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REPORT

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

**Component Unit Financial Statements
As of and for the Year
Ended December 31, 1997
with Supplemental Information Schedules**

Under provisions of state law, this report is a public document. A copy of the report shall be furnished to the auditor or assigned, 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.

Receipt Acknowledged
Legislative Auditor
By B. M. ...

Release Date JUN 03 1998

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

Component Unit Financial Statements
As of and for the Year Ended December 31, 1997
With Supplemental Information Schedule

C O N T E N T S

	<u>Page No.</u>
TRANSMITTAL LETTER	3
AFFIDAVIT	3
ACCOUNTANT'S COMPILATION LETTER	4
FINANCIAL STATEMENTS:	
GENERAL PURPOSE FINANCIAL STATEMENTS:	
Balance Sheet	5-6
Statement of Revenues, Expenditures and Changes in Retained Earnings	7
Statement of cash flows	8
Statement of Revenues, Expenditures and Changes in Retained Earnings- Budget and Actual	9
NOTES TO FINANCIAL STATEMENTS	10 - 20
SUPPLEMENTAL INFORMATION	
General and Administrative Expense-Schedule 1	21
Board of Commissioners Compensation-Schedule 2	22
INDEPENDENT ACCOUNTANT'S REPORT	23 - 26
REPORT OF MANAGEMENT'S CORRECTIVE ACTION PLAN	27 - 28
LOUISIANA ATTESTATION QUESTIONNAIRE	29 - 30

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WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
VARNADO, LOUISIANA

TRANSMITTAL LETTER
ANNUAL FINANCIAL STATEMENTS

APRIL 21, 1988

Office of the Legislative Auditor
P. O. Box 94387
Baton Rouge, LA 70804-9387

Dear Sir:

In accordance with Louisiana Revised Statute 24:514, enclosed are the annual financial statements for the Washington Parish Gas Utility District No. 1 as of and for the fiscal year ended December 31, 1987. 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



President

Re: Acknowledged
Legislative Auditor

By _____

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
VARNADO, LOUISIANA

ANNUAL SWORN FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 1967
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 No. 1 as of December 31, 1967, 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 2nd day of July, 1968.


Notary Public

Office _____
Address _____
Telephone # _____

Darden and Alonzo

CERTIFIED PUBLIC ACCOUNTANTS

820 17th Avenue
Baton Rouge, Louisiana, 70801
(504) 383-4411
Fax (504) 383-6664

William R. Darden

James W. Alonzo

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

We have compiled the accompanying financial statements of the Washington Parish Gas Utility District No. 1, component unit of the Washington Parish Police Jury, as of and for the year ended December 31, 1997, 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.

Darden & Alonzo

Darden and Alonzo
Certified Public Accountants

April 27, 1998

FINANCIAL STATEMENTS

STATEMENT A

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

BALANCE SHEET
As at December 31, 1997

ASSETS	
Current assets:	
Cash	\$ 279,723
Investments	653,960
Accounts and notes receivable (Net of allowance for bad debts)	20,651
Inventory	7,111
Prepaid insurance	2,177
Accrued interest receivable	539
Total current assets	<u>964,061</u>
Restricted assets:	
Customer's meter deposit fund	18,070
Line extension deposits	5,950
Total restricted assets	<u>24,020</u>
Property and equipment:	
Gas line system	300,798
Maintenance equipment	38,370
Office equipment	<u>3,665</u>
Total property and equipment	342,833
Less accumulated depreciation	<u>(276,242)</u>
Net property and equipment	<u>66,591</u>
Total Assets	<u>\$ 1,054,652</u>

See accompanying notes to the financial statements

STATEMENT A

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

BALANCE SHEET
As at December 31, 1997

LIABILITIES AND FUND EQUITY:

Current Liabilities:

Accounts payable	\$ 15,343
Sales tax payable	484
Accrued payroll taxes payable	<u>606</u>
Total current liabilities	<u>16,433</u>

Current Liabilities:

(Payable from Restricted Assets)

Customers' meter deposits	18,070
Customers' line extension deposits	6,960
Total current liabilities (Restricted Assets)	<u>24,030</u>

Total liabilities	<u>40,463</u>
-------------------	---------------

Fund Equity:

Contributed capital	120,000
Retained earnings - unreserved and undesignated	<u>894,237</u>
Total Fund Equity	<u>1,014,237</u>

TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 1,054,692</u>
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See accompanying notes to the financial statements

STATEMENT B

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, 1997

Operating revenues:	
Gas sales	\$ 131,254
Forfeited discounts	2,497
Equipment hire	7,661
Miscellaneous income	<u>2,689</u>
Total operating revenues	<u>143,879</u>
Operating expenses:	
Gas purchases	70,768
Bad debts	(736)
General and administrative expense (Schedule 1)	70,268
Depreciation	<u>5,071</u>
Total operating expense	<u>145,917</u>
Operating income (loss)	(2,038)
Other revenue:	
Interest income	52,111
Gain on sale of rental property	<u>6,552</u>
Net income	54,824
Retained earnings, beginning of year	<u>638,213</u>
Retained earnings, end of year	<u>\$ 694,237</u>

See accompanying notes to the financial statements.

STATEMENT C

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

STATEMENT OF CASH FLOWS
For Year Ended December 31, 1997

Cash flows from operating activities:

Net income	<u>\$ 54,924</u>
Adjustments to reconcile net income provided by operating activities:	
Deferred gain on sale of property	(8,052)
Depreciation	8,871
(Increase) decrease in accounts receivable	(8,888)
(Increase) decrease in inventory	(4,074)
(Increase) decrease in other assets	(533)
Increase (decrease) in accounts payable	4,368
Increase (decrease) in accrued liabilities	28
Total adjustments	<u>(7,234)</u>
Net cash provided (used) by operating activities	<u>47,700</u>
Cash flows from financing activities:	
Investment income transferred from investments	125,650
Principal payments on installment sale	9,535
Net cash provided (used) by financing activities	<u>135,185</u>
Net increase (decrease) in cash and equivalents	182,885
Cash and cash equivalents, beginning of year	90,850
Cash and cash equivalents, end of year	<u>329,733</u>

See accompanying notes to the financial statements

STATEMENT D

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

Statement of Revenues, Expenses and Changes in
Retained Earnings - Budget and Actual

For Year Ended December 31, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating revenues:			
Gas sales	\$122,000	\$131,254	\$ 9,254
Forfeited discounts	2,500	2,487	(13)
Equipment hire	5,600	7,881	2,281
Miscellaneous income	2,100	2,000	(100)
Total operating revenues	<u>132,200</u>	<u>143,622</u>	<u>11,422</u>
Operating deductions:			
Gas purchases	60,000	70,788	(7,788)
Bad debts	1,000	(750)	2,250
General and adm. expense	71,750	70,268	1,482
Depreciation	5,000	6,571	(71)
Total operating deductions	<u>142,750</u>	<u>148,917</u>	<u>(6,167)</u>
Operating income	(10,550)	(5,295)	7,291
Other revenue:			
Interest income	50,000	62,111	(669)
Gain on sale of rental property	6,000	5,052	52
Net income (loss)	45,470	54,904	6,454
Retained earnings, beginning	<u>839,313</u>	<u>839,313</u>	<u>-</u>
Retained earnings, ending	<u>\$887,783</u>	<u>\$894,217</u>	<u>\$ 6,434</u>

See accompanying notes to the financial statements

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, 1997

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. The Water District provides employees for billing, collecting, and general operation of the system. The Gas District has one employee, hired for maintenance purposes.

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, 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.

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
OF THE
WASHINGTON PARISH POLICE JURY
VARNADO, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
December 31, 1997

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 the 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.

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
OF THE
WASHINGTON PARISH POLICE JURY
VARNADO, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
December 31, 1997

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:

Revenues

All revenues are susceptible to accrual basis of accounting. Gas revenues are billed on a recurring monthly basis as gas is used by the district's 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. Equipment rent, re-connect fees, and installation fees are recorded in the month the service is rendered and collected the following month. Interest income is paid and recorded on a monthly basis, with the exception of some interest on certificates of deposit paid on a quarterly basis. Interest is accrued as earned on those of's.

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
OF THE
WASHINGTON PARISH POLICE JURY
VARNADO, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
December 31, 1997

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.

E. BUDGET

The proposed budget for 1997 was presented and adopted at the December 1996 board meeting held by the District on December 16, 1996. 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 monthly basis as a part of their management of the system. The 1996 budget was adopted at the December 1997 board meeting.

