

1531

RECEIVED
MAY 12 1932

OFFICE
CLERK
DO NOT WRITE
ON THIS
COPY FROM THE
STATE AND PLACE
YOUR NAME

**PARISH ATTORNEY DISTRICT NO
OF EAST CALICIANA PARISH
CLINTON, LOUISIANA
COMBINED WITH FINANCIAL STATEMENT
AUGUST 11, 1932**

Under the provisions of the law, the
report of the auditor of the
county of the parish of the parish
shall be the property of the parish and
shall be deposited in the public
office. The report shall be for
public inspection by the Parish
Board of Supervisors, Parish Auditor
and other officials at the
office of the parish clerk of court.

Original Date **MAY 11 1932**

GAS UTILITY DISTRICT NO
OF EAST PELOSIASA PARISH
TABLE OF CONTENTS
AUGUST 31, 1987

	<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	10
Supplementary Information	11
Statistical Data	12
Schedule of Insurance in Force	13
Comparative Data	15
Gas Loss Schedule	16
Gas Loss Schedule - Loss by Years	17
Budget Comparison	18
Schedule of Federal Financial Assistance	19
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	10
Schedule of Findings and Questioned Costs	12

PHIL T. GRAHAM
CERTIFIED PUBLIC ACCOUNTANT

7151 WOODWOOD BOLLIVARD, SUITE F • BAYON BOUGE, LOUISIANA 70806
TELEPHONE 224-8228-4882 FAX 224-8228-4882

November 20, 1997

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, 1997, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these general-purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial statements contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the accounts 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, 1997, and the results of its operations and the cash flows for the year ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated November 8, 1997 on my consideration of Gas Utility District #2 of East Feliciana Parish's internal control structure over financial reporting and my tests of its compliance with laws, regulations, contracts and grants.

My audit was performed for the purpose of forming an opinion on the general-purpose financial statements of Gas Utility District #2 of East Feliciana Parish, taken as a whole. The accompanying schedule of expenditures for federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.



GAS UTILITY DISTRICT #3
OF EAST FLORENCE TOWNSHIP
BALANCE SHEET

AUGUST 31, 1987

(WITH COMPARATIVE DATA AS OF AUGUST 31, 1986)

ASSETS

	AMOUNT \$,	
	1987	1986
CURRENT ASSETS		
Cash	\$ 178,495	\$ 344,431
Accounts receivable	87,488	40,308
Less: allowance for doubtful accounts	(25,708)	(25,500)
Prepaid insurance	5,902	7,328
Inventory	7,877	7,877
Interest receivable	3,128	2,616
Water deposit fund	<u>58,532</u>	<u>58,388</u>
	<u>288,482</u>	<u>311,548</u>
RESTRICTED ASSETS		
Revenue bond sinking fund	37,642	38,328
Revenue bond and reserve fund	91,798	49,583
Capital additions and contingencies fund	236,572	310,805
Highway #1 sinking fund	9,182	8,999
1986 Gas utility revenue bond reserve fund	7,888	6,973
1986 Gas depreciation and contingency fund	9,849	7,819
Interest receivable	<u>344</u>	<u>375</u>
	<u>382,871</u>	<u>320,792</u>
UTILITY PLANT AND EQUIPMENT		
Plant and equipment	1,189,188	1,180,878
Less: accumulated depreciation	<u>(733,233)</u>	<u>(653,810)</u>
	455,955	527,068
Land	<u>8,800</u>	<u>8,800</u>
	<u>464,755</u>	<u>535,868</u>
OTHER ASSETS		
Deposits	<u>15</u>	<u>15</u>
Total Assets	<u>\$1,863,811</u>	<u>\$1,815,434</u>

