

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

**BASIC FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION**

**YEAR ENDED APRIL 30, 2017**



Postlethwaite & Netterville

A Professional Accounting Corporation

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**INDEPENDENT AUDITORS' REPORT**

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*A Professional Accounting Corporation*

## **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, 2017, 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.

### **Auditors' 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.



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## **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, 2017, and the changes in financial position and cash flows thereof and 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 the Superintendent 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 the Superintendent are 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 the Superintendent are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



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The Schedule of Insurance in Force and the Schedule of Information Required by Rural Development have 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 them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2017, 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.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
October 30, 2017

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**APRIL 30, 2017**

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, 2017, the District's assets exceeded its liabilities by \$4,853,925.
- The District's net position had an increase of \$171,540 during the year ended April 30, 2017.

**OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION**

These financial statements are comprised of these components - (1) management's discussion and analysis, (2) proprietary 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.



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**APRIL 30, 2017**

**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>2017</u>	<u>2016</u>
<b>Assets</b>		
Current and other assets	\$ 2,866,806	\$ 3,604,158
Capital assets, net	<u>5,339,930</u>	<u>4,460,645</u>
Total Assets	8,206,736	8,064,803
<b>Liabilities</b>		
Current liabilities	245,894	192,791
Long-term liabilities	<u>3,106,917</u>	<u>3,189,627</u>
Total Liabilities	3,352,811	3,382,418
<b>Net Position</b>		
Net investment in capital assets	2,242,633	1,282,844
Restricted	1,046,963	885,149
Unrestricted	<u>1,564,329</u>	<u>2,514,392</u>
Net Position	<u>\$ 4,853,925</u>	<u>\$ 4,682,385</u>

The District's total net position increased by \$171,540 as of April 30, 2017. The District continued operating on a profitable basis with gas rates increasing in 2017 compared to 2016 due to market conditions. In addition, the increase in gas rates caused total revenues to increase by \$285,315 or 13.8% from the previous year. The District's total expenses saw an increase of \$197,442 or 10.0% compared to 2016. This was predominantly due to the District's purchase of gas was also impacted by the increase in gas rates.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**APRIL 30, 2017**

A summary of changes in net position is as follows:

SUMMARY OF CHANGES IN NET POSITION

	<u>2017</u>	<u>2016</u>
<b>Revenues</b>		
Operating revenues	\$ 2,338,817	\$ 2,058,701
Non-operating revenues	<u>8,332</u>	<u>3,133</u>
Total Revenues	2,347,149	2,061,834
<b>Expenses</b>		
Operating expenses	2,057,099	1,847,897
Non-operating expenses	<u>118,510</u>	<u>130,270</u>
Total Expenses	2,175,609	1,978,167
Change in net assets	171,540	83,667
Net position, beginning of year	<u>4,682,385</u>	<u>4,598,718</u>
Net position, ending of year	<u>\$ 4,853,925</u>	<u>\$ 4,682,385</u>

The District's total operating revenues in 2017 increased by \$280,116 or 13.6% from 2016 as gas rates increased in 2017 due to market conditions. The Districts total operating expenses saw an increase of \$209,202 or 11.3% in 2017 compared to 2016 due to the increase in gas rates.

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

SUMMARY OF CASH FLOWS

	<u>2017</u>	<u>2016</u>
<b>Cash and cash equivalents provided by (used for):</b>		
Operating activities	\$ 602,491	\$ 403,835
Capital and related financing activities	(1,360,086)	(381,299)
Investing activities	<u>919</u>	<u>981</u>
Net Change in Cash and Cash Equivalents	(756,676)	23,517
Cash and cash equivalents, beginning of year	<u>2,176,856</u>	<u>2,153,339</u>
Cash and cash equivalents, end of year	<u>\$ 1,420,180</u>	<u>\$ 2,176,856</u>

The total cash provided by operating activities in 2017 compared to 2016 increased by \$198,656 due to increase in gas rates charged to customers due to market conditions. The total cash used for capital and related financing activities in 2017 increased by \$978,787 compared to 2016 predominantly due to construction projects for the New Office Building, Solitude Gas System Project, and the Miscellaneous Gas System Project.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**APRIL 30, 2017**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets:* At the end of 2017, the District had \$5,339,930, net of depreciation invested in a broad range of capital assets (See table below). This amount represents a net increase of \$879,285 or 19.7% from the previous year. The net increase is predominantly due to large construction projects totaling \$1,047,185. The net increase is due to additions totaling \$1,155,761 and depreciation of \$276,476, which increases the carrying value.

