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THE GAS AND WATER
ENTERPRISE FUND
OF THE ST. JOHN THE BAPTIST
PARISH COUNCIL
LAPLACE, LOUISIANA

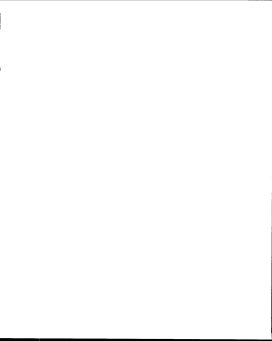
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT THEREON

Year Ended June 30, 1997

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or certified, elected 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.

Revised Date DEC 3 4 1998

2000-11-15 10:00 AM



THE GAS AND WATER ENTERPRISE FUND
OF THE ST. JOHN THE BAPTIST PARISH COUNCIL
LAPLACE, LOUISIANA

Financial Statements
As of and for the Year Ended June 30, 1987

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FINANCIAL SECTION

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CORPORATION

A PROFESSIONAL CORPORATION

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Philip W. Rebowé, CPA

INDEPENDENT AUDITOR'S REPORT

To the Honorable President
and Members of the Council
St. John the Baptist Parish Council
Lafayette, Louisiana

We have audited the accompanying financial statements of the Gas and Water Enterprise Fund of the St. John the Baptist Parish Council, as of and for the year ended June 30, 1997, as listed in the table of contents. These financial statements are the responsibility of the management of St. John the Baptist Parish. 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 the standards applicable to financial audits contained in *Governance Auditing Standards*, issued by the Comptroller General of the United States. These standards require that we 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Gas and Water Enterprise Fund of the St. John the Baptist Parish Council, and are not intended to present fairly the financial position of the St. John the Baptist Parish Council, and the results of its operations and cash flows of its proprietary fund types and nonproprietary trust funds in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of the Gas and Water Enterprise Fund of the St. John the Baptist Parish Council as of June 30, 1997, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

To the Honorable President
and Members of the Council

Page 2

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying insurance schedule listed as supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Gas and Water Enterprise Fund of the St. John the Baptist Parish Council. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated September 30, 1997, on our consideration of the Gas and Water Enterprise Fund of the St. John the Baptist Parish Council's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Deloitte & Company

September 30, 1997

**Gas and Water Enterprise Fund
St. John the Baptist Parish Council
LaPlaze, Louisiana**

**Balance Sheet
June 30, 1997**

Assets	
Current assets	
Cash and cash equivalents	\$ 500,351
Receivables, net of allowance for doubtful accounts of \$12,158	1,003,106
Other receivables	88,713
Inventory	<u>118,284</u>
Total current assets	<u>1,742,843</u>
Restricted assets	
Cash and cash equivalents	355,325
Investments	<u>2,318,747</u>
Total restricted assets	<u>2,674,072</u>
Property, plant, and equipment	
Property, plant, and equipment	34,718,301
Accumulated depreciation	<u>(12,615,280)</u>
Net property, plant, and equipment	<u>22,093,021</u>
Other assets	
Other assets	<u>136,923</u>
Total other assets	<u>136,923</u>
Total Assets	<u>\$ 26,609,061</u>

The accompanying notes are an integral part of this statement.

Gas and Water Enterprise Fund
St. John the Baptist Parish Council
Lafayette, Louisiana

Balance Sheet (continued)
June 30, 1997

Liabilities and Fund Equity

Liabilities

Current liabilities payable from current assets

Accounts and salaries payable	\$ 335,600
Due to other funds	394,964
Notes payable, current portion	6,129
Other liabilities	10,000
	<hr/>

Total current liabilities payable from current assets 1,816,745

Current liabilities payable from restricted assets

Customer deposits	790,804
Bonds payable, current portion	280,800
Accrued interest payable	25,804
	<hr/>

Total current liabilities payable from restricted assets 1,097,428

Long-term liabilities

Bonds payable	5,381,000
	<hr/>

Total long-term liabilities 5,381,000

Total liabilities 8,317,473

Fund equity

Contributed capital	13,825,184
Retained earnings	
Reserved	1,808,424
Unreserved	4,458,580
	<hr/>

Total fund balance 19,791,588

Total Liabilities and Fund Equity **\$ 26,689,061**

The accompanying notes are an integral part of this statement.

Gas and Water Enterprise Fund
St. John the Baptist Parish Council
Lafayette, Louisiana

Statement of Revenues, Expenses, and Changes in Retained Earnings
Budget (GAAP Basis) and Actual
For the Year Ended June 30, 1997

	Actual	Budget	Variance Favorable (Unfavorable)
Revenues			
Water sales	\$ 3,526,368	\$ 3,228,000	\$ 298,368
Gas sales	713,303	348,000	(365,303)
Fees, charges, and commissions	251,579	303,580	(45,921)
Reimbursed indirect costs	186,471	303,000	(15,529)
Other income	13,829	14,000	(171)
Total Revenues	<u>4,710,535</u>	<u>4,478,580</u>	<u>231,955</u>
Operating Expenses			
Purchases	444,825	408,500	23,675
General administration	986,211	1,032,613	46,382
Purification	838,614	810,484	(28,134)
Distribution	855,629	850,127	31,498
Depreciation	848,080	848,080	-
Total Operating Expenses	<u>4,866,349</u>	<u>4,149,804</u>	<u>716,545</u>
Operating Income	<u>844,024</u>	<u>328,776</u>	<u>515,248</u>
Nonoperating Income (Expense)			
Interest income	127,381	76,808	50,573
Interest expense	(336,123)	(339,800)	3,677
Operating transfers in	580,898	580,898	-
Operating transfers out	(34,857)	(34,850)	7
Amortization of bond issuance expense	(31,292)	(33,800)	2,508
Net Nonoperating Income	<u>266,115</u>	<u>216,146</u>	<u>49,969</u>
Net Income	<u>900,139</u>	<u>544,922</u>	<u>355,217</u>
Amortization of contributed capital	518,383	508,000	(10,383)
Unreserved retained earnings, beginning of year	3,021,438	3,021,438	-
Unreserved retained earnings, end of year	<u>\$ 4,436,960</u>	<u>\$ 4,071,150</u>	<u>\$ 365,810</u>

The accompanying notes are an integral part of this statement.

