management of Gas Utility District #2, in a separate letter dated November 8, 1994.

This report is intended for the information of the management and its funding agencies; however, this report is a matter of public record and its distribution is not limited.



GAS UTILITY DISTRICT #2
OF EAST FELICIANA PARISH
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 1988

NOTE #3: RESTRICTED ASSETS (CONTINUED)

On February 6, 1988 the District adopted a second Revenue Bond Resolution on outstanding Gas Utility District Revenue Bonds dated April 7, 1988, for the purpose of financing improvements and extensions to the gas utility system of the District. The resolution provides for all income and revenues derived by the District from the operation of the system, after giving priority to payment of reasonable and necessary expenses of operating and maintaining the system and maintenance of the Revenue Bond Sinking Account, Revenue Bond Reserve Account, and Capital Additions and Contingency Account, to be pledged and dedicated to the retirement of said bonds dated April 7, 1988, and are to be set aside in the following special accounts:

a. 1988 Gas Utility Revenue Bond and Interest Sinking Account

The establishment and maintenance of a 1988 Gas Utility Revenue Bond and Interest Sinking Account sufficient in amount to pay promptly and fully the principal and interest on the bonds herein authorized. The funding of this account will be accomplished by transferring from the Gas System Account monthly in advance on or before the 15th day of each month of each year a sum equal to one-twelfth (1/12) of the total amount of principal and interest falling due on the next principal and interest payment date, together with such additional proportionate sum as may be required to pay said principal and interest on the same respectively become due. As of August 31, 1988, the Gas Utility District has complied with the Sinking Fund requirements.

b. 1988 Gas Utility Revenue Bond Reserve Account

The establishment and maintenance of a 1988 Gas Utility Revenue Bond Reserve Account by transferring from the Gas System Account monthly in advance on or before the 15th day of each month of each year, commencing with the month following completion of and acceptance of the improvements and extensions financed with the proceeds of the bonds, a sum at least equal to five percent (5%) of the amount to be paid into the 1988 Gas Utility Revenue

**GAS UTILITY DISTRICT #2
OF EAST FELICIANA PARISH
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 1988**

NOTE #1: RESTRICTED ASSETS (CONTINUED)

Sink and Interest Sinking Account. The payments into the 1988 Gas Utility Revenue Bond Reserve Account are to continue until such time as there has been accumulated therein a sum equal to the highest combined principal and interest falling due in any year on the bonds, the money to be retained solely for the purpose of paying the principal of and interest on bonds payable from the aforesaid 1988 Gas Utility Revenue Bond and Interest Sinking Account as to which there would otherwise be default. As of August 31, 1988, the 1988 Gas Utility Revenue Bond Reserve Account is in compliance with the above requirements.

c. 1988 Gas Depreciation and Contingency Account.

The establishment and maintenance of a 1988 Gas Depreciation and Contingency Account to care for depreciation, extensions, additions, improvements and replacements necessary to operate properly the system by transferring from the Gas System Account monthly in advance on or before the 10th day of each month of each year, commencing with the month following completion of and acceptance of the improvements and extensions financed with the proceeds of the bonds, the sum of \$75 per month. The money in the 1988 Gas Depreciation and Contingency Account shall also be used to pay the principal of and the interest on any bond for the payment of which there is not sufficient money in the 1988 Gas Utility Revenue Bond and Interest Sinking Account or the 1988 Gas Utility Revenue Reserve Account, but if so used such money shall be replaced as soon as possible out of the earnings of the system after making the required payments into the respective accounts herein above set out. As of August 31, 1988, the 1988 Gas Depreciation and Contingency Account is in compliance with the above requirements.

NOTE #4: VACATION AND SICK LEAVE

The Gas District employees are paid for vacation time used. They may carry up to one week over to the next year. Employees may

LIABILITIES AND FUND EQUITY

| | AUGUST 31, | |
|---|--------------------|--------------------|
| | 1990 | 1989 |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 11,842 | \$ 8,436 |
| Payroll withholdings | 293 | 2,006 |
| Sales tax | 528 | 809 |
| Accrued salaries | 4,384 | 3,341 |
| Customer water deposits | <u>48,400</u> | <u>44,325</u> |
| | 63,047 | 58,917 |
| CURRENT LIABILITIES (payable from restricted assets) | | |
| Revenue bonds payable - current portion | 40,000 | 30,000 |
| Bonds payable - PRA | 6,433 | 6,449 |
| Accrued interest payable | <u>8,807</u> | <u>11,332</u> |
| | 55,240 | 47,781 |
| LONG-TERM DEBT | | |
| Revenue bonds payable - long-term | 124,000 | 144,000 |
| Long-term debt - other | <u>164,937</u> | <u>177,739</u> |
| | 288,937 | 321,739 |
| Total Liabilities | <u>400,411</u> | <u>432,436</u> |
| FUND EQUITY | | |
| Contributed capital | 63,794 | 63,794 |
| Retained earnings: | | |
| Reserved for bond and interest retirement | 50,373 | 81,986 |
| Reserved for contingency | 218,744 | 150,265 |
| Unreserved | <u>321,985</u> | <u>359,281</u> |
| | 640,896 | 655,326 |
| Total Fund Equity | <u>704,690</u> | <u>718,650</u> |
| Total Liabilities and Fund Equity | <u>\$1,105,101</u> | <u>\$1,151,086</u> |

