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R E P O R T

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
OF THE
WASHINGTON PARISH POLICE JURY
Varnado, Louisiana

December 31, 1995

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

SEP 04 1996

Release Date _____

Durden and Alonzo

CERTIFIED PUBLIC ACCOUNTANTS

820 11TH AVENUE
FRANKLINTON, LOUISIANA 70438
(504) 839-4413
FAX (504) 839-4402

William R. Durden

RECEIVED
LEGISLATIVE AUDITOR

96 AUG -9 AM 9:02

Donna W. Alonzo

August 7, 1996

Office of Legislative Auditor
1600 North 3rd Street
Post Office Box 94397
Baton Rouge, LA 70804-9397

Attention: Kay Faulk

Re: Supplement to compliance attestation engagements.

The Washington Parish Gas Utility District No. 1 failed to file their annual report within the six month period as required by Louisiana Revised Statute 24:513. Personnel at the Gas District office is very limited and they spent a major part of the first five months of the year obtaining and submitting information to attorneys who were engaged in the trial of Jimmy Ezell and Linda Gonzales. In addition, I was required to obtain and submit additional information and to testify in court concerning this matter.

Because of the demand on the time of the limited number of personnel, the necessary information to file the annual report was not obtained until June. The report was submitted as quickly as possible after obtaining the necessary information.

Yours truly,

William R. Durden

William R. Durden
Certified Public Accountant

WRD/lb

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
OF THE
WASHINGTON PARISH POLICE JURY
Varnado, Louisiana

December 31, 1995

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WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
VARNADO, LOUISIANA

TRANSMITTAL LETTER

ANNUAL FINANCIAL STATEMENTS

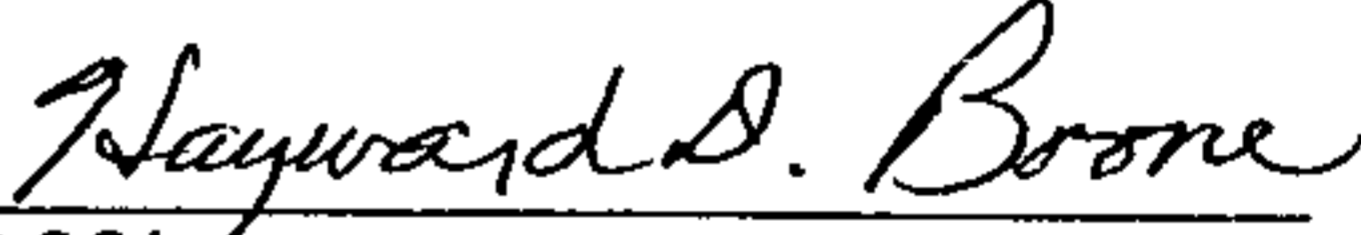
June 30, 1996

Office of Legislative Auditor
Attention: Ms. Dorothy Milner
1600 North Third
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Ms. Milner:

In accordance with Louisiana Revised Statute 24:514, enclosed are the annual financial statements for the Washington Parish Gas Utility District #1 as of and for the fiscal year ended December 31, 1995. The report includes all funds under the control and oversight of the district. The accompanying financial statements have been prepared in accordance with generally accepted accounting principles.

Sincerely,


Hayward D. Boone
Officer

WASHINGTON PARISH GAS UTILITY DISTRICT #1
VARNADO, LOUISIANA

ANNUAL SWORN FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 1995
WITH APPROPRIATE SUPPLEMENTAL INFORMATION

AFFIDAVIT

Personally came and appeared before the undersigned authority, Hayward Boone who, duly sworn, deposes and says that the financial statements herewith given present fairly the financial position of the Washington Parish Gas Utility District #1 as of December 31, 1995, and the results of operations for the year then ended, in accordance with the basis of accounting described within the accompanying financial statements.

Hayward D. Boone
Signature

Sworn to and subscribed before me, this 15th day of July, 1996.