**Gas and Water Enterprise Fund
St. John the Baptist Parish Council
Lafayette, Louisiana**

**Statement of Cash Flows
For the Year Ended June 30, 1997**

Cash flows from operating activities	
Operating income	\$ 644,024
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	640,808
Changes in assets and liabilities:	
Accounts receivable	(178,256)
Other receivables	(4,478)
Inventory	1,899
Accounts and salaries payable	(34,418)
Due to other funds	28,744
Other liabilities	10,808
Accrued expenses	(1,267)
Deposits payable	84,115
	<u>1,389,278</u>
Net cash provided by operating activities	
Cash flows from non-capital financing activities	
Operating transfers in	580,808
Operating transfers out	<u>(34,850)</u>
Net cash provided by noncapital financing activities	<u>485,958</u>
Cash flows from capital and related financing activities	
Changes in other assets	9,875
Acquisition of capital assets	(394,336)
Increase in Contributed capital	59,800
Repayment of loans payable	(9,746)
Amortization of bond debt expense and bond discount	(1,290)
Bonds payable	
Principal payments	(271,800)
Interest payments	<u>(336,123)</u>
Net cash used by capital and related financing activities	<u>\$ (951,822)</u>

The accompanying notes are an integral part of this statement.

Gas and Water Enterprise Fund
St. John the Baptist Parish Council
Lafayette, Louisiana

Statement of Cash Flows (continued)
For the Year Ended June 30, 1997

Cash flows from investing activities	
Interest income	\$ 121,581
Sale of investment securities	7,469,886
Purchase of investment securities	<u>(8,444,821)</u>
Net cash used by investing activities	<u>(843,354)</u>
Net increase (decrease) in cash	76,380
Cash and cash equivalents, beginning of year	<u>785,866</u>
Cash and cash equivalents, end of year	<u>\$ 862,246</u>
Reconciliation to Balance Sheet	
Unrestricted cash and cash equivalents	\$ 585,750
Restricted cash and cash equivalents	<u>276,496</u>
Total cash and cash equivalents	<u>\$ 862,246</u>

The accompanying notes are an integral part of this statement.

THE GAS AND WATER ENTERPRISE FUND OF THE
ST. JOHN THE BAPTIST PARISH COUNCIL
Lafayette, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 1987

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Gas and Water Enterprise Fund of the St. John the Baptist Parish Council (the Fund) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Fund's accounting policies are described below.

A. Governing Body

The St. John the Baptist Parish Council (the Council) is the governing authority for the Parish of St. John the Baptist, a political subdivision of the State of Louisiana as authorized by the State Constitution. The Council consists of nine members, two of whom are elected from two divisions of the Parish consisting of 50% of the Parish's population and seven members elected to represent each of the seven districts. The Parish President, elected by the voters of the Parish, is the chief executive officer of the Parish and is responsible for carrying out the policies adopted by the Council and for the administration of all Parish departments, offices, agencies and special districts.

Louisiana Revised Statute 33-1234 gives the Council various powers in regulating and directing the affairs of the Parish and its inhabitants. The more notable of these are the power to make regulations for its own government; to regulate the construction and maintenance of roads, bridges, and its drainage system; to regulate the sale of alcoholic beverages; and to provide for the health and welfare of the poor, disadvantaged, and unemployed in the Parish. Funding to accomplish these tasks is provided by ad valorem taxes, sales taxes, beer and alcoholic beverage permits, state revenue sharing, and various state and federal grants.

St. John the Baptist Parish occupies 351 square miles with a population of approximately 40,000. Council offices are located in the parish office building at 1800 West Airline Highway, Lafayette.

As the governing authority of the Parish, for financial reporting purposes, the St. John the Baptist Parish Council is the reporting entity for St. John the Baptist Parish. The financial reporting entity consists of (a) the primary government (Council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

THE GAS AND WATER ENTERPRISE FUND OF THE
 ST. JOHN THE BAPTIST PARISH COUNCIL
 LaPlace, Louisiana
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the St. John the Baptist Parish Council for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth the following criteria to be considered in determining financial accountability:

1. Organizations for which the Council appoints a voting majority of the governing body, and:
 - a. The ability of the Council to impose its will on that organization or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Council.
2. Organizations for which the Council does not appoint a voting majority but which are fiscally dependent on the Council.
3. Organizations for which the reporting entity financial statements would be misleading if data for the organization is not included because of the nature or significance of the relationship.

Based on the above criteria, the Council has determined that the following component units are part of the reporting entity:

<u>Component Unit</u>	<u>Fiscal Year End</u>	<u>Criteria Used</u>
Council on Aging	June 30	2
Community Action Agency	June 30	1,a,b
Library	December 31	1,a,b
Public Housing Authority	September 30	1,a
Assessor	December 31	2
Club of Color	June 30	2

The accompanying financial statements present only the financial position, results of operations, and cash flows of the Gas and Water Enterprise Fund of the St. John the Baptist Parish Council, and do not present financial information for the Council or for any of the above-named component units of the Council. However, the Council and these component

THE GAS AND WATER ENTERPRISE FUND OF THE
St. JOHN THE BAPTIST PARISH COUNCIL
Lafayette, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

units are required to submit annual financial statements to the State of Louisiana Legislative Auditor.