Capital assets at year-end are summarized as follows:

CAPITAL ASSETS		Net of Accumulated Depreciation	
	2017		2016
<b>Non-depreciable Assets</b>			
Land	\$ 7,500	\$	7,500
Construction in progress	608,051		50,630
<b>Depreciable Assets</b>			
Buildings	190,154		197,663
Gas distribution system	4,433,870		4,086,646
Equipment	67,718		77,957
Furniture/fixtures	15,355		9,541
Vehicles	17,282		30,708
Capital Assets, net	\$ 5,339,930	\$	4,460,645

The major additions during the year included construction costs of \$557,421 for the New Office Building, \$270,664 for the Solitude Gas System Project, \$144,100 Miscellaneous Gas System Projects, and \$75,000 Bayou Sarah Gas Line.

*Debt Administration:* At the end of 2017, the District had \$3,092,058 in outstanding debt compared to \$3,177,801 at the previous period end, see table below. This amount represents a decrease (comprised of predominantly bond and note principal payments) of \$85,743 from the previous year end.

**OUTSTANDING DEBT AT YEAR END**

	2017		2016
Bonds payable	\$ 2,989,986	\$	3,050,211
Notes payable	102,072		127,590
Total	\$ 3,092,058	\$	3,177,801

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, 2017**

**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, 2017**

**ASSETS**

Current Assets:	
Cash and cash equivalents	\$ 317,542
Investments	1,254,988
Accounts receivable, net	147,901
Prepaid expenses	11,205
Prepaid lease	342
Restricted assets:	
Cash and cash equivalents	1,102,638
Total current assets	<u>2,834,616</u>
Noncurrent assets:	
Prepaid lease	32,190
Capital assets, net of depreciation	5,339,930
Total noncurrent assets	<u>5,372,120</u>
Total assets	<u>8,206,736</u>

**LIABILITIES**

Current liabilities:	
Payable from current assets:	
Accounts payable	138,116
Accrued salaries and benefits payable	13,953
Notes payable, short term portion	25,518
Compensated absences, short term portion	10,736
Total current liabilities (payable from current assets)	<u>188,323</u>
Payable from restricted assets:	
Accrued interest payable	5,239
Bonds payable, short-term portion	52,332
Total current liabilities (payable from restricted assets)	<u>57,571</u>
Noncurrent liabilities:	
Compensated absences	37,034
Customer deposits	55,675
Notes payable-LA Dept. of Transpiration & Development	76,554
Bonds payable	2,937,654
Total noncurrent liabilities	<u>3,106,917</u>
Total liabilities	<u>3,352,811</u>

**NET POSITION**

Net investment in capital assets	2,242,633
Restricted for bond related payments	1,046,963
Unrestricted	1,564,329
Total net position	<u>\$ 4,853,925</u>

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

**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, 2017**

**OPERATING REVENUE**

Charges for services:	
Gas sales	\$ 2,171,829
Penalties/late charges	4,831
Other	<u>162,157</u>
Total operating revenues	<u>2,338,817</u>

**OPERATING EXPENSES**

Administrative	325,740
Depreciation	276,476
Employees and related expenses	419,661
Gas purchases	958,353
Occupancy	<u>76,869</u>
Total operating expenses	<u>2,057,099</u>

Operating income 281,718

**NON-OPERATING REVENUES (EXPENSES)**

Interest income	8,332
Interest expense	<u>(118,510)</u>
Total non-operating revenues/(expenses)	<u>(110,178)</u>

Change in net position 171,540

Net position, beginning of year 4,682,385

Net position, end of year \$ 4,853,925

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, 2017**

<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 2,167,573
Cash paid to suppliers for goods/services	(1,306,487)
Cash paid to employees for services	(420,752)
Cash received from others	162,157
Net cash provided by operating activities	<u>602,491</u>
<b>Cash flows from capital and related financing activities:</b>	
Principal paid on notes payable	(25,518)
Principal paid on bonds payable	(60,225)
Interest paid on bond issuance and notes payable	(118,582)
Acquisition/construction of capital assets	(1,155,761)
Net cash used for capital and related financing activities	<u>(1,360,086)</u>
<b>Cash flows from investing activities:</b>	
Interest received	8,332
Investments matured/reinvested	(7,413)
Net cash provided by investing activities	<u>919</u>
Net decrease in cash and cash equivalents	(756,676)
Cash and cash equivalents, beginning of year	<u>2,176,856</u>
Cash and cash equivalents, end of year	<u>\$ 1,420,180</u>
Classified as:	
Current	\$ 317,542
Restricted	1,102,638
Total:	<u>\$ 1,420,180</u>
<b>Reconciliation of operating income to net cash from operating activities:</b>	
Operating income	\$ 281,718
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	276,476
(Increase)/decrease in assets:	
Accounts receivable	(7,755)
Prepaid expenses	(4,156)
Increase/(decrease) in liabilities:	
Accounts payable	58,631
Accrued salaries and benefits payable	(5,046)
Customer deposits	(1,332)
Compensated absences payable	3,955
Net cash provided by operating activities	<u>\$ 602,491</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, seven of which are appointed by the West Feliciana Parish Government, two by the Town of St. Francisville, 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 380 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.