Louis C. Barber
Notary Public

Officer HAYWARD BOONE
Address 60921 SEAL RD
VARNADO, LA
Telephone # (504) 732-7660

Durden and Alonzo

CERTIFIED PUBLIC ACCOUNTANTS

820 11TH AVENUE
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William R. Durden

Donna W. Alonzo

Washington Parish Police Jury
Board of Commissioners
Washington Parish Gas
Utility District No. 1
Varnado, Louisiana

We have compiled the accompanying financial statements of the Washington Parish Gas District No. 1, component unit of the Washington Parish Police Jury, as of and for the year ended December 31, 1995 in accordance with the Statements of Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Durden & Alonzo

Durden and Alonzo
Certified Public Accountants

June 27, 1996

FINANCIAL STATEMENTS

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
OF THE
WASHINGTON PARISH POLICE JURY
Varnado, Louisiana

BALANCE SHEET
As at December 31, 1995

ASSETS

Current assets:

Cash on hand and in banks	\$ 123,519.
Investments	733,601.
Accounts receivable	20,110.
Less allowance for bad debts	(2,011.)
Note receivable - rental property	10,888.
Inventory	2,137.
Accrued interest receivable	447.
Prepaid insurance	2,179.
Total current assets	890,870.

Restricted Assets:

Customer's Meter Deposit Fund	15,435.
Total restricted assets	15,435.

Property and equipment:

Gas line system	296,733.
Maintenance equipment	26,181.
Office equipment	3,665.
Total property and equipment	326,579.
Less accumulated depreciation	(290,786.)
Net property and equipment	35,793.

Total Assets

\$ 942,098.

The accompanying notes are an integral part of this statement.

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
OF THE
WASHINGTON PARISH POLICE JURY
Varnado, Louisiana

BALANCE SHEET
As at December 31, 1995

LIABILITIES AND FUND EQUITY

Current liabilities:	
Accounts payable	\$ 16,753.
Sales/use tax payable	<u>692.</u>
Total current liabilities	<u>17,445.</u>
Current liabilities:	
(Payable from Restricted Assets)	
Customers' meter deposits	<u>15,435.</u>
Total current liabilities	
(Restricted Assets)	<u>15,435.</u>
Long-term liabilities:	
Deferred gain on rental property sale	<u>6,911.</u>
Total long-term liabilities	<u>6,911.</u>
Total liabilities	39,791.
Fund equity:	
Contributed capital	120,000.
Retained earnings:	
Unreserved	<u>782,307.</u>
Total Liabilities and Fund Equity	<u>\$ 942,098.</u>

The accompanying notes are an integral part of this statement.

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
OF THE
WASHINGTON PARISH POLICE JURY
Varnado, Louisiana

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN RETAINED EARNINGS

For the Year Ended December 31, 1995

Operating revenue:	
Gas sales	\$ 128,222.
Forfeited discounts	2,976.
Miscellaneous income	<u>6,908.</u>
Total operating revenue	<u>138,106.</u>
Operating deductions:	
Gas purchases	73,028.
Bad debts	1,778.
General and administrative expense (Schedule 1)	51,342.
Depreciation	<u>832.</u>
Total operating deductions	<u>126,980.</u>
Operating income	11,126.
Other revenue:	
Interest income	50,339.
Gain on sale of rental property	<u>706.</u>
Net Income (loss)	62,171.
Retained earnings, beginning of year	<u>720,136.</u>
Retained earnings, end of year	<u>\$ 782,307.</u>

The accompanying notes are an integral part of this statement.