GASB Statement 14 provides for the issuance of individual fund statements that are separate from those of the reporting entity. However, these individual fund financial statements are not a substitute for the reporting entity's financial statements. The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as applied to government units. These financial statements are not intended to and do not report on the reporting entity but rather are intended to reflect only the financial statements of the Gas and Water Enterprise Fund.

R. Fund Accounting

Governmental entities use funds and account groups to report their financial position and the results of their operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary, and fiduciary. In turn, each category is divided into separate fund types. The Gas and Water Enterprise Fund is classified in the proprietary fund category and the enterprise fund-type described below:

Enterprise Funds - Enterprise funds account for operations (a) that are financial and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**THE GAS AND WATER ENTERPRISE FUND OF THE
ST. JOHN THE BAPTIST PARISH COUNCIL,
LAFAYETTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 1997**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

As a proprietary fund, the Gas and Water Enterprise fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the fund are included on the balance sheet. Fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total assets.

The Gas and Water Enterprise Fund is maintained on the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized as the time liabilities are incurred. Unbilled enterprise fund service receivables are recorded as fund assets at year end. Interest on revenue bonds, proceeds of which are used in financing the construction of Fund assets, is capitalized during the construction period.

D. Budgetary Accounting

The Fund's budget is prepared and reported on the same basis of accounting as the financial statements. An accrual-basis budget is legally adopted by the Council prior to the start of each fiscal year.

All unexpended budgetary appropriations lapse at year end. The Fund does not utilize encumbrance accounting.

Additional details on the budgetary process may be found at Note 2.

E. Cash and Cash Equivalents and Investments

Cash includes cash on hand, demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and money investments with original maturities of 90 days or less. For purposes of the statement of cash flows, the Fund considers these same items to be cash.

Under state law, the Fund may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana

THE GAS AND WATER ENTERPRISE FUND OF THE
ST. JOHN THE BAPTIST PARISH COUNCIL
Lafayette, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

law and national banks having their principal offices in Louisiana. Cash and cash equivalents are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the bank.

State laws permit the Fund to invest in United States bonds, treasury notes or certificates, or other obligations of the U.S. Government and agencies of the U.S. Government which are federally insured, and certificates of deposit of state banks and national banks having their principal office in the State of Louisiana, or in mutual or trust fund institutions which are registered and which have underlying investments limited to securities of the U.S. Government or its agencies. In addition, local governments are authorized to invest in the Louisiana Asset Management Fund, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates as a local government investment pool. Investments are stated at cost.

F. Receivables

Receivables consist primarily of amounts billed to customers for services provided by the Gas and Water Enterprise Fund and certain other enterprise funds of the St. John the Baptist Parish Council. Management provides an allowance for doubtful accounts based on a review of the current status of existing receivables and management's evaluation of the aged accounts receivable.

G. Inventories

Inventories consist of parts and equipment and are stated at the lower of cost or market, determined by the first-in, first-out method.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

I. Restricted Assets

Certain proceeds of enterprise fund systems bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is

THE GAS AND WATER ENTERPRISE FUND OF THE
ST. JOHN THE BAPTIST PARISH COUNCIL
LaPlacer, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

limited by the governing board covenants. Additionally, customer deposits held by the Gas and Water Enterprise Fund are restricted for use in paying outstanding bills when customers discontinue service.

J. Fixed Assets

Fixed assets used in the Fund's operations are included on the balance sheet of the Fund at cost where historical records are available and at estimated historical cost where no historical records exist, net of accumulated depreciation. Depreciation of all depreciable fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over the useful lives of the assets ranging from 5 to 40 years.

Interest expense incurred during the construction phase of fixed assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. No interest cost was capitalized during the year ended June 30, 1997.

The costs of maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized. Improvements that add to the value of assets are capitalized and depreciated over the remaining useful lives of the fixed assets.

Fixed assets acquired through capital contributions are capitalized. Depreciation expense applicable to these contributed assets is closed out to the related contributed capital accounts rather than retained earnings. This method is considered preferable under the matching concept wherein acquisition of these fixed assets is recorded as an addition to contributed capital.

K. Bond Issue Costs

Bond insurance expense and bond discounts incurred as a result of the issuance of revenue bonds are amortized in proportion to the principal maturities of the revenue bonds.

L. Compensated Absences

The Council has the following policies relating to vacation and sick leave, which apply to employees of the Gas and Water Enterprise Fund:

Employees earn from 5 to 20 days of vacation leave each year, depending on their length of service. Vacation leave must be taken in the year earned and cannot be accumulated. Also,

**THE GAS AND WATER ENTERPRISE FUND OF THE
ST. JOHN THE BAPTIST PARISH COUNCIL
LaPlace, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 1997**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

employees earn 6 to 18 days of sick leave per year which can be accumulated and is paid only upon retirement. The accumulation of sick leave is recorded at June 30, 1997, therefore, a liability for compensated absences due employees has not been included in the financial statements.

Leave privileges associated with employees of the Fund are recorded as a fund liability and operating expenses.

M. Long-Term Obligations

Long-term obligations expected to be financed from the Fund's operations are accounted for in the Fund.

