

21
1530
**OFFICIAL
FILE COPY**

DO NOT BIND OUT

These documents
contain both the
copy and PLATE
BACK to FILE.

**GAS UTILITY DISTRICT NUMBER 1
OF EAST BATON ROUGE PARISH
FINANCIAL STATEMENTS**

December 31, 1997

98000777
1530

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date Jul 2 2 1998

GERALD A. WALKER
Certified Public Accountant

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
<i>Balance Sheet</i>	3
<i>Statement of Revenue, Expenses, and Changes in Retained Earnings</i>	5
<i>Statement of Cash Flows</i>	7
<i>Notes to Financial Statements</i>	8
SUPPLEMENTARY INFORMATION	
<i>Schedule of Per Diem Paid Board Members</i>	12
<i>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</i>	13
<i>Auditor's Management Letter</i>	16

GERALD A. WALKER
CERTIFIED PUBLIC ACCOUNTANT

Member
American Institute
of CPAs
Society of Louisiana
CPAs
Institute of
Management
Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Gas Utility District No. 1
of East Baton Rouge Parish
Zachary, Louisiana

I have audited the accompanying general purpose financial statements of Gas Utility District No. 1 of East Baton Rouge Parish, Louisiana, a component unit of the East Baton Rouge Parish Government, as of and for the year ended December 31, 1997, as listed in the table of contents. These general purpose financial statements are the responsibility of Gas Utility District No. 1'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 adopted by the American Institute of Certified Public Accountants, *Government Auditing Standards*, promulgated by the United States Comptroller General, and the Louisiana Governmental Auditing Guide. 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose 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 No. 1 of East Baton Rouge Parish as of December 31, 1997 and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued a report dated June 19, 1998, on my consideration of Gas Utility District No. 1 of East Baton Rouge Parish's internal control structure over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

INDEPENDENT AUDITOR'S REPORT

PAGE 2

My audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information on page 17 through page 18 is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of Gas Utility District No. 1 of East Baton Rouge Parish. 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, to the general purpose financial statements taken as a whole.

Gerald A. Walker, CPA

Gerald A. Walker, CPA

June 19, 1998

GAS UTILITY DISTRICT NO. 1 OF EAST HATDEN ROUGH PARISH
 BALANCE SHEET
 DECEMBER 31, 1997

ASSETS

CURRENT ASSETS

Cash	\$ 233,868
Accounts receivable	81,268
Less Allowance for uncollectible	(3,000)
Unbilled accounts receivable	124,162
Inventory	2,981
Prepaid insurance and other receivables	8,954
TOTAL CURRENT ASSETS	448,233

RESTRICTED ASSETS

Cash - Bond redemption fund	6,525
Cash - Customer water deposit	85,528
TOTAL RESTRICTED ASSETS	92,053

FIXED ASSETS

Land	22,800
Buildings	253,178
Machinery and equipment	145,805
Furniture and fixtures	38,869
Computer software	18,811
Vehicles	85,792
Gas system	1,681,397
Contributed assets	6,690
	2,243,152
Less accumulated depreciation	(1,383,569)
NET FIXED ASSETS	848,843

OTHER ASSETS

Deposits	35
TOTAL ASSETS	\$1,341,074

See accompanying notes.

GAS UTILITY DISTRICT NO. 1 of EAST HAVEN ROUGH PARISH
BALANCE SHEET
DECEMBER 31, 1997

LIABILITIES AND FUND EQUITY

CURRENT LIABILITIES - payable from current assets	
Accounts payable	\$ 100,195
Insurance, payroll and sales taxes	7,429
Accumulated unpaid vacation and sick leave	<u>190,943</u>
TOTAL CURRENT LIABILITIES- payable from current assets	<u>398,567</u>
CURRENT LIABILITIES - payable from restricted assets	
Unclaimed bonds	6,103
Customer meter deposits	<u>58,915</u>
TOTAL CURRENT LIABILITIES- payable from restricted assets	<u>65,018</u>
TOTAL LIABILITIES	<u>463,585</u>
FUND EQUITY	
Contributed assets	6,000
Retained earnings	<u>959,591</u>
TOTAL FUND EQUITY	<u>965,591</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 1,531,176</u>

