

OFFICIAL
FILE COPY

DO NOT SEND OUT

(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

09601072
1537

GAS UTILITY DISTRICT NO. ONE OF LIVINGSTON PARISH
HOLDEN, LOUISIANA

FINANCIAL STATEMENTS, ADDITIONAL INFORMATION,
INDEPENDENT AUDITORS' REPORT,
AND OTHER REPORTS REQUIRED BY GOVERNMENTAL
AUDITING STANDARDS

AS OF NOVEMBER 30, 1998 AND FOR THE YEAR THEN ENDED

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

Release Date MAR 24 1999

DEAN AND DEAN
CERTIFIED PUBLIC ACCOUNTANTS

GAS UTILITY DISTRICT NO. ONE OF LIVINGSTON PARISH
HOLDEN, LOUISIANA

FINANCIAL STATEMENTS SCHEDULES AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED NOVEMBER 30, 1998

CONTENTS

	<u>Page No.</u>
Independent Auditors' Report	1
Balance Sheet	2
Statement of Revenues, Expenses and Changes in Retained Earnings	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 7
Independent Auditors' Report on Additional Information	8
Supplemental Information	9
Statistical Data	10
Other Reports Required by <u>Government</u> <u>Auditing Standards</u> :	
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards	12 - 13
Schedule of Prior Year Findings	14

INDEPENDENT AUDITORS' REPORT

March 1, 1999

The Board of Commissioners
Gas Utility District No. One
of Livingston Parish
Holden, Louisiana

We have audited the accompanying financial statements of Gas Utility District No. One of Livingston Parish a component unit of the Livingston Parish Police Jury, as of November 30, 1998 and for the year then ended. These component unit financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and generally accepted governmental auditing standards contained in the Governmental Auditing Standards - Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the United States General Accounting Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of Gas Utility District No. One of Livingston Parish as of November 30, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Respectfully submitted,



Dean and Dean, CPA's

GAS UTILITY DISTRICT NO. ONE
 OF LIVINGSTON PARISH
 BALANCE SHEET
 NOVEMBER 30, 1998

<u>ASSETS</u>	<u>1998</u>
CURRENT ASSETS:	
Cash and Cash Equivalents	\$ 801,614
Accounts Receivable (net of an allowance for doubtful accounts of \$13,221)	25,719
Inventory	16,038
Interest Receivable	<u>5,164</u>
TOTAL CURRENT ASSETS	848,535
RESTRICTED ASSETS	
Cash and Cash Equivalents	61,953
OTHER ASSETS	
	50
PLANT AND EQUIPMENT	
	<u>225,352</u>
TOTAL ASSETS	\$ 1,135,890
<u>LIABILITIES AND FUND EQUITY</u>	
LIABILITIES:	
Current Liabilities:	
Accounts Payable	\$ 31,771
Payable from Restricted Assets - Customers' Meter Deposits	<u>61,953</u>
TOTAL LIABILITIES	<u>93,724</u>
FUND EQUITY:	
Retained Earnings: Unreserved Undesignated	<u>1,042,166</u>
TOTAL FUND EQUITY	<u>1,042,166</u>
TOTAL LIABILITIES AND FUND EQUITY	\$ 1,135,890

The accompanying notes are an integral part of these statements.

GAS UTILITY DISTRICT NO. ONE
 OF LIVINGSTON PARISH
 STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN RETAINED EARNINGS
 FOR THE YEAR ENDED NOVEMBER 30, 1998

	<u>1998</u>
OPERATING REVENUES:	
Gas Sales	\$ 311,593
Delinquent Charges	<u>8,006</u>
TOTAL OPERATING REVENUES	<u>319,599</u>
OPERATING EXPENSES:	
Gas Purchased	170,845
Contract Operator	69,825
Professional Service	21,905
Depreciation	23,052
Repairs and Maintenance	22,372
Commissioners Per Diem	14,550
Insurance	3,913
Utilities	3,381
Travel and Seminars	1,979
Other	<u>3,595</u>
TOTAL OPERATING EXPENSES	<u>335,417</u>
OPERATING INCOME (LOSS)	(15,818)
NON OPERATING REVENUES (EXPENSES)	
Interest Income	<u>43,711</u>
NET INCOME	27,893
RETAINED EARNINGS, BEGINNING	<u>1,014,273</u>
RETAINED EARNINGS, ENDING	<u>\$ 1,042,166</u>

The accompanying notes are an integral part of these statements.

