

REPORT

**WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
WASHINGTON PARISH COUNCIL
Varnado, Louisiana**

**COMPONENT UNIT FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR
ENDED DECEMBER 31, 2003**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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.

Release Date 6.2.04

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

Component Unit Financial Statements
As of and for the Year Ended December 31, 2003
With Supplemental Information Schedule

CONTENTS

	<u>Page No</u>
TRANSMITTAL LETTER	1
AFFIDAVIT	2
ACCOUNTANT'S COMPILATION LETTER	3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 10
FINANCIAL STATEMENTS:	
Balance Sheet	11 - 12
Statement of Revenues, Expenditures, and Changes in Net Assets	13
Statement of cash flows	14
Statement of Revenues, Expenditures , and Changes in Net Assets-Budget and Actual	15
NOTES TO FINANCIAL STATEMENTS	16 - 26
SUPPLEMENTAL INFORMATION:	
General and Administrative Expenses-Scheduel 1	27
Board of Commissioners Compensation-Schedule 2	28
INDEPENDENT ACCOUNTANT'S REPORT	29 - 32
MANAGEMENT'S REPRESENTATIONS:	
Summary Schedule of Prior-Year Findings	33
Corrective Action Plan for Current Year Findings	34
Louisiana Attestation Questionnaire	35 - 36

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
VARNADO, LOUISIANA

TRANSMITTAL LETTER
ANNUAL FINANCIAL STATEMENTS

APRIL 27, 2004

Office of the Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

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, 2003. 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

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
VARNADO, LOUISIANA

ANNUAL SWORN FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2003
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, 2003, and the results of operations for the year then ended, in accordance with the basis of accounting described within the accompanying financial statements.

Hayward Boone
Signature

Sworn to and subscribed before me, this 26th day of May 2004.

Janice C. Barber
Notary Public

Officer _____
Address _____
Telephone # _____

William R. Durden

Certified Public Accountant

820 11TH AVENUE
FRANKLINTON, LOUISIANA 70438
(985) 839-4413
FAX (985) 839-4402

MEMBER
A.I.C.P.A.

MEMBER
L.C.P.A.

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

I have compiled the accompanying financial statements of the Washington Parish Gas Utility District No. 1, (a component unit of the Washington Parish Government), as of and for the year ended December 31, 2003, which comprise the District's basic financial statements as listed in the table of contents, and the accompanying supplementary information schedules, which are presented only for supplementary analysis purposes, in accordance with Statements on 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. I have not audited or reviewed the accompanying financial statements and supplemental information, and, accordingly, do not express an opinion or any other form of assurance on them.

The management's discussion and analysis, on pages 4 through 10, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have compiled the supplementary data from information that is the representation of management, without audit or review. Accordingly, I do not express an opinion or any other form of assurance on the supplementary information.

I am not independent with respect to the Washington Parish Gas Utility District No. 1.



William R. Durden
Certified Public Accountant

April 27, 2003

Management's Discussion and Analysis

**WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
WASHINGTON PARISH GOVERNMENT
Varnado, LOUISIANA**

Management's Discussion and Analysis

Introduction

Washington Parish Gas Utility District No. 1 is pleased to present its Annual Financial Report developed in compliance with Governmental Accounting Standard Board Statement No. 34, Basic Financial Statements - Management's Discussion and Analysis – For State and Local Governments (hereinafter referred to as GASB 34) and related standards. Please read the following in conjunction with the District's financial statements and footnotes, which follow this section.

Financial Highlights

- Total assets for the year were \$1,358,375 at December 31, 2003 and exceeded liabilities in the amount of \$1,301,353 (i.e., net assets). Of the total net assets, \$1,181,353 was unrestricted and available to support short-term operations, with balance invested in capital assets net of related debt and restricted for capital activity and debt service. The District also has contributed capital of \$120,000.