LIABILITIES AND FUND EQUITY

	AUGUST 31,	
	1997	1996
CURRENT LIABILITIES		
Accounts payable	\$ 3,318	\$ 11,443
Payroll withholdings	1,318	383
Sales tax	494	525
Accrued salaries	3,957	4,384
Customer meter deposits	<u>48,600</u>	<u>48,432</u>
	<u>57,697</u>	<u>63,057</u>
CURRENT LIABILITIES (payable from restricted assets)		
Revenue bonds payable - current portion	40,000	40,000
Bonds payable - PMA	7,237	6,813
Accrued interest payable	<u>7,543</u>	<u>8,807</u>
	<u>54,780</u>	<u>55,620</u>
LONG-TERM DEBT		
Revenue bonds payable - long-term	82,000	124,000
Long-term debt - other	<u>169,145</u>	<u>164,937</u>
	<u>251,145</u>	<u>288,937</u>
Total Liabilities	<u>365,622</u>	<u>409,611</u>
FUND EQUITY		
Contributed capital	<u>65,721</u>	<u>65,721</u>
Retained earnings:		
Reserved for bond and interest retirement	57,569	50,373
Reserved for contingency	245,621	218,744
Unreserved	<u>388,182</u>	<u>371,608</u>
	<u>691,373</u>	<u>646,522</u>
Total Fund Equity	<u>757,124</u>	<u>708,813</u>
Total Liabilities and Fund Equity	<u>\$1,082,011</u>	<u>\$1,115,424</u>

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

WAS UTILITY DISTRICT #2
OF EAST WILCOXAS PARISH
STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED AUGUST 31, 1997
 (WITH COMPARATIVE DATA AS OF AUGUST 31, 1996)

	UNRESERVED RETAINED EARNINGS	RESERVED RETAINED EARNINGS FOR BOND SERVICE & CONSTRUCTION	TOTAL RETAINED EARNINGS
Balance - August 31, 1995	359,267	242,151	601,418
Net Income	38,404		38,404
Transfer (to) from restricted assets	<u>(36,868)</u>	<u>36,868</u>	
Balance - August 31, 1996	<u>\$ 371,003</u>	<u>\$ 269,017</u>	<u>\$ 640,020</u>
Net Income	1,328		1,328
Transfer (to) from restricted assets	<u>(34,133)</u>	<u>34,133</u>	
Balance - August 31, 1997	<u>\$ 338,198</u>	<u>\$ 303,150</u>	<u>\$ 641,348</u>

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

**GAS UTILITY DISTRICT #2
OF EAST LOUISIANA PARISH
STATEMENT OF REVENUES AND EXPENSES
PERCENT OF TOTAL OPERATING REVENUES
FOR THE YEAR ENDED AUGUST 31, 1997**

(WITH COMPARATIVE DATA FOR THE YEAR ENDED AUGUST 31, 1996)

	AUGUST 31, 1997 AMOUNT	% OF TOTAL OPERATING REVENUE	AUGUST 31, 1996 AMOUNT	% OF TOTAL OPERATING REVENUE
OPERATING REVENUES				
Gas sales	\$ 481,718	90.5	\$ 446,908	88.9
Service charges	287	.1	189	.1
Penalties	5,264	1.4	6,613	1.4
	<u>487,269</u>	<u>100.0</u>	<u>453,710</u>	<u>100.0</u>
COST OF REVENUES				
Gas purchased	283,728	49.5	211,056	46.6
	<u>283,728</u>	<u>49.5</u>	<u>211,056</u>	<u>46.6</u>
GROSS PROFIT	<u>203,541</u>	<u>50.1</u>	<u>242,654</u>	<u>53.4</u>
OPERATING EXPENSES				
Billing expense	2,212	.5	2,094	.5
Board of Director fees	8,026	2.0	8,029	1.8
Collection fees	879	.2	1,252	.3
Customer interest	698	.2	669	.1
Depreciation	48,584	9.9	38,312	8.5
Insurance	28,014	4.9	30,162	6.5
Legal and professional fees	18,083	2.5	11,862	2.4
Miscellaneous	879	.2	2,387	.6
Office supplies	2,704	.8	2,832	.6
Payroll taxes	5,431	1.3	6,478	1.4
Penalties	41	.0	497	.1
Rent	1,688	.8	1,388	.3
Repairs and maintenance	24,722	6.1	25,409	6.5
Retirement Plan	2,645	.7	2,438	.6
Salaries	98,668	17.8	71,246	15.7
Telephone	1,429	.4	1,162	.3
Travel	37	.0	78	.0
Uniforms	1,816	.4	1,770	.4
Utilities	813	.1	594	.1
Vehicles	11,242	2.8	8,868	1.9
	<u>204,488</u>	<u>42.7</u>	<u>208,289</u>	<u>46.4</u>
OPERATING INCOME (LOSS)	<u>(2,505)</u>	<u>-.6</u>	<u>34,365</u>	<u>7.6</u>

