

**GAS UTILITY DISTRICT NO. 1  
OF WEST FELICIANA PARISH  
St. Francisville, Louisiana**

**BASIC FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION**

**YEAR ENDED APRIL 30, 2015**



A Professional Accounting Corporation

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## **INDEPENDENT AUDITORS' REPORT**

Board Members of the  
Gas Utility District No. 1 of West Feliciana Parish  
P. O. Box 2485  
St. Francisville, Louisiana 70775

### ***Report to the Financial Statements***

We have audited the accompanying financial statements of the Gas Utility District No. 1 of West Feliciana Parish (the District), a component unit of the West Feliciana Parish Government, as of and for the year ended April 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of April 30, 2015, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, on pages 4 through 8, be presented to supplement the financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Operating Expenses, the Schedule of Statistical Data, the Schedule of Comparative Data, the Schedule of Compensation Paid to Board Members, and the Schedule of Compensation, Benefits and other Payments to Chief Executive Officer are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Operating Expenses, the Schedule of Statistical Data, the Schedule of Comparative Data, the Schedule of Compensation Paid to Board Members, and the Schedule of Compensation, Benefits and other Payments to Chief Executive Officer is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, the Schedule of Operating Expenses, the Schedule of Statistical Data, the Schedule of Comparative Data, the Schedule of Compensation Paid to Board Members, and the Schedule of Compensation, Benefits and other Payments to Chief Executive Officer are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Insurance in Force has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Posttithwaite & Mettlenich*

Baton Rouge, Louisiana  
October 30, 2015

## **MANAGEMENT'S DISCUSSION & ANALYSIS**

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH**  
**ST. FRANCISVILLE, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**APRIL 30, 2015**

The Management's Discussion and Analysis (MD&A) is a required element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in Statement No. 34. Its purpose is to provide an overview of the financial activities of the District based on currently known facts, decisions and/or conditions. It should be read in conjunction with the financial report taken as a whole.

**FINANCIAL HIGHLIGHTS**

- At April 30, 2015, the District's assets and exceeded its liabilities by \$4,598,718.
- Unrestricted net position decreased by \$534,962 during 2015.
- At April 30, 2014, the Districts assets exceeded its liabilities by \$4,373,454.
- Unrestricted net position increased by \$573,795 during 2014.

**OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION**

These financial statements are comprised of these components - (1) management's discussion and analysis, (2) fund financial statements, (3) notes to the financial statements and (4) required supplementary information. There is also other supplementary information contained in this report provided for additional information.

**Proprietary funds.** The District maintains only one type of proprietary fund – an enterprise fund. Enterprise funds are used to report the functions financed and operated in a manner similar to private business 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. The District uses an enterprise fund to account for its gas services.

Statements include the following:

*Statement of Net Position.* This statement presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between these reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or not.

*Statement of Revenues, Expenses and Changes in Net Position.* This statement presents information showing how the District's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This statement is designed to show the District's financial reliance on general revenues.

*Statement of Cash Flows.* The change in cash as a result of current year operations is depicted in this statement. The cash flow statement includes a reconciliation of operating income (loss) to the net cash provided by or used for operating activities as required by GASB No. 34.

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH**  
**ST. FRANCISVILLE, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**APRIL 30, 2015**

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements.

**Required Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's comparison between the current and prior year contained in this section and referred to as management's discussion and analysis.

**Other Information.** Additionally, this report also presents certain other information that is deemed useful to users of this report.

**FINANCIAL ANALYSIS OF THE DISTRICT**

Net position is an indicator of the District's financial position from year to year. A summary follows.

Condensed Statement of Net Position  
As of April 30th

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Current and other assets	\$ 3,595,761	\$ 3,928,989
Capital assets, net	<u>4,543,882</u>	<u>4,017,268</u>
Total Assets	8,139,643	7,946,257
<b>Liabilities</b>		
Current liabilities	260,331	216,901
Long-term liabilities	<u>3,280,594</u>	<u>3,355,902</u>
Total Liabilities	3,540,925	3,572,803
<b>Net Position</b>		
Net investment in capital assets	1,292,110	693,539
Restricted	723,415	561,760
Unrestricted	<u>2,583,193</u>	<u>3,118,155</u>
Net Position	<u>\$ 4,598,718</u>	<u>\$ 4,373,454</u>

The District's total net position increased by \$225,264 as of April 30, 2015. The District continued operating on a profitable basis although gas rates significantly decreased in 2015 compared to 2014 due to market conditions. In addition, the District did not experience a material change in total operating expenses during the year. Total net position of the District as of April 30, 2014 increased by \$584,746 as gas rates increased during the year.



**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH**  
**ST. FRANCISVILLE, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**APRIL 30, 2015**

A summary of changes in net position is as follows:

**SUMMARY OF CHANGES IN NET POSITION**

	<u>2015</u>	<u>2014</u>
<b>Revenues</b>		
Operating revenues	\$ 2,796,493	\$ 3,131,978
Non-operating revenues	<u>1,715</u>	<u>1,419</u>
Total Revenues	2,798,208	3,133,397
<b>Expenses</b>		
Operating	2,446,219	2,415,323
Non-operating expenses	<u>126,725</u>	<u>133,328</u>
Total Expenses	2,572,944	2,548,651
Change in net assets	225,264	584,746
Net position, beginning of year, restated	<u>4,373,454</u>	<u>3,788,708</u>
Net position, ending of year	\$ <u>4,598,718</u>	\$ <u>4,373,454</u>

The District's total operating revenues in 2015 decreased by \$335,485 or 10.7% from 2014 as gas rates were decreased in 2015 due to market conditions. The District's total operating expenses saw an insignificant increase of \$30,896 or 1.3% in 2015 compared to 2014. Also, there was a restatement of 2014 net assets totaling (\$83,559) due to adjustments related to unexpended bond issuance costs (\$9,971), understated bonds payable (\$28,901), and understated customer deposits (\$44,687).