N. Fund Equity

Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, or other funds when such resources are restricted for the acquisition or construction of capital assets. Contributed capital is amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources.

Reserves

Reserves represent those portions of fund equity legally segregated for a specific future use. Unreserved retained earnings represent net assets available for future operations. Reserved retained earnings represent net assets that have been legally restricted for specific purposes.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budget

The procedures used by the Parish in establishing the budgetary data reflected in the financial statements are as follows:

- (1). At least sixty (60) days before the beginning of the fiscal year, the President submits a line item operating budget and a capital budget in accordance with accepted accounting procedure in a format established by the Parish Council. The budget submitted shall be balanced. The President submits with the budget a message containing recommendations.

**THE GAS AND WATER ENTERPRISE FUND OF THE
ST. JOHN THE BAPTIST PARISH COUNCIL,
Lafayette, Louisiana**
NOTES TO THE FINANCIAL STATEMENTS
June 30, 1997

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

concerning the fiscal policy of the Parish, a description of the important features of the budget, and an explanation of all major increases or decreases in budget recommendations as compared with expenditures of the prior year.

- (2) The Parish Council publishes the proposed budget in the official journal two (2) weeks before the meeting at which the budget is to be adopted. The budget as adopted constitutes an appropriation of funds for all purposes contained therein. A budget ordinance becomes effective the first day of the fiscal year, unless otherwise provided therein.
- (3) The Parish Council may amend the budget before adoption except that no items for debt service may be reduced below the amount certified by the President as necessary. In no event should the Parish Council cause the total expenditures to exceed anticipated revenue. If the Parish Council fails to act on either budget within the time limit as provided in the Section herein, it shall be adopted as submitted by the President.

NOTE 3 - CASH AND CASH EQUIVALENTS

At June 30, 1997, the Fund has cash and cash equivalents (bank balances) totaling \$858,256 of which \$800,731 is unrestricted and \$57,525 is restricted. Restricted cash is included with restricted assets on the balance sheet and presented as total cash in the statement of cash flows.

These deposits are stated at cost, which approximates market. Under state law, these deposits (as 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. These securities are held in joint custody in a federal reserve bank.

At June 30, 1997, the Gas and Water Enterprise Fund has \$841,378 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of Federal deposit insurance and \$741,378 of pledged securities held by the federal reserve bank in the name of the fiscal agent bank and the Parish (GAER Category 1).

**THE GAS AND WATER ENTERPRISE FUNDS OF THE
 ST. JOHN THE BAPTIST PARISH COUNCIL
 LaPlace, Louisiana
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 1997**

NOTE 4 - INVESTMENTS

Investments at year end are categorized below to give an indication of the level of risk assumed by the Gas and Water Enterprise Fund. The categories of credit risk are as follows:

- Category 1 - Insured or registered, or securities held by the Parish or its agent in the Parish's name.
- Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Parish's name.
- Category 3 - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Parish's name.

At year end, the Fund's investment balances were as follows:

	Category 1	Category Amount	Market Value
United States Treasury Bills	\$ 2,028,242	\$ 2,028,242	\$ 2,028,242

All investments are restricted for customer deposits or debt service.

NOTE 5 - RECEIVABLES

The Gas and Water Enterprise Fund bills and collects user charges for natural gas and water usage, provides billing and collection services for the St. John the Baptist Consolidated Sewerage District 1B, and collects fees for mosquito control, refuse collection, and ambulance service for the St. John the Baptist Parish Council.

At June 30, 1997, accounts receivable consist of the following:

Amounts due for Gas and Water Enterprise Fund	\$ 597,858
Amounts due to:	
Ambulance District Special Revenue Fund	21,277
Solid Waste Enterprise Fund	153,783
Mosquito Abatement Enterprise Fund	27,024
Sewer District 1B Enterprise Fund	226,179
Sales taxes	16,161
Total receivables	\$1,026,482

**THE GAS AND WATER ENTERPRISE FUND OF THE
ST. JOHN THE BAPTIST PARISH COUNCIL,
Lafayette, Louisiana**
NOTES TO THE FINANCIAL STATEMENTS
June 30, 1997

NOTE 5 - RECEIVABLES (Continued)

Total receivables	\$1,833,484
Less allowance for uncollectibles	<u>12,378</u>
Net accounts receivable	<u>\$1,821,106</u>

The allowance for estimated uncollectible receivables is based on historical collection experience and other relevant circumstances. The allowance for estimated uncollectibles consists of the following amount:

Gas and Water Enterprise Fund	\$ 12,378
Total allowance for uncollectibles	<u>\$ 12,378</u>

The aging of accounts receivable balances at June 30, 1997, was as follows:

	Total	0-30 Days	31-60 Days	61-90 Days	Over 90 Days
Accounts receivable	<u>\$1,833,484</u>	<u>\$276,611</u>	<u>\$ 72,484</u>	<u>\$ 20,718</u>	<u>\$165,671</u>

NOTE 6 - FIXED ASSETS

A summary of property, plant, and equipment activity for the year ended June 30, 1997, follows:

	Balance July 1, 1996	Additions	Disposals	Balance June 30, 1997
Land and rights-of-way	\$ 48,150	\$ -	\$ -	\$ 48,150
Gas distribution system	2,276,241	6,814	-	2,283,055
Water distribution system	86,618,282	33,747	-	86,652,029
Office furniture and equipment	224,849	19,818	-	244,667
Transportation equipment	345,865	44,480	-	390,345
Tools and work equipment	277,936	15,973	-	293,909
Communications equipment	54,267	1,996	-	56,263
Building improvements	247,824	5,488	-	253,312
Construction in progress	99,632	212,866	-	312,498
Balance	<u>\$24,212,365</u>	<u>\$ 299,508</u>	<u>\$ -</u>	<u>\$24,511,873</u>

