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**GAS UTILITY DISTRICT NUMBER 1**  
**of EAST BATON ROUGE PARISH**  
**FINANCIAL STATEMENTS**  
December 31, 2000 and 2001

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

Release Date 7-28-01

**GERALD A. WALKER**  
Certified Public Accountant  
A Professional Corporation

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# GERALD A. WALKER, CPA

A Professional Corporation

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 financial statements of Gas Utility District No. 1 of East Baton Rouge Parish, Louisiana, a related organization of the East Baton Rouge Parish Government, as of and for the years ended December 31, 2005 and 2002, as listed in the table of contents. These financial statements are the responsibility of Gas Utility District No. 1's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the 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, 2002 and 2003 and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT  
PAGE 3

In accordance with Government Auditing Standards, I have also issued my report dated June 14, 2004, on my consideration of Gas Utility District No. 1 of East Baton Rouge Parish's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

My audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule I listed in the table of contents as supplementary information is presented for purposes of additional analysis as required by the Louisiana Governmental Audit Guide and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

*Gerald A. Walker*

Gerald A. Walker, CPA  
June 14, 2004

GAS UTILITY DISTRICT NO. 1 of EAST BATON ROUGE PARISH  
 BALANCE SHEETS  
 ENTERPRISE FUND  
 DECEMBER 31, 2003 AND 2002

ASSETS	2003	2002
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 87,459	\$ 188,223
Investments	264,776	207,685
Accounts receivable	84,965	126,086
Less allowance for uncollectible	( 4,895)	( 5,511)
Unbilled accounts receivable	184,848	179,578
Inventory	432	432
Prepaid insurance	9,249	6,962
<b>TOTAL CURRENT ASSETS</b>	<u>627,524</u>	<u>709,867</u>
<b>RESTRICTED ASSETS</b>		
Cash - Bond redemption fund	6,108	6,838
Cash - Customer meter deposit	90,153	81,251
<b>TOTAL RESTRICTED ASSETS</b>	<u>96,261</u>	<u>88,089</u>
<b>NONCURRENT ASSETS</b>		
Capital Assets		
Land	22,900	22,900
Buildings	357,178	357,178
Machinery and equipment	377,075	298,442
Furniture and fixtures	38,869	38,869
Vehicles	116,447	116,447
Gas systems	1,740,989	1,740,989
Contributed assets	6,000	6,000
Billing software	1,805	1,805
Less accumulated depreciation	( 1,994,916)	( 1,911,078)
Deposits	70	70
<b>TOTAL NONCURRENT ASSETS</b>	<u>606,883</u>	<u>669,088</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,330,385</u>	<u>\$ 1,316,622</u>

See accompanying notes

GAS UTILITY DISTRICT NO. 1 of EAST BATON ROUGE PARISH  
 BALANCE SHEETS  
 ENTERPRISE FUND  
 DECEMBER 31, 2003 AND 2002

LIABILITIES AND FUND EQUITY	<u>2003</u>	<u>2002</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 193,296	\$ 115,362
Insurance, payroll and sales taxes	1,683	3,336
Current portion, compensated absences	<u>32,872</u>	<u>111,692</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>227,851</u>	<u>228,390</u>
<b>NONCURRENT LIABILITIES</b>		
Unfunded bonds	5,023	5,023
Customer meter deposits	88,785	73,240
Compensated absences	<u>217,287</u>	<u>178,689</u>
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>311,105</u>	<u>256,952</u>
<b>TOTAL LIABILITIES</b>	<u>538,956</u>	<u>485,342</u>
<b>FUND EQUITY</b>		
Contributed capital	6,008	6,008
Retained earnings -		
Reserved - Bond redemption	6,038	6,038
Reserved - Customer deposits	90,153	81,251
Unreserved	<u>623,257</u>	<u>924,322</u>
<b>Total - retained earnings</b>	<u>719,448</u>	<u>1,011,611</u>
<b>TOTAL FUND EQUITY</b>	<u>725,456</u>	<u>1,017,619</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 1,264,412</u>	<u>\$ 1,502,961</u>