- User fee revenues(gas sales) for the fiscal year ending December 31, 2003 increased by \$18,152 representing an approximate increase of 7.09% from total revenues for fiscal year December 31, 2002 of \$256,010. Cost of gas sales increased \$13,668 representing an approximate increase of 12.07% over the December 31, 2002 cost. As indicated by these figures, the District absorbed some of the increased cost of gas during 2003.

- The District's operating expenses, consisting of those expenses resulting from the District's ongoing operations, increased \$4,050, which is a 3.67% increase over the prior year. Categories with substantial changes were; Insurance (+\$8,974), Bad Debts (-\$2,452), and Repairs (-\$1,772).

Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to basic financial statement and supplementary information. The MD&A presents an overview of management's examination and analysis of Washington Parish Gas Utility District No 1's financial condition and performance.

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
WASHINGTON PARISH GOVERNMENT
Varnado, Louisiana

Management's Discussion and Analysis

The financial statement reports information on the District using full accrual accounting methods, similar to those used in the private sector. Financial statements include the Balance Sheet, Statement of Revenues, Expenses, and changes in Net Assets, Statement of Cash Flows, and the statement of Revenues, Expenses, and Changes in Net Assets-Budget and Actual.

The Balance Sheet provides information about the nature and amount of the District's resources and obligation at year-end, and provides a basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

The Statement of Revenues, Expenses, and Changes in Net Assets accounts for the operation of the Gas District, reporting revenues and expenses and the resulting change in net assets for the fiscal year. This statement measures the success of the District's operations in a format that can be used to determine if the District has recovered its costs through used fees and other charges.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities, and provides information on the source of cash receipts, what cash was used for and the total change in cash for the reporting period.

The Budget/Actual Statement of Revenues and Expenses reflects on how well the Board manages the operation of the District.

The notes to the financial statements provide required disclosure essential to the understanding of the financial statements. The notes present information's about the District's accounting policies, significant account balances and activities, commitments, contingencies, and subsequent events, if any. Supplementary information includes a comparative budget schedule.

Financial Analysis

The purpose of financial analysis is to help determine whether Washington Parish Gas Utility District No. 1 is better off as result of the current year's activities. In this analysis, data from two basic financial statements, the Balance Sheet, and the Statement of Revenues, Expenses, and Changes in Net Assets, are presented below in condensed format. These statements report the Net Assets,(the difference between assets and liabilities), and the change in Net Assets, which provides information for indicating the financial condition of the District. Following these statements is a separate schedule summarizing and analyzing budget changes for the current fiscal year.

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
WASHINGTON PARISH GOVERNMENT
Varnado, Louisiana

Management's Discussion and Analysis

Condensed Balance Sheet

	December 31, 2003	December 31, 2002	Dollar Change	Percent Change
Current and Other Assets	\$ 1,152,355	\$ 1,054,466	\$ 97,889	8.49%
Restricted Assets	26,607	25,672	935	3.51%
Capital Assets	179,413	193,737	(14,324)	-7.98%
Total Assets	\$ 1,358,375	\$ 1,273,875	84,500	6.22%
Current Liabilities	30,415	23,482	6,933	29.52%
Payable from Restricted assets	26,607	25,672	935	3.64%
Total Liabilities	57,022	49,154	7,868	13.80%
Contributed Capital	120,000	120,000	-	-
Net Assets-restricted	179,413	193,737		
Net Assets-unrestricted	1,001,940	910,984	90,956	9.08%
Total Liability and Fund Equity	\$ 1,358,375	\$ 1,273,875	\$ 84,500	6.22%

The major components of change in "Current and Other Assets" are a \$77,125 increase in operating cash and a \$20,764 increase other assets.

"Capital Assets" decreased by \$14,324 which is the depreciation expense for the current year.

"Current Liabilities" increased by \$6,933, which is due to an increase in the December 2003 gas bill (purchases) over the December 2002 gas bill.

Total Net Assets (total assets less total liabilities) increased \$76,632 for fiscal year ending December 31, 2003, primarily because of the increases noted for "Current and Other Assets".