THE GAS AND WATER ENTERPRISE FUND OF THE
 St. JOHN THE BAPTIST PARISH COUNCIL
 LaPlats, Louisiana
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 1997

NOTE 6 - FIXED ASSETS (Continued)

	Balance July 1, 1996	Additions	Disposals	Balance June 30, 1997
Subtotal	\$44,718,740	\$ 384,316	\$ _____	\$45,103,056
Less: Accumulated Depreciation	(11,803,248)	\$ 849,890	\$ _____	(11,953,358)
Net Property, Plant, and Equipment	<u>\$32,915,492</u>			<u>\$33,149,698</u>

Depreciation expense for the year ended June 30, 1997, totaled \$849,890.

Construction in progress consists of the following:

	Expended to June 30, 1997
Lines Plant	\$ 194,299
Transmission Line	_____ 288,352
Total	<u>\$ 482,651</u>

NOTE 7 - RESTRICTED ASSETS

The Gas and Water Enterprise Fund maintains assets that are restricted to use for specified purposes.

A. Customer Deposits

Customer deposits are held in cash and investments at June 30, 1997, as follows:

Investments	\$ 584,566
Cash	_____ 82,630
Total restricted for customer deposits	<u>\$ 667,196</u>
Liability for deposits	<u>\$ 793,824</u>

THE GAS AND WATER ENTERPRISE FUND OF THE
 ST. JOHN THE BAPTIST PARISH COUNCIL
 LAFIEN, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 1997

NOTE 7 - RESTRICTED ASSETS (Continued)

B. Revenue Bond Sinking and Reserve Funds

As more fully described in Note 11, under the terms of the covenants signed in connection with its various bond issues, the Fund is required to maintain specified amounts of cash and investments in reserve funds, and to periodically make deposits to sinking funds. The assets in these accounts at year end are restricted for the payment of bond principal and interest as follows:

Sinking fund cash	\$ 123,288
Reserve funds	
Cash	19,368
Investments	815,615
Reserve funds total	834,983
Total restricted for debt service	\$1,061,671

C. Transferred Bond Proceeds

Cash totaling \$34,040 at June 30, 1997, and representing bond proceeds transferred from the General Fund of the Parish Council, is reserved for use on capital improvements.

D. Capital Additions and Contingency Fund

Certain bond covenants of the Fund require that an amount equal to five percent of the cash collections of the Fund each month shall be deposited into a Capital Additions and Contingencies Fund, if such an amount is available after debt service and certain expenses. The cash and investments in this account are restricted to use for additions, improvements, and replacements necessary for proper operation of the Gas and Water Enterprise Fund, and are further restricted for use in paying principal and interest on the Fund's revenue bonds should the several sinking or reserve funds contain inadequate resources. The covenants require a minimum balance of \$5,000 in this account.

At June 30, 1997, this account was funded as follows:

Investments	\$ 664,902
Cash on hand	2,882
Total restricted for capital additions and contingencies	\$ 667,784

THE GAS AND WATER ENTERPRISE FUND OF THE
 ST. JOHN THE BAPTIST PARISH COUNCIL,
 LAFAYETTE, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 1997

NOTE 7 - RESTRICTED ASSETS (Continued)

E. System Fund

Certain bond covenants of the Fund require that the Fund set aside out of its revenues an amount sufficient to cover operating expenses of the Fund. These funds are restricted for operation of the system, and may not be transferred out of the Gas and Water Enterprise Fund. At June 30, 1997, the Fund contained investments totaling \$250,260.

Restricted cash and investments are summarized below:

Restricted for:	
Customer deposits	\$ 663,196
Bond sinking and interest funds	1,066,675
Transferred bond proceeds	34,046
Capital additions and contingencies	681,059
System fund	<u>250,260</u>
Total restricted cash and investments	<u>\$2,695,236</u>

NOTE 8 - BOND ISSUANCE COSTS

Bond issuance costs are capitalized and amortized over the lives of the underlying bond issues at a rate corresponding to the percentage of current year debt service to total debt service. At June 30, 1997, the Fund had \$136,925 of unamortized bond issuance costs. Amortization expense for the year ended June 30, 1997, totaled \$31,292.

NOTE 9 - ACCOUNTS, SALARIES, AND OTHER PAYABLES

The following is a summary of accounts, salaries, and other payables as of June 30, 1997:

Accounts payable	\$ 87,352
Salaries and withholdings	84,590
Sales taxes payable	12,634
Insurance premiums payable	<u>56,276</u>
Total	<u>\$ 240,852</u>

**THE GAS AND WATER ENTERPRISE FUND OF THE
ST. JOHN THE BAPTIST PARISH COUNCIL
Lafayette, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 1997**

NOTE 10 - DUE TO OTHER FUNDS

As discussed in Note 5, the Gas and Water Enterprise Fund provides billing and collection services for several other funds of the St. John the Baptist Parish Council, and receives a commission for these services. At June 30, 1997, the Fund reported accounts receivable for amounts billed but not yet collected on behalf of these funds as illustrated in Note 5, and a related liability for the amounts due to these funds as follows:

<i>Accounts due to:</i>	
Ambulance District Special Revenue Fund	\$ 38,311
Solid Waste Enterprise Fund	282,728
Mosquito Abatement Enterprise Fund	48,074
Sewer District III Enterprise Fund	<u>355,032</u>
 Total due to other funds	 <u>\$ 724,145</u>