See accompanying notes

GAS UTILITY DISTRICT NO. 1 of EAST BATON ROUGE PARISH
 STATEMENT OF REVENUE, EXPENSES AND CHANGES IN RETAINED EARNINGS
 FOR THE YEAR ENDED DECEMBER 31, 1997

REVENUE:	
Gas sales	\$ 1,294,480
Late penalties	17,581
Service charges	23,185
Transportation fee	38,685
Customer assistance	10,775
Other income	<u>2,789</u>
TOTAL OPERATING REVENUE	<u>1,387,405</u>
OPERATING EXPENSES	
Bad debt	743
Bank charges	242
Cash short/over	15
Customer assistance	5,766
Depreciation expense	93,804
Directors per diem	18,850
Dues	8,455
Employee benefits	87,638
Employee retirement	49,287
Employee training and seminars	1,648
Employee vacation and sick leave	9,180
Freight	391
Fuel	3,454
Gas purchases	402,941
Gas purchases for insurance	11,775
	73,087
Janitorial and trash	1,864
Legal and professional	17,795
Miscellaneous	(975)
Office expense	4,866
Postage	12,825
Payroll	378,882
Payroll taxes	31,275
Renal of equipment	2,350
Repairs and maintenance	72,585

See accompanying notes

GAS UTILITY DISTRICT NO. 1 of EAST BATON ROUGE PARISH
 STATEMENT OF REVENUE, EXPENSES AND CHANGES IN RETAINED EARNINGS
 FOR THE YEAR ENDED DECEMBER 31, 1997

Security	2,678
Service awards	550
Small tools	1,692
Supplies	13,837
Taxes and licenses	3,521
Telephone	9,109
Utilities	<u>9,824</u>
TOTAL OPERATING EXPENSES	<u>43,011</u>
OPERATING INCOME	<u>39,879</u>
OTHER INCOME	
Gain on disposition of fixed assets	3,850
Interest income	<u>8,124</u>
TOTAL NON-OPERATING INCOME	<u>12,974</u>
NET INCOME	<u>52,853</u>
RETAINED EARNINGS, at beginning of year, as previously reported	1,035,355
Prior period adjustment to reflect gas purchases not accrued at December 31, 1996	<u>(122,970)</u>
RETAINED EARNINGS, AS RE-STATED	<u>912,385</u>
RETAINED EARNINGS, END OF YEAR	<u>\$ 965,238</u>

See accompanying notes

**GAS UTILITY DISTRICT NO. 1 of EAST BAYTON BOROUGH PARISH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 1997**

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating revenue	\$ 596,790
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	83,604
Provision for bad debts	741
Changes in assets and liabilities:	
Decrease in receivables	3,216
(Increase) in prepaid expenses	(279)
(Decrease) in accounts payable	(45,057)
(Decrease) in restricted liabilities	(1,500)
(Decrease) in accrued payables	(88,704)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>491,280</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	-0-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(90,167)
Payment of revenue bonds	(1,080)
Proceeds from the sale of equipment	<u>34,788</u>
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(56,459)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Increase earned on investments	<u>6,124</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>6,124</u>
NET INCREASE IN CASH	20,945
CASH AT BEGINNING OF YEAR	<u>284,021</u>
CASH AT END OF YEAR	<u>\$ 304,966</u>

See accompanying notes

**GAZ UTILITY DISTRICT NO. 1 of EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS**

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Gas Utility District No. 1 of East Baton Rouge Parish (hereinafter referred to as the "District") is a political subdivision of the State of Louisiana. The District was created by the East Baton Rouge Parish government on November 8, 1961, under the provision of R.S. 33:4081, and operates under a Board of Commissioners form of government. The commissioners are appointed for a term of five years, except to fill an unexpired term. There are nine commissioners, five of which are appointed by the East Baton Rouge Parish Council and two which are appointed by the Mayor of the City of Zachary. The District provides natural gas to homes and businesses in a defined area of East Baton Rouge Parish, Louisiana.