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
WASHINGTON PARISH GOVERNMENT
Varnado, Louisiana

Management's Discussion and Analysis

Condensed Statement of Revenues, Expenditures, and Changes in Net Assets:

	December 31, 2003	December 31, 2002	Dollar Change	Percent Change
Revenues:				
Total Operating Revenues	\$ 289,073	\$ 269,778	\$ 19,295	6.67%
Cost of Sales:				
Cost of Gas	126,924	113,256	13,668	
Expenses:				
Depreciation Expenses	14,324	13,928	396	2.76%
Operating Expenses	100,221	96,567	3,654	3.65%
Total Expenses	114,545	110,495	4,050	3.54%
Operating Income (Loss)	47,604	46,027	1,577	3.31%
Other revenue:				
Interest income	30,137	40,812	(10,675)	-35.42%
Decrease in market value of investment	(1,109)	5,380	(6,489)	-585.12%
Net Income	76,632	92,219	(15,587)	-20.34%
Net Assets, Beginning of Year	1,104,821	1,012,502	(92,319)	-8.36%
Net Assets, End of Year	\$ 1,181,453	\$ 1,104,721	\$ 76,732	6.49%

While the Balance Sheet shows the change in financial position of fund equity, the Statement of Revenues, Expenses, and Changes in Net Assets provides answers to the nature and scope of these changes. The above table gives an indication of the Washington Parish Gas Utility District No 1's conservative approach to management. Total "Operating Revenues" (including gas sales and revenues related to providing gas and related services to customers) increased by \$19,295, due mainly to the line extension done in 2002, which increased the number of customers. Total "Operating Expenses" increased by \$4,050 over prior year expenses. Gas cost increased by \$13,668, due to price increases during 2003.

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

Management's Discussion and Analysis

Budgetary Highlight

The proposed budget for 2003 was adopted at the February 25, 2003 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 Council. The board reviews the budget actual comparison on a monthly basis as a part of their management of the system. The 2003 budget was amended at December 23, 2003.

Budget vs. Actual – Fiscal Year End December 31, 2003

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
Gas sales	\$250,000	\$274,162	\$ 24,162
Forfeited discounts	7,000	6,100	(900)
Equipment Hire	7,500	8,372	872
Adjustment/over read meters	100	(31)	(131)
Installation fees	500	470	(30)
Total operating revenues	<u>265,100</u>	<u>289,073</u>	<u>23,973</u>
Gas purchases	125,000	126,924	(1,924)
Bad debts	1,000	1,030	(30)
General and administration expense	104,565	99,191	5,374
Depreciation	12,000	14,324	(2,324)
Total operating deductions	<u>242,565</u>	<u>241,469</u>	<u>1,096</u>
Operating Income (loss)	22,535	47,604	25,069
Interest income	36,000	30,137	(5,863)
Decrease in market value of investment		(1,109)	(1,109)
Net income	58,535	76,632	18,097
Net Assets, beginning of the year	<u>1,104,721</u>	<u>1,104,721</u>	<u>-</u>
Net Assets, ending of the year	<u>\$1,163,256</u>	<u>\$1,181,353</u>	<u>\$ 18,097</u>

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 2
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

Management's Discussion and Analysis

There was a 9.66% favorable variation between budgeted and actual "Operating Revenues", due to the increased sales for December 2003. There was no significant variation in "Operating Deductions", and "Operating Expenses" were \$1,096 below budget. The amended budget was adopted showing an operating income of \$22,535 actual operations however, resulted in an operating income of \$47,604. The budget also showed a total net income of \$58,535 with an actual net income of \$76,632.

Other Significant Trends and Account Changes

Included within this section is first a listing and analysis of general trends and operating data affecting the operation of the District. This is followed by an analysis of any significant account changes, not included within other sections of the Management's Discussion and Analysis.

General operating Data

	December 31, 2003	December 31, 2002	Increase (decrease)
Customers Active	428	420	8

The above table shows an increase of eight customers, which were added from the 2002 line extension. The District is constantly attempting to increase it's customers base.