NOTE 11 - LONG-TERM OBLIGATIONS

Bonds, certificates, and notes payable are comprised of the following issues at June 30, 1997:

Bond Type	Year of Maturity	Authorized Amount	Interest Rate %	Maturity Date	Principal Outstanding	Interest in Maturity
Revenue Bonds						
Water and Sewer, Series 1977 Serial Bonds	1998-99	\$ 2,000,000	6.00	12/01/98	\$ 875,000	\$ 175,750
Water and Sewer, Series 1979 Serial Bonds	2000-01	400,000	6.00	12/01/92	70,000	6,000
Water and Sewer, Series 1978 Serial Bonds	1998-99	2,000,000	6.00	12/01/98	12,000	4,500
Water and Sewer, Series 1990 Serial Bonds	2000-01	2,000,000	6.75-7.00	12/01/94	235,000	286,000
Water and Sewer, Series 1992 Serial Bonds	2000-01	6,100,000	7.00-8.00	12/01/91	1,000,000	1,204,500
Total Revenue Bonds					<u>2,122,000</u>	<u>\$ 592,750</u>
Certificates of Participation						
Water and Sewer, Series 1987	1997-98	3 250,000	6.00	04/01/92	1 210,000	\$ 40,000
Notes Payable						
Electricity Payable	12/31/94	3 60,000	7.00	07/01/96	1 40,000	\$ 1,125
Total					<u>\$2,332,000</u>	<u>\$ 633,875</u>

\$287,129 of the Gas and Water Bonds Payable are payable from restricted assets, and the remaining \$3,200,800 constitute long-term debt.

**THE GAS AND WATER ENTERPRISE FUND OF THE
ST. JOHN THE BAPTIST PARISH COUNCIL,
Lafayette, Louisiana**

**REVIEW OF PRIOR YEAR FINDINGS
Year Ended June 30, 1997**

The financial statements of the Gas and Water Enterprise Fund for the year ended June 30, 1998, were not audited, but were compiled by other accountants. The scope of their compilation did not require the application of procedures to identify reportable conditions or material noncompliance with laws and regulations. As a result, there were no findings in the prior year.

SUPPLEMENTAL INFORMATION

**THE GAS AND WATER ENTERPRISE FUND OF THE
ST. JOHN THE BAPTIST PARISH COUNCIL,
Lafayette, Louisiana**

**SCHEDULE OF INSURANCE
Year Ended June 30, 1997**

<u>Policy Number</u>	<u>Limits of Liability/Coverage</u>	<u>Insurer</u>	<u>Term</u>
GE80872193-08	GAS COMMERCIAL LIABILITY \$2,000,000 General aggregate \$1,000,000 Each occurrence \$1,000,000 Personal and advertising \$2,000,000 Products, completed operations \$ 20,000 Fire damage legal \$ 1,000 Medical expenses	Ranger Insurance Co.	7/96 - 6/97
40C134030788	WATER AND SEWERAGE LIABILITY \$2,000,000 General aggregate \$1,000,000 Each occurrence \$1,000,000 Personal and advertising \$1,000,000 Products, completed operations \$ 5,000 Medical expenses	Hartford Insurance Co.	7/96-6/97
POL106274	GAS ERECTION AND OPERATION LIABILITY \$1,000,000 Occurrence/aggregate \$ 2,500 Retention	Ranger Insurance Co.	7/96 - 6/97
40C1340408113	BUSINESS AUTO \$1,000,000 Combined single limit \$1,000,000 Underinsured motorists \$ 5,000 Medical payments Billed and non-billed coverage	Hartford Insurance Co.	7/96-6/97
53829-2	WORKERS COMPENSATION \$1,000,000/\$1,000,000/\$1,000,000	Louisiana Workers Compensation Corp.	7/96-6/97
4TP834L1787	COVERED TOWNS EQUIPMENT \$1,577,000 Coverage per schedule \$ 500 Deductible	Hartford Insurance Co.	7/96-6/97
BB401585002290	Severing and Water Boiler and Machinery \$1,500,000 Coverage \$ 1,000 Deductible	Hartford Insurance Co.	7/96-6/97

See Independent Auditor's Report.

THE GAS AND WATER ENTERPRISE FUND OF THE
 ST. JOHN THE BAPTIST PARISH COUNCIL
 LAFAYETTE, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 1997

NOTE 11 - LONG-TERM OBLIGATIONS (Continued)

The following is a summary of bonds and other long-term debt transactions of the Gas and Water Enterprise Fund for the year ended June 30, 1997:

Long-term obligations payable at July 1, 1995	\$5,768,875
Principal payments	<u>283,748</u>
Long-term obligations payable at June 30, 1997	<u>\$5,485,127</u>

According to the terms of the bond indenture agreements, the Gas and Water Enterprise Fund must provide net revenues in each year equal to at least 138 percent of the bond principal and interest payments in that year. For the fiscal year ended June 30, 1997, the bond debt service coverage factor was met.

Certain of the bonds are subject to early redemption provisions.