(Continued)

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

GRS UTILITY DISTRICT #2
OF EAST FELICIANA PARISH
STATEMENT OF REVENUES AND EXPENSES
PERCENT OF TOTAL OPERATING REVENUES
FOR THE YEAR ENDED AUGUST 31, 1997
 (WITH COMPARATIVE DATA FOR THE YEAR ENDED AUGUST 31, 1996)
 (Continued)

	AUGUST 31, 1997	% OF TOTAL OPERATING	AUGUST 31, 1996	% OF TOTAL OPERATING
	AMOUNT	REVENUE	AMOUNT	REVENUE
<u>NONOPERATING REVENUES</u>				
<u>(EXPENSES)</u>				
Interest income	\$ 21,147	5.2	\$ 29,321	5.0
Miscellaneous	518	.2	477	.1
Interest expense	(18,027)	(4.4)	(20,000)	(4.2)
Bad debts	(222)	(1.1)	(1,750)	(1.4)
	<u>1,634</u>	<u>.3</u>	<u>2,048</u>	<u>.3</u>
NET INCOME	<u>\$ 1,324</u>	<u>.3</u>	<u>\$ 38,608</u>	<u>7.5</u>

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

**GAZ UTILITY DISTRICT NO.
OF EAST FELICIANA PARISH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 1997
(WITH COMPARATIVE DATA FOR THE YEAR ENDED AUGUST 31, 1996)**

	<u>AUGUST 31,</u> <u>1997</u>	<u>1996</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net income (loss)	\$ 1,128	\$ 38,604
Noncash items included in net income		
Depreciation	40,184	38,313
Provision for bad debts	200	1,750
Net (increase)/decrease in:		
Accounts receivable	(17,245)	3,128
Meter deposit fund	(3,234)	(3,758)
Prepaid insurance	124	(90)
Inventory	0	(348)
Interest receivable	480	(111)
Net increase (decrease) in:		
Accounts payable	(7,332)	3,886
Payroll withholdings	3,068	(3,753)
Sales tax	(23)	(284)
Accrued salaries	(427)	5,023
Customer meter deposits	2,216	2,315
Accrued interest payable	(2,282)	0
	<u>\$ 15,258</u>	<u>\$ 82,531</u>
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>		
	<u>\$ 15,258</u>	<u>\$ 82,531</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of fixed assets	(2,482)	(88,138)
	<u>(2,482)</u>	<u>(88,138)</u>
<u>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</u>		
	<u>(2,482)</u>	<u>(88,138)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Increase in assets restricted for debt service	(31,872)	(30,816)
Payment of revenue bonds	(40,000)	(39,000)
Payment of long-term debt	(8,844)	(6,452)
	<u>(80,716)</u>	<u>(76,268)</u>
<u>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</u>		
	<u>(80,716)</u>	<u>(76,268)</u>
<u>NET INCREASE (DECREASE) IN CASH</u>	<u>(68,944)</u>	<u>(17,880)</u>
<u>CASH AT BEGINNING OF YEAR</u>	<u>244,321</u>	<u>262,201</u>
<u>CASH AT END OF YEAR</u>	<u>175,377</u>	<u>244,321</u>
<u>SUPPLEMENTAL SCHEDULE OF CASH FLOW INFORMATION</u>		
Cash paid during the period for interest	<u>\$ 18,027</u>	<u>\$ 22,524</u>

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, 1987

NOTE #1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of accounting

The records of Gas District #2 are maintained on an accrual basis of accounting. This method recognizes revenues when they are earned, and expenses 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, 1987 has been adjusted to allow for a year end cut-off date.

Provision for uncollectible accounts receivable represents 100% of accounts receivable due from customers whose services have been discontinued at year end. Receivables over 30 days old for active accounts were \$1,481 and \$2,183 as of August 31, 1987 and 1986, respectively. Receivables over 30 days old for inactive accounts were \$29,098 for the year ended August 31, 1987 and \$24,978 for the year ended August 31, 1986.

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.