One key measure of a gas district's profitability, and ability to generate positive cash flows, is the ability of the District to collect accounts receivable on a timely basis. Presented below is an aged receivable listing for fiscal years ending December 31, 2003, and 2002.

	Year Ended December 31, 2003	Year Ended December 31, 2002	Increase (decrease)
0 - 30 Days Past DUE	\$ 52,685	\$ 33,207	\$ 19,478
31 - 60 Days Past DUE	1,459	1,388	71
61 - 90 Days Past DUE	1,849	1,760	89
Over 90 Days Past DUE	837	2,068	(1,231)
Total Accounts Receivable For Gas (Before Allowance for Bad Debits)	<u>\$ 56,830</u>	<u>\$ 38,423</u>	<u>\$ 18,407</u>

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
WASHINGTON PARISH GOVERNMENT
Varnado, Louisiana

Management's Discussion and Analysis


Capital Assets

At the end of the fiscal year December 31, 2003, Gas District No. 1 had \$179,413 (net of accumulated depreciation) recorded in capital assets. This includes gas line systems and improvements, investment in gas meters, storage and other equipment, such as office equipment, and maintenance equipment used to operate the gas system. The changes in capital assets are presented in the table below.

	January 1, 2002	December 31, 2003	Dollar Change	December 31, 2003
Gas Line System	\$ 465,448	\$ 465,448	\$ -	0.00%
Maintenance Equipment	58,264	58,264	-	0.00%
Office Equipment	5,965	5,965	-	0.00%
Subtotal	<u>529,677</u>	<u>529,677</u>	<u>-</u>	0.00%
Less Accumulated				
Depreciation	(350,264)	(335,940)	14,324	-4.09%
Net Capital Assets	<u>\$ 179,413</u>	<u>\$ 193,737</u>	<u>\$ 14,324</u>	7.98%

Future Economic Plans

The Washington Parish Gas Utility District's management approach is conservative. The Board actively monitors revenues and expenses and evaluates the costs of proposed expansion projects against the benefits to be derived. At present there are no plans for any distribution line expansion. The board's emphasis is on decreasing the cost of gas and collecting receivables. These items we hope will result in lower utility bills for our customers. As always we continue to strive for better service to our customers.



 Officer

FINANCIAL STATEMENTS

STATEMENT A

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

BALANCE SHEET
 As at December 31

	2003	2002
ASSETS		
Current assets:		
Cash on hand and in banks	\$ 250,692	\$ 205,203
Investments	823,643	792,007
Accounts receivable-net of allowance for bad debts	53,330	35,923
Inventory	9,326	8,990
Prepaid insurance	15,365	10,987
Prepaid lease		1,356
Total current assets	1,152,355	1,054,466
Restricted assets:		
Customer's meter deposit fund	26,607	25,672
Total restricted assets	26,607	25,672
Property and equipment:		
Gas line system	465,448	465,448
Maintenance equipment	58,264	58,264
Office equipment	5,965	5,965
Total property and equipment	529,677	529,677
Less accumulated depreciation	(350,264)	(335,940)
Net property and equipment	179,413	193,737
 Total Assets	 \$ 1,358,375	 \$ 1,273,875

See accountant's compilation report and accompanying notes to financial statements

STATEMENT A

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

BALANCE SHEET
 AS AT DECEMBER 31,

	<u>2003</u>	<u>2,002</u>
<u>LIABILITIES AND NET ASSETS:</u>		
Current Liabilities:		
Accounts payable	\$ 29,768	\$ 21,788
Sales tax payable	474	1,259
Accrued payroll tax payable	173	435
Total current liabilities	<u>30,415</u>	<u>23,482</u>
Current Liabilities-payable from restricted assets:		
Customers' meter deposits	<u>26,607</u>	<u>25,672</u>
Total current liabilities	<u>26,607</u>	<u>25,672</u>
Total liabilities	<u>57,022</u>	<u>49,154</u>
Net Assets:		
Invested in Capital Assets, Nnet of Rrelated Debt	179,413	193,737
Contributed Capital	120,000	120,000
Net Assets - unreserved and undesignated	<u>1,001,940</u>	<u>910,984</u>
Total Net Assets	<u>1,301,353</u>	<u>1,224,721</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>1,358,375</u></u>	<u><u>\$ 1,273,875</u></u>

