

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

BALANCE SHEET
As at December 31, 1966

ASSETS

Current assets:	
Cash on hand and in banks	\$ 96,898.
Investments	774,844.
Accounts and notes receivable (Net of allowance for bad debts)	10,900.
Notes receivable—rental property	8,825.
Inventory	2,137.
Prepaid insurance	2,172.
Total current assets	<u>898,331.</u>
Restricted Assets:	
customer's Motor Deposit Fund	<u>18,255.</u>
total restricted assets	<u>18,255.</u>
Property and equipment:	
Gas line system	380,775.
Maintenance equipment	10,370.
office equipment	3,662.
Total property and equipment	494,807.
less accumulated depreciation	(282,472.)
Net property and equipment	<u>212,335.</u>
Total Assets	<u>\$ 1,128,921.</u>

The accompanying notes are an integral part of this statement.

WASHINGTON WATER GAS UTILITY DISTRICT NO. 1
OF THE
WASHINGTON WATER POLICE JURY
Warrick, Louisiana

STATEMENT OF CASH FLOWS
Direct Method

For the Year Ended December 31, 1986

Cash flows from operating activities:

Net income	\$ 57,088.
Adjustments to reconcile net income provided by operating activities:	
Deferred gain on sale of property	(859.1)
Depreciation	5,866.
(Increase) decrease in accounts receivable	4,133.
(Increase) decrease in inventory	(4,874.1)
(Increase) decrease in other assets	2.
Increase (decrease) in accounts payable	(5,710.1)
Increase (decrease) in accrued liabilities	371.
Total adjustments	(1,291.1)
Net cash provided (used) by operating activities	58,826.
Cash flows from investing activities:	
Cash payments for line extension	(4,063.2)
Cash payments for purchase of equipment	(38,325.2)
Net cash provided (used) from investing activities	(42,388.2)
Cash flows from financing activities:	
Investment income transferred to investment	(57,888.2)
Principal payments on installment sale	(1,333.2)
Net cash provided (used) by financing activities	(59,221.2)
Net increase (decrease) in cash and equivalents	(32,843.2)
Cash and cash equivalents, beginning of year	123,132.
Cash and cash equivalents, end of period	<u>\$ 90,288.</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
Vernon, Louisiana

BALANCE SHEET
As at December 31, 1996

LIABILITIES AND FUND EQUITY

Current liabilities:	
Accounts payable	\$ 11,043.
Payroll taxes payable	598.
Sales/use tax payable	425.
Total current liabilities	<u>12,066.</u>
Current liabilities:	
(Payable from Restricted Assets)	
customers' meter deposits	<u>16,255.</u>
Total current liabilities	
(Restricted Assets)	<u>16,255.</u>
Long-term liabilities:	
Deferred gain on rental property sale	<u>6,352.</u>
Total long-term liabilities	<u>6,352.</u>
Total liabilities	24,433.
Fund equity:	
Contributed capital	120,800.
Retained earnings:	
Unreserved	<u>608,113.</u>
Total Liabilities and Fund Equity	<u>\$ 829,798.</u>

The accompanying notes are an integral part of this statement.

FINANCIAL STATEMENTS

Burden and Blaylock

CERTIFIED PUBLIC ACCOUNTANTS

400 PINE STREET
MONROE, LOUISIANA 70001
(504) 235-0111
FAX (504) 235-0100

William R. Burden

James W. Blaylock

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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, advances, or gifts.

The Gas Utility District No. 1 hired one employee in April 1996. Per minutes of board meeting, employee is to be paid \$12.00 per hour on a weekly basis. Only entries in salary expense are \$480 per week beginning April 2, 1996.

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 record and its distribution is not limited.

Burden & Blaylock

Burden and Blaylock
Certified Public Accountants

Burden and Altonzo

CERTIFIED PUBLIC ACCOUNTANTS

225 PINEAVENUE
WASHINGTON, LOUISIANA 70701
PHONES 441-1111
MAINTENANCE

William R. Burden

James H. Altonzo

Washington Parish Police Jury
Board of Commissioners
Washington Parish Gas
Utility District No. 1
Terreboe, 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, 1987 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.

Burden & Altonzo
Burden and Altonzo
Certified Public Accountants

January 31, 1988

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
TERREBO, LOUISIANA

TRANSMITTAL LETTER
ANNUAL FINANCIAL STATEMENTS

January 11, 1967

Office of Legislative Auditor
Attention: Ms. Dorothy Milner
1400 North Third
Post Office Box 84107
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, 1966. 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,



Officer

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

December 31, 1994

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R E P O R T

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

December 20, 1988

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or successor, entity and other persons and 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.

Release Date 4-2-97

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

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN RETAINED EARNINGS

For the Year Ended December 31, 1994

Operating revenue:	
Gas sales	\$ 129,833.
Forfeited discounts	2,800.
Equipment hire	8,574.
Miscellaneous income	1,000.
Total operating revenue	<u>142,207.</u>
Operating deductions:	
Gas purchases	68,126.
Bad debts	(497.)
General and administrative expenses (Schedule 1)	71,293.
Depreciation	5,000.
Total operating deductions	<u>144,916.</u>
Operating income (loss)	(2,709.)
Other revenues:	
Interest income	51,553.
Gain on sale of capital asset	6,128.
Gain on sale of rental property	<u>833.</u>
Net Income (Loss)	59,804.
Retained earnings, beginning of year	<u>780,187.</u>
Retained earnings, end of year	<u>\$ 839,991.</u>

The accompanying notes are an integral part of this statement.