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.

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 uncollectible accounts of \$20,336 at April 30, 2017.

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.

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. Maintenance and repairs expenditures are charged to expense as incurred. Additions, renewals, and betterments that extend the life, or increase the value of assets, are 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 depreciation over the following lives – buildings 39 years; gas distribution system 33 years; equipment 7 years; furniture/fixtures 7 years; and vehicles 5 years.

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

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 480 hours will be paid to the employees upon retirement or separation unless approved by the Board Members of the District. 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. Unused sick leave is not to exceed 960 hours. 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.

Customer Deposits

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.

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.

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. The District does not have any deferred outflows or deferred inflows at April 30, 2017.

**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)

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.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**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 \$1,420,180 at April 30, 2017. 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, 2017, the District's bank balances of these deposits totaled \$1,424,237 and were fully collateralized by assets held by a financial institution in the name of the District or FDIC insured and therefore was not exposed to custodial credit risk.

Of the cash and cash equivalents included above, \$55,675 is restricted for customer deposits and \$1,046,963 is restricted for bond-related payments per the regulations of the bond issue.

Investments

As of April 30, 2017, 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>
<b>Investments measured at the net asset value (NAV)</b>				
Money market instruments	\$ 1,254,988	\$ 1,254,988	\$ -	\$ -

The \$1,254,988 in money market investments is invested in LAMP. 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 LA-R.S. 33.2955.

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 44 days as of April 30, 2017.

**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)

- Concentration of credit risk: The District does not have a limit on the amount the District may invest in one issuer. One hundred percent of the District's investments are in LAMP funds.

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 board of directors. LAMP is not registered with the SEC as an investment company.

An annual audit of LAMP is conducted by an independent certified public accountant. The Legislative Auditor of the State of Louisiana has full access to the records of LAMP.

LAMP issues financial reports which can be obtained by writing: LAMP, Inc., 228 St. Charles Avenue, Suite 1123, New Orleans, LA 70130.

**3. ACCOUNTS RECEIVABLE**

The following is a summary of accounts receivable at April 30, 2017:

Charges for services	\$ 168,237
Allowance for uncollectable accounts	<u>( 20,336)</u>
Total	<u>\$ 147,901</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**4. CAPITAL ASSETS**

The following is a summary of the changes in capital asset for the District for the year ended April 30, 2017:

	<u>Balance</u> <u>4/30/16</u>	<u>Additions</u>	<u>Transfers</u>	<u>Balance</u> <u>4/30/17</u>
Capital Assets, not being depreciated				
Land	\$ 7,500	\$ -	\$ -	\$ 7,500
Construction in Progress	<u>50,630</u>	<u>557,421</u>	<u>-</u>	<u>608,051</u>
Capital Assets, not being depreciated	58,130	557,421	-	615,551
Capital Assets, being depreciated				
Buildings	200,664	-	-	200,664
Less: accumulated depreciation	<u>(3,001)</u>	<u>(7,509)</u>	<u>-</u>	<u>(10,510)</u>
Net Buildings	197,663	(7,509)	-	190,154
Gas distribution system	7,223,513	584,148	-	7,807,661
Less: accumulated depreciation	<u>(3,136,867)</u>	<u>(236,924)</u>	<u>-</u>	<u>(3,373,791)</u>
Net Distribution System	4,086,646	347,224	-	4,433,870
Equipment	212,433	6,796	-	219,229
Less: accumulated depreciation	<u>(134,476)</u>	<u>(17,035)</u>	<u>-</u>	<u>(151,511)</u>
Net Equipment	77,957	(10,239)	-	67,718
Furniture/fixtures	11,635	7,396	-	19,031
Less: accumulated depreciation	<u>(2,094)</u>	<u>(1,582)</u>	<u>-</u>	<u>(3,676)</u>
Net Furniture/fixtures	9,541	5,814	-	15,355
Vehicles	92,779	-	-	92,779
Less: accumulated depreciation	<u>(62,071)</u>	<u>(13,426)</u>	<u>-</u>	<u>(75,497)</u>
Net Vehicles	<u>30,708</u>	<u>(13,426)</u>	<u>-</u>	<u>17,282</u>
Capital Assets, being depreciated, net	<u>4,402,515</u>	<u>321,864</u>	<u>-</u>	<u>4,724,379</u>
Capital Assets, net	<u>\$ 4,460,645</u>	<u>\$ 879,285</u>	<u>\$ -</u>	<u>\$ 5,339,930</u>