See accountant's compilation report accompanying notes to the financial statements

STATEMENT B

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

STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN NET ASSETS

For the Years Ended December 31,

	2003	2002
Operating revenues:		
Gas sales	\$ 274,162	\$ 256,010
Forfeited discounts	6,069	5,156
Equipment hire	8,372	6,540
Installation fees	470	2,072
Total operating revenues	289,073	269,778
Operating expenses:		
Cost of gas sold	126,924	113,256
Bad debt provision	1,030	3,482
General and administrative (Schedule 1)	99,191	93,085
Depreciation	14,324	13,928
Total operating expenses	241,469	223,751
Operating income (loss)	47,604	46,027
Other revenue:		
Interest income	30,137	40,812
Decrease in market value of investment	(1,109)	5,380
Net Income	76,632	92,219
Net Assets, beginning of year	1,104,721	1,012,502
Net Assets, end of year	\$ 1,181,353	\$ 1,104,721

See accountant's compilation report and accompanying notes to the financial statements

STATEMENT C

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 2
OF THE
WASHINGTON PARISH COUNCIL
Franklinton, Louisiana

STATEMENT OF CASH FLOWS
For Years Ended December 31,

	<u>2003</u>	<u>2002</u>
Cash flows from operating activities:		
Cash received from customers	\$ 256,756	\$ 250,523
Other receipts of income	14,910	13,768
Cash payments for goods and services	<u>(223,570)</u>	<u>(220,008)</u>
Net cash provided (used) by operating activities	<u>48,096</u>	<u>44,283</u>
Cash flows from capital and related financing activities:		
Investment income transferred from investments	30,137	40,812
Transfer of funds to investments	<u>(32,744)</u>	<u>(34,140)</u>
Net cash provided (used) by financing activities	<u>(2,607)</u>	<u>6,672</u>
Net increase (decrease) in cash and equivalents	45,489	50,955
Cash and cash equivalents, beginning of year	205,203	154,248
Cash and cash equivalents, end of year	<u>\$ 250,692</u>	<u>\$ 205,203</u>
 Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 47,604	\$ 46,027
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	14,324	13,928
(Increase) decrease in accounts receivable	(17,407)	(5,487)
(Increase) decrease in inventory	(336)	(337)
(Increase) decrease in prepaid insurance	(4,378)	(1,122)
(Increase) decrease in prepaid lease	1,356	
Increase (decrease) in accounts payable	7,980	(8,844)
Increase (decrease) in accrued expenses	<u>(1,047)</u>	<u>118</u>
Total adjustments	492	(1,744)
	<u>\$ 48,096</u>	<u>\$ 44,283</u>

See accountant's compilation report and accompanying notes to the financial statements.