Burden and Alving

CERTIFIED PUBLIC ACCOUNTANTS

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William R. Burden

Steven W. Alving

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Washington Parish Police Jury
Board of Commissioners
Washington Parish Gas Utility
District No. 1
Vernado, 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, 1996 included in the accompanying Louisiana Attachment 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 LA-PS 30:1211-2261 (the public bid law).

A ditchwitch machine and trailer were purchased April, 1996 for a total of \$28,870 less trade-in of \$8,128. The District did not advertise for bids and received only one quote from "Ditch Witch Equipment Co." The purchase was discussed at a special board meeting held on April 11, 1996. All members were present and voted to purchase the machine. Invoice is dated April 15, 1996. I have supplied the District president with the bid laws for Louisiana and have discussed the proper procedures for advertising for and accepting bids on equipment, etc.

WASHINGTON PARISH GAS UTILITY DISTRICT #1
WARRENBO, LOUISIANA

ANNUAL SWORN FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 1996
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,
1996, and the results of operations for the year then ended, in
accordance with the basis of accounting described within the
accompanying financial statements.



Signature

Sworn to and subscribed before me, this 25th day of February, 1997.



Notary Public

Office: _____
Address: _____
Telephone #: _____

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

NOTES TO FINANCIAL STATEMENTS
December 31, 1996

INTRODUCTION

The Washington Parish Gas Utility District No. 1 was created by the Washington Parish Police Jury on June 22, 1963 under provisions authorized by LRS 33:434. 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 885 customers over distribution lines of 184 miles. The system is operated and maintained on a contractual basis by the Vernade Water District. Therefore, the district has no employees.

The accounting and reporting policies of the district are the responsibility of a five member board (comprised - 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, Audit 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.

Durbin and Alingo

CERTIFIED PUBLIC ACCOUNTANTS

200 F STREET, N.W.
WASHINGTON, DISTRICT OF COLUMBIA
REGISTERED
AND LICENSED

William R. Durbin

Bernice W. Alingo

Page 4

We suggested that checks be coded to general ledger accounts at time payments are made. With the manager recording the check and having the invoice in hand at the same time, coding errors should be eliminated.

- (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.

Meetings

8. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-MS 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. Regular meetings were held on the 4th Tuesday of each month. If a regular meeting date was changed, the local newspaper (Bogalusa Daily News) was notified and the date published in the paper. Notices for special meetings are posted on the front door of the office and board members are notified of the meeting and its purpose by phone. Agendas are not prepared for meetings.

Bank

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank 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. We also examined minutes of board meetings for any discussion about obligating the district for any debt, and none were noted.

Darden and Alingo

CERTIFIED PUBLIC ACCOUNTANTS

200 11TH AVENUE
WASHINGTON, DISTRICT OF COLUMBIA
20004-4411
TEL: 526-2227-1400

William R. Darden

James W. Alingo

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-BS 41:1183-1184 (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 hired one employee during 1994. Mr. Aubrey Magee was employed April 1, 1994.

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.

The individual hired in 1994 is no relation to any of the board members.

Budgeting

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

Management provided us with a copy of the original budget. There was one amendment to the budget during the year.

4. 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 July 23, 1994, which indicated that the budget had been adopted by the commissioners of the Washington Parish and Thirdly District No. 1 by a vote of 3 in favor and none opposed. Amendments were made at the November meeting.

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
OF THE

WASHINGTON PARISH POLICE JURY
Vernon, Louisiana

BOARD OF COMMISSIONERS EXPENSE

For the Year Ended December 31, 1936

The schedule of compensation paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1939 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. 39:498.B. [1].

	Meetings Attended		Compensation
	Regular	Special	
Mr. Hayward Boone	10	3	\$ 650.
Mr. Stanley Seal	12	3	750.
Mr. Gary Pierce	10	3	550.
Mr. Huey Dickham	10	3	550.
Mr. Leo Mitchell	12	3	750.
Total			<u>\$3,250.</u>

The Commissioners were appointed to the following terms on January 1, 1936:

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

There were no re-appointments noted in the minutes.

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

ORIGINAL AND ADMINISTRATIVE EXPENSE

For the Year Ended December 31, 1986

serviceman salary	\$ 28,100.
Secretary	750.
Billing services	18,653.
Accounting services	900.
Audit and legal expense	1,200.
Board of Commissioners expense	3,400.
Insurance	7,999.
Supplies and expense - office	1,000.
Supplies and expense - gas line	4,900.
Repairs and maintenance	10,800.
Miscellaneous	1,174.
Postage	1,000.
Travel expense	3,330.
Telephone	1,240.
Taxes and license	<u>2,200.</u>
Total	<u>\$ 71,250.</u>

SUPPLEMENTAL INFORMATION

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

NOTES TO FINANCIAL STATEMENTS
December 31, 1998

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 operations 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 revenues and expenses:

Revenues

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 the next month.