See accompanying notes

**GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN**  
**RETAINED EARNINGS**  
**ENTERPRISE FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
<b>OPERATING REVENUES</b>		
Gas sales	\$ 1,648,662	\$ 1,808,360
Service charges	12,623	11,855
Other income	<u>200</u>	<u>2,485</u>
<b>TOTAL OPERATING REVENUES</b>	<u>1,661,485</u>	<u>1,822,699</u>
<b>OPERATING EXPENSES</b>		
Bad debt	4,234	(12,055)
Bank charges	481	618
Depreciation expense	83,838	91,065
Dues	1,791	3,121
Employee benefits	51,824	52,578
Employee retirement	44,654	52,068
Employee training and seminars	1,877	4,242
Freight	524	1,300
Fuel	12,339	12,212
Gas purchases	810,128	626,534
Gas purchases fee	11,762	11,250
Insurance	116,274	83,669
Auxiliary and trash	4,078	4,269
Legal and professional	13,278	15,152
Miscellaneous	7,740	3,718
Office expense	5,937	5,697
Postage	11,137	18,894
Payroll	427,277	423,463
Compensated absences	68,523	67,134
Payroll taxes	37,928	38,826
Rental of equipment	1,352	2,649
Repairs and maintenance	108,957	129,765
Capital additions	(2,782)	-0-

Continued

GAS UTILITY DISTRICT NO. 1 of EAST BATON ROUGE PARISH  
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN  
 RETAINED EARNINGS (continued)  
 ENTERPRISE FUND  
 FOR THE YEARS ENDED DECEMBER 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Security	0-	833
Small tools	3,351	4,581
Supplies	10,517	11,213
Taxes and licenses	4,514	4,778
Telephone	9,313	13,042
Utilities	<u>8,844</u>	<u>9,232</u>
TOTAL OPERATING EXPENSES	<u>1,960,292</u>	<u>1,786,168</u>
OPERATING INCOME	<u>(268,819)</u>	<u>113,731</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest income	11,819	12,080
Vendor's compensation	<u>231</u>	<u>828</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>12,050</u>	<u>12,908</u>
NET INCOME	<u>(256,769)</u>	<u>126,639</u>
RETAINED EARNINGS, at beginning of year	<u>1,032,718</u>	<u>894,081</u>
Prior period adjustment	1,480	0-
ADJUSTED RETAINED EARNINGS, beginning of year	<u>1,034,200</u>	<u>894,081</u>
RETAINED EARNINGS, AT END OF YEAR	<u>\$ 777,431</u>	<u>\$ 1,020,720</u>

See accompanying notes



GAS UTILITY DISTRICT NO. 1 of EAST BATON ROUGE PARISH  
 STATEMENTS OF CASH FLOWS  
 ENTERPRISE FUND  
 FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2003</u>	<u>2002</u>
Operating income	\$ ( 308,579)	\$ 106,337
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	81,838	91,153
Provision for bad debts	4,234	209
Changes in assets and liabilities:		
(Increase) Decrease in receivables	99,815	( 43,789)
(Increase) Decrease in unbilled receivables	( 45,279)	101,808
(Increase) Decrease in prepaid expenses	( 2,782)	( 2,187)
Increase (Decrease) in accounts payable	81,934	( 9,954)
Increase (Decrease) in restricted liabilities	5,225	13,790
Increase (Decrease) in compensated absences	33,493	56,882
Increase (Decrease) in other payables	( 653)	0-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>( 118,646)</u>	<u>324,470</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	0-	0-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	( 21,633)	( 89,302)
NET CASH (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>( 21,633)</u>	<u>( 89,302)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned on investments	11,809	11,898
Deposits in CD's	80,165	( 302,685)
NET CASH (USED) BY INVESTING ACTIVITIES	<u>91,974</u>	<u>( 290,787)</u>
NET DECREASE IN CASH	( 89,295)	( 46,643)
CASH AT BEGINNING OF YEAR	<u>273,812</u>	<u>313,896</u>
CASH AT END OF YEAR (NOTE 2)	<u>\$ 184,517</u>	<u>\$ 267,253</u>