Basis of Presentation - Fund Accounting

The accounting and financial reporting policies of the District conform to generally accepted accounting principles applicable to government entities that use proprietary fund accounting.

Proprietary funds are used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business activities, where net income and capital maintenance are measured, are accounted for through proprietary funds.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The District uses the accrual basis of accounting. Revenue is recognized in the accounting period in which it is earned and becomes measurable and expenses are recognized in the period incurred, if measurable.

Budgets

The District adopts a flexible annual operating budget that is used as a management tool in administering the District's business activities. The volume of the District's revenues and expenses are dependent upon the level of demand for the services provided by the District. Increased demand for the goods and services causes a higher level of expenses to be incurred. Consequently, the budget is not integrated into the accounting system as an "appropriated budget" would be.

**GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Financial Reporting Entity

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

Cash in Banks

At the beginning of the fiscal year the District's cash was deposited in nine separate banks and credit unions. All of the funds were either covered by FDIC insurance, up to \$100,000, or by National Credit Union Administration (NCUA) insurance. Effective September 29, 1997, all the funds were consolidated into one bank in Zachary, Louisiana. The funds in the bank are covered by FDIC insurance up to \$100,000 and the bank has pledged collateral to cover any amounts over the \$100,000 limit.

Inventory

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

Fixed Assets

Fixed assets are recorded at cost and depreciated using the straight line method over their estimated useful lives. The estimated useful lives are as follows:

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

Contributed assets are depreciated at the rate of \$200 per year.

Bad Debts

Uncollectible accounts due from customers are recognized as bad debts through the establishment of an allowance account.

GAS UTILITY DISTRICT NO. 1 OF EAST BATON BORNE PARISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Unbilled Accounts Receivable

The District has its customer meters divided into 4 billing cycles. Under this procedure, meters are read and billed based on their billing cycle. At the end of the month, customers will have used some gas for which they have not yet been billed. They will be billed for this gas on their next billing cycle. Hence, Unbilled Accounts Receivable are created at the month end.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. Included in this definition is restricted cash. Cash at December 31, 1997 is as follows:

	<u>1997</u>
Cash included in current assets	\$ 253,868
Restricted cash	<u>72,053</u>
Total cash	\$ 305,921

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Investments

The District had no investments in the current year, other than interest earned on demand deposits.

Income Taxes

The District is a local governmental entity that is exempt from income taxes.

Accumulated Vacation and Sick Leave

The District's policy on vacation allows the carryover of vacation days. The number of days allowed is determined by the length of service. The maximum number of vacation days that can be accumulated is 45. Sick leave is earned at the rate of one day for every month worked. Employees can sick leave days up to 10 years of service. The maximum at that level is 6 months full pay and 6 months half pay.

**GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

At the date of termination, an employee will be paid for any unused vacation and sick leave at their then current rate of pay.

Post-Employment Benefits

In addition to the pension benefits described in Note B, the District provides certain health care benefits, in accordance with the policy adopted by the Board of Commissioners, to all employees who retire from the District and to the retirees' beneficiaries and dependents who were receiving benefits when the retiree died. At December 31, 1997, the District had only one dependent that was receiving these benefits. The District recognizes the cost of providing these benefits by expensing the annual insurance premium, which was \$1,613 for the year ended December 31, 1997.

NOTE B. PENSION FUND FOR EMPLOYEES

The District established the "Gas Utility District No. 1 of East Baton Rouge Parish Money Purchase Plan" effective June 1, 1979. Union Planters Bank is the trustee of this defined contribution plan.