GAS UTILITY DISTRICT #2
OF EAST FELICIANA PARISH
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 1997

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, 1997 cash deposits were adequately collateralized by the depository institution as required by state statutes.

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 LOUISIANA PARISH
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 1997**

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

<u>ASSET</u>	<u>ESTIMATED USEFUL LIVES</u>	<u>AUGUST 31, 1997</u>	
		<u>COST</u>	<u>NET</u>
Gas System	8-40 years	\$1,881,938	\$983,716
Furniture & equipment	3-8 years	26,075	8,555
Vehicles	3-5 years	75,348	37,803
Land		5,000	5,000
		<u>\$1,988,361</u>	<u>\$1,035,074</u>

Plant and equipment included \$88,827 of fully depreciated assets as of August 31, 1997.

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, 1997, the District carrying balances in cash and cash equivalents are as follows:

Petty cash	5	25
Demand Deposits		<u>178,478</u>
Total		<u>178,478</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting cash 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 \$490,425 (Tennessee Valley Authority Bonds) and \$108,154 (999A Aaa Pool).

**GAS UTILITY DISTRICT #2
OF EAST POLKISHA PARISH
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 1997**

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

Bank account balances at August 31, 1997 are as follows:

Bank balances	\$ 589,518
Federal deposit insurance	<u>121,803</u>
Balance uninsured	<u>\$ 711,321</u>

Bank balance which is collateralized with securities held by the pledging financial institution's agent in the Gas District's name \$ 509,000

For the purpose of the Statement of Cash Flows, cash equivalents are considered to be highly liquid, unrestricted 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, 1997:

	<u>BALANCE</u> <u>8/31/96</u>	ADDITIONS	DEDUCTIONS	<u>BALANCE</u> <u>8/31/97</u>
Land	\$ 5,000			\$ 5,000
Gas system	1,051,935			1,051,935
Equipment	23,599	\$ 2,480		26,079
Vehicles	<u>28,125</u>		<u>0</u>	<u>28,125</u>
	<u>\$ 1,112,659</u>	<u>\$ 2,480</u>	<u>\$ 0</u>	<u>\$ 1,115,139</u>

GAS UTILITY DISTRICT #2
OF EAST FELICIANA PARISH
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 1997

NOTE #3: RESTRICTED ASSETS

The Revenue Bond Resolution, Section 8, adopted the 28th day of January 1970 on outstanding Gas Utility Revenue Bonds dated March 1, 1968, provides for all income and revenues hereinafter referred to as revenues 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 principle 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 20th 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, 1997, 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 20th of each month of each year, a sum at least equal to 2% 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 #3
OF EAST FLORENSIA PARISH
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 1987

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, 1987, 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 20th 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, 1987, 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, 1987, the maximum amount required (\$45,000) is on deposit in the Revenue Bond Reserve Account.

**GAS UTILITY DISTRICT #2
OF EAST PULASKI PARISH
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 1987**

NOTE #3. RESTRICTED ASSETS (CONTINUED)

On February 6, 1986 the District adopted a second Revenue Bond Resolution on outstanding Gas Utility District Revenue Bonds dated April 7, 1986, 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, 1986, and are to be set aside in the following special accounts:

a. 1986 Gas Utility Revenue Bond and Interest Sinking Account

The establishment and maintenance of a 1986 Gas Utility Revenue Bond and Interest Sinking Account sufficient in amount to pay promptly and fully the principal and interest on the bonds herein authorized. The funding of this account will be accomplished by transferring from the Gas System Account monthly in advance on or before the 20th day of each month of each year a sum equal to one-twelfth (1/12) of the total amount of principal and interest falling due on the next principal and interest payment date, together with such additional proportionate sum as may be required to pay said principal and interest as the same respectively become due. As of August 31, 1987, the Gas Utility District has complied with the Sinking Fund requirements.

b. 1986 Gas Utility Revenue Bond Reserve Account

The establishment and maintenance of a 1986 Gas Utility Revenue Bond Reserve Account by transferring from the Gas System Account monthly in advance on or before the 20th day of each month of each year, commencing with the month following completion of 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 1986 Gas Utility Revenue

**GAS UTILITY DISTRICT #3
OF EAST BURLINGAME, OREGON
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 1997**

NOTE #3: RESTRICTED ASSETS (CONTINUED)