F. 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 maturity of no more than 30 days.

Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Those are classified as investments if their original maturity exceed 30 days. Investments are stated at amortized cost.

G. INVENTORIES

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

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
OF THE
WASHINGTON PARISH POLICE JURY
WARRADO, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
December 31, 1997

H. PREPAID ITEMS

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

I. 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 account's receivable balance due and any remainder is refunded to the customer. Current meter deposits are: rental \$100., homeowner \$ 50.

Line Extension Deposits

Money collected from potential customers for agreeing to connect onto system when the line extension is complete. Part of the money will be for the installation fee(\$ 50.) and part of the money will be a customer meter deposit (\$50. or \$100.).

J. FIXED ASSETS

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

K. COMPENSATED ABSENCES

The district has only one employee hired April 1995. As of the date of this report the board has not established any policy for compensated absences.

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
OF THE
WASHINGTON PARISH POLICE JURY
VARNADO, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
December 31, 1997

1. 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, 1997, the district has cash and cash equivalents (book balances) totaling \$279,723, as follows:

Cash on hand	\$ 100
Demand deposits	54,036
Interest bearing demand deposits	49,914
Money market accounts (Prudential & Rauscher)	<u>175,673</u>
Total cash and cash equivalents	<u>\$ 279,723</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. These securities are to be held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. 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 90 days of being notified by the Village 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.

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
OF THE
WASHINGTON PARISH POLICE JURY
WARRADÓ, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
December 31, 1997

At December 31, 1997, the District's deposits (collected bank balances) in Hibernia National Bank totaled \$403,761. These deposits were secured from risk by \$100,000. of the federal deposit insurance and pledged securities in the amount of \$328,344. The money market accounts and investments at Prudential and Rauscher are all U. S. Government securities.

3. RESTRICTED ASSET

At December 31, 1997 the district had restricted funds (book balances) as follows:

Meter Deposit Funds:	
Interest Bearing Demand Deposits	\$14,070.
Time Deposits	4,000.
Line Extension Deposits:	
Demand Deposits	\$ 5,950.

These deposits are stated at cost which approximates market. The pledged security for these deposits is stated in note 3 because they are part of the total funds on deposit at Hibernia National Bank.

4. INVESTMENTS

For the year ended December 31, 1997, totaling \$653,968, as follows:

	Carrying Amount	Market Value
Whitney National Bank-C. D.'s	\$ 95,000.	\$ 95,000.
Citizens Savings Bank-C. D.	48,500.	48,500.
Hibernia National Bank-C. D.	280,625.	280,625.
Prudential Securities-FHLMC'S	37,469.	38,054.
Rauscher Securities-FHLMC'S, FMMA'S, and U. S. Treasury Notes	182,364.	188,819.
Totals	<u>\$653,968.</u>	<u>\$652,028</u>

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
OF THE
WASHINGTON PARISH POLICE JURY
VARNADO, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
December 31, 1997

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 150.154.

The certificates of deposit at Hibernia National Bank are secured by pledged securities in the amount of \$325,344. 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 provisions 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 and Rauscher 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 150.154.

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
OF THE
WASHINGTON PARISH POLICE JURY
VARNADO, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
December 31, 1997

5. RECEIVABLES

The following is a summary of receivables at December 31, 1997:

<u>Class of receivable</u>	<u>Current Assets</u>	<u>Restricted Assets</u>	<u>Totals</u>
Customer receivable (net of bad debt allowance)	\$ 19,233.	\$ 0.	\$ 19,233.
Other receivables (prepaid On mgmt. Fees)	<u>1,318.</u>	<u>0.</u>	<u>1,318.</u>
Total Receivables	<u>\$ 20,551.</u>	<u>\$ 0.</u>	<u>\$ 20,551.</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 elected to write-off \$559 of accounts for 1997. In 1997 management changed the estimate for the bad debt allowance from 10% of accounts receivable balances to 1%. Because of the change in the percentage for the allowance account the allowance account requirement was reduced by \$1,269, resulting in a negative bad debt provision on the income statement of \$ 730.