GAS UTILITY DISTRICT NO. ONE
 OF LIVINGSTON PARISH
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED NOVEMBER 30, 1998

	<u>1998</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Net Income (Loss) from Operating Activities	\$ (15,818)
Adjustments to Reconcile Net Income from Operating Activities to Net Cash Provided by Operating Activities	
Depreciation	23,052
Provision for Bad Debt	1,080
Decrease in Accounts Receivable	39,689
Increase in Inventory	(6,758)
Decrease in Accounts Payable	(339)
Increase in Customer Meter Deposits	<u>2,888</u>
Net Cash Provided by Operating Activities	<u>43,794</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Plant and Equipment Purchased	(50,060)
Interest Received	<u>42,952</u>
Net Cash Provided by Investing Activities	<u>(7,108)</u>
 INCREASE IN CASH AND CASH EQUIVALENTS	 36,686
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	 <u>826,881</u>
 CASH AND CASH EQUIVALENTS AT END OF YEAR	 <u>\$ 863,567</u>

The accompanying notes are an integral part of these statements.

GAS UTILITY DISTRICT NO. ONE
OF LIVINGSTON PARISH
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 1998

A. THE UTILITY DISTRICT

Gas Utility District No. One of Livingston Parish (The District) was created November 10, 1961 by the Livingston Parish Police Jury, under Act 415 of the Acts of Louisiana for 1960 (Sec. 4301, et seq. of Title 33, La. Rev. Stat.). The District operates under a Board of Commissioners appointed by the Livingston Parish Police Jury. The District is the responsibility of the Livingston Parish Police Jury. The accompanying financial statements reflect only the financial activity of the District. Amounts included in these financial statements are also included in the Livingston Parish Police Jury's annual general purpose financial statements.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and expenses in the accounting period in which they are incurred.

Depreciation

Depreciation of the plant and equipment has been provided in the accompanying financial statements using the straight-line method based on the expected useful lives of the components ranging from ten to thirty-three years.

Cash Equivalents

Cash Equivalents are considered to be all highly liquid investments with a maturity of three months or less when purchased. Under state law, the District may deposit funds in demand deposit accounts, interest bearing demand deposit accounts, money market accounts and certificates of deposit with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Inventory

The District's only inventory is of Gas. Generally, the District purchases inventory gas in September or October before gas prices begin to rise in the winter. The inventory gas is used during the cold months when gas prices are highest and generally used up by the end of March. The District's gas inventory is recorded at lower of cost or market on a first-in, first-out basis.

GAS UTILITY DISTRICT NO. ONE
OF LIVINGSTON PARISH
HOLDEN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 1998

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.

C. CASH AND CASH EQUIVALENTS

At November 30, 1998, the District had cash and cash equivalents of \$863,567, as follows:

Demand accounts	\$ 1,014
Interest bearing demand accounts	98,421
Savings accounts	48,233
Certificates of Deposit	<u>715,899</u>
	<u>\$ 863,567</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 must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties (GASB Category 3).

At November 30, 1998, the District's deposits were secured by \$381,240 of Federal Deposit Insurance and \$490,037 of pledged securities.

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Sheriff that the fiscal agent has failed to pay deposited funds upon demand.

D. RESTRICTED ASSETS

At November 30, 1998, restricted assets were held in certificates of deposit and demand deposit accounts and consisted of customers' meter deposits totaling \$61,953.