The annual requirements to amortize Gas and Water Enterprise Fund debt outstanding as of June 30, 1997, including interest payments of \$1,825,887, are as follows:

Year Ending June 30,	<u>Amount</u>
1998	\$ 609,802
1999	557,296
2000	503,123
2001	558,658
2002	548,514
2003-2008	3,266,459
2009-2015	<u>2,219,968</u>
	<u>\$8,514,028</u>

NOTE 12 - OPERATING TRANSFERS IN/OUT

The following is a summary of operating transfers made during the year ended June 30, 1997:

Transfers in from General Fund	<u>\$ 200,000</u>
Transfers out to General Fund	<u>\$ 14,021</u>

THE GAS AND WATER ENTERPRISE FUND OF THE
ST. JOHN THE BAPTIST PARISH COUNCIL
Lafayette, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 1997

NOTE 13 - PENSION PLAN

Plan Description Substantially all employees of the St. John the Baptist Council, including the employees of the Gas and Water Enterprise Fund, are members of the Parochial Employees' Retirement System of Louisiana (the System), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Council are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the system. Under Plan A, employees who retire at or after 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 per cent of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only prior to January 1, 1980, the benefit is equal to one per cent of final average salary plus \$24 for each year of supplemental-plan-only service earned prior to January 1, 1980, plus 3 per cent of final-average salary for each year of service credited after the revision date. Final-average salary is the employee's average salary over the 30 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office box 14619, Baton Rouge, Louisiana 70804-4619, or by calling (504) 928-1361.

Funding Policy Under Plan A, Members are required by statute to contribute 9.5 percent of their annual covered salary and the St. John the Baptist Parish Council is required to contribute at an actuarially determined rate. The current rate is 7.25 percent of annual covered payroll. Contributions to the System also include one-fourth of one per cent of the taxes shown to be collectible by the tax rolls of each parish (except Orleans and East Baton Rouge Parishes). These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the St. John the Baptist Parish Council are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation of the prior fiscal year. The Gas and Water Enterprise Fund's contributions to the System under Plan A for

**THE GAS AND WATER ENTERPRISE FUND OF THE
ST. JOHN THE BAPTIST PARISH COUNCIL,
Lafayette, Louisiana**
NOTES TO THE FINANCIAL STATEMENTS
June 30, 1997

NOTE 13 - PENSION PLAN (Continued)

the year ending June 30, 1997 totaled \$83,806, which is equal to the required contribution for the year. The covered payroll totaled \$3,884,727, which included substantially all of the salaries of the Gas and Water Enterprise Fund.

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS

The St. John the Baptist Parish Council provides certain continuing health care and life insurance benefits for its employees. Substantially all of the Council's employees become eligible for these benefits if they reach normal retirement age while working for the Council. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and the Council. Benefits for active employees are paid in full by the Council. The Council recognizes the cost of providing these benefits as an expenditure when paid during the year. The cost recognized by the Gas and Water Enterprise Fund for the year ended June 30, 1997, is included in General and Administrative Expenses.

NOTE 15 - COMPENSATED ABSENCES

Only full time regular employees with a minimum of six months of employment service are eligible for sick pay. At retirement, all accumulated, unused, and unpaid sick leave days are forwarded to the retirement system for conversion upon application for normal retirement. At June 30, 1997, the Fund's employees had no accumulated or vested employee leave benefits that would materially affect the financial statements.

NOTE 16 - DEFERRED COMPENSATION PLAN

The Parish offers its employees, including the employees of the Gas and Water Enterprise Fund, a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Parish employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

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 (and paid or made available to the employee or other beneficiary) solely the property and rights of the Parish.

THE GAS AND WATER ENTERPRISE FUND OF THE
ST. JOHN THE BAPTIST PARISH COUNCIL
Lafayette, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 1997

NOTE 16 - DEFERRED COMPENSATION PLAN (Continued)

(without being restricted to the provisions of benefits under the plan), subject only to the claims of the Parish's general creditors, participants' rights under the plan are equal to those of general creditors of the Parish in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the Parish's legal counsel that the Parish has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

The Parish believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 17 - RISK MANAGEMENT

The Fund is exposed to various risks-of-loss related to loss; theft of; damage to; and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Parish purchases commercial insurance to manage the risk of loss, and the policies covering the Gas and Water Enterprise Fund are included in the Council's insurance portfolio. The more significant insurance coverages include gas commercial general liability, gas officers' and directors' liability, workers' compensation, business auto, and commercial property. No settlements in excess of insurance coverages were made during the year ended June 30, 1997.

NOTE 18 - COMMITMENTS AND CONTINGENCIES

Litigation

The Gas and Water Enterprise Fund of the St. John the Baptist Parish Council is not a separate legal entity, and therefore cannot be sued without recourse to the Parish Council. Accordingly, any contingencies or disclosures related to litigation may be found in the financial statements of the Council.

NOTE 19 - SUBSEQUENT EVENT

On May 13, 1997, the Parish Council entered into an agreement to sell the Parish's natural gas distribution system to Citicoma Utilities, Inc. for \$2.1 million. This agreement was approved by the voters in July, 1997, but is subject to the approval of various regulatory agencies. Management expects that the sale will be completed by December 31, 1997.

THE GAS AND WATER ENTERPRISE FUND OF THE
ST. JOHN THE BAPTIST PARISH COUNCIL,
Lafayette, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 1997

NOTE 20 - RESERVED RETAINED EARNINGS

The nature and purpose of the reserves of retained earnings are as follows:

Retained earnings reserved for debt service: Fund balance available to pay the principal balances of the Parish's general long term obligations.	\$ 801,044
Retained earnings reserved for capital additions and contingencies: Unexpended funds dedicated for capital projects or emergency repairs to be performed in future years.	\$ 708,380
Total reserved retained earnings	<u>\$1,509,424</u>

**REPORTS REQUIRED BY
*GOVERNMENT AUDITING STANDARDS***

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

A PROFESSIONAL CORPORATION

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Philip W. Johnson, CPA

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

To the Honorable President
and Members of the Council
St. John the Baptist Parish Council
LaPlace, Louisiana

We have audited the financial statements of the Gas and Water Enterprise Fund of the St. John the Baptist Parish Council, (the Fund) as of and for the year ended June 30, 1997, and have issued our report thereon dated September 30, 1997. 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 Fund's financial statements are free of material misstatement, we 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 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 Gas and Water Enterprise Fund of the St. John the Baptist Parish Council'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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Gas and Water Enterprise Fund of the St. John the

Irapuá Parish Council's ability to record, process, summarize, and report financial data coincides with the assertions of management in the financial statements. Repeatable conditions are described in the accompanying schedule of findings and questioned costs as items 1 and 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 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. Our 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, we noted certain reportable conditions that we consider to be material weaknesses as described in the accompanying schedule of findings and questioned costs as items 3 and 4.