Bond and Interest Sinking Account. The payments into the 1988 Gas Utility Revenue Bond Reserve Account are to continue until such time as there has been accumulated therein a sum equal to the highest combined principal and interest falling due in any year on the bonds, the money to be retained solely for the purpose of paying the principal of and interest on bonds payable from the aforesaid 1988 Gas Utility Revenue Bond and Interest Sinking Account as to which there would otherwise be default. As of August 31, 1997, the 1988 Gas Utility Revenue Bond Reserve Account is in compliance with the above requirements.

e. 1988 Gas Depreciation and Contingency Account

The establishment and maintenance of a 1988 Gas Depreciation and Contingency Account to care for depreciation, extensions, additions, improvements and replacements necessary to operate properly the System by transferring from the Gas System Account monthly in advance on or before the 20th day of each month of each year, commencing with the month following completion of and acceptance of the improvements and extensions financed with the proceeds of the bonds, the sum of \$76 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, 1997, 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

**GAS UTILITY DISTRICT #3
OF EAST FELICIANA PARISH
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 1997**

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 \$3,957 has been reflected as part of accrued salaries in current liabilities. Any balance in accrued salaries in amounts earned in August but not paid until September due to the payroll cut off date.

NOTE #5: BONDS PAYABLE

The following is a summary of the Gas Utility Revenue Bond transactions of the Gas Utility District #3 of East Feliciana Parish, for the year ended August 31, 1997:

Revenue bonds payable, beginning of year	\$ 164,000
Revenue bonds retired, during the year	<u>40,000</u>
Revenue bonds payable, end of year	<u>\$ 124,000</u>

Bonds payable are comprised of the following individual issues:

\$418,000 - Gas Utility Revenue Bonds dated March 1, 1970; due in annual installments of various amounts through March 1, 2000; interest at 6%, payable semi-annually.

The annual requirements to amortize all bonds outstanding as of August 31, 1997, including interest payments of \$18,188 are as follows:

YEAR ENDING <u>AUGUST 31,</u>	ANNUAL <u>REQUIREMENTS</u>
1998	49,440
1999	39,820
2000	<u>48,828</u>
TOTAL:	<u>\$ 138,188</u>

NOTE #6: LONG-TERM DEBT

As of August 31, 1997, Long-term Debt - Other consists of the following:

GAS UTILITY DISTRICT #3
OF EAST FLORENCE PARISH
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 1993

NOTE #4: LONG-TERM DEBT (CONTINUED)

U. S. Department of Agriculture - Farmer's Home Administration	\$ 144,000
\$14,000.00 due annually including interest at 5.75%	
Less amounts due within one year	(1,233)
	<u>\$ 142,767</u>

Following are maturities of bonds payable-FHA 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 MATURITY</u>
1994	7,337	9,544	16,881
1995	7,663	9,150	16,813
2000	8,083	8,710	16,793
2001	8,508	8,245	16,753
2002	7,928	7,733	15,661
Beyond 5 years	<u>124,781</u>	<u>24,384</u>	<u>149,165</u>
	<u>\$142,767</u>	<u>\$ 24,384</u>	<u>\$167,151</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 1993 were \$2,644. The plan is administered by independent plan administrators through administrative service agreements.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the District (with no being restricted to the provisions of benefits under the plan), subject only to the claims of the District's general creditors. Participants' rights under the plan are equal to those of general creditors of the District in an amount equal to the fair market value of the deferred amount for each participant.

On August 30, 1990, the President signed into law the Small Business Job Protection Act of 1990. The Act includes certain changes of Section 457 plans increasing protection for participants' investments. Under this Act, Section 457 plans have

GAO UTILITY DISTRICT #3
OF EAST FRENCHMAN PARISH
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 1997

NOTE #7: PENSION PLAN (CONTINUED)

will be held in a trust, custodial account, or annuity contract to protect participant assets from creditors of a bankrupt or financially troubled public jurisdiction. Existing plans have until January 1, 1998, to comply with this requirement. This provision does not reduce the District's rights as an entity to select and change investment options associated with 401 plan assets, however, it does impact how those assets will be held. Future deferrals to non-annuity investments such as life insurance and mutual funds will be held in a trust or custodial account.