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
OF THE
WASHINGTON PARISH POLICE JURY
Varnado, Louisiana

STATEMENT OF CASH FLOWS
Direct Method

For the Year Ended December 31, 1995

Cash flows from operating activities:

Net income	<u>\$ 62,171.</u>
Adjustments to reconcile net income provided by operating activities:	
Deferred gain on sale of property	(706.)
Depreciation and amortization	832.
Provision for losses on accounts receivable	1,778.
(Increase) decrease in accounts receivable	(3,994.)
(Increase) decrease in inventory	0.
(Increase) decrease in other assets	(126.)
Increase (decrease) in accounts payable	(3,539.)
Increase (decrease) in accrued liabilities	<u>692.</u>
Total adjustments	<u>(5,063.)</u>
Net cash provided (used) by operating activities	<u>57,108.</u>
Cash flows from investing activities:	
Cash payments for line extension	(35,648.)
Cash payments for purchase of equipment	<u>(567.)</u>
Net cash provided (used) from investing activities	<u>(36,215.)</u>
Cash flows from financing activities:	
Cash transferred from investments	18,448.
Principal payments on installment sale	<u>1,112.</u>
Net cash provided (used) by financing activities	<u>19,560.</u>
Net increase (decrease) in cash and equivalents	40,453.
Cash and cash equivalents, beginning of year	<u>83,066.</u>
Cash and cash equivalents, end of period	<u>\$ 123,519.</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
OF THE
WASHINGTON PARISH POLICE JURY
Varnado, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1995

INTRODUCTION

The Washington Parish Gas Utility District No. 1 was created by the Washington Parish Police Jury on June 12, 1962 under provisions authorized by LRS 33:430. The purpose of the district was to build and maintain a natural gas distribution system for the rural area in the northeastern part of Washington Parish. The system serves approximately 355 customers over distribution lines of 165 miles. The system is operated and maintained on a contractual basis by the Varnado Water District, therefore, the district has no employees.

The accounting and reporting policies of the district are the responsibility of a five member board (compensated - Schedule 2) appointed by the Washington Parish Police Jury. These accounting and reporting policies conform to generally accepted accounting principles as applicable to enterprise funds of a government entity. Such accounting and reporting procedures also conform to the guides set forth in the Louisiana Municipal Audit and Accounting Guide and to the industry audit guide, Audits of State and Local Governmental Units.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying general purpose financial statements of the Washington Parish Gas Utility District No. 1 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Washington Parish Police Jury is the financial reporting entity for Washington Parish.

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
OF THE
WASHINGTON PARISH POLICE JURY
Varnado, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 1995

The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Washington Parish Police Jury for financial reporting purposes. The basis criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

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

Because the police jury appoints the governing board and has the ability to significantly influence operations, the district was determined to be a component unit of the Washington Parish Police Jury, the financial reporting entity.

WASHINGTON PARISH GAS UTILITY DISTRICT NO.1
OF THE
WASHINGTON PARISH POLICE JURY
Varnado, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 1995

The accompanying financial statements present information only on the funds maintained by the district and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The Washington Parish Gas Utility District No. 1 is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that cost (expenses, including depreciation) of providing service on a continuing basis be financed or recovered primarily through user charges.

D. BASIS OF ACCOUNTING

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

Revenue

The district bills on a recurring monthly basis for gas used by its customers. Bills are rendered at the beginning of each month for gas used the previous month. Accounts are primarily collected in the month following use of the gas.

Expenses

The district records expenses as they are incurred. Gas purchases are billed monthly and paid the following month. Supplies purchased during the month are normally paid for at the end of that month.

WASHINGTON PARISH GAS UTILITY DISTRICT NO.1
OF THE
WASHINGTON PARISH POLICE JURY
Varnado, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 1995

E. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest bearing demand deposits and money market accounts. The district includes in cash and cash equivalents amounts in time deposits and those investments in bank certificates of deposits with original maturities of no more than 30 days.

Under state law, the district may invest in United States Bonds, treasury notes, or certificates, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. These are classified as investments if their original maturities exceed 30 days; however, if the original maturities are 30 days or less, they are classified as cash equivalents. Investments are stated at amortized cost.

F. INVENTORIES

Inventories consist of various maintenance supplies and are recorded as an expense when consumed. Inventories are valued at lower of cost or market and are expensed using the first-in first-out method.