Cash flow activity of the District for the past two years is as follows:

**SUMMARY OF CASH FLOWS**

	<u>2015</u>	<u>2014</u>
<b>Cash and cash equivalents provided by (used for):</b>		
Operating activities	\$ 675,801	\$ 1,022,230
Capital and related financing activities	(959,292)	(204,325)
Investing activities	<u>1,381</u>	<u>(61,864)</u>
Net Change in Cash and Cash Equivalents	(282,110)	756,041
Cash and cash equivalents, beginning of year	<u>2,435,449</u>	<u>1,679,408</u>
Cash and cash equivalents, end of year	\$ <u>2,153,339</u>	\$ <u>2,435,449</u>

The total cash provided by operating activities in 2015 compared to 2014 decreased by \$346,429 predominantly due to the decrease in gas rates charged to customers. The total cash used for capital and related financing activities in 2015 increased by \$754,967 compared to 2014 predominantly due to construction projects for the Sligo Road gas line extension and the Lay Down building project.

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH**  
**ST. FRANCISVILLE, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**APRIL 30, 2015**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets:* At the end of 2015, the District had \$4,543,882, net of depreciation invested in a broad range of capital assets (See table below). This amount represents a net increase of \$526,614 or 13.1% from the previous year. This net increase is due to additions totaling \$761,460 and depreciation of \$234,846, which reduces the carrying value.

Capital assets at year-end are summarized as follows:

CAPITAL ASSETS		
Net of Accumulated Depreciation		
	<u>2015</u>	<u>2014</u>
<b>Non-depreciable Assets</b>		
Land	\$ 7,500	\$ 7,500
Construction in progress	757,156	-
<b>Depreciable Assets</b>		
Gas distribution system	3,735,649	3,949,178
Equipment	26,600	30,931
Vehicles	<u>16,977</u>	<u>29,659</u>
Capital Assets, net	<u>\$ 4,543,882</u>	<u>\$ 4,017,268</u>

The major additions during the year included construction projects for the Lay Down Project Building at a cost of \$181,500 and the Sligo Road Gas Line Extension at a cost of \$575,656.

*Debt Administration:* At the end of 2015, the District had \$3,251,772 in outstanding debt compared to \$3,323,729 at the previous period end, see table below. This amount represents a decrease (comprised of predominantly bond and note principal payments) of \$71,957 from the previous year end.

**OUTSTANDING DEBT AT YEAR END**

	<u>2015</u>	<u>2014</u>
Bonds payable	\$ 3,098,663	\$ 3,145,102
Notes payable	<u>153,109</u>	<u>178,627</u>
Total	<u>\$ 3,251,772</u>	<u>\$ 3,323,729</u>

There was no new debt incurred during the year.

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH**  
**ST. FRANCISVILLE, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**APRIL 30, 2015**

**ECONOMIC FACTORS AND NEXT YEAR'S RATES AND FEES**

The Gas Utility District No. 1 of West Feliciana Parish considered the following factors and indicators when setting next year's rates, and fees. These factors and indicators include:

- 1) Long-term debt requirements
- 2) Cost of operations
- 3) Number of customers

The District does not expect any significant changes in next year's budget results as compared to the current year.

**CONTACTING THE GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH'S MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations and demonstrate the District's commitment to public accountability. Any questions or requests for additional information can be obtained by contacting the Gas Utility District No. 1 of West Feliciana Parish, P. O. Box 2485, St. Francisville, Louisiana 70775 or 225-635-3590.

## **FINANCIAL STATEMENTS**

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH**  
**ST. FRANCISVILLE, LOUISIANA**

**STATEMENT OF NET POSITION**  
**April 30, 2015**

**ASSETS**

Current Assets:	
Cash and cash equivalents	\$ 1,374,574
Investments	1,245,423
Accounts Receivable, net	156,324
Prepaid expenses	7,459
Prepaid lease	342
Restricted assets:	
Cash and cash equivalents	778,765
Total current assets	<u>3,562,887</u>
Noncurrent assets:	
Prepaid lease	32,874
Capital assets, net of depreciation	4,543,882
Total noncurrent assets	<u>4,576,756</u>
Total Assets	<u>8,139,643</u>

**LIABILITIES**

Current liabilities:	
Payable from current assets:	
Notes payable, short term portion	25,518
Accounts payable	172,139
Payroll withholdings and related payables	9,204
Accrued interest payable	5,395
Total current liabilities (payable from Current Assets)	<u>212,256</u>
Payable from restricted assets:	
Bonds payable, short-term portion	48,075
Total current liabilities (payable from Restricted Assets)	<u>48,075</u>
Noncurrent liabilities:	
Compensated absences	47,065
Customer deposits	55,350
Notes payable-LA Dept. of Transpiration & Development	127,591
Bonds payable	3,050,588
Total noncurrent liabilities	<u>3,280,594</u>
Total liabilities	<u>3,540,925</u>

**NET POSITION**

Net investment in capital assets	1,292,110
Restricted for bond related payments	723,415
Unrestricted	2,583,193
Total net position	<u>\$ 4,598,718</u>

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

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH**  
**ST. FRANCISVILLE, LOUISIANA**

**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET POSITION**  
**YEAR ENDED APRIL 30, 2015**

**OPERATING REVENUE**

Charges for services:	
Gas Sales	\$ 2,792,267
Penalties/late charges	3,450
Other	776
Total operating revenues	<u>2,796,493</u>

**OPERATING EXPENSES**

Administrative	320,556
Depreciation	234,846
Employees and related expenses	360,834
Gas purchases	1,480,678
Occupancy	49,305
Total operating expenses	<u>2,446,219</u>

Operating income	350,274
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**NON-OPERATING REVENUES (EXPENSES)**

Interest income	1,715
Interest expense	<u>(126,725)</u>
Total non-operating revenues/(expenses)	<u>(125,010)</u>

Change in net position	225,264
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Net position, beginning of year, as restated	<u>4,373,454</u>
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Net position, end of year	<u><u>\$ 4,598,718</u></u>
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The accompanying notes are an integral part of these statements.