NOTE #8: COMPENSATION PAID TO BOARD MEMBERS

<u>Board Member</u>	<u>Year(s)</u>	<u>Amount</u>	<u>Term Expires</u>
Mirnie Douglas	22	1,078	January, 2000
Ellean Siebert	23	1,728	January, 1998
Frank Milligan	24	1,880	January, 1997
John Skrain	21	1,575	January, 2001
Maurice Whitcomb	17	1,275	January, 1998
		<u>\$8,536</u>	

PHIL T. GRAHAM
CERTIFIED PUBLIC ACCOUNTANT

7133 CEDARWOOD BOULEVARD, SUITE F • BAYON BOUGE, LOUISIANA 70805
TELEPHONE: 824-928-4888 FAX: 824-928-4888

November 30, 1997

INDEPENDENT AUDITOR'S REPORT
ON ADDITIONAL INFORMATION

Gas Utility District #2
East Feliciana Parish
Clinton, Louisiana 70312

My report on my audit of the basic financial statements of

GAS UTILITY DISTRICT #2
EAST FELICIANA PARISH

for the year ended August 31, 1997, 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.



GAS UTILITY DISTRICT #2
OF EAST FLORENDA PARISH
STATISTICAL DATA
FOR THE YEAR ENDED AUGUST 31, 1927

<u>MONTH</u>	<u>NUMBER OF CUSTOMERS</u>	<u>GAS SALES CUBIC FEET OF GAS INCF</u>
September	989	1787.1
October	913	2456.2
November	919	4813.4
December	927	7662.6
January	927	6123.3
February	926	7619.7
March	928	1099.0
April	996	3668.5
May	923	2093.6
June	917	1918.3
July	911	1508.5
August	<u>908</u>	<u>1857.8</u>
Average number of customers	<u>923</u>	
Total cubic feet of gas		<u>47,321.5</u>

See Auditor's report on supplementary information.
 22

GAS UTILITY DISTRICT #2
OF EAST PULASKIASH, ARKANSAS
SCHEDULE OF INSURANCE IN FORCE
AUGUST 31, 1987
(Unaudited)

<u>POLICY NUMBER</u>	<u>EXPIRES</u>	<u>COMPANY</u>
CFA 83561008	06-23-90	Trinity Universal Insurance
CA 8386910	02-18-90	Trinity Universal Insurance
EM 8356087	07-27-90	Trinity Universal Insurance
17312	04-18-90	LA Worker's Compensation Corp.
18201850	03-22-90	Western Surety Company
GL80673178	06-01-90	Ranger Insurance Company
IMA 8356089	04-25-90	Trinity Universal Insurance

See Auditor's report on supplementary information.

<u>COVERAGE</u>	<u>AMOUNT</u>
Business Personal Property	\$12,500
Automobile - bodily injury each accident	\$100,000
Uninsured motorist each accident	\$20,000
Contractor's equipment	\$27,500
Workman's compensation	Statutory
Fidelity Bond - President	\$100,000
Fidelity Bond - Secretary	\$100,000
Fidelity Bond - Commissioners (each)	\$20,000
Fidelity Bond - Secretary/Bookkeeper	\$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	\$2,500
General aggregate limit	

**GRS UTILITY DISTRICT #2
OF EAST FELICIANA PARISH
COMPARATIVE DATA
August 31, 1957
(UNAUDITED)**

SUMMARY STATEMENT OF REVENUES

	<u>AUGUST 31,</u>			
	<u>1957</u>	<u>1956</u>	<u>1955</u>	<u>1954</u>
Operating Revenues	\$ 407,801	\$ 453,764	\$ 414,749	\$ 428,897
Cost of Revenues	<u>203,728</u>	<u>221,236</u>	<u>131,932</u>	<u>188,228</u>
Gross Profit	<u>204,073</u>	<u>232,528</u>	<u>282,817</u>	<u>240,669</u>
Operating Expenses	266,384	187,777	183,613	158,796
Depreciation	<u>40,284</u>	<u>38,312</u>	<u>27,263</u>	<u>39,613</u>
Operating Income (Loss)	<u>(2,305)</u>	<u>16,556</u>	<u>80,181</u>	<u>48,448</u>
Nonoperating Revenues	22,857	23,788	28,929	18,198
Nonoperating Expenses	<u>(18,227)</u>	<u>(21,740)</u>	<u>(28,552)</u>	<u>(25,268)</u>
NET INCOME (LOSS)	<u>1,325</u>	<u>18,604</u>	<u>30,558</u>	<u>21,378</u>