G. PREPAID ITEMS

Prepaid items consist of expenses paid in the current year that cover operations during the next fiscal year.

H. RESTRICTED ASSETS

Customer Meter Deposits

Money received for utility deposits paid by new customers is held at Hibernia National Bank, Franklinton, Louisiana. Meter deposits are held by the district until a customer becomes inactive. The meter deposit is then applied to the accounts receivable balance due and any remainder is refunded to the customer. Current meter deposits are: rental \$100, homeowner \$60.

I. FIXED ASSETS

Fixed assets of the district are included on the balance sheet of the enterprise fund at historical cost.

WASHINGTON PARISH GAS UTILITY DISTRICT NO.1
OF THE
WASHINGTON PARISH POLICE JURY
Varnado, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 1995

Interest costs incurred during construction were capitalized. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

Gas system	30 years
Office equipment	10 years
Other equipment	8 years
Rental building (sold in 1995)	15 years

J. DEFERRED INCOME

Deferred income on the installment sale of the rental property income is recognized within the Enterprise fund. Income is recognized as payments are received on the mortgage note.

K. FUND EQUITY

Contributed Capital:

Grants, entitlements, or shared revenues received that are restricted for the acquisition or construction of capital assets are recorded as contributed capital. Contributed capital is not amortized.

2. CASH AND CASH EQUIVALENTS

At December 31, 1995, the district has cash and cash equivalents (book balances) totaling \$123,519. as follows:

Demand deposits	\$ 32,617.
Interest-bearing demand deposits	42,550.
Money market accounts (Prudential Securities)	<u>48,352.</u>
Total	<u>\$123,519.</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
OF THE
WASHINGTON PARISH POLICE JURY
Varnado, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 1995

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1995, the district has \$74,657 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance. The money market account is a Prudential Securities U. S. Government money market account and all investments are U. S. Government securities (GASB Category 1).

3. RESTRICTED ASSETS

At December 31, 1995, the district had restricted funds (book balances) as follows:

Meter Deposit Funds		
Interest Bearing Demand Deposits		\$11,435.
Time deposits		\$ 4,000.

These deposits are stated at cost which approximates market. These deposits are secured from risk by \$100,000 of federal deposit insurance (GASB Category 1).

4. INVESTMENTS

At December 31, 1995, the district has investments totaling \$733,601. as follows:

	Carrying Amount	Market Value
Whitney National Bank - C.D.	\$ 95,000.	\$ 95,000.
Citizen's Savings Bank - C.D.	48,500.	48,500.
Hibernia Bank - C.D.	345,625.	345,625.
Prudential Securities - FHLMC'S, FNMA's, and U. S. Treasury Notes	244,476.	302,512.
	<u>\$733,601.</u>	<u>\$791,637.</u>

The Certificates of Deposit at Whitney National Bank, and Citizens Savings Bank are in the name of the District and are held in the district's safe deposit box at Hibernia National Bank. Because the certificates are in the name of the District and are held by the District or its agent, the certificates of deposit are considered insured and registered, Category 1, in applying the credit risk of GASB Codification Section I50.164.

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
OF THE
WASHINGTON PARISH POLICE JURY
Varnado, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 1995

The certificates of deposit at Hibernia National Bank are secured by pledged securities in the amount of \$1,486,782. The securities are registered in the name of the pledging bank and are held at the Federal Reserve Bank of Atlanta.

Because the pledged securities are not registered in the district's name, the deposits are considered uncollateralized (Category 3) under the provision of GASB Statement 3.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent has failed to pay deposited funds upon demand. As additional security, the Federal Reserve Bank implemented new procedures during 1994 for handling book-entry collateral transactions. The procedures require that the pledgee must approve all releases and substitutions of collateral pledged to their account. If matching withdrawal or substitution instructions are not received from both the financial institution and the pledgee in a timely manner the collateral transaction cannot be completed.