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH**  
**ST. FRANCISVILLE, LOUISIANA**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED APRIL 30, 2015**

**Cash flow from operating activities:**

Cash received from customers	\$ 2,846,266
Cash paid to suppliers for goods/services	(1,808,421)
Cash paid to employees for services	(362,820)
Other operating revenues	776
Net cash provided by operating activities	<u>675,801</u>

**Cash flows from capital and related financing activities:**

Principal paid on notes payable	(25,518)
Principal paid on bonds payable	(46,439)
Interest paid on bond issuance	(126,725)
Proceeds from sale of asset	850
Acquisition/construction of capital assets	(761,460)
Net cash used for capital and related financing activities	<u>(959,292)</u>

**Cash flows from investing activities:**

Interest received	1,715
Investments matured/reinvested	(334)
Net cash provided by investing activities	<u>1,381</u>

Net decrease in cash and cash equivalents (282,110)

Cash and cash equivalents, beginning of year 2,435,449

Cash and cash equivalents, end of year \$ 2,153,339

Classified as:

Current	\$ 1,374,574
Restricted	778,765
Total:	<u><u>\$ 2,153,339</u></u>

**Reconciliation of operating income to net cash from operating activities:**

Operating income	\$ 350,274
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	234,846
Bad debt expense	4,419
Gain on sale of assets	(850)
(Increase)/decrease in assets:	
Accounts receivable	1,503
Prepaid expenses	45,530
Increase/(decrease) in liabilities:	
Accounts payable	47,107
Payroll withholdings and related payables	258
Accrued interest payable	(5,642)
Customer deposits	600
Compensated absences payable	(2,244)
Net cash provided by operating activities	<u><u>\$ 675,801</u></u>

The accompanying notes are an integral part of these statements.

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH**  
**ST. FRANCISVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**INTRODUCTION**

The Gas Utility District No. 1 of West Feliciana Parish (hereinafter referred to as the District), located in St. Francisville, Louisiana, was created by the West Feliciana Parish Government as allowed under Louisiana Revised Statutes 33:4301-4308. Eleven commissioners, nine of which are appointed by the West Feliciana Parish Government, one by the warden of the Louisiana State Penitentiary (Louisiana Department of Public Safety) and one by the chief executive officer of the Eastern Louisiana Mental Health System (Louisiana Department of Health and Hospitals), govern it. Serving approximately 370 customers, it was created to provide natural gas services to the citizens of West Feliciana Parish residing within its boundaries.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This Codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles. The District is considered a component unit of West Feliciana Parish Government. The accompanying financial statements of the District present information only as to the transactions of the programs of the District as authorized by Louisiana statutes and administrative regulations. These financial statements do not include the transactions or activities of the West Feliciana Parish Government. The District's financial statements follow the guidance mentioned in GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB and AICPA Pronouncements*.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The District accounts for its activities in an enterprise fund. An enterprise fund is accounted for on an economic resources measurement focus. The fund is maintained on the accrual basis of accounting wherein revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the accounting period incurred, if measurable. Revenue resulting from exchange transactions in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place.

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from services provided in connection with the District's principal operations. Operating expenses include the cost of services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.



**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH**  
**ST. FRANCISVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Cash and Cash Equivalents**

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**Accounts Receivable**

All receivables are recognized based on the monthly amounts billed for gas consumption of District customers. The allowance for uncollectible accounts is based on management's estimate of the collectability of the receivables based on current economic conditions, experience, and other relevant factors. Accounts receivable are recorded net of an allowance of uncollectable accounts of \$17,585 at April 30, 2015.

For the year ended April 30, 2015, the District had bad debts of \$4,419.

The District requires a customer deposit upon initial account opening for use of the District-owned gas meter at each residence or business. The District must hold the deposit until the customer's account is closed and at that time the deposit is returned to the customer.

**Prepaid Expenses**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the statement of net position.

**Restricted Assets**

Based upon certain bond covenants, the District is required to establish and maintain prescribed amounts of resources (consisting of investments) in special funds that can be used only to service outstanding debt. These assets are classified as restricted assets on the statement of net position because their use is limited. Also included in restricted assets are customer deposits that were paid during the initial account opening.

**Inventory**

Inventory is reported at cost. It includes only office supplies and various parts used to maintain the gas distribution system, the amount of which is considered immaterial. Therefore, the acquisition of such items is expensed when purchased, and the inventory on hand at year-end is not reported in the accompanying financial statements.

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH**  
**ST. FRANCISVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Capital Assets**

Capital assets are recorded at cost and do not purport to represent replacement or realizable values. The cost of depreciable property is charged to earnings over the estimated useful lives of the assets. Expenditures for maintenance and repairs are charged to expense as incurred. Expenditures for renewals and betterments are generally capitalized. When properties are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized. The threshold for capitalizing assets is \$5,000. Depreciation is computed using the straight -line method of deprecation over the following lives - gas system 33 years; equipment 7 years; and vehicles 5 years.

**Compensated Absences**

The District allows annual leave to regular full-time employees based on length of service. No leave is earned, however, while on suspension or leave without pay status. Annual leave may be carried over to the next calendar year. There is no limit on the amount of annual leave an employee may accumulate during the term of his/her employment, but it is with an understanding that only a maximum of 240 hours will be paid to the employees upon retirement or separation. Employees are not paid for their unused annual leave at year-end, but are paid for accumulated, unused leave upon termination.

The District's regular full-time employees earn a certain amount of sick leave each year, depending upon the length and their employment status. Sick leave can be accumulated without limitation. Upon separation of employment, excluding retirement, no sick leave shall be paid to employees. The balance of the sick leave shall be kept on the schedule for a period of five years and reinstated if the employee is rehired.

The District's regular full-time employees may accrue compensatory time in lieu of overtime payment. Compensatory time may be carried over to the next calendar year. There is no limit on the amount of compensatory time an employee may accumulate during the term of his/her employment, but it is the District's practice that only a maximum of 40 hours will be paid to employees upon retirement or separation.

**Net Position**

The District has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This standard provides guidance for reporting the financial statement elements of deferred outflows of resources and deferred inflows of resources. Deferred outflows represent the consumption of the government's net position that is applicable to a future reporting period. A deferred inflow represents the acquisition of net position that is applicable to a future reporting period.