OTHER DATA

Property, plant and Equipment	<u>1,158,155</u>	<u>1,125,675</u>	<u>1,103,682</u>	<u>1,106,263</u>
Net Working Capital	<u>227,828</u>	<u>288,822</u>	<u>323,654</u>	<u>261,641</u>
Total Assets	<u>1,385,983</u>	<u>1,414,497</u>	<u>1,427,336</u>	<u>1,367,904</u>
Bonds and other Long-Term Liabilities	<u>220,282</u>	<u>227,728</u>	<u>283,212</u>	<u>428,122</u>
Total Equity	<u>167,138</u>	<u>1,186,769</u>	<u>1,144,124</u>	<u>939,782</u>
Average Number of Customers	820	913	912	908
Total cubic Feet of gas (MCF)	47,222	55,824	47,435	51,208
Number of customers:				
Residential	801			
Commercial	7			
3/8" Meters	2			

See Auditor's report on supplementary information.

**GAS UTILITY DISTRICT #3
 (A HART FIDELITY FUND)
 GAS LOSS SCHEDULE
 AUGUST 31, 1992**

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	2.1299	3,399	1,787	1,611	50.3%	4,934.92	0	\$ 0
OCT	2.1273	2,873	2,454	419	7.4%	891.83	0	0
NOV	4.1863	5,542	4,813	729	4.5%	1,058.25	0	0
DEC	5.7542	7,458	7,468	(10)	(0.1%)	(57.54)	0	0
JAN	4.3189	10,872	8,121	2,751	29.4%	8,424.17	0	0
FEB	4.1088	7,832	7,832	0	0%	1328.79	0	0
MAR	2.1434	5,863	3,391	2,472	33.0%	3,617.53	0	0
APR	2.9820	3,805	3,841	(36)	(1.0%)	(104.96)	0	0
MAY	4.2277	2,252	2,893	641	8.8%	841.31	0	0
JUNE	4.4822	1,811	1,819	(8)	(0.4%)	(35.47)	0	0
JULY	3.0866	1,713	1,509	204	11.9%	625.59	0	0
AUG	1.9981	<u>1,482</u>	<u>1,858</u>	<u>(376)</u>	<u>(16.0%)</u>	<u>(153.83)</u>	<u>0</u>	<u>0</u>
TOTAL		<u>52,892</u>	<u>47,321</u>	<u>5,571</u>	<u>16.2%</u>	<u>17,666.18</u>	<u>0</u>	<u>0</u>

See Auditor's report on supplementary information.

**GAS UTILITY DISTRICT NO.
OF EAST WELLSFORD TOWNSHIP
GAS LOSS SCHEDULE - LOSS BY YEAR
AUGUST 31, 1997**

<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	87,584	74,388	13,196	15.06	\$23,024.83	13,196	
8/80	87,079	80,808	6,271	7.20	8,288.84	6,271	
8/81	88,037	73,381	14,656	16.65	46,443.36	14,656	
8/82	78,510	64,308	14,202	18.09	48,932.07	14,202	
8/83	69,446	61,306	8,140	11.72	17,020.56	8,140	
8/84	73,319	61,996	11,323	15.44	53,934.98	11,323	
8/85	81,081	62,840	18,241	22.49	36,274.07	8,961	
8/86	84,860	47,437	37,423	44.09	34,282.24	7,123	
8/87	88,181	47,798	40,383	45.80	33,740.89	3,081	4,324
8/88	84,838	48,812	36,026	42.35	38,188.84	3,265	2,062
8/89	49,842	46,416	3,426	6.87	11,678.44	1,618	1,818
8/90	51,876	46,422	5,454	10.51	18,948.91	3,688	1,666
8/91	48,713	46,096	2,617	5.37	2,392.57	638	
8/92	50,858	48,759	2,099	4.13	3,826.11	1,299	
8/93	50,938	49,884	1,054	2.07	2,440.48	958	
8/94	52,447	51,287	1,160	2.21	1,853.26	488	
8/95	48,667	47,433	1,234	2.54	1,568.95	343	918
8/96	57,008	55,829	1,179	2.07	2,188.16	1,179	
8/97	62,888	47,223	15,665	24.91	17,666.58		

See Auditor's report on supplementary information.