GAS UTILITY DISTRICT NO. ONE
OF LIVINGSTON PARISH
HOLDEN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 1998

E. PLANT AND EQUIPMENT

Plant and equipment at November 30, 1998 is summarized as follows:

Utility Plant	\$ 810,070
Equipment and Meters	<u>59,572</u>
	869,642
Less Accumulated Depreciation	<u>(644,290)</u>
Net Plant and Equipment	<u>\$ 225,352</u>

F. RISK MANAGEMENT

The District carries commercial insurance for its only major categories of risk which are property and general liability. There have been no significant reductions in insurance coverage for the current year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

G. YEAR 2000 ISSUES

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999. The only electronic data processing equipment involved in the operation of the District is the billing software used by the contract operator. The contract operator has provided written assurance that his software is year 2000 compliant.

11909 BRICKSOME AVE., SUITE W1
BATON ROUGE, LA 70816
TELEPHONE: (225) 292-7554
FAX: (225) 292-7525

Donald A. Dean, CPA
David P. Dean, CPA

INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

March 1, 1999

The Board of Commissioners
Gas Utility District No. One
of Livingston Parish
Holden, Louisiana 70744

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental data is presented for purposes of additional analysis and is not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



Dean and Dean, CPA's

Gas Utility District No. One of Livingston Parish

Holden, Louisiana

Supplemental Data

November 30, 1998

GAS UTILITY DISTRICT NO. ONE
 OF LIVINGSTON PARISH
 STATISTICAL DATA
 FOR THE YEAR ENDED NOVEMBER 30, 1998

	<u>Amount</u>	<u>MCF</u>
GAS SALES BILLED	\$ 311,593	48,977
GAS PURCHASED	\$ 170,845	<u>50,290</u>
DIFFERENCE IN MCFs		(1,313)
Number of Customers, November 30, 1998		<u>839</u>
Average Monthly Customers for Year		<u>838</u>
SALES:		
Average Per Customer Per Year		\$ 319
Average Per Customer Per Month		\$ 26

SCHEDULE OF RATES:

1st MCF Per Month (Min)	9.00
Over One MCF Per Month, Per MCF	6.50

PER DIEM PAYMENTS TO BOARD MEMBERS:

	<u>For Meetings</u>		<u>For Days Worked</u>	
	<u>No. of Meetings</u>	<u>Amount</u>	<u>No. of Days</u>	<u>Amount</u>
Wilbert Hutchinson	28	\$ 2,100	22	\$ 1,650
John Hellmers	28	2,100	21	1,575
Johnny Johnson	27	2,025	10	750
Joseph Recile	28	2,100	5	375
Douglas Dean	25	1,875	-0-	-0-
		<u>\$ 10,200</u>		<u>\$ 4,350</u>

OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

The following pages contain reports on internal control structure and compliance with laws and regulations required by Government Auditing Standards, issued by the Comptroller General of the United States. The report on internal control structure is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses. The report on compliance with laws and regulations is, likewise, based solely on the audit of the presented financial statements and presents, where applicable, compliance matters that would be material to the presented financial statements.

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

March 1, 1999

The Board of Commissioners
Gas Utility District No. One of Livingston Parish
Holden, Louisiana

We have audited the accompanying component unit financial statements of the Gas Utility District No. One of Livingston Parish as of and for the year ended November 30, 1998, and have issued our report thereon dated March 1, 1999. We conducted our 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 the financial statements are free of material misstatement, we performed tests of the District's 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 those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our 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 our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

The Board of Commissioners
March 1, 1999

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 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the District, management, and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, consisting of several overlapping loops and curves, positioned above the typed name.

Dean and Dean, CPAs

GAS UTILITY DISTRICT NO. ONE OF LIVINGSTON PARISH
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED NOVEMBER 30, 1998

<u>FINDING</u>	<u>STATUS</u>
1997-1 A District board member had a lease agreement with a major vendor of the District. When an adverse ruling was obtained from the Ethics board, the lease was cancelled.	Resolved