Depreciation expense was \$276,476 for the year ended April 30, 2017.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**5. LONG-TERM LIABILITIES**

**a. Activities**

Long-term liabilities activity of the District for the year ended April 30, 2017 was as follows:

	Beginning			Ending	Amounts
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Due within</u>
					<u>One Year</u>
Bonds Payable	\$ 3,050,211	\$ -	(\$ 60,225)	\$ 2,989,986	\$ 52,332
Notes Payable	127,590	-	( 25,518)	102,072	25,518
Compensated Absences	43,815	11,252	( 7,297)	47,770	10,736
Customer Deposits	<u>57,007</u>	<u>6,000</u>	<u>( 7,332)</u>	<u>55,675</u>	<u>-</u>
	<u>\$ 3,278,623</u>	<u>\$ 17,252</u>	<u>(\$ 100,372)</u>	<u>\$ 3,195,503</u>	<u>\$ 88,586</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 balance at April 30, 2017 was \$2,536,070. The District has pledged future gas customer revenues, net of specified operating expenses, to repay the bonds. The bonds are payable solely from gas customer net revenues and are payable through 2049. Annual principal and interest payments are estimated to require approximately 11 percent of net revenues. The total principal and interest to be paid on the bonds is \$4,590,616. Principal and interest paid for the year and total customer net revenues were \$146,642 and \$2,338,817, respectively.

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 balance at April 30, 2017 was \$453,916. The District has pledged future gas customer revenues, net of specified operating expenses, to repay the bonds. The bonds are payable solely from gas customer net revenues and are payable through 2040. Annual principal and interest payments are estimated to require approximately 2 percent of net revenues. The total principal and interest to be paid on the bonds is \$709,107. Principal and interest paid for the year and total customer net revenues were \$32,164 and \$2,338,817, respectively.

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. These are noninterest bearing notes. However, the District has applied an effective interest rate of 4.25% to the note. 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, 2017, was \$102,072.



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

**NOTES TO THE FINANCIAL STATEMENTS**

**5. LONG-TERM LIABILITIES** (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>
2018	\$ 77,850	126,474	204,324
2019	80,117	124,207	204,324
2020	82,484	121,840	204,324
2021	84,953	119,371	204,324
2022	62,010	116,796	178,806
2023 - 2027	352,770	541,260	894,030
2028 - 2032	436,131	457,899	894,030
2033 - 2037	539,187	354,843	894,030
2038 - 2042	566,772	232,265	799,037
2043 - 2047	623,966	109,244	733,210
2048 - 2049	<u>185,818</u>	<u>5,538</u>	<u>191,356</u>
	<u>\$ 3,092,058</u>	<u>\$ 2,309,737</u>	<u>\$ 5,401,795</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, 2017, was \$32,532.

Effective July 1, 2015, the District began the lease of a building from the West Feliciana Parish Government on a month-to-month basis at a rate of \$900 per month. Total rent recorded during the year ended April 30, 2017 was \$10,800.

**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, 2017 were \$6,102.

**8. CONCENTRATIONS**

The District provides natural gas services to two customers totaling 91% of annual sales. Sales of \$631,767 to the East Louisiana State Hospital accounted for 29% of total sales and sales of \$1,351,854 to Louisiana State Penitentiary accounted for 62%.

**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. The District has estimated a commitment to the Authority of approximately \$958,000 for the subsequent period.

**10. SUBSEQUENT EVENTS**

On August 15, 2017, the District entered into an agreement for the installation of a gas lines for approximately \$35,000 to be funded by the operating revenues of the District.

On September 22, 2017, the District was awarded funding of approximately \$92,000 from Federal Emergency Management Agency (FEMA) to assist with debris removal from gas lines and minor repairs for damaged sustained in the South Louisiana Flood of 2016. The District has not entered into a written agreement with a contractor to complete the project as of the audit reporting date.