See accompanying notes

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

**Introduction and 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 and a related organization of the East Baton Rouge Parish Government. The District was created by the East Baton Rouge Parish government on November 8, 1961, under the provision of R.S. 33:4041, 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, seven 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. The District serves approximately 3,200 homes and has about 12 employees.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The accompanying financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**B. Reporting Entity**

Gas Utility District No. 1 of East Baton Rouge Parish is a related organization of the East Baton Rouge Parish government (the primary government). Organizations for which a primary government is accountable because the government appoints a voting majority of the board, but is not financially accountable, are related organizations. The East Baton Rouge Parish government is not financially accountable for the District. The accompanying financial statements present only financial information of this related organization and no other organizations.

**C. Fund Accounting**

The Gas Utility District is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that complies its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

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

The District follows all GASB pronouncements and all FASB statements and interpretations that were issued prior to November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, as described in paragraph 6 of GASBS 20.

**D.   Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Enterprise Fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. The Enterprise Fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

**E.   Cash and Cash Equivalents**

Cash includes cash on hand and cash in interest bearing demand deposits. Cash equivalents include amounts in time deposits (CD's) and investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

**F.   Investments**

The District has investments in certificates of deposit totaling \$204,776 in 2003 and \$307,683 in 2002. Governmental Accounting Standards Board Statement 9 requires non-negotiable certificates of deposits with an original maturity of more than three months be classified as investments.

**G.   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. The inventory value is immaterial.

**H.   Unclaimed Bonds**

All outstanding bonds matured on June 1, 1987 and do not earn any interest from that date. The interest rate on the bonds was 4% per annum.

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

**I. Prepaid Items**

The District's only prepaid asset consists of prepaid insurance. The District's insurance policy period is February 1 through January 31.

**J. Restricted Assets**

Certain proceeds of the Enterprise Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The District has sufficient funds in demand deposits to redeem all bonds still outstanding. The District also must maintain in demand deposits an amount equal to customers' deposits for service.

**K. Fixed Assets**

Fixed assets of the District are included on the balance sheet of the Fund. Depreciation is charged as an expense against operations.

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:

Buildings	25 years
Machinery and equipment	5 - 12 years
Furniture and fixtures	5 - 10 years
Vehicles	5 years
Gas systems	15 - 40 years

**L. Accounts Receivable**

All accounts receivable result from billings to customers for natural gas used.

**M. Bad Debt**

Uncollectible accounts due from customers are recognized as bad debts through the establishment of an allowance account. In 2002, a total of \$ 216 was added to the allowance account. Write-offs of \$10,683.55 in 2001 were reversed in 2002 and charged to the allowance account. These two entries plus collections on prior written off accounts resulted in bad debts having a recovery of \$12,005. In 2003, \$7,109 was added to the allowance account and \$8,735 was deducted from the allowance account as uncollectible receivables. The bad debt expense for 2003 was \$4,234.

**Gas Utility District No. 1 of East Baton Rouge Parish**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**N. Unbilled Accounts Receivable**

The District has its customer routes divided into 4 billing cycles which are the 1st, the 5th, the 10th, and the 12nd of each month. 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. At the end of December, an entry is made to accrue this unbilled revenue.

**O. 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 these estimates.

**P. Income Taxes**

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

**Q. Compensated Absences**

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 42. Sick leave is earned at the rate of one day for every month worked. Employees vest sick leave days up to 10 years of service. The maximum at that level is 5 months full pay and 6 months half pay. At the date of termination, an employee will be paid for any unused vacation and sick leave at their then current rate of pay. The estimated amount of vacation and sick leave to be used in the coming year is considered a current liability. The balance of unpaid vacation and sick leave is considered a long term liability.