**GAS UTILITY DISTRICT #3
OF EAST FELICIANA PARISH
BOULEVARD COMPANIES
FOR THE YEAR ENDED AUGUST 31, 1997**

	AUGUST 31, 1997	AUGUST 31, 1997	FAVORABLE (UNFAVORABLE)
	ACTUAL	BUDGET	
OPERATING REVENUES			
Gas sales	\$ 401,718	\$ 421,803	\$ 119,702
Service charges	207	700	(493)
Penalties	5,268	3,323	1,945
Total Operating Revenue	<u>407,193</u>	<u>425,826</u>	<u>117,501</u>
COST OF REVENUES			
Gas purchases	<u>203,728</u>	<u>225,800</u>	<u>21,272</u>
GROSS PROFIT	<u>203,465</u>	<u>200,026</u>	<u>3,439</u>
OPERATING EXPENSES			
Billing expense	2,323	2,880	(557)
Board of Director fees	9,825	9,880	55
Collection fees	873	1,380	507
Customer interest	884	738	1,146
Depreciation	48,284	48,000	284
Insurance	28,018	28,000	18
Legal and professional fees	18,052	13,800	4,252
Miscellaneous	879	5,828	4,949
Office supplies	3,704	3,108	696
Payroll taxes	5,431	6,508	1,077
Penalties	41	200	159
Rent	1,008	1,200	192
Repairs and maintenance	24,723	25,000	277
Retirement plan	2,848	2,700	148
Salaries	70,888	70,000	888
Telephone	1,420	1,300	120
Travel	37	200	163
Uniforms	1,820	2,500	680
Utilities	822	750	72
Vehicles	11,847	12,800	953
	<u>225,558</u>	<u>228,320</u>	<u>2,762</u>
OPERATING INCOME (LOSS)	<u>12,907</u>	<u>14,950</u>	<u>2,043</u>
NON-OPERATING REVENUES AND EXPENSES:			
Interest income	21,147	28,800	(7,653)
Miscellaneous	930	1,000	70
Interest expense	(18,827)	(21,800)	2,973
Bad debt expense	(280)	(1,200)	920
Total Nonoperating Revenues	<u>1,970</u>	<u>6,800</u>	<u>(4,830)</u>
NET INCOME (LOSS)	<u>\$ 1,937</u>	<u>\$ 18,650</u>	<u>\$ 16,713</u>

See Auditor's report on supplementary information.

WAL UTILITY DISTRICT #2
OF EAST FLORENCE, FLORIDA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
YEAR ENDED AUGUST 31, 1997

<u>PROGRAM TITLE</u>	<u>CFDA</u> <u>NUMBER</u>	<u>TOTAL</u> <u>EXPENDITURE</u>
U.S. Department of Agriculture		
Community Facilities Loans	10.423	\$ 144,383

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

PHIL T. GRAHAM
CERTIFIED PUBLIC ACCOUNTANT

7112 GOODFRIEND HOLLIBARD, SUITE F • BAYOU BOULE LOUISIANA 70066
TELEPHONE: 504-922-4002 FAX: 504-922-4888

November 20, 1997

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

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

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, 1997, and have issued my report thereon dated November 20, 1997. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Gas Utility District #2 of East Feliciana Parish's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of my audit and, 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.

Internal Control over Financial Reporting

In planning and performing my audit, I considered Gas Utility District #2 of East Feliciana Parish's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to

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

significant deficiencies in the design or operation of the internal control over financial reporting, that, in my judgement, could adversely affect gas utility district #2 of East Feliciana Parish's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item A.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. I believe some of the reportable conditions described above is a material weakness.

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.



ONS UTILITY DISTRICT NO.
OF EAST FELICIANA PARISH
SCHEDULE OF FINDINGS AND UNRESOLVED COSTS
AUGUST 31, 1987

A. REPORTABLE CONDITIONS:

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

RECOMMENDATION:

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

RESPONSE:

No response is considered necessary.