Management has evaluated events through the date the financial statements were available to be issued, October 30, 2017, and determined that no additional events occurred that require disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

**SUPPLEMENTARY INFORMATION**

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

**SCHEDULE OF OPERATING EXPENSES**  
**YEAR ENDED APRIL 30, 2017**

**ADMINISTRATIVE**

Billing service	\$ 1,412
Board meetings/travel	1,249
Office and supplies	13,086
Official publications	1,281
Professional fees	81,095
Engineering and legal fees	177,245
Repairs and maintenance	26,022
Truck expense	22,851
Taxes and licenses	1,499
Total administrative	<u>325,740</u>

**DEPRECIATION**

276,476

**EMPLOYEE AND RELATED EXPENSES**

Drug testing expense	706
Group insurance/workers' comp	51,513
Payroll taxes	20,337
Retirement	6,102
Salaries and per diem	335,731
Uniforms	5,272
Total employee and related expenses	<u>419,661</u>

**GAS PURCHASES**

958,353

**OCCUPANCY**

Insurance	59,401
Telephone	5,997
Rent	10,800
Utilities	671
Total occupancy	<u>76,869</u>

Total operating expenses \$ 2,057,099

See Independent Auditors' Report.

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

**SCHEDULE OF STATISTICAL DATA**  
**YEAR ENDED APRIL 30, 2017**

Month	Purchases		Cost per MMBTU	Sales
	MMBTU	Amount		
May	16,046	\$ 39,106	\$ 2.44	\$ 106,492
June	14,519	35,945	2.48	119,751
July	13,612	46,355	3.41	117,881
August	13,763	44,501	3.23	99,166
September	13,629	46,723	3.43	118,993
October	17,307	61,634	3.56	99,858
November	26,149	90,194	3.45	184,403
December	41,049	159,353	3.88	335,544
January	35,700	166,609	4.67	280,924
February	25,605	113,081	4.42	319,416
March	24,655	88,103	3.57	219,616
April	18,349	66,749	3.64	169,785
Total Purchases	<u>260,383</u>	<u>\$ 958,353</u>	Total Sales	<u>\$ 2,171,829</u>

See Independent Auditors' Report.

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

**SCHEDULE OF COMPARATIVE DATA**  
**YEAR ENDED APRIL 30, 2017**

	<u>2017</u>	<u>2016</u>
<b>SUMMARY OF REVENUES AND EXPENSES</b>		
Operating revenues	\$ 2,338,817	\$ 2,058,701
Cost of revenues - gas purchases	<u>(958,353)</u>	<u>(764,228)</u>
Gross Profit	<u>1,380,464</u>	<u>1,294,473</u>
Other operating expenses	(822,270)	(823,458)
Depreciation	<u>(276,476)</u>	<u>(260,211)</u>
Operating Income	<u>281,718</u>	<u>210,804</u>
Non-operating revenues	8,332	3,133
Non-operating expenses	<u>(118,510)</u>	<u>(130,270)</u>
Change in Net Position	<u>\$ 171,540</u>	<u>\$ 83,667</u>
<b>OTHER DATA</b>		
Capital assets, net of accumulated depreciation	\$ 5,339,930	\$ 4,460,645
Net working capital	\$ 2,588,722	\$ 3,378,835
Total assets	\$ 8,206,736	\$ 8,064,803
Long-term liabilities	\$ 3,106,917	\$ 3,189,627
Total net position	\$ 4,853,925	\$ 4,682,385
Average no. of customers	376	372
Total gas purchased and sold (MMBTU)	260,383	265,990

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, 2017**

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, 2017.

<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	\$ 918
Neil Wright	5378 Live Oak Dr., St Francisville, LA 70775	225-721-1561	561
Kristi Hawkins	4367 Smith Acres Ln., Fordoche, LA 70732	925-348-5758	732
Plater Gooden	10370 Sligo Rd., St. Francisville, LA 70775	225-245-0043	405
Bess Kelley	PO Box 430, St. Francisville, LA 70775	225-635-6207	885
Dennis Neal	7638 Tunica Trace, St. Francisville, LA 70775	225-721-8188	431
David Norwood	7764 Highland Rd., St. Francisville, LA 70775	225-635-6656	524
Terry Osterberger	12321 Hwy 965, St. Francisville, LA 70775	225-635-3956	443
C.B. Owen	PO Box 1368, St. Francisville, LA 70775	225-245-4464	1,071
Glenn Thomas	9441 Sligo Rd., St. Francisville, LA 70775	225-784-9080	928
Leonard White	7459 Solitude Rd., St. Francisville, LA 70775	225-937-2216	440
Total			<u>\$ 7,338</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 THE SUPERINTENDENT**  
**YEAR ENDED APRIL 30, 2017**