The mortgage certificates and treasury notes are in the name of the District (book entry only) and are held by Prudential Securities. Because the mortgage certificates are in the name of the district and are held by its agent the mortgage certificates are considered insured and registered, Category 1 in applying the credit risk of GASB Codification Section I50.164.

5. RECEIVABLES

The following is a summary of receivables at December 31, 1995:

<u>Class of Receivable</u>	<u>Current Assets</u>	<u>Restricted Assets</u>	<u>Total</u>
Customer receivables	\$20,110.	\$ 0.	\$20,110.
Installment note receivable	<u>10,888.</u>	<u>0.</u>	<u>10,888.</u>
Total	<u>\$30,998.</u>	<u>\$ 0.</u>	<u>\$30,998.</u>

WASHINGTON PARISH GAS UTILITY DISTRICT NO.1
OF THE
WASHINGTON PARISH POLICE JURY
Varnado, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 1995

Uncollectible amounts due from customers' receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The bad debts are charged off against an allowance account. Inactive accounts with balances at December 31, 1995 totaled \$467. Management states that at this time, collection of these accounts is possible, and elected not to write off any accounts for 1995. The allowance account with a balance of \$2,011 is sufficient to handle any bad debt write-off that may arise from these inactive accounts.

6. FIXED ASSETS

A summary of fixed assets at December 31, 1995, follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Gas distribution system	\$296,733.	\$261,639.	\$35,094.
Office equipment	3,665.	2,966.	699.
Maintenance equip.	<u>26,181.</u>	<u>26,181.</u>	<u>0.</u>
Total	<u>\$326,579.</u>	<u>\$290,786.</u>	<u>\$35,793.</u>

Depreciation is computed on a straight line basis for financial statement purposes, using the following useful lives:

Distribution system	30 years
Office equipment	10 years
Maintenance equipment	8 years

7. INTERGOVERNMENTAL AGREEMENT

The Washington Parish Gas Utility District #1 entered into a service agreement with the Varnado Waterworks District. The Varnado Waterworks District will perform all necessary functions involving meter reading, billing of customers, collection of customer's accounts, keeping and furnishing necessary financial information and records on a monthly basis to the Gas District #1. The fee for this service is \$2.35 per customer per month payable monthly.

WASHINGTON PARISH GAS UTILITY DISTRICT NO.1
OF THE
WASHINGTON PARISH POLICE JURY
Varnado, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 1995

The Varnado Waterworks District will provide all system repair and maintenance customarily done by its own personnel. Accurate hourly records of personnel records involved in repairs shall be kept and Bogue Lusa Waterworks District and Gas District #1 will be billed monthly at twice the employees hourly rate. All materials, parts and supplies will be paid directly by the district incurring the cost. Varnado Waterworks District employees will keep accurate mileage records for the service truck used for maintenance and repairs and will bill the other districts 35 cents per mile for work done on their respective systems. Periodically, an accounting will be made of the costs of the services provided under the agreement. Cash settlements will be made between the districts, so each district pays its portion of the actual costs.

8. LITIGATION AND CLAIMS

At December 31, 1995, the district is not involved in litigation and its legal counsel is not aware of any outstanding claims.

9. BUDGET

The Board of Commissioners approved the 1995 budget at their January, 1995 board meeting. The budget is prepared on the accrual basis of accounting. The Board forwarded a copy of the approved budget to the Washington Parish Police Jury. The board reviews the budget actual comparison on a quarterly basis. As of June 26, 1996, no budget has been adopted for 1996.