This report is intended for the information of management of the Parish, the State of Louisiana Legislative Auditor, and officials of applicable federal and state agencies. However, this report is a matter of public record and its distribution is not limited.

Release & Company

September 30, 1997

THE GAS AND WATER ENTERPRISE FUND OF THE
ST. JOHN THE BAPTIST PARISH COUNCIL
Lafayette, Louisiana

SCHEDULE OF FINDINGS
Year Ended June 30, 1997

The results of our tests disclosed the following instances of noncompliance that are required to be reported herein under Government Auditing Standards for which the ultimate resolution cannot presently be determined. Accordingly, no provision for any liability that may result has been recognized in the Fund's June 30, 1997, financial statements.

REPORTABLE CONDITIONS

1. Accounts Receivable Reconciliations

Condition:

We noted that the Parish does not regularly reconcile its accounts receivable subledger to the general ledger receivables accounts. As a result, material adjustments were required at year-end to reconcile these accounts.

Criteria:

Generally accepted accounting principles require regular reconciliations of subledgers to the general ledger.

Effect:

Failure to perform timely reconciliations of accounts receivable significantly limits the Parish's ability to safeguard receivables against loss, and adversely reduces management's ability to make financial decisions based on timely, accurate data.

Cause:

Employees responsible for preparing these reconciliations did not receive proper training, and did not have an adequate understanding of their significance.

Management Response:

The Chief Financial Officer now reviews monthly receivables reconciliations submitted by the Accounting Manager. The initials of the Chief Financial Officer on the properly completed reconciliation now serve as evidence of approval of the monthly accounts receivable listing.

2. Bank Reconciliations

Condition:

We noted that certain bank accounts in the Gas and Water Enterprise Fund were not properly reconciled to the supporting bank statements and the general ledger during the course of the year. As a result, material adjustments were required at year-end to reconcile these accounts.

Criteria:

Generally accepted accounting principles require regular reconciliations of cash accounts to the supporting bank statements and to the general ledger.

Effect:

Failure to perform timely reconciliations of cash accounts significantly limits the Parish's ability to safeguard cash against loss due to error or fraud, and severely reduces management's ability to make financial decisions based on timely, accurate data.

Cause:

Employees responsible for preparing these reconciliations did not receive proper training, and did not have an adequate understanding of their significance.

Management Response:

The employee responsible for the inaccurate reconciliations has resigned from employment with the Parish. The Accounting Manager now reviews monthly cash reconciliations for accuracy and indicates approval by initiating the reconciliations. The approved reconciliations are submitted to the Chief Financial Officer by the 15th day of the following month.

MATERIAL WEAKNESSES

3. Cash Deposit and Posting Procedures

Condition:

We noted that the Parish does not require the daily deposit of amounts collected by the cashiers at its service center and other locations, and that no effective measures have been taken to supervise the activities of these individuals. As a result, we noted that several deposits were made as late as three weeks after cash was collected from customers. Additionally, an employee discovered one receipt-old, undeposited cash receipt during the conduct of our audit procedures.

We also noted that the cash receipts discussed above were credited to the customer accounts on the Parish's computer system without a validated deposit slip supporting the receipts. As a result, the receipts were posted to the customer accounts, but no cash was deposited by the Parish.

Criteria:

An effective system of internal controls requires timely deposit of cash receipts and the receipt of sufficient supporting documentation prior to the posting of customer receipts.

Effect:

Failure to deposit cash receipts in a timely manner significantly increases the Parish's exposure to theft and fraud. Failure to require validated deposit slips prior to posting credits

to customer accounts severely limits the Parish's ability to track both receivables and cash deposits, and led to significant delays in the deposit of some cash receipts.

Cause:

Inadequate procedures existed to control the deposit of cash receipts and the posting of individual customer receipts to the accounts receivable subledger.

Management Response:

Employees receiving cash are now required to make cash receipts on a daily basis. No credit entries may be made to individual customer accounts without a validated cash receipt or approval of the Director of Utilities.

4. Property, Plant, and Equipment

Condition:

We noted that the Parish does not maintain adequate, detailed accounting records of fixed assets or fixed asset additions for assets included in its Gas and Water Enterprise Fund.

Criteria:

Generally accepted accounting principles and Louisiana law, at LSA-R.S. 24:545(D)(1) require government agencies to maintain accurate, detailed accounting records of fixed assets.

Effect:

Failing to maintain current and accurate records of fixed assets limits the Parish's ability to safeguard these assets against loss.

Cause:

In prior years the Parish relied on its external auditors to maintain this listing, but did not periodically review the listing to verify its accuracy.

Management Response:

An Accounting Department employee has been assigned the task of maintaining the fixed asset listing in the current year. She will record all asset additions and disposals and insure the accuracy of this listing.