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH**  
**ST. FRANCISVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Net Position** (continued)

Because deferred outflows and deferred inflows are, by definition, neither assets nor liabilities, the statement of net assets title is now referred to as the statement of net position. The statement of net position reports net position as the difference between all other elements in a statement of net position and should be displayed in three components—net investment in capital assets, restricted net position (distinguishing between major categories of restrictions), and unrestricted net position.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of borrowings for capital asset acquisition, construction, or improvement of those assets, increased by deferred outflows of resources attributable to capital asset acquisition, construction or improvement, and deferred inflows of resources attributable to either capital asset acquisition, construction, or improvement or to capital asset related debt. Capital-related debt or deferred inflows equal to unspent capital asset related debt proceeds or deferred inflows of resources is included in calculating either restricted or unrestricted net position, depending upon whether the unspent amounts are restricted.

Restricted net position reflects net position when there are limitations imposed on a net position's use by external parties such as creditors, grantors, laws or regulations of other governments. Restricted net position consists of restricted assets less liabilities related to restricted assets less deferred inflows related to restricted assets. Liabilities and deferred inflows related to restricted assets include liabilities and deferred inflows to be liquidated with restricted assets and arising from the same resource flow that results in restricted assets. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Unrestricted net position is the balance (deficit) of all other elements in a statement of net position remaining after net investment in capital assets and restricted net position.

The District has implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This standard provides guidance for reporting the financial statement elements of deferred outflows of resources and deferred inflows of resources, required by GASB Statement No. 63, as applied to the governmental fund statements. In addition to identifying which items should be reported in these new categories in proprietary fund, fiduciary fund, government-wide statements of net position and governmental fund balance sheets, GASB Statement No. 65 also identifies certain items previously reported as assets and liabilities that the GASB determined should be recognized as revenues, expenses, or expenditures when incurred and not reported in statements of net position/balance sheets.

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH**  
**ST. FRANCISVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Investments**

The District maintains investment accounts as authorized by the Louisiana Revised Statutes. Under state law, the District may invest in obligations of the U.S. Treasury and U.S. Agencies, or certificates of deposit. Investments are carried at fair market value as of the balance sheet date.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results differ from those estimates.

**2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

**Deposits with Financial Institutions**

Cash and cash equivalents include demand deposits at local financial institutions with a carrying value of \$2,153,339 at April 30, 2015. Deposits in financial institutions can be exposed to custodial credit risk. Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. As of April 30, 2015, the District's bank balances of these deposits totaled \$2,159,862 and were fully collateralized by assets held by a financial institution in the name of the District or FDIC insured and therefore were not exposed to custodial credit risk.

Of the cash and cash equivalents included above, \$55,350 is restricted for customer deposits and \$723,415 is restricted for bond-related payments per the regulations of the bond issue.

**Investments**

As of April 30, 2015, the District had the following investments and maturities:

**INVESTMENT MATURITIES (IN YEARS)**

<b><u>Investment Type</u></b>	<b><u>Fair Value</u></b>	<b><u>Less than 1</u></b>	<b><u>1-5</u></b>	<b><u>6-10</u></b>
LAMP	\$ 1,245,423	\$ 1,245,423	\$ -	\$ -

**Interest Rate Risk-** The primary government's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH**  
**ST. FRANCISVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS** (continued)

**Investments** (continued)

**Credit Risk-** Under Louisiana R.S. 33:2955, as amended, the District may invest in obligation of the U.S. Treasury, U.S. Agencies and instrumentalities, repurchase agreements, certificates of deposits, Louisiana Asset Management Pool (LAMP), and other investments as provided in the statute. The District's policy does not further limit its investment choices. As of April 30, 2015, the District's investment in LAMP was rated AAA by Standard & Poor's.

**Concentration of Credit Risk-** The primary government does not have a limit on the amount the primary government may invest in one issuer. One hundred percent of the primary government's investments are in LAMP funds.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's Investment Guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivision of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

**Interest rate risk-** The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 60 days and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares. LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

**Custodial credit risk-** LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH**  
**ST. FRANCISVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**3. ACCOUNTS RECEIVABLE**

The following is a summary of accounts receivable at April 30, 2015:

Charges for services	\$ 173,909
Allowance for uncollectable accounts	( 17,585)
Total	<u>\$ 156,324</u>

**4. CAPITAL ASSETS**

The following is a summary of the changes in capital asset for the District for the year ended April 30, 2015:

	Balance 4/30/14	Additions	Deletions	Balance 4/30/15
Capital Assets, not being depreciated				
Land	\$ 7,500	\$ -	\$ -	\$ 7,500
Construction in Progress	<u>-</u>	<u>757,156</u>	<u>-</u>	<u>757,156</u>
Capital Assets, not being depreciated	7,500	757,156	-	764,656
Capital Assets, being depreciated				
Gas distribution system	6,642,857	-	-	6,642,857
Less: accumulated depreciation	<u>(2,693,679)</u>	<u>(213,529)</u>	<u>-</u>	<u>(2,907,208)</u>
Net Distribution System	3,949,178	(213,529)	-	3,735,649
Equipment	140,532	4,304	-	144,836
Less: accumulated depreciation	<u>(109,601)</u>	<u>(8,635)</u>	<u>-</u>	<u>(118,236)</u>
Net Equipment	30,931	(4,331)	-	26,600
Furniture/fixtures	1,740	-	-	1,740
Less: accumulated depreciation	<u>(1,740)</u>	<u>-</u>	<u>-</u>	<u>(1,740)</u>
Net Furniture/fixtures	-	-	-	-
Vehicles	84,983	-	(16,892)	68,091
Less: accumulated depreciation	<u>(55,324)</u>	<u>(12,682)</u>	<u>16,892</u>	<u>(51,114)</u>
Net Vehicles	<u>29,659</u>	<u>(12,682)</u>	<u>-</u>	<u>16,977</u>
Capital Assets, being depreciated, net	<u>4,009,768</u>	<u>(230,542)</u>	<u>-</u>	<u>3,779,226</u>
Capital Assets, net	<u>\$ 4,017,268</u>	<u>\$ 526,614</u>	<u>\$ -</u>	<u>\$ 4,543,882</u>

Depreciation expense was \$234,846 for the year ended April 30, 2015.