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

PHIL T. GRAHAM

CERTIFIED PUBLIC ACCOUNTANT

7741 GOODWOOD BOULEVARD, SUITE F • BAYON BOUGE, LOUISIANA 70026

TELEPHONE: 504/833-8883 FAX: 504/833-8888

November 8, 1996

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

I have audited the general purpose financial statements of

GAS UTILITY DISTRICT #2
EAST FELICIANA PARISH

as of and for the year ended August 31, 1996 and have issued my
report thereon dated November 8, 1996.

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 basic financial statements are free of material
misstatement.

The management of Gas Utility District #2, East Feliciana
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 general purpose 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.

**SEA UTILITY DISTRICT #2
OF EAST PELELIANG PARISH
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 1996**

NOTE #4: LONG-TERM DEBT

As of August 31, 1996, Long-term Debt - Other consists of the following:

| | |
|---|-------------------|
| U. S. Department of Agriculture - Farmer's Home Administration | \$ 173,750 |
| \$16,683.50 due annually including interest at 5.75% | |
| Less amounts due within one year | <u>(8,812)</u> |
| | <u>\$ 164,938</u> |

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

| <u>YEAR ENDED</u> <u>AUGUST 31,</u> | <u>PRINCIPAL</u> <u>MATURITY</u> | <u>INTEREST</u> <u>MATURITY</u> | <u>TOTAL</u> <u>DEBT SERVICE</u> |
|--|-------------------------------------|------------------------------------|-------------------------------------|
| 1998 | 7,804 | 9,599 | 16,803 |
| 1999 | 7,610 | 9,184 | 16,803 |
| 2000 | 8,007 | 8,746 | 16,803 |
| 2001 | 8,500 | 8,383 | 16,803 |
| 2002 | 9,010 | 7,793 | 16,803 |
| Beyond 5 years | <u>110,587</u> | <u>44,002</u> | <u>170,528</u> |
| | <u>\$248,537</u> | <u>\$ 92,602</u> | <u>\$341,139</u> |

NOTE #7: PENSION PLAN

The District established a deferred compensation plan created in accordance with the Internal Revenue Code Section 457(b) for employees who meet the eligibility requirements set forth in the plan. Employer contributions are determined as a percent of compensation paid each year to eligible participants. The employer contributions for 1996 were \$2,431. The plan is administered by independent plan administrators through administrative service agreements.

NOTE #8: COMPENSATION PAID TO BOARD MEMBERS

| <u>Name</u> | <u>Meetings</u> | <u>Amount</u> | <u>Term Expires</u> |
|----------------|-----------------|----------------|---------------------|
| Speed Mouton | 21 | 1,778 | January, 2000 |
| Mirrie Douglas | 21 | 1,425 | January, 1999 |
| J.Y. Hall | 21 | 1,479 | January, 2000 |
| Bileen Gilbert | 21 | 1,325 | January, 1997 |
| Franc Miltigan | 21 | 1,310 | January, 2001 |
| John Strain | 21 | <u>1,310</u> | |
| | | <u>\$8,627</u> | |

SUPPLEMENTARY INFORMATION

PHIL T. GRAHAM
CERTIFIED PUBLIC ACCOUNTANT

731 GOODWOOD BOULEVARD, SUITE 1 - BAYON BOULE, LOUISIANA 70006
TELEPHONE: 504/503-4885 FAX: 504/503-4886

November 8, 1996

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN AUDIT
OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

I have audited the general purpose financial statements of

Gas Utility District #2
East Feliciana Parish

as of and for the year ended August 31, 1996, and have issued my report thereon dated November 8, 1996.

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 general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Gas Utility District #2 is the responsibility of the District's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, I performed tests of the District'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. Accordingly, I do not express such an opinion.

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

This report is intended for the information of the management and its funding agencies. However, this report is a matter of public record and its distribution is not limited.