The plan is funded by monthly contributions of 10% of eligible employee wages paid between January 1 and December 31. The plan allows eligible employee contributions of up to 10% of their wages. To be an eligible employee, an individual must be 21 years of age and have been employed by the Gas Utility District for six months.

The District uses Union Planters Bank's Non-Standardized Defined Contribution Post-employment Plan and complies with the provisions of the Tax Reform Act of 1986 which became effective in 1993. The vesting schedule presently being applied is as follows:

1 - 2 years participation	0%	vested
3 years	20%	vested
4 years	40%	vested
5 years	60%	vested
6 years	80%	vested
7 and over years	100%	vested

The contributions for the year ended December 31, 1997 were \$41,387.

SUPPLEMENTARY INFORMATION

GAS UTILITY DISTRICT NO. 1 of EAST BATON ROUGE PARISH
SCHEDULE OF PER THEM PAID-INDENT MEMBERS
FOR THE YEAR ENDED DECEMBER 31, 1997

Rhonda Bostner	\$ 1,200
Randall Croft	1,650
Ray Davis, Jr.	1,725
Ralph Gilpin	1,725
Arline Norwood	525
Janelle O'Neal	1,575
Frank Parker	1,725
Thomas Smith	75
Mark White	<u>1,650</u>
	<u>\$ 11,850</u>

GERALD A. WALKER
Certified Public Accountant

Member
American Institute
of CPAs
Society of Certified
CPAs
Institute of
Management
Accountants

**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 ACCOUNTING STANDARDS**

Board of Commissioners
Gas Utility District No. 1
of East Baton Rouge Parish
Baton Rouge, Louisiana

I have audited the general purpose financial statements of Gas Utility District No. 1 of East Baton Rouge Parish as of and for the year ended December 31, 1997, and have issued my report thereon dated June 18, 1998. 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 No. 1 of East Baton Rouge Parish's general purpose 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 statements 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the following paragraph:

Condition- The District bought two pieces of equipment, each costing more than \$10,000, but did not advertise for a request for a bid to purchase the equipment.

Criteria- Louisiana Revised Statutes 38:2212, known as the Public Bid Law, requires all purchases of equipment costing more than \$10,000 to be advertised and let by contract to the lowest responsible bidder.

**INTERIMNT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
PAGE 2**

Effect- The District is not in compliance with state law. The noncompliance may be material to the financial statements, but the ultimate conclusion cannot presently be determined.

Cause- This is the way these types of purchases had been done in the past and management was continuing to do it in the same manner.

Recommendation- Management and the Board should be alert for any future purchases that will require advertising for bids and be certain that the District does advertise for bids.

Management's corrective action plan-Management agrees with the auditor's recommendations and the procedures to follow the recommendations are in place.

PRIOR YEAR'S FINDINGS

There were no findings in the prior year's compliance report.

There were no findings in the prior year's management letter.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Gas Utility District No. 1 of East Baton Rouge Parish's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose 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 significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect Gas Utility District No. 1 of East Baton Rouge Parish's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. These reportable conditions are described in the following paragraphs.

Gas Utility District No. 1 of East Baton Rouge Parish is a small organization with a limited number of personnel. This results in a lack of appropriate segregation of duties consistent with appropriate control objectives. This small staff also results in the absence of appropriate reviews and approvals of transactions, accounting entries, or systems output. On September 1, 1997, a new management team was installed and new and effective control procedures were instituted. These new control procedures alleviated almost all of the problems noted above.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
PAGE 2

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 misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control 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. However, the reportable conditions described above, that existed prior to September 3, 1997, I consider to be material weaknesses. I also noted other matters involving the internal control over financial reporting that I have reported to management of Gas Utility District No. 1 of East Baton Rouge Parish in a separate letter dated June 15, 1998.

PRIOR YEAR'S FINDINGS

There were no findings in the prior year's report on internal control structure.

Comment in the prior year's management letter : Committees should be set up to help handle the District's business affairs. A finance committee was set up by the new Board.