STATEMENT D

WASHINGTON PARISH BAS UTILITY DISTRICT NO. 1
OF THE
WASHINGTON PARISH COUNCIL
Varnado, Louisiana

Statement of Revenues, Expenses and Changes in
Net Assets - Budget and Actual

For Year Ended December 31, 2003

	Original Budget	Amended Budget	Actual	Variance
Operating revenues:				
Gas sales	\$ 180,000	\$ 250,000	\$ 274,162	\$ 24,162
Forfeited discounts	4,100	7,000	6,100	(900)
Equipment Hire	5,000	7,500	8,372	872
Service charges	500			
Adjustment/overread meters	(250)	100	(31)	(131)
Installation fees	2,000	500	470	(30)
Total operating revenues	<u>191,350</u>	<u>265,100</u>	<u>289,073</u>	<u>23,973</u>
Operating deductions:				
Gas purchases	95,000	125,000	126,924	(1,924)
Bad debts	1,000	1,000	1,030	(30)
General and adm. expense	88,700	104,565	99,191	5,374
Depreciation	12,000	12,000	14,324	(2,324)
Total operating deductions	<u>196,700</u>	<u>242,565</u>	<u>241,469</u>	<u>1,096</u>
Operating income	(5,350)	22,535	47,604	25,069
Non-operating items:				
Interest income	36,000	36,000	30,137	(5,863)
Decrease in market value of investment			(1,109)	(1,109)
Net Income (loss)	30,650	58,535	76,632	18,097
Net Assets, beginning	<u>1,104,721</u>	<u>1,104,721</u>	<u>1,104,721</u>	<u>-</u>
Net Assets, ending	<u>\$ 1,135,371</u>	<u>\$ 1,163,256</u>	<u>\$ 1,181,353</u>	<u>\$ 18,097</u>

See accountant's compilation report accompanying notes the financial statements

NOTES TO FINANCIAL STATEMENTS

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2003

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 410 customers over distribution lines of 170 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 Council. 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 Council is the financial reporting entity for Washington Parish.

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

NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2003

The financial reporting entity consists of (a) the primary government, Parish Council, (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 Council 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 parish council 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 parish council does not appoint a voting majority but are fiscally dependent on the parish council.
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 parish council 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 Council, the financial reporting entity.

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

NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2003

C. FUND ACCOUNTING

The Washington Parish Gas Utility District No. 1 maintains its financial records 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 certificates of deposit.

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

NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2003

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 2003 adopted at the February 25, 2003 board meeting. The budget is prepared on the accrual basis of accounting, with any capital purchases and interest income added. The board forwarded a copy of the approved budget to the Washington Parish Council. The board reviews the budget actual comparison on a monthly basis as a part of their management of the system. The 2003 budget was amended at the December 23, 2003 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. These are classified as investments if their original maturity exceeds 30 days. Investments are stated at amortized cost.

G. 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.

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

NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2003

H. PREPAID ITEMS

Prepaid items consist of expenses paid in the current year that cover the 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, Bogalusa, 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.

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	5 years
Other equipment	8 years

K. COMPENSATED ABSENCES

All employees of the gas district earn from 14 to 28 days of vacation leave each year, depending on the length of service. Vacation leave must be taken during the year earned. However, upon termination or retirement, employees are paid for any unused vacation leave earned during the current year. All employees earn 6 days of sick leave each year. A total of 45 days of sick leave can be accumulated. All accumulated sick leave lapses upon termination. There were no accumulated and vested leave benefits required to be reported, in accordance with GASB Statement No. 16, as of December 31, 2003.

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

NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2003

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 amortized.

2. CASH AND CASH EQUIVALENTS

At December 31, 2003, the district has cash and cash equivalents (book balances) totaling \$277,299 as follows:

Demand deposits	\$ 189,404
Interest bearing demand deposits	82,881
Money market accounts (Legg Mason Investment)	5,014
Total cash and cash equivalents	<u>\$ 277,299</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 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.

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

NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2003

At December 31, 2003, the District's deposits (collected bank balances) in Hibernia National Bank totaled \$377,663. These deposits were secured from risk by \$100,000 of federal deposit insurance and pledged securities in the amount of \$371,025. The money market account and investments at Legg Mason are all U. S. Government securities.

3. RESTRICTED ASSET

At December 31, 2003 the district had restricted funds (book balances) as follows:

Meter Deposit Funds:	
Interest Bearing Demand Deposits	\$22,607.
Time Deposits	4,000.

4. INVESTMENTS

For the year ended December 31, 2003, investments totaled \$823,643 as follows:

	<u>Cost</u>	<u>Value</u>
Whitney Nat'l Bank-C.D.'S	\$ 95,000	\$ 95,000
Citizens Savings Bank-C.D.	263,500	263,500
Hibernia Nat'l Bank-C.D.	100,364	100,364
Central Progressive Bank-C.D.	164,301	164,301
Legg Mason Securities-FHLMC'S, FNMA'S and U. S. Treasury Notes	386,145	200,478
<u>Totals</u>	<u>\$ 1,009,310</u>	<u>\$ 823,643</u>

These deposits are stated at cost, which approximates market. The pledged security for the deposits in Hibernia National Bank is stated in note 3 because they are part of the total funds on deposit at Hibernia National Bank. The deposits in Central Progressive Bank are secured by \$100,000 of federal deposit insurance and pledged securities in the amount of \$70,787. The deposits in Citizens Savings Bank are security by \$100,000 of federal deposit insurance and pledged securities in the amount of \$195,000.