6. FIXED ASSETS

A summary of fixed assets at December 31, 1997, follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Gas distribution system	\$ 305,769	\$ 284,903	\$ 20,866
Office equipment	1,085	3,122	949
Maintenance equipment	<u>28,370</u>	<u>6,217</u>	<u>22,153</u>
Total	<u>\$ 345,224</u>	<u>\$ 294,242</u>	<u>\$ 50,982</u>

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
OF THE
WASHINGTON PARISH POLICE JURY
VARRADO, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
December 31, 1987

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 no. 1 entered into a service agreement with the Varrado Waterworks District. The Varrado 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 No. 1. The fee for this service will be based on the operating cost of the Waterworks District. A rate per customer per month will be calculated annually and paid each month.

The Varrado 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 No. 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. Varrado 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. Annually, 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

As of December 31, 1987, there were no litigations or claims against the District.

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
OF THE
WASHINGTON PARISH POLICE JURY
VARNADO, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
December 31, 1997

9. SUBSEQUENT EVENTS

The District voted at a special meeting held August 10, 1997 to extend their distribution line approximately five miles. Bids were received at the October 28th meeting and the contract was awarded to Spinks Construction in the amount of \$153,520.

Construction began in April 1998, with payment to be made at the completion of the project. Engineering fees in the amount of \$13,375 were paid in January 1998. All cost associated with this project are to be paid from surplus funds on hand at December 31, 1997.

SUPPLEMENTAL INFORMATION

Schedule 1

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

GENERAL AND ADMINISTRATIVE EXPENSES

For the Year Ended December 31, 1987

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Service-man salary	\$25,000	\$25,000	\$ (00)
Secretary	400	660	(660)
Billing services	10,500	9,080	940
Accounting services	1,250	1,558	(308)
Audit and legal expense	1,500	1,575	(75)
Board of Commissioners expense	3,800	3,150	350
Insurance	7,500	8,320	(820)
Supplies and expense-office	1,000	443	557
Supplies and expense-gas line	7,000	6,745	255
Repairs and maintenance	3,000	2,847	153
Miscellaneous	2,100	900	1,199
Postage	1,000	832	168
Travel expense	4,500	5,022	(522)
Telephone	1,200	1,077	123
Taxes and license	2,700	2,700	(0)
Advertising	-	302	(302)
Seminars and schools	-	104	(104)
	<u>\$71,700</u>	<u>\$70,389</u>	<u>\$ 1,443</u>

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
OF THE
WASHINGTON PARISH POLICE JURY
WARMADO, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
December 31, 1997

COMPENSATION PAID BOARD MEMBERS

The schedule of compensation paid to board members is presented in compliance with House Concurrent Resolution No. 64 of the 1978 Session of the Louisiana Legislature.

The Board of Commissioners of the District consists of five members appointed by the Washington Parish Police Jury. The following is a schedule of the compensation received by the board members. Compensation did not exceed provisions of R.S. 33:4305.B (1).

	Meetings Attended		Compensation
	Regular	Special	
Hayward Boone	10	2	\$ 600
Stanley Seal	13	2	700
Gary Pierce	11	0	550
Huey Bickham	12	2	700
Leo Mitchell	10	2	<u>600</u>
			<u>\$ 3,150</u>

The Commissioners are appointed to the following terms on January 1, 1997:

Huey Bickham	1 year
Hayward Boone	2 years
Leo Mitchell	3 years
Stanley Seal	4 years
Gary Pierce	5 years

Re-appointments are made each January for the member whose term expires.

**INDEPENDENT
ACCOUNTANT'S REPORT**

Darden and Blango

CERTIFIED PUBLIC ACCOUNTANTS

801 PINE AVENUE
BANKHOCH LOUISIANA BLDG
DORCHESTER
LA 70004-5744

William R. Darden

James W. Blango

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLICANTS AGREED-UPON PROCEDURES

Washington Parish Police Jury
Board of Commissioners
Washington Parish Gas Utility
District No. 1
Vernon, 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, 1997, included in the accompanying LOUISIANA ASSURANCE QUESTIONS. 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 \$10,000, or public works exceeding \$50,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2211 (the public bid law).

There were no expenditures made during the year for materials and supplies exceeding \$10,000, or for public works exceeding \$50,000.

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.

Management provided us with the required list.

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 employees included on the list of employees provided by management [agreed-upon procedure (3)] did not appear on the list provided by management in agreed-upon procedure (2).

Budgeting

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

Management provided us with copies of the original and amended budgets.

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

The original budget for the year ended December 31, 1997, was adopted at a the regular meeting held by the District on December 10, 1996. The 1997 budget was amended at a meeting held on November 26, 1997.