SUPPLEMENTAL INFORMATION

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
OF THE
WASHINGTON PARISH POLICE JURY
Varnado, Louisiana

GENERAL AND ADMINISTRATIVE EXPENSE

For the Year Ended December 31, 1995

Secretary	\$ 830.
Management Fees	10,476.
Accounting services	450.
Audit and legal expense	3,759.
Board of Commissioners expense	3,900.
Insurance	6,871.
Supplies and expense - office	1,080.
Supplies and expense - gas line	6,015.
Repairs and maintenance	15,281.
Miscellaneous	337.
Postage	938.
Travel expense	419.
Telephone	<u>986.</u>
Total	<u>\$ 51,342.</u>

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
OF THE
WASHINGTON PARISH POLICE JURY
Varnado, Louisiana

BOARD OF COMMISSIONERS EXPENSE

For the Year Ended December 31, 1995

The schedule of compensation paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

The Board of Commissioners of the district consist of five members appointed by the Washington Parish Police Jury. The following is a list of commissioners and compensation received. Compensation did not exceed provisions of R.S. 33:4305.B.[1].

	<u>Meetings Attended</u>	<u>Compensation</u>
Mr. Hayward Boone	15	\$ 750.
Mr. Stanley Seal	16	800.
Mr. Gary Pierce	15	750.
Mr. Ervin Seal	16	800.
Mr. Leo Mitchell	16	800.
Total		<u>\$3,900.</u>

The Commissioners were appointed to the following terms on November 3, 1994:

Mr. Leo Mitchell	-	5 years
Mr. Hayward Boone	-	4 years
Mr. Ervin Seal	-	3 years
Mr. Gary Pierce	-	2 years
Mr. Stanley Seal	-	1 year

There were no re-appointments noted in the minutes.

Durden and Alonzo

CERTIFIED PUBLIC ACCOUNTANTS

820 11TH AVENUE
FRANKLINTON, LOUISIANA 70438
(504) 839-4413
FAX (504) 839-4402

William R. Durden

Donna W. Alonzo

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Washington Parish Police Jury
Board of Commissioners
Washington Parish Gas Utility
District No. 1
Varnado, Louisiana

Gentlemen:

We have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of the Washington Parish Gas Utility District No. 1, and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the district's compliance with certain laws and regulations during the year ended December 31, 1995 included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$5,000, or public works exceeding \$50,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

One expenditure for gas line relocation was made during the year. We examined documentation which indicated that all of the expenditures had been properly advertised and accepted in accordance with the provision of LSA-RS38:2211-2251.

Durden and Alonzo

CERTIFIED PUBLIC ACCOUNTANTS

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William R. Durden

Donna W. Alonzo

Page 2

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

The district did not have any employees during the year 1995.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

Meters were repaired under a contract with an individual and management has provided statements that he was no relation to any board member.

Budgeting

5. Obtained a copy of the legally adopted original budget and all amendments.

Management provided us with a copy of the original budget. There were no amendments to the budget during the year.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budget to the minutes of the regular meeting held on January 23, 1995, which indicated that the budget had been adopted by the commissioners of the Washington Parish Gas Utility District No. 1 by a vote of 5 in favor and none opposed. No amendments were made to the budget during the year.

Durden and Alonzo

CERTIFIED PUBLIC ACCOUNTANTS

820 11TH AVENUE
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William R. Durden

Donna W. Alonzo

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7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by more than 5%.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues exceeded budgeted revenues by 25% due to under-statement of interest income (budget \$16,000, actual \$50,339). Actual expenditures did not exceed budget expenditures by more than 5%; however, actual depreciation was only 8% of budgeted amount and actual repairs were 205% of budgeted amount.

Accounting and Reporting

8. Randomly select six disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee:

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account; and

All payments were properly coded to the correct general ledger account.

- (c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approval from the Board of Commissioners. Each of the disbursements were traced to the district's minute book where they were approved by the full commission.

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Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Washington Parish Gas Utility District No. 1 is only required to post a notice of each meeting and the accompanying agenda on the door of the district's office building. Although management has asserted that such documents were properly posted, we could find no evidence supporting such assertion other than an unmarked copy of the notices and agenda.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of banks loans, bonds or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advance, or gifts.

The Gas Utility District No. 1 did not have any employees.

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We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Washington Parish Gas Utility District No. 1 and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public records and its distribution is not limited.

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Certified Public Accountants