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

NOTES TO FINANCIAL STATEMENTS
December 31, 1985

The following is a summary of receivables at December 31, 1985:

Class of Receivable	Current Assets	Restricted Assets	Total
Customer receivables (net of bad debt allowance)	\$13,866.	\$ 0.	\$13,866.
Installment note receivable	3,525.	0.	3,525.
Total	<u>\$17,391.</u>	<u>\$ 0.</u>	<u>\$17,391.</u>

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. Management states that at this time, collection of accounts is possible, and elected not to write off any accounts for 1985. Management continues to estimate an allowance account for bad debts at 1% of account receivable balances. Because there were no bad debts written off in 1984 and the allowance account requirement was reduced by \$487., there was a negative bad debt provision on the income statement.

6. FIXED ASSETS

A summary of fixed assets at December 31, 1985, follows:

	Cost	Accumulated Depreciation	Net
Gas distribution system	\$220,788.	\$203,206.	\$17,582.
Office equipment	3,655.	3,644.	11.
Maintenance equip.	18,328.	3,420.	14,908.
Total	<u>\$242,771.</u>	<u>\$210,270.</u>	<u>\$32,501.</u>

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

Distribution system	10 years
Office equipment	10 years
Maintenance equipment	5 years

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

NOTES TO FINANCIAL STATEMENTS
December 31, 1994

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 150.104.

The certificates of deposit at Hibernia National Bank are secured by pledged securities in the amount of \$1,488,783. 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 2) under the provision of GASB Statement 3.

Louisiana Revised Statute 29:1223 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 18 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 150.104.

6. RECEIVABLES

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

NOTES TO FINANCIAL STATEMENTS
 December 31, 1986

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.

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, 1986, the District has \$86,966 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 (MSRB Category 1).

3. RESTRICTED ASSETS

At December 31, 1986, the district had restricted funds (book balances) as follows:

Water Deposit Funds	
Interest Bearing Demand Deposits	\$ 12,788.
Time deposits	\$ 4,980.

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

4. INVESTMENTS

At December 31, 1986, the district has investments totaling \$774,844, as follows:

	Carrying Amount	Market Value
Whitney National Bank - C.D.	\$ 95,800.	\$ 95,800.
Citizen's Savings Bank - C.D.	48,500.	48,500.
Hibernia Bank - C.D.	200,024.	200,024.
Prudential Securities - PRIME's, PRIME's, and U.S. Treasury Notes	<u>250,500.</u>	<u>270,520.</u>
	<u>\$774,844.</u>	<u>\$774,844.</u>

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

NOTES TO FINANCIAL STATEMENTS
December 31, 1996

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	34 years
Office equipment	10 years
Other equipment	8 years
Rental building (sold in 1995)	15 years

J. COMPENSATED ABSENCES

The District only recently hired an employee (April 1996). As of the date of this financial statement they have not established any policy for compensated absences.

K. DEFERRED INCOME

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

L. 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 accreted.

3. CASH AND CASH EQUIVALENTS

At December 31, 1996, the district has cash and cash equivalents (bank balances) totaling \$96,858, as follows:

Cash on hand	\$ 100.
Demand deposits	19,347.
Interest-bearing demand deposits	46,906.
Money market accounts (Prudential Securities)	<u>20,505.</u>
Total	<u>\$ 96,858.</u>

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

NOTES TO FINANCIAL STATEMENTS
December 31, 1996

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 90 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 90 days; however, if the original maturities are 90 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, Warrado, 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: Retail \$100, homeowner \$40.

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
Vernado, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 1996

7. INTERGOVERNMENTAL AGREEMENT

The Washington Parish Gas Utility District #1 entered into a service agreement with the Vernado Waterworks District. The Vernado 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 \$2.25 per customer per month payable monthly.

The Vernado 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 Bogus Lake 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. Vernado 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, 1996, 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 1996 budget at their July, 1996 board meeting. The budget is prepared on the accrual basis of accounting, with any capital improvements added. 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. The 1997 budget was adopted at the December, 1996 board meeting.

Borden and Chicago

CERTIFIED PUBLIC ACCOUNTANTS

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FRANKFURT, CALIFORNIA FIVE
(202 822-4411)
TEL. (916) 337-4400

William B. Borden

James W. Chicago

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I have presented to the board president the laws governing budgeting for Louisiana and also instructed him about the timing of adopting the budget and its presentation to the Police Jury. The budget for 1997 was adopted at the January, 1997 meeting and forwarded to the Police Jury.

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 did not exceed budgeted revenues by more than 5%. Actual expenditures did not exceed budget expenditures by more than 5%; however, actual depreciation 289% 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

Four of the six payments we coded to the incorrect general ledger account.

1. Fuel for Hitchhitch coded to truck expense.
2. Line supplies coded to repairs.
3. Line supplies coded to telephone.
4. Line supplies coded to truck expense.

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

NOTES TO FINANCIAL STATEMENTS
December 31, 1996

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 basic 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. Organizations 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.