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH**  
**ST. FRANCISVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**5. LONG-TERM DEBT**

**a. Activities**

Long-term debt activity of the District for the year ended April 30, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Bonds Payable	\$ 3,145,102	\$ -	(\$ 46,439)	\$ 3,098,663	\$ 48,075
Notes Payable	178,627	-	(25,518)	153,109	25,518
	<u>\$ 3,323,729</u>	<u>\$ -</u>	<u>(\$ 71,957)</u>	<u>\$ 3,251,772</u>	<u>\$ 73,593</u>

**b. Bonds and Notes Payable**

The District was approved to issue Series 2008 Utility Revenue Bonds in the amount of \$2,790,000 to fund a gas line replacement/improvement project. The bonds will mature over a period of 40 years and bear interest at a rate of 4.25%. The bonds were borrowed on the credit of the utility revenues of the District. The balance at April 30, 2015 was \$2,618,615.

The District was approved to issue Series 2009 Utility Revenue Bonds in the amount of \$535,000 for additional funding for a gas line replacement/improvement project. The bonds will mature over a period of 30 years and bear interest at a rate of 4.25%. The bonds were borrowed on the credit of the utility revenues of the District. The balance at April 30, 2015 was \$480,048.

Based on an agreement with the Louisiana Department of Transportation and Development executed on September 10, 1985, and pursuant to the provisions of La RS 48:381 (C), the District owed \$255,181 for its share of line relocation costs on the Angola-Bains Highway. The total project costs \$293,514 which was paid by the La DOTD, but the District was responsible for 86.94% of it. An agreement was made with the La DOTD to repay 10% per year beginning with the fiscal year ending April 30, 2012. With installments of \$25,518 paid annually, this loan will be fully paid during the fiscal year ending April 30, 2022. The balance at April 30, 2015, was \$153,109.

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH**  
**ST. FRANCISVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**5. LONG-TERM DEBT** (continued)

**b. Bonds and Notes Payable** (continued)

Principal and interest payments are due as follows:

<u>Year Ending</u> <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 73,593	\$ 130,732	\$ 204,325
2017	75,676	128,649	204,325
2018	77,850	126,475	204,325
2019	80,118	124,207	204,325
2020	82,484	121,841	204,325
2021 - 2025	349,590	569,961	919,551
2026 - 2030	400,650	493,383	894,033
2031 - 2035	495,325	398,708	894,033
2036 - 2040	583,723	281,920	865,643
2041 - 2045	573,207	160,005	733,212
2046 - 2049	459,556	33,255	492,811
	<u>\$ 3,251,772</u>	<u>\$ 2,569,136</u>	<u>\$ 5,820,908</u>

**6. LEASES**

The District entered into a 99 year lease for property on West Feliciana Parkway in St. Francisville for an annual payment of \$342. The full lease value of \$33,900 was paid during 2014. The balance of the prepaid lease at April 30, 2015, was \$33,216.

The District leases a building from the West Feliciana Parish Government on a month-to-month basis at a rate of \$350 per month. Total rent recorded during the year ended April 30, 2015 was \$4,200.

**7. RETIREMENT PLAN**

The District offers a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) to all employees of the District, who have received a least \$5,000 in compensation during the previous calendar year through Oppenheimer Funds. The District may make a non-elective contribution equal to 2% of compensation for the year to the SIMPLE individual retirement account of qualifying employees. The District's contributions to the plan for the year ended April 30, 2015 were \$4,426.

**8. CONCENTRATIONS**

The District provides natural gas services to two customers totaling 91% of annual sales. Sales of \$826,577 to the East Louisiana State Hospital accounted for 30% of total sales, and sales of \$1,714,174 to Louisiana State Penitentiary accounted for 61%.



**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH**  
**ST. FRANCISVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**9. COMMITMENTS**

The District is a member of the Louisiana Municipal Gas Authority (hereinafter referred to as the Authority). As a member of the Authority, the District agrees to purchase all of its natural gas for resale to its customers through the Authority's gas distribution system. The Authority prepares an annual budget that includes an estimate of all of the Authority's operations, maintenance and general expenses relating to the operation and conduct of the business of the Authority during the year. The total amount set forth in this budget is paid monthly by each member of the Authority based on a percentage of each member's cost of gas. This contract was executed for a ten year period, but it can be terminated by either party by giving written notice to the other party at least six months prior to termination.

**10. RESTATEMENT OF PRIOR YEAR NET POSITION**

Net position of the District was restated for April 30, 2014 for deferred bond issuance costs not written off according to GASB Statement no. 65 *Items Previously Reported as Assets and Liabilities*. Also, net position was restated to reflect the true and actual balance after the District adjusted bonds payable and customer deposits.

The net effect to the Statement of Net Position for the prior period is as follows:

Net position, April 30, 2014,	
as previously reported	\$ 4,457,013
Bond issuance costs not expensed	(9,971)
Bonds payable understated	(28,901)
Customer deposits understated	(44,687)
Net position, April 30, 2014, as restated	<u>\$ 4,373,454</u>

**11. SUBSEQUENT EVENTS**

There were no subsequent events between the close of the fiscal year and October 30, 2015, the date on which the report was available for issuance, that materially impact the accompanying financial statements.

## **SUPPLEMENTARY INFORMATION**

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH**  
**ST. FRANCISVILLE, LOUISIANA**

**SCHEDULE OF OPERATING EXPENSES**  
**YEAR ENDED APRIL 30, 2015**

**ADMINISTRATIVE**

Billing Service	\$ 817
Board meetings/travel	1,589
Office and supplies	15,810
Official publications	1,533
Professional fees	21,792
Bad debt	4,419
Engineering and legal fees	4,763
Repairs and maintenance	245,026
Truck expense	22,289
Taxes and licenses	2,518
Total administrative	<u>320,556</u>

**DEPRECIATION**

234,846

**EMPLOYEE AND RELATED EXPENSES**

Drug testing expense	630
Group insurance/workers' comp	42,770
Payroll taxes	21,685
Retirement	4,426
Salaries and per diem	287,066
Uniforms	4,257
Total employee and related expenses	<u>360,834</u>

**GAS PURCHASES**

1,480,678

**OCCUPANCY**

Insurance	38,963
Telephone	5,838
Rent	4,200
Utilities	304
Total occupancy	<u>49,305</u>

Total operating expenses \$ 2,446,219

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH**  
**ST. FRANCISVILLE, LA**

**SCHEDULE OF STATISTICAL DATA**  
**YEAR ENDED APRIL 30, 2015**

Month	Purchases		Cost per MMBTU	Sales
	MMBTU	Amount		
May	17,415	\$ 100,003	\$ 5.74	\$ 194,214
June	14,362	81,256	5.66	144,674
July	13,965	75,874	5.43	145,157
August	12,798	62,638	4.89	127,855
September	14,391	72,202	5.02	124,014
October	17,561	92,165	5.25	189,198
November	37,621	170,835	4.54	347,529
December	38,602	232,817	6.03	329,276
January	50,677	221,221	4.37	603,447
February	46,073	187,830	4.08	275,413
March	28,729	128,971	4.49	133,753
April	17,576	54,866	3.37	177,737
Total Purchases	309,770	\$ 1,480,678	Total Sales	\$ 2,792,267

See Independent Auditors' Report.