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

Gerald A. Walker

Gerald A. Walker, CPA
June 19, 1998

GERALD A. WALKER
Certified Public Accountant

Member
American Institute
of CPAs
Faculty of Louisiana
CPAs
Institute of
Management
Accountants

AUDITOR'S MANAGEMENT LETTER

Board of Commissioners
Gas Utility District No. 1
of East Baton Rouge Parish
Zachary, Louisiana

In planning and performing my audit of the financial statements of Gas Utility District No. 1 of East Baton Rouge Parish for the year ended December 31, 1997, I considered the District's internal control structure to plan my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on internal control structure.

However, during my audit, I noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. I previously reported on the District's internal control structure in my report dated June 19, 1998. This letter does not reflect my report dated June 19, 1998, on the financial statements of Gas Utility District No. 1 of East Baton Rouge Parish.

I will review the status of these comments during my next audit engagement. My comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure as result in other operating efficiencies. I will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. My comments are summarized as follows:

Securing blank check inventory

In discussions with the office manager, it came to my attention that the stock of blank checks may not have been adequately secured. As a result, the checks are now kept in a locked closet with access to the key restricted to the operations manager.

ADMINISTRATIVE MANAGEMENT LETTER
PAGE 2

Better control over payments

The procedure in the past for paying bills has been for the office manager or the operations manager to authorize the bookkeeper to cut or bill into the system for payment. When the bookkeeper writes checks, the checks are given to either the office manager or the operations manager to sign, but since they had already been approved, the invoices were not attached to the check. This procedure relied very much on the honesty of the check signers as to the approval of the particular invoice being paid. As my suggestion, the invoices being paid are now attached to the check before it is signed, and, after signature, the invoices are canceled by writing on the invoice the date, check number, and amount of the check that paid this invoice.

Improved internal control structure

All of these improvements to the internal control structure were instituted after the change in management on September 1, 1997 and prior to my audit, but I think they are worthy of note.

Each of the three office employees has been issued a cash drawer with \$150 in it, with the employee being the only person with a key to their cash drawer. No other employee ever goes into another employee's cash drawer. Any time the employee is away from their cash drawer, the cash drawer is locked. At the end of the day, if there has been any activity by an employee going into their cash drawer, that cash drawer is counted and balanced by someone other than the employee.

There are unannounced spot counts of the cash drawers.

The bank statements are reconciled by an outside accountant. The bank statements remain unopened until the accountant comes to do the reconciliations.

All checks are written by the bookkeeper, who does not have authority to sign checks.

All checks over \$2,500 require two signatures.

There is much more awareness of proper internal control and adherence to control policies and procedures.

Training in the District's accounting system

The office manager and the bookkeeper have a very good grasp of how to use QuickBooks in performing their daily duties. However, it is my opinion that the office manager and the bookkeeper

AUDITOR'S MANAGEMENT LETTER

PAGE 3

could benefit from additional training in the use of the QuickBooks accounting system. When the QuickBooks system was originally set up, certain automatic entries were created that now cause problems for the employees using the system. Someone with experience in setting up QuickBooks should go through the District's set up and review the propriety of these automatic entries.

Financial statements for Board meetings

It is my recommendation that management provide a balance sheet, statement of revenue, expenses and changes in retained earnings, and comparison of actual expenses with budgeted expenses for each Board member at the monthly Board of Commissioners' meetings. The QuickBooks system that the District uses has the capabilities to provide all these financial statements on a timely basis. The management is in the process of assuring that the information in the accounting system is current and accurate, and will start providing these financial statements to the Board, in addition to continuing to provide the Board with the reports the Board currently receives.

I wish to thank the office manager and the operations manager for their support and assistance during my audit.

This report is intended solely for the information and use of the Board of Commissioners and management of Gas Utility District No. 1 of East Baton Rouge Parish. However, this report is a matter of public record and its distribution is not limited.

Donald A. Walker

Donald A. Walker, CPA

June 29, 1998