Superintendent Name: Clay Hardouin

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 80,108
Benefits-insurance	10,553
Benefits-retirement	1,287
Cell phone	<u>404</u>
Total	<u>\$ 92,352</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, 2017**  
**(UNAUDITED)**

<u>Policy No #</u>	<u>Expiration Date</u>	<u>Company</u>	<u>Coverage</u>	
02-LX-024058454-0	5/16/16 - 5/16/17	Willis of New Hampshire	General Liability	\$2,000,000 complete operations \$100,000 damage to premises \$5,000 medical each person \$1,000,000 personal injury \$2,000,000 general aggregate
02-CA-064597636-0	5/16/16 - 5/16/17	Willis of New Hampshire	Auto	\$1,000,000 each accident \$1,000,000 uninsured motorist
3680-S	11/15/16 - 11/15/17	Louisiana Workers' Compensation Corporation	Workers Compensation	\$1,000,000 each accident \$1,000,000 disease each employee \$1,000,000 disease policy limit
105792182	5/15/2016 - 5/18/19	Travelers Indemnity Company	Directors and Officers Liability	\$2,000,000 for all claims

See Independent Auditors' Report.

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

**SCHEDULE OF INFORMATION REQUIRED BY RURAL DEVELOPMENT**  
**YEAR ENDED APRIL 30, 2017**  
**(UNAUDITED)**

*Item No. 1*

The District's customers' accounts receivable at June 30, 2017, is comprised of the following:

	<u>0-30 days</u>	<u>31+ days</u>	<u>Total</u>
No.	327	50	377
Amount	\$166,801	\$ 1,436	\$168,237

*Item No. 2*

The number of active residential and non-residential users at June 30, 2017, is 356 and 21, respectively.

See Independent Auditors' Report.

**OTHER REPORTS**



Postlethwaite & Netterville

8550 United Plaza Blvd., Ste. 1001 - Baton Rouge, LA 70809  
225-922-4600 Phone - 225-922-4611 Fax - 225-922-4611

A Professional Accounting Corporation

**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, 2017, 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, 2017.

**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.

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 a 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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and recommendations that we consider to be a material weakness, noted as item 2017-001.

### **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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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 & Netterville*

Baton Rouge, Louisiana  
October 30, 2017

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

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
**YEAR ENDED APRIL 30, 2017**

A. Summary of Auditors' Results

*Financial Statements*

Type of auditors' report issued: *Unmodified*

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

Noncompliance material to financial statements noted?  yes  no

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

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
**YEAR ENDED APRIL 30, 2017**

**B. Findings – Financial Statement Audit**

**2017-001**

**Capital Assets**

Criteria:

A strong control environment should ensure that the District maintains accurate records of capital assets, which reflect assets acquired and disposed of and the cost of these items.

Condition:

The capital assets records were not properly reconciled to the general ledger accounts. This has been reported as a material weakness in internal controls.

Cause:

The District did not initially include approximately \$313,000 of capital assets purchases in the provided schedules.

Effect:

There was a lack of relevant financial data provided to the Board Members of the District to make business decisions. Also, there were significant adjustments proposed to the capital assets records provided during the audit.

Recommendation:

The process for recording capital assets should be enhanced to ensure that all capital assets are included in the records.

View of Responsible Official:

*On a monthly basis, the Superintendent will review the detailed general ledger of the repairs and maintenance account to determine if the transactions need to be posted as fixed assets.*

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**B. Findings – Financial Statement Audit**

**2016-001**                               **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.

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.*

*Current status:                              The District has implemented the planned corrective action plan as identified above. Thus, the finding is considered resolved.*

**2016-002**                               **Accounts Receivable**

Criteria:                                      Effective accounts receivable controls include a documented policy and an effective review and investigation of delinquent accounts.

Condition:                                  Delinquent accounts are not timely investigated to assist in collection efforts. This is a repeat finding from the prior period.

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



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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

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

**2016-002**

**Accounts Receivable** (continued)

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.

Recommendation:

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

- 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 that provides for the write off of delinquent accounts to be reviewed and approved by the Board and the approval to be documented in the board minutes.*

Current status:

*The District has implemented the planned corrective action plan as identified above. Thus, the finding is considered resolved.*

**2016-003**

**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 identify 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. This is a repeat finding from the prior period.