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH**  
**ST. FRANCISVILLE, LOUISIANA**

**SCHEDULE OF COMPARATIVE DATA**  
**YEAR ENDED APRIL 30, 2015**

	<u>2015</u>	<u>2014</u>
<b>SUMMARY OF STATEMENT OF REVENUES</b>		
Operating revenues	\$ 2,796,493	\$ 3,131,978
Cost of revenues - gas purchases	<u>1,480,678</u>	<u>1,514,756</u>
Gross Profit	<u>1,315,815</u>	<u>1,617,222</u>
Operating expenses	\$ 730,695	\$ 664,895
Depreciation	<u>234,846</u>	<u>235,672</u>
Operating Income	<u>350,274</u>	<u>716,655</u>
Non-operating revenues	\$ 1,715	\$ 1,419
Non-operating expenses	<u>(126,725)</u>	<u>(133,328)</u>
Net Income	<u>225,264</u>	<u>584,746</u>

**OTHER DATA**

Capital assets, net of accumulated depreciation	4,543,882	4,017,268
Net working capital	3,302,556	3,678,872
Total Assets	8,139,643	7,946,257
Long-term liabilities	3,280,594	3,355,902
Total equity	4,598,718	4,373,454
Average no. of customers	367	360
Total gas purchased and sold (MMBTU)	309,770	326,929

See Independent Auditors' Report.

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH**  
**ST. FRANCISVILLE, LOUISIANA**

**SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS**  
**YEAR ENDED APRIL 30, 2015**

In compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature, this schedule of compensation paid to board members is presented for the year ended April 30, 2015.

<u>Board Member</u>	<u>Address</u>	<u>Phone</u>	<u>Compensation</u>
Kevin Beauchamp	5916 Hwy 966, St. Francisville, LA 70775	225-933-0006	\$ 1,047
Tim Byrd	12017 N. Oak Hill Pkwy, Baton Rouge, LA 70810	225-200-2868	608
Heather Giammanche	PO Box 2564, St. Francisville, LA 70775	225-721-1444	205
Plater Gooden	10370 Sligo Rd., St. Francisville, LA 70775	225-245-0043	770
Bess Kelley	PO Box 430, St. Francisville, LA 70775	225-635-6207	770
Dennis Neal	PO Box 452, St. Francisville, LA 70775	225-721-8188	507
David Norwood	7764 Highland Rd., St. Francisville, LA 70775	225-635-6656	593
Terry Osterberger	12321 Hwy 965, St. Francisville, LA 70775	225-635-3956	729
C.B. Owen	PO Box 1368, St. Francisville, LA 70775	225-245-4464	808
Glenn Thomas	9441 Sligo Rd., St. Francisville, LA 70775	225-784-9080	1,111
Leonard White	7459 Solitude Rd., St. Francisville, LA 70775	225-937-2216	549
Total			<u>\$ 7,697</u>

See Independent Auditors' Report.

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH**  
**ST. FRANCISVILLE, LOUISIANA**

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO**  
**CHIEF EXECUTIVE OFFICER**  
**YEAR ENDED APRIL 30, 2015**

**Agency Head Name:** Clay Hardouin

<u>Purpose</u>	<u>Amount</u>
Salary, including incentive and bonus	\$ 59,000
Benefits-insurance	8,946
Benefits-retirement	1,166
Deferred compensation	-
Benefits-other	-
Car allowance	-
Vehicle provided by government	2,432
Cell phone	374
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Housing	-
Unvouchered expenses	-
Special meals	-
Other (including payments made by other parties)	-
Total	<u>\$ 71,918</u>

See Independent Auditors' Report.

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH**  
**ST. FRANCISVILLE, LOUISIANA**

**SCHEDULE OF INSURANCE IN FORCE**  
**YEAR ENDED APRIL 30, 2015**  
**(UNAUDITED)**

<u>Policy No #</u>	<u>Expiration Date</u>	<u>Company</u>	<u>Coverage</u>	
02-1X-024058454-0	05/16/14-05/16/15	Granite State Insurance	General Liability	\$1,000,000 each occurrence \$100,000 damage to rented premises \$5,000 medical each person \$1,000,000 personal injury \$1,000,000 general aggregate
02-CA-064597636-0	05/16/14-05/16/15	Granite State Insurance	Auto	\$1,000,000 each accident \$1,000,000 uninsured motorist
3680-B	11/15/14-11/15/15	Louisiana Workers Comp.	Corp.	\$1,000,000 each accident \$1,000,000 disease each employee \$1,000,000 disease policy limit

See Independent Auditors' Report.



## **OTHER REPORTS**

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

Board Members of the  
Gas Utility District No. 1 of West Feliciana Parish  
P. O. Box 2485  
St. Francisville, Louisiana 70775

We have audited, in accordance with the 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, the financial statements of the Gas Utility District No. 1 of West Feliciana Parish (the District), a component unit of West Feliciana Parish Government, as of and for the year ended April 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 30, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and recommendations, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and recommendations to be material weaknesses, noted as items 2015-001, 2015-002, 2015-003, 2015-004, and 2015-006.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and recommendations to be significant deficiencies, noted as items 2015-005 and 2015-007.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and recommendations costs as item 2015-004.