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

NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2003

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 150.164.

The certificates of deposit at Hibernia National Bank are secured by pledged securities in the amount of \$450,215. 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 un-collateralized (Category 3) under the provisions of GASB Statement Number 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 pledge, 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 pledge 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 Legg Mason 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 150.164.

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

NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2003

5. RECEIVABLES

The following is a summary of receivables at December 31, 2003:

<u>Class of receivable</u>	<u>Current Assets</u>
Customer receivable	\$ 56,830.
Allowance for bad debts	(3,500.)
Receivables	<u>\$ 53,330</u>

Un-collectible amounts due from customers' receivables are recognized as bad debts at the time information becomes available indicating the un-collectibility of the particular receivable. The bad debts are charged off against an allowance account. Management feels the estimate, for the bad debt allowance, is sufficient to cover any bad debts that may arise in the upcoming year. There were no recovered bad debts received during 2003.

6. FIXED ASSETS

A summary of fixed assets at December 31, 2003 follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Gas distribution system	\$ 261,084	\$ 261,084	\$ -
Gas line extension	204,364	43,798	160,566
Office equipment	3,665	3,581	84
Procedure manuel	2,300	709	1,591
Maintenance equipment	58,264	41,092	17,172
Totals	<u>\$ 529,677</u>	<u>\$ 350,264</u>	<u>\$ 179,413</u>

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

NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2003

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	8-15 years

7. INTERGOVERNMENTAL AGREEMENT

The Washington Parish Gas Utility District No. 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 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 Gas District will be billed separately for any repair and maintenance provided by the Varnado Waterworks District. 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 Waterworks' 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. 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, 2003, there were no litigations or claims against the District.

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

NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2003

9. CONTIGIENCIES

On May 3, 1999 the District received a judgment against Mr. Jimmy Ezell, the former manager of the district. The judgment (in the amount of \$7,199.60) rendered by the 22nd Judicial District Court in favor of the Washington Parish Gas Utility District No. 1 was the result of proceedings concerning missing funds reported on the District's 1994 audit report. Management feels that collection of this judgment is highly unlikely.

SUPPLEMENTAL INFORMATION

Schedule 1

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

GENERAL AND ADMINISTRATIVE EXPENSES

For the Years Ended December 31.

	<u>2003</u>	<u>2002</u>
Salaries	\$ 20,895	\$ 22,031
Secretary	560	480
Payroll taxes	1,801	1,312
Billing service	12,018	12,934
Accounting services	1,800	1,750
Audit and legal expense		1,800
Board of Commissioners expense	2,865	2,850
Due and subscription	50	50
Freight		299
Insurance	34,147	30,752
Supplies and expense-office	1,062	415
Supplies and expense-gas line	3,583	3,133
Repairs and maintenance	3,160	5,175
Leak survey	3,430	
Annual compilation report	2,200	
Rent	1,356	194
Training		275
Postage	1,493	4,198
Travel expense	5,008	1,238
Telephone	1,975	1,492
Location expense		127
Taxes and license	1,421	705
Miscellaneous labor	110	400
Miscellaneous	257	1,475
	<u> </u>	<u> </u>
Total	<u>\$ 99,191</u>	<u>\$ 93,085</u>

See accountant's compilation report and accompanying notes to financial statement.

