

REPORT
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, 2000
with Supplemental Information Schedules

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, 2000
With Supplemental Information Schedule

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WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
VARNADO, LOUISIANA

TRANSMITTAL LETTER
ANNUAL FINANCIAL STATEMENTS

MAY 23, 2001

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, 2000. 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



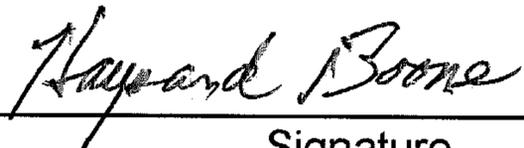
President

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
VARNADO, LOUISIANA

ANNUAL SWORN FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2000
WITH APPROPRIATE SUPPLEMENTAL INFORMATION

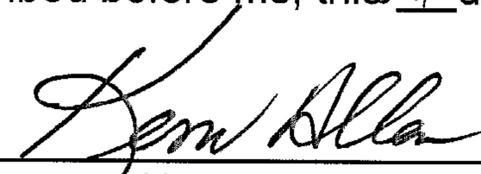
AFFIDAVIT

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, 2000, 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 24TH day of May, 2001.



Notary Public

Officer _____

Address _____

Telephone # _____

Durden and Alonzo

CERTIFIED PUBLIC ACCOUNTANTS

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

William R. Durden

Donna W. Alonzo

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

We have compiled the accompanying financial statements of the Washington Parish Gas Utility District No. 1 (component unit of the Washington Parish Council), and supplementary information, contained in schedules I and II, which is presented only for supplemental analysis purposes, and the Louisiana Attestation Questionnaire, as of and for the year ended December 31, 2000, in accordance with the Statements of Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

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



Durden and Alonzo
Certified Public Accountants

May 11, 2001

FINANCIAL STATEMENTS

STATEMENT A

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

BALANCE SHEET
As at December 31, 2000

<u>ASSETS</u>	
Current assets:	
Cash on hand and in banks	\$ 116,919
Investments	731,880
Accounts and notes receivable (Net of allowance for bad debts)	23,469
Inventory	10,943
Prepaid insurance	3,874
Accrued interest receivable	2,635
Total current assets	<u>889,720</u>
Restricted assets:	
Customer's meter deposit fund	<u>24,882</u>
Total restricted assets	<u>24,882</u>
Property and equipment:	
Gas line system	465,448
Maintenance equipment	38,370
Office equipment	5,965
Total property and equipment	<u>509,783</u>
Less accumulated depreciation	<u>(309,310)</u>
Net property and equipment	<u>200,473</u>
Total Assets	<u>\$ 1,115,075</u>

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

STATEMENT A

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

BALANCE SHEET
As at December 31, 2000

LIABILITIES AND FUND EQUITY:

Current Liabilities:

Accounts payable	\$ 37,329
Sales tax payable	826
Accrued payroll taxes payable	715
Total current liabilities	<u>38,870</u>

Current Liabilities:

(Payable from Restricted Assets)	
Customers' meter deposits	24,882
Total current liabilities (Restricted Assets)	<u>24,882</u>

Total liabilities	<u>63,752</u>
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Fund Equity:

Contributed capital	120,000
Retained earnings - unreserved and undesignated	931,323
Total Fund Equity	<u>1,051,323</u>

TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 1,115,075</u>
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See accountant's report and 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 RETAINED EARNINGS

For the year Ended December 31, 2000

Operating revenues:	
Gas sales	\$ 149,830
Forfeited discounts	3,258
Equipment hire	3,771
Miscellaneous income	2,277
Total operating revenues	<u>159,136</u>
Operating expenses:	
Gas purchases	112,929
Bad debts	-
General and administrative expense (Schedule 1)	78,779
Depreciation	12,078
Total operating expenses	<u>203,786</u>
Operating income (loss)	(44,650)
Other revenue:	
Interest income	40,353
Increase in market value of investments	8,781
Net Income	<u>4,484</u>
Retained earnings, beginning of year	<u>926,839</u>
Retained earnings, end of year	<u>\$ 931,323</u>

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

STATEMENT C

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

STATEMENT OF CASH FLOWS
 For Year Ended December 31, 2000

Cash flows from operating activities:

Operating Income	<u>\$ (44,650)</u>
Adjustments to reconcile net income provided by operating activities:	
Depreciation	12,078
(Increase) decrease in accounts receivable	(6,888)
(Increase) decrease in inventory	(2,723)
(Increase) decrease in prepaid insurance	(917)
Increase (decrease) in accounts payable	20,695
Increase (decrease) in accrued liabilities	<u>370</u>
Total adjustments	<u>22,615</u>
Net cash provided (used) by operating activities	<u>(22,035)</u>
Cash flows from financing activities:	
Investment income transferred from investments	40,353
Investment principle transferred from investments	23,516
Transfer of funds to investments	(29,881)
Net cash provided (used) by financing activities	<u>33,988</u>
Cash flows from investing activities:	
Purchase of operations manual	2,300
Net cash used by investing activities	<u>2,300</u>
Net increase (decrease) in cash and equivalents	9,653
Cash and cash equivalents, beginning of year	<u>107,266</u>
Cash and cash equivalents, end of year	<u><u>\$116,919</u></u>

See accountant's 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
Retained Earnings - Budget and Actual

For Year Ended December 31, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating revenues:			
Gas sales	\$145,000	\$149,830	\$ 4,830
Forfeited discounts	3,000	3,258	258
Equipment hire	4,500	3,771	(729)
Miscellaneous income	2,700	2,277	(423)
Total operating revenues	<u>155,200</u>	<u>159,136</u>	<u>3,936</u>
Operating deductions:			
Gas purchases	99,500	112,929	(13,429)
Bad debts	2,000	-	2,000
General and adm. expense	71,325	78,779	(7,454)
Depreciation	12,060	12,078	(18)
Total operating deductions	<u>184,885</u>	<u>203,786</u>	<u>(18,901)</u>
Operating income	(29,685)	(44,650)	(14,965)
Other revenue:			
Interest income	36,000	40,353	4,353
Recovered bad debts	-	-	-
Increase in market value of investments	-	8,781	8,781
Net Income (loss)	6,315	4,484	(1,831)
Retained earnings, beginning	<u>926,839</u>	<u>926,839</u>	<u>-</u>
Retained earnings, ending	<u>\$933,154</u>	<u>\$931,323</u>	<u>\$ (1,831)</u>

See accountant's report and accompanying notes to 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, 2000

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 405 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.

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NOTES TO FINANCIAL STATEMENTS
December 31, 2000

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
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NOTES TO FINANCIAL STATEMENTS
December 31, 2000

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 reoccurring 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
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VARNADO, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
December 31, 2000

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 2000 was presented and adopted at the December 1999 board meeting held by the District on December 17, 1999. 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 2001 budget was adopted at the December 2000 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
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NOTES TO FINANCIAL STATEMENTS
December 31, 2000

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	10 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, 2000.

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2000

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, 2000, the district has cash and cash equivalents (book balances) totaling \$116,919 as follows:

Cash on hand	\$ 100
Demand deposits	13,266
Interest bearing demand deposits	53,938
Money market accounts (Legg Mason Investment)	47,415
Total cash and cash equivalents	<u>\$ 114,719</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
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VARNADO, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
December 31, 2000

At December 31, 2000, the District's deposits (collected bank balances) in Hibernia National Bank totaled \$366,900. These deposits were secured from risk by \$100,000. of the federal deposit insurance and pledged securities in the amount of \$390,496. The money market account and investments at Legg Mason are all U. S. Government securities.

3. RESTRICTED ASSET

At December 31, 2000 the district had restricted funds (book balances) as follows:

Meter Deposit Funds:	
Interest Bearing Demand Deposits	\$22,683.
Time Deposits	4,000.

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, 2000, totaling \$731,880. as follows:

	Cost	Market Value
Whitney Nat'l Bank-C.D.'S	\$ 95,000	\$ 95,000
Citizens Savings Bank-C.D.	48,500	48,500
Hibernia Nat'l Bank-C.D.	270,000	270,000
Legg Mason Securities-FHLMC'S, FNMA'S and U. S. Treasury Notes	319,629	318,380
Totals	<u>\$ 733,129</u>	<u>\$ 731,880</u>

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NOTES TO FINANCIAL STATEMENTS
December 31, 2000

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 \$390,496. 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 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 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
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NOTES TO FINANCIAL STATEMENTS
December 31, 2000

5. RECEIVABLES

The following