**R. Pension Fund for Employees**

The District established the "Gas Utility District No. 1 of East Baton Rouge Parish Money Purchase Plan" effective June 1, 1978. Union Planters Bank is the trustee of this defined contribution plan.

The plan is funded by monthly contributions of 30% 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.

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

The District uses Union Planters Bank's Non-Standardized Defined-Contribution Prototype Plan and complies with the provisions of the Tax Reform Act of 1986 which became effective in 1989. 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, 2003 were \$44,654 and 2002 were \$32,860.

**S. Post-Employment Benefits**

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, 2003 and 2002, the District had one retired employer's dependent who was receiving these benefits. The District recognizes the cost of providing these benefits by expensing the annual insurance premium, which was \$2,672 for the year ended December 31, 2003 and \$1,478 for the year ended December 31, 2002.

**T. Related Party Transactions**

There were no related party transactions.

**U. Litigation and Claims**

At December 31, 2002, a "Petition for Damages and Breach of Contract" had been filed against the Gas District and United Omaha Life Insurance Company by the beneficiary of a deceased retiree. The insurance company has denied the claim and the Gas District has filed an Answer and Third Party Demand against the agent of United Omaha Life Insurance Company. At this time, it is uncertain what the liability of the Gas District will be. If it is determined that the Gas District is solely responsible for this claim, the result would be that the Gas District would have to pay \$50,000 plus reasonable attorney fees. At December 31, 2003, the suit had not been settled.

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

V. Subsequent Events

There were no subsequent events.

W. Reserves of Retained Earnings

Reserved retained earnings represent those portions of the retained earnings which are either not available for expenditure or legally segregated for a specific future use.

The Reserved - Bond redemption of \$6,038 for 2003 and 2002 is required by the bond insurance documents. A sinking fund was required to accumulate the cash to pay off the revenue bonds and the related interest as they came due. This amount satisfies all the bonds and interest that remain unclaimed.

The Reserved - Customer deposits of \$90,153 for 2003 and \$81,751 for 2002 is required as an escrow fund for deposits made by customers. There must always be on deposit an amount at least equal to the deposits made by customers. This money cannot be used for any other purpose.

NOTE 2. CASH AND CASH EQUIVALENTS

At December 31, the District had cash and cash equivalents of \$183,717 for 2003 and \$273,612 for 2002 as follows:

Current Assets	2003	2002
Cash on hand	\$ 1,601	\$ 1,601
Cash in interest bearing demand deposits	82,158	183,622
Total in current assets	\$ 83,759	\$ 185,223
Restricted Assets		
Cash in interest bearing demand deposits	6,905	6,038
Cash in interest bearing demand deposits	90,153	81,751
Total in restricted assets	96,258	87,789
Total Cash and Cash Equivalents	\$180,017	\$273,012

These deposits are stated at cost, which approximates market. Under state law, these deposits or 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 the name

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

of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, the District had \$405,045 in 2000 and \$385,970 in 2001 in deposits (collected bank balances and certificates of deposit). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$215,045 for 2000 and \$205,970 for 2001 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, I.A. 8.5. 38-1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 90 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3. FIXED ASSETS

A summary of fixed assets at December 31, 2003 follows:

	Cost	Accumulated Depreciation	Net
Land	\$ 22,900	\$ -0-	\$ 22,900
Buildings	357,178	238,746	118,432
Machinery and equipment	317,075	237,897	79,178
Furniture and fixtures	38,069	38,069	-0-
Vehicles	116,447	84,964	31,483
Billing Software	1,075	520	555
Gas system	1,742,985	1,335,220	407,765
Contributed assets	6,000	0-	6,000
	<u>\$ 2,601,649</u>	<u>\$ 1,994,916</u>	<u>\$ 606,733</u>