Schedule II

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

COMPENSATION PAID BOARD MEMBERS

December 31, 2003

The schedule of compensation paid to 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 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	8	1	\$ 485
Stanley Seal	10	2	650
Gary Pierce	10	1	595
Huey Bickham	9	2	595
Leo Mitchell	9	1	540
			<u>\$ 2,865</u>

The Commissioners were appointed to the following terms on January 1, 2003

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

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

See accountant's compilation report and accompanying notes to financial statements

**INDEPENDENT
ACCOUNTANT'S REPORT**

WILLIAM R. DURDEN

Certified Public Accountant

820 11TH AVENUE
FRANKLINTON, LOUISIANA 70438
(985)839-4413
FAX (985)839-4402

MEMBER
A.I.C.P.A.

MEMBER
L.C.P.A.

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

Gentlemen:

I 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, 2003, 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, I 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 \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

There were no expenditures made during the year for materials and supplies Exceeding \$15,000, or for public works exceeding \$100,000.

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 me 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 me 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 two 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 me with a copy of the original budget for 2003.

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

The original budget for the year ended December 31, 2003, was adopted at a regular meeting held by the District on February 25, 2003, and made a part of the minutes of that meeting. The 2003 budget was amended at the meeting held December 23, 2003.

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%).

I compared the revenues and expenditures of the original budget to actual revenues and expenditures. Actual operating revenues for the year exceeded budgeted amounts by 9.04%. Expenditures for gas purchases exceeded budgeted amounts by 1.54% and operating expenses were under budget amounts by 2.57%. Interest income was under budgeted amounts by 16.29%.

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:

I examined supporting documentation for each of the ten 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

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

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

Inspection of documentation supporting each of the ten selected disbursements indicated approval from the board of commissioners. Each of the disbursements was 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 notice and agenda are posted on the door of the District's office the week prior to each monthly meeting. Notices for special meetings and their purpose are posted on the front door of the office and board members are notified of the meeting and its purpose by phone.

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.

I 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. I 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 had been made to employees, which may constitute bonuses, advances, or gifts.

The District has two employees. 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, constituting bonuses, advances, or gifts.

Prior Comments and Recommendations

12. Review any prior year suggestions, recommendations, and/or comments and indicate the extent to which such matters have been resolved.

The District's actual interest income exceeded budgeted interest income by more than the 5% variance allowed by law. The District did monitor the budget/actual statement monthly and did review the investments periodically. However, the District failed to amend the 2002 budget to correct any variances in excess of the 5% allowed.

I was 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, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my 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.



William R. Durden
Certified Public Accountant

May 10, 2004

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

WASHINGTON PARISH GAS UTILITY
DISTRICT # 1

Summary Schedule of Prior Year Findings
For The Year Ended December 31, 2003

SECTION I – INDEPENDENT ACCOUNTANTS REPORT ON APPLYING AGREED-UPON
PROCEDURES

2001-1 The District's actual interest income, change in investment value, and net
 Income exceeded the 5% allowable variance as prescribed by The Local
 Budget Act.

UNRESOLVED, the board of Commissioners did review their budget-actual
comparison on a monthly basis but failed to amend their budget.

WASHINGTON PARISH GAS UTILITY
DISTRICT # 1

Varnado, Louisiana

Corrective Action Plan for Current Year Findings
For The Year Ended December 31, 2003

SECTION 1 - Independent Accountant's Report on Agreed-Upon Procedures:

No findings were noted for the year
ended December 31, 2003

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)
_____ (Date Transmitted)

Washington Parish Gas Utility District #1

William R. Durden (Auditor)

In connection with your compilation of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute 24:513 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 regulation 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 (date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, 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 42:1101-1124.

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 42:1119.

Yes [] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [] No []

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, 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 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.
Yes [] No []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 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.

<u>Leo Mitchell</u>	Secretary	<u>1/27/04</u>	Date
	Treasurer		Date
<u>Howard Bann</u>	President	<u>1/27/04</u>	Date

Note: If the engagement is for a routine compilation/attest that will be completed within six months of the entity's fiscal year-end and the CPA will submit either a Fax Approval Form or an Email engagement approval form to the legislative auditor, the space for the legislative auditor's approval may be omitted.