#### **Gas Utility District No. 1 of West Feliciana Parish's Response to Findings**

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and recommendations. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

#### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Postlethwaite & Metturill*

Baton Rouge, Louisiana  
October 30, 2015

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH**  
**ST. FRANCISVILLE, LOUISIANA**

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
**YEAR ENDED APRIL 30, 2015**

**A. Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: *Unmodified*

- Material weakness(es) identified?   x   yes            no
- Significant deficiencies identified that are not considered to be material weaknesses?   x   yes            none reported

Noncompliance material to financial statements noted?

  x   yes            no

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH**  
**ST. FRANCISVILLE, LOUISIANA**

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
**YEAR ENDED APRIL 30, 2015**

**B. Findings – Financial Statement Audit**

**2015-001**

**Reconciliation of Cash and other General Ledger Accounts**

**Criteria:** Reconciliation of cash, other assets, and liability accounts as recorded on the accounting general ledger should be reconciled to the balances reported by the banks or other sub-ledgers on a monthly basis.

**Condition:** Cash, other assets as well as certain liability accounts as recorded on the general ledger were not reconciled to underlying records for a significant portion of the year.

**Cause:** The District outsourced its accounting function to a local accountant. In early 2015, the District hired an accounting manager to perform accounting internally. Additionally, a new accounting system was implemented in March of 2015, which also complicated the reconciliation process.

**Effect:** The general ledger is the basis for most financial reports for the District. Without reconciliation of the general ledger to underlying sub-ledgers and bank statements, those financial reports may be prone to misstatement due to fraud or error.

**Recommendation:** The District should take the steps necessary to ensure that reconciliations of all general ledger asset and liability accounts are maintained and reviewed on a monthly basis.

**View of Responsible Official and Planned Corrective Action:**

*Currently, an accounting manager is in place and has received training on the new accounting software necessary to perform timely reconciliations. The accounting manager is performing the reconciliations of cash, other assets, and liability accounts monthly.*

**2015-2**

**Segregation of Duties**

**Criteria:** Adequate internal controls require the segregation of responsibilities for authorizing transactions, physical custody of assets and the related record keeping.

**Condition:** The Accounting Manager has the ability to process debit card transactions and reconciles the District's bank accounts.

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH**  
**ST. FRANCISVILLE, LOUISIANA**

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
**YEAR ENDED APRIL 30, 2015**

**B. Findings – Financial Statement Audit (continued)**

**2015-2**

**Segregation of Duties** (continued)

Cause: The duties of processing debit card payments and reconciling the bank accounts are not properly segregated.

Effect: An individual should not have the ability to process cash disbursements and reconcile the bank accounts.

Recommendation: Separate employees should have the responsibility of processing debit card payments and reconciling the bank accounts. Also, the bank reconciliation should be reviewed by the Superintendent.

*View of Responsible Official and Planned Corrective Action:*

*Due to the limited number of accounting personnel, the Accounting Manager will continue performing the monthly reconciliation of the bank accounts and the Superintendent will review the reconciliation and debit card transactions.*

**2015-3**

**Accounts Receivable**

Criteria: Adequate accounts receivable controls include a documented policy, an accurate accounting system that maintains agreement to the subsidiary ledger and general ledger, and effective review and investigation of delinquent accounts.

Condition: There was no documentation to support the review of receivables that were written off during the year and that delinquent accounts were reviewed monthly and investigated.

Cause: The District does not have a documented accounts receivable policy.

Effect: By not having a documented policy for accounts receivables, the District has the risk that accounts receivables could be written off in an effort to conceal fraud. Also, delinquent accounts are not timely investigated to assist in collection efforts.

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH**  
**ST. FRANCISVILLE, LOUISIANA**

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
**YEAR ENDED APRIL 30, 2015**

**B. Findings – Financial Statement Audit (continued)**

**2015-3**

**Accounts Receivable (continued)**

**Recommendation:**

The District should establish a formal documented accounts receivable policy. The policy should include the following:

- The accounts receivables subsidiary ledger should be reconciled to the general ledger on a monthly basis.
- The monthly review of accounts receivable for delinquent and slow moving accounts.
- The requirement that the write off of delinquent accounts be reviewed and approved by the Superintendent and the District Finance Committee.

**View of Responsible Official and Planned Corrective Action:**

*We concur with the finding and recommendation. The District will implement a policy to strengthen controls over accounts receivables.*

**2015-4**

**Payroll Controls**

**Criteria:**

Internal controls should be established for the payroll which assures proper authorization of transactions and accurate and timely recording of payroll expenditures. Also, Louisiana Revised Statute 24:523 requires a local agency to notify the Louisiana Legislative Auditor when a misappropriation of assets has been identified.

**Condition:**

Documentation was not maintained to support the approval of individual employee pay rates, the review of sampled employee time sheets, and the review of ending compensating absence balances. Also, there was a falsification of payroll records for overtime pay for 26 weeks during the 2014 and 2015 fiscal year by the former business manager in the District central office. The amount of funds involved has been estimated to be \$1,872. The worker was terminated by the District. The District did not notify the Louisiana Legislative Auditor as required by state statute.

**Cause:**

The District does not have a documented payroll policy.

**Effect:**

The District has a risk that payroll transactions were not properly approved and reviewed by management. Also, there is a risk that misappropriations could occur related to payroll.

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH**  
**ST. FRANCISVILLE, LOUISIANA**

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
**YEAR ENDED APRIL 30, 2015**

**B. Findings – Financial Statement Audit (continued)**

**2015-4**

**Payroll Controls** (continued)

**Recommendation:**

The District should formally document a payroll policy that requires review of employee timesheets, documented review of payroll reports for each pay period, employee pay rates are formally approved and documented in each employee file, and the review and approval of compensating absence balances.

**View of Responsible Official and Planned Corrective Action:**

*The District conducted an investigation and turned the matter over to the District Attorney and the Sheriff's office. The case has been closed with no charges filed against the former business manager. Restitution of the misappropriation has not occurred nor has the District filed an insurance claim regarding this matter.*

*In May 2015, the District implemented payroll control policies that required timesheets and payroll reports for each period be reviewed by the Superintendent. Also, employee pay rates have been formally approved and documented in each employee file.*

**2015-5**

**Internal Financial Reporting**

**Criteria:**

Those charged with Governance (Superintendent and the Board Members) should be provided monthly financial statements that summarize the financial activity and position of the District's finances in a manner that fosters high level review of compliance matters and decision making.

**Condition:**

The Board Members and the Superintendent were not provided financial statements on a monthly basis to allow for review of compliance matters and decision making.