Cause:

The District has not implemented its corrective action plan from the prior period.

Effect:

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

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

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

**2016-003                      Customer Deposits (continued)**

**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 in the 2017 period.*

**Current status:**

*The District has implemented the planned corrective action plan as identified above. Thus, the finding is considered resolved.*

**2016-004                      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. This is a repeat finding from the prior period.

**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:**

*We concur with the finding and recommendation. In September 2016, the District scheduled and completed its property, plant, and equipment inventory.*

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

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

**2016-004**

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

Current status:

*The District has implemented the planned corrective action plan as identified above. Thus, the finding is considered resolved.*

*Gas Utility District #1*  
of West Feliciana Parish  
P.O. Box 2485  
St. Francisville, Louisiana 70775  
(225) 635-3590

**CORRECTIVE ACTION PLAN**

October 30, 2017

The Gas Utility District No.1 of West Feliciana Parish respectfully submits the following corrective action plan for the year ended April 30, 2017.

Name and address of independent public accounting firm:

Postlethwaite & Netterville, APAC  
8550 United Plaza Blvd.  
Suite 1001  
Baton Rouge, LA 70809

Audit Period: May 1, 2016 to April 30, 2017

The findings from the schedule of findings and recommendations are discussed below. The findings are numbered consistently with the numbers assigned in the schedule of findings and recommendations.

**FINDINGS – SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

**2017-001**

**Capital Assets**

Recommendation: The process for recording capital assets should be enhanced to ensure that all capital assets are included in the records.

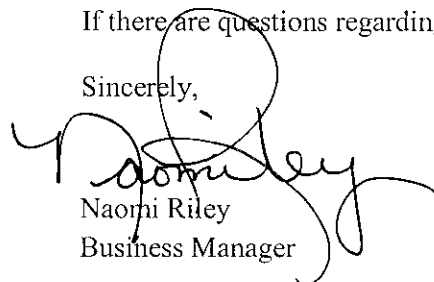
Planned Corrective Action: On a monthly basis, the Superintendent will review the detailed general ledger of the Repairs and Maintenance Account to determine if the transactions need to be posted as fixed assets.

Anticipated Completion Date: April 30, 2018

Responsible Contact Person: Naomi Riley, Business Manager

If there are questions regarding this plan, please call Naomi Riley at (225) 635-3590.

Sincerely,



Naomi Riley  
Business Manager

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

**REPORT TO MANAGEMENT**

**APRIL 30, 2017**

**P&N**

Postlethwaite & Netterville

A Professional Accounting Corporation

[www.pncpa.com](http://www.pncpa.com)

GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH

REPORT TO MANAGEMENT

APRIL 30, 2017

October 30, 2017

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, 2017, 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, 2017 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 and investments.

**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. Employer Provided Vehicle**

**Condition:**

It was noted during our audit testing, the District provides the Superintendent a vehicle that is used for business and personal use. The Superintendent does keep a log of the mileage for documenting the use of the vehicle. However, the log is not reviewed for accuracy and reasonableness.

**Recommendation:**

A Board Member of the District should review the log for accuracy and reasonableness and document this review by initialing or signing the vehicle log. Personal use of the District provided vehicle is considered to be a fringe benefit a form of "non-cash" compensation. The District should report the value of the personal use of the vehicle in the Superintendent's Form W-2.

**B. Employer Provided Vehicle** (continued)

*Management's Response:*

The District will implement procedures to ensure review of the vehicle log. Also, the District will consider the reporting of the personal use of the vehicle on the Superintendent's Form W-2.

**C. Allowance for Doubtful Accounts**

**Condition:**

The allowance for doubtful accounts remained at the same level as the prior year for a significant portion of the 2017 year.

**Recommendation:**

The District should review the adequacy of the allowance during the year and appropriately adjust the allowance. This can be done by conducting an overall evaluation of the accounts and reviewing the success rate of collection efforts.

*Management's Response:*

Management agrees with the recommendation and will establish procedures to ensure that the allowance for doubtful accounts is reviewed on a periodic basis.

**D. Adhere to Capitalization Policy**

**Condition:**

Our audit procedures disclosed that capital expenditures less than the \$5,000 capitalization threshold have been capitalized in several cases during the year. This is not in accordance with the District's capitalization policy, which requires that only asset purchases of greater than \$5,000 be recorded as fixed assets.

**Recommendation:**

We recommend that the District adhere to its capitalization policy so there is consistent application of the capitalization of fixed assets within the organization.