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 five percent (5%).

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues and expenditures for the year did not exceed budgeted amounts by more than five percent (5%).

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 for each disbursement.

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

We found that payments were properly coded to the correct fund and general ledger account for each of the six selected disbursements.

- (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 board of commissioners.

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 meeting 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. The manager stated that the notices had been posted on the door of the District's office for the week prior to the meeting. 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 have not been prepared for meetings.

Debt

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 have inspected copies of all bank deposit slips of the District for the period under examination and noted no deposits which appear 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 and debt, and none were noted.

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 District has only one employee. A review of the minutes of the board meetings indicated no changes in compensation for the year. We also inspected payroll records and the general ledger account for salaries for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

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 purpose. However, this report is a matter of public record and its distribution is not limited.


Darden and Alonzo
Certified Public Accountants

April 27, 1996

**REPORT OF
MANAGEMENT'S CORRECTIVE ACTION
PLAN**

GAS UTILITY DISTRICT #1

20275 HWY. 21
AVOUE, LA. 70426
PHONE: (504) 735-8100

MANAGEMENT'S CORRECTIVE ACTION PLAN AND SUMMARY OF PRIOR YEAR FINDINGS

Mr. Daniel Kyle
Legislative Audit Advisory Council
P. O. Box 94267
Baton Rouge, La. 70804-0267

Mr. Kyle:

The report from Durden and Alonso CPAs on the application of agreed upon procedures for the year ended December 31, 1997, did not contain any comments for corrective action on the District's part. We have listed below a summary of the prior year findings and our resolution of those findings:

- (1) Violation of the public bid law: We received a copy of the bid law from Durden & Alonso's office and it is on file in our office for future reference. We are aware of the limits and requirements of the law. In August 1997, we prepared bid sheets and advertised for bids for the construction of a line extension. Bids were received and opened at our October meeting. We awarded the contract to the low bidder, "Spitta Construction" in the amount of \$163,625.
- (2) Payments coded to incorrect general ledger accounts: We changed our accounting procedure to have the system manager, that prepares the checks, to also code the voucher (check stub) with the proper general ledger account. We feel that the person with the invoice on hand will be able to properly code the disbursement.
- (3) Agendas are not prepared for board meetings: We are now preparing an agenda for each meeting. The agenda, along with the notice of the meeting are placed on the door of our building one week in advance of the meeting date.

- (4.) Proper adoption of budget: Our annual budget is now presented at our November meeting, adopted at our December meeting, mailed to the Washington Parish Police Jury, and reviewed with actual expenditures on a monthly basis.

We feel we have resolved all of the above matters, and are currently in compliance with each item.

Sincerely,



Hayward Boone,
President

**LOUISIANA
ATTESTATION
QUESTIONNAIRE**

APPENDIX F. LOUISIANA ATTESTATION QUESTIONNAIRE

January 27, 1998 DDD

Harwood Bank For Henry District #1

William A. Jones, CPA (Signature)

In connection with your completion of our financial statements as of December 31, 1997 and for the period then ended, and as required by Louisiana Revised Statute 24:512 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of January 27, 1998 (date).

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 24:3212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes No

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1102-1104.

Yes No

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1110.

Yes No

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 24:1301-14) or the budget requirements of LSA-RS 24:43.

Yes No

Accounting and Reporting

none listed

Accounting and Reporting

All non-exempt governmental records are available as a public report and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:38.

Yes No

We have filed our annual financial statements in accordance with LSA-RS 24:514, 24-463, and/or 58-52, as applicable.

Yes No

We have had our financial statements audited or compiled in accordance with LSA-RS 24-513.

Yes No **Meetings**

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes No **Debt**

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1874 Louisiana Constitution, Article VI, Section 33 of the 1874 Louisiana Constitution, and LSA-RS 43:1418.02.

Yes No **Advances and Bonuses**

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VI, Section 14 of the 1874 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes No

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

Leo Mitchell

Secretary, January 23, 1992 Date

Raymond Palmer

Treasurer, January 23, 1992 Date

President, January 23, 1992 Date

Note-Quasi-public entities should delete reference to the above statutes, unless required to follow such laws by contract with their public funding agencies. The quasi-public entities should include a representation that they have complied with the contractual provisions under which they have received state and/or local funds.