A summary of changes in fixed assets at December 31, 2003 follows:

Asset	Beginning of Year	Additions	Retirements	End Of Year
Vehicles	\$ 116,447	\$ -0-	\$ -0-	\$ 116,447
Billing Software	1,075			1,075
Buildings	357,178			357,178
Equipment	285,442	21,632		317,074
Furniture	38,069			38,069
Gas System	1,742,985			1,742,985
Land	22,900			22,900
Contributed Assets	6,000			6,000
	<u>\$ 2,580,016</u>	<u>\$ 21,632</u>	<u>\$ -0-</u>	<u>\$2,601,648</u>



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

A summary of fixed assets at December 31, 2003 follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Land	\$ 22,900	\$ -0-	\$ 22,900
Buildings	257,178	265,857	91,321
Machinery and equipment	299,442	231,000	64,441
Furniture and fixtures	38,069	37,048	221
Vehicles	116,447	75,326	41,121
Billing Software	1,875	300	770
Gas system	1,742,905	1,160,741	442,164
Contributed assets	<u>6,000</u>	<u>-0-</u>	<u>6,000</u>
	<u>\$ 2,588,016</u>	<u>\$ 1,901,078</u>	<u>\$ 686,938</u>

A summary of changes in fixed assets at December 31, 2002 follows:

<u>Asset</u>	<u>Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>End of Year</u>
Vehicles	\$ 85,792	\$ 48,680	\$ 15,025	\$ 119,447
Billing Software	1,875			1,875
Buildings	257,178			257,178
Equipment	299,342	4,100		299,442
Furniture	38,069			38,069
Gas System	1,723,078	19,827		1,742,905
Land	22,900			22,900
Contributed Assets	<u>6,000</u>			<u>6,000</u>
	<u>\$ 2,225,434</u>	<u>\$ 69,617</u>	<u>\$ 15,025</u>	<u>\$2,290,016</u>

NOTE 4. RISK MANAGEMENT

The District is exposed to various risks of loss, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has purchased commercial insurance to cover these risks. The District purchased coverage for general liability; building and contents on the buildings; commercial auto liability; comprehensive, collision, and uninsured motorists; and workers compensation.

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

**NOTE 5. SUBSEQUENT EVENTS**

At item U on page 12, the comment was: at December 31, 2003, this suit had not been settled. On March 17, 2004, the office manager was advised by the Parish Attorney's office that the case had been settled, and the District was responsible for one third of the claim. The District wrote a check for \$18,333.33 to settle the District's share.

**NOTE 6. REQUIRED ADDITIONAL DISCLOSURES**

- A. Board members do not receive per diem payments and no per diem payments were made for the years ended December 31, 2003 and 2002;
- B. There were no professional service payments made to contractors for surveys, feasibility studies, or special studies;
- C. There were no federal award programs.

# GERALD A. WALKER, CPA

A Professional Corporation

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Institute of Management  
Accountants (IMA)

## 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

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

I have audited the financial statements of Gas Utility District No. 1 of East Baton Rouge Parish as of and for the years ended December 31, 2003 and 2002, and have issued my report thereon dated June 14, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America 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 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 those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing my audit, I considered Gas Utility District 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 financial statements and not to provide assurance on

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the internal control over financial reporting. My 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.

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

This report is intended solely for the information and use of management, the Board of Commissioners and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Gerald A. Walker, CPA  
June 14, 2004

## SUPPLEMENTARY INFORMATION

SCHEDULE I

GAS UTILITY DISTRICT NO. 1 of EAST BATON ROUGE PARISH  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 2002

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Gas Utility District No. 1 of East Baton Rouge Parish.
2. There were no reportable conditions in internal control.
3. There was no non-compliance which is material to the financial statements.
4. A management letter was not issued.
5. There were no findings required to be reported by *Governance Auditing Standards*.
6. There were no prior audit findings.
7. There were no federal award programs.