**D. Adhere to Capitalization Policy (continued)**

*Management's Response:*

Management agrees with the recommendation and will establish procedures to ensure the capitalization policy is adhered to.

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.

*Postlethwaite & Netterville*

## **STATUS OF PRIOR YEAR REPORT TO MANAGEMENT**

### **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.*

#### **Current Status:**

*The District has documented accounting policies for compensated absences. However, the District has not completed accounting policies for capital assets and investments. The identified improvement has not been resolved. See current year management letter point "A".*

### **B. Board Approval of Financials**

#### **Condition:**

During our audit procedures, it was noted that Board Members are being provided financial statements on a monthly basis. However, the Board's review and approval of the financial statements is not documented in the board minutes.

#### **Recommendation:**

We recommend that the monthly financial statements are approved by the Board Members and documented in the minutes.

#### **Management's Response:**

*Management concurs with the recommendation and will implement procedures to ensure that monthly financial statements are approved and documented in the board minutes.*

#### **Current Status:**

*The District has implemented the recommendation above. Thus, the matter is considered resolved.*

**C. Documentation of Process Reviews**

**Condition:**

Management of the District has communicated to us that there are control processes in place for the review of bank reconciliations and journal entries. We corroborated the controls during our audit procedures. However, we noted that these reviews are not evidenced by the signing or initialing the documents or utilizing any form of documentation of review.

**Recommendation:**

We recommend that the review of bank reconciliations and journal entries be evidenced either on the documents themselves or the use of a month end check list indicating the date of the review and the person that performed the review.

*Management's Response:*

Management concurs with the recommendation and will implement procedures to evidence the review of bank reconciliations and journal entries.

*Current Status:*

*The District has implemented the recommendation above. Thus, the matter is considered resolved.*

**D. Discrepancy Cash Reconciliation**

**Condition:**

There was an immaterial adjustment of \$1,181 recorded as miscellaneous income to reconcile the operating cash account.

**Recommendation:**

We recommend that management investigate and resolves all discrepancy items prior to recording an adjusting entry to reconcile cash.

*Management's Response:*

Management agrees with the recommendation and will establish procedures to ensure that all discrepancy items are investigated and resolved during the bank reconciliation process.

*Current Status:*

*The District has implemented the recommendation above. Thus, the matter is considered resolved.*

## **E. Vacation Approval**

### **Condition:**

Our audit procedures disclosed that there is no documented process for the approval of vacation taken by employees. It was corroborated that the Superintendent verbally approves the vacation for employees to the accounting manager. The accounting manager then adjusts the employees' attendance sheet.

### **Recommendation:**

We recommend that the District implements procedures that require employees to submit vacation forms to the Superintendent for approval. The Superintendent should review the request and inform the employee of the vacation approval. Then, the vacation request form is provided to the accounting manager for processing.

### **Management's Response:**

Management agrees with the recommendation and will establish procedures to document the approval of vacation.

### **Current Status:**

*The District has implemented the recommendation above. Thus, the matter is considered resolved.*

## **F. Inventory**

### **Condition:**

The District maintains a limited supply of spare equipment for replacement of gas materials. These items are expensed at the time of purchase. The District considers the spare equipment on hand at yearend to be immaterial and does not perform an inventory count.

### **Recommendation:**

We recommend that the District performs a yearend inventory to document the end of year inventory balance is insignificant in support of its current inventory policy.

### **Management's Response:**

The District will implement the above recommendation by performing a year inventory of gas materials for the April 30, 2017 fiscal period.

### **Current Status:**

*The District has implemented the recommendation above. Thus, the matter is considered resolved.*

**G. Employer Provided Vehicle**

**Condition:**

It was noted during our audit testing, the District provides the Superintendent a vehicle that is used for business and personal use. However, there is no documentation to verify the percentage of business and personal use of the vehicle.

**Recommendation:**

The District should require that a mileage log is maintained to document the business and personal use of the vehicle. Personal use of the District provided vehicle is considered to be a fringe benefit a form of “non-cash” compensation. The District should report the value of the personal use of the vehicle in the Superintendent’s Form W-2.

**Management’s Response:**

The District will implement procedures to require the use of a mileage log to document the business and personal use of the vehicle. Also, the District will consider the reporting of the personal use of the vehicle on the Superintendent’s Form W-2.

**Current Status:**

*The Superintendent now completes a log of vehicle mileage. However, there is no documented review of the vehicle log and the District has not evaluated whether the personal use of the vehicle should be included in the Superintendent’s Form W-2. Therefore, the identified improvement has not been resolved. See current year management letter point “B”.*