OFFICIAL
FILE COPY
DO NOT REMOVE

These records
contain confidential
information
pertaining to
the State of Louisiana

RECEIVED
JAN 14 1957
Louisiana Department of Public Safety

**GAS UTILITIES DISTRICT #1
OF EAST FALGONA PARISH
CALLEDON, LOUISIANA
COMPONENT UNIT FINANCIAL STATEMENT
MAY 31, 1956**

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the auditor, or reviewed, written and other appropriate public officials. This 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 JAN 22 1957

AHAM
ACCOUNTANT

7732 GOODWOOD BOULEVARD, SUITE F • BATON ROUGE, LOUISIANA 70806
TELEPHONE: 504-932-4848 • FAX: 504-932-4848

November 8, 1996

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

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

GAS UTILITY DISTRICT #2
EAST FELICIANA PARISH

for the year ended August 31, 1996, I considered the District's internal control in order to determine my auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on the internal control.

However, during my audit, I became aware of a matter that is an opportunity for strengthening internal control and operating efficiency. The following item summarizes my comments and suggestions regarding this matter. I previously reported on the District's internal control in my report dated November 8, 1996. This letter does not affect my report dated November 8, 1996, on the general purpose financial statements of Gas Utility District #2 of East Feliciana Parish.

During the year which ended August 31, 1996, the District closed two small savings accounts and transferred the balance to the general fund. Authorization for closure of these accounts could not be located in the minutes.

Authorization to open and close bank accounts should be documented in the District's records by authorization of the Board of Directors.

I will review the status of this comment during my next audit engagement. I have already discussed this comment and suggestions with District personnel, and I will be pleased to discuss it in further detail at your convenience, to direct any additional study of this matter, or to assist you in implementing the recommendation.



SEA UTILITY DISTRICT #2
OF EAST PULASKI PARISH
TABLE OF CONTENTS
AUGUST 31, 1996

| | <u>PAGE</u> |
|--|-------------|
| Independent Auditor's Report | 1 |
| General Purpose Financial Statements | |
| Balance Sheet | 3 |
| Statement of Retained Earnings | 5 |
| Statement of Revenues and Expenses | 6 |
| Statement of Cash Flows | 8 |
| Notes to Financial Statements | 9 |
| Independent Auditor's Report on Additional Information | 19 |
| Supplementary Information | 20 |
| Statistical Data | 21 |
| Schedule of Insurance in Force | 22 |
| Comparative Data | 24 |
| Gas Loss Schedule | 25 |
| Gas Loss Schedule - Loss by Years | 26 |
| Budget Comparison | 27 |
| Independent Auditor's Report on Internal Control Structure Based on an Audit of General Purpose Financial Statements Performed in Accordance With Government Auditing Standards | 28 |
| Independent Auditor's Report on Compliance Based on an Audit of General Purpose Financial Statements Performed in Accordance with Government Auditing Standards | 31 |
| Single Audit Section | 32 |
| Independent Auditor's Report on Schedule of Federal Financial Assistance | 33 |
| Schedule of Federal Financial Assistance | 34 |

GAS UTILITE DISTRICT #2
OF EAST PELOTONNA FRENCH
TABLE OF CONTENTS
AUGUST 11, 1998

| | <u>PAGE</u> |
|---|-------------|
| Independent Auditor's Report on the Internal Control Structure Used in Administering Federal Financial Assistance Programs | 15 |
| Independent Auditor's Report on Compliance with the General Requirements Applicable to Federal Financial Assistance Programs | 28 |
| Independent Auditor's Report on compliance with Specific Requirements Applicable to Non-major Federal Financial Assistance Program Transactions | 39 |

PHIL T. GRAHAM
CERTIFIED PUBLIC ACCOUNTANT

7112 GOODWOOD BOULEVARD, SUITE F • BATON ROUGE, LOUISIANA 70806
TELEPHONE: 504-928-4800 FAX: 504-928-4800

November 8, 1996

INDEPENDENT AUDITOR'S REPORT

Gas Utility District #2
East Feliciana Parish
Clinton, Louisiana

I have audited the accompanying general purpose financial statements of

GAS UTILITY DISTRICT #2
EAST FELICIANA PARISH

a component of East Feliciana Parish Police Jury as of and for the year ended August 31, 1996. These general purpose 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 and Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget (OMB) Circular A-133, and Audit of State and Local Governments. 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 general purpose financial statements referred to above present fairly, in all material respects, the financial position of Gas Utility District #2 of East Feliciana Parish as of August 31, 1996, and the results of its operations and the statements of cash flow for the year then ended in conformity with generally accepted accounting principles.

Gas Utility District #2 of East Feliciana Parish
November 8, 1998
Page 2

In accordance with Government Auditing Standards, I have also issued a report dated November 8, 1998 on my consideration of Gas Utility District #2 of East Feliciana Parish's internal control structure and a report dated November 8, 1998 on its compliance with laws and regulations.

A handwritten signature in dark ink, appearing to be "J. H. [unclear]", written in a cursive style.