**Cause:**

The District outsourced its accounting function to a local accountant. The financial statements were not provided in a timely manner.

**Effect:**

Those charged with governance may not have the tools to carry out their governance duties with respect to the District's finances.



**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH**  
**ST. FRANCISVILLE, LOUISIANA**

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
**YEAR ENDED APRIL 30, 2015**

**B. Findings – Financial Statement Audit (continued)**

**2015-5**

**Internal Financial Reporting (continued)**

Recommendation: Those charged with governance should be provided with key financial data and a summary of revenues, expenditures compared to budget, and net position.

View of Responsible Official and Planned Corrective Action:

*We concur with the finding. The District hired an accounting manager in early 2015 to provide the District's accounting function internally.*

**2015-6**

**Customer Deposits**

Criteria: Best practices for amounts held for others (customer deposits) suggest that an accounting be kept for the amounts held for others that identifies each customer and the deposit amount held for that account reconciled to the general ledger.

Condition: The customer deposits are not reconciled to the general ledger.

Cause: The District's finance personnel were not aware of the need to prepare such reconciliations.

Effect: Without the occurrence of the reconciliation process, the completeness and accuracy of the amounts held for others cannot be ensured.

Recommendation: We recommend that customer deposits per customer account be reconciled to the general ledger on a monthly basis.

View of Responsible Official and Planned Corrective Action:

*We concur with the finding. The District will implement procedures to reconcile customer deposit accounts to the District's general ledger.*

**2015-7**

**Property, Plant, and Equipment**

Criteria: Physical inventory of capital assets are to be conducted to verify the accuracy of the property records, as well as the existence and the activity status of the capital assets.

Condition: The District does maintain records of property, plant, and equipment. However, a physical inventory has not been conducted for several years.

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH**  
**ST. FRANCISVILLE, LOUISIANA**

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
**YEAR ENDED APRIL 30, 2015**

**B. Findings – Financial Statement Audit (continued)**

**2015-7**

**Property, Plant, and Equipment** (continued)

**Cause:**

The District does not have a documented property, plant, and equipment policy that requires the physical inventory of capital assets.

**Effect:**

The property, plant, and equipment records may be incomplete and inaccurate. Additionally, unauthorized use the property may not be detected.

**Recommendation:**

To ensure accurate financial reporting as well as to detect potential unauthorized use of District property, comprehensive physical inventories should be conducted bi-annually.

**View of Responsible Official and Planned Corrective Action:**

*The District's accounting department will update its property, plant, and equipment procedures and will implement a bi-annual inventory plan.*

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH**  
**ST. FRANCISVILLE, LOUISIANA**

**SUMMARY SCHEDULE OF AUDIT FINDINGS**

**B. Findings – Financial Statement Audit**

**2014-1**

**Payroll Processing Controls**

*Criteria:* Implementation of internal controls over payroll processing is necessary for the safe-guarding of public funds.

*Condition:* The current process for payroll does not provide for confirmation that the amounts paid reconcile to the hours approved by management.

*Cause & Effect:* Time worked is approved by management prior to submission to a payroll service. The reports provided and checks written are returned to another office. As a result, management is not able to reconcile the time approved to the hours paid.

*Recommendation:* We recommend that (1) approval of timesheets be evidenced with a signature and date; (2) summary report provided by the payroll service be reconciled to the timesheets approved with such approval evidenced with a signature and date; (3) checks written be periodically reviewed to ensure agreement with the summary report.

***Current Status:* This finding has not been resolved and is repeated in the current year's schedule of finding and recommendations. See finding 2015-004.**

**2014-2**

**Compliance with Audit Law**

*Criteria:* Louisiana Revised Statute 24:513 requires that an annual financial report or other type report be submitted to the Legislative Auditor within six months of the close of the fiscal/calendar year.

*Condition:* This deadline was not met for the year ended April 30, 2014.

*Cause & Effect:* The report was available for submission to the Legislative Auditor in a timely manner. However, a review of the auditor's support documentation was requested thereby delaying the process.

*Recommendation:* Not applicable

***Current Status:* The audit for the year ended April 30, 2015 will be completed and submitted within the required timeframe. This finding is considered resolved.**

**GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH**

**REPORT TO MANAGEMENT**

**APRIL 30, 2015**

GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH

REPORT TO MANAGEMENT

APRIL 30, 2015

October 30, 2015

Board Members of the  
Gas Utility District No. 1 of West Feliciana Parish  
St. Francisville, Louisiana

In planning and performing our audit of the financial statements of the Gas Utility District No. 1 of West Feliciana Parish (the District) as of and for the year ended April 30, 2015, we considered the District's internal controls to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we became aware of matters that are opportunities for improving financial reporting and refining policies and procedures. The following paragraphs summarize our comments and suggestions regarding those matters. This letter does not affect our report dated October 30, 2015 on the financial statements of the District.

**A. Documentation of Accounting Policies**

**Condition:**

The District currently does not have documented accounting policies for capitalized assets, investments, and compensated absences.

**Recommendation:**

The District should consider establishing written policies and procedures for the accounting functions identified above.

**Management's Response:**

*The District is in the process of documenting the policies and procedures identified above.*

**B. Journal Entries**

**Condition:**

During our audit procedures, it was noted that one sampled journal entry did not have supporting documentation.

**Recommendation:**

We recommend that management establish policies and procedures to ensure that journal entries are always supported by appropriate documentation.

**Management's Response:**

*We concur with the recommendation and will develop procedures to assist our staff with maintaining documentation for journal entries.*

**C. Lease Agreement**

**Condition:**

There is currently no signed lease agreement between the District and the Town of St. Francisville for the District's lease of the central office building.

**Recommendation:**

The District should consider executing a lease agreement for the terms and use of the building leased from the Town of St. Francisville.

**Management's Response:**

Management agrees with the recommendation and will obtain a lease agreement documenting the terms between the two entities.

We have already discussed many of these comments and suggestions with management, and we will be pleased to discuss them in further detail at your convenience. We would also welcome any opportunity to perform any additional study of these matters or to assist you in implementing the recommendations. We would also like to thank the District staff for their patience and cooperation with us during the performance of the audit.

*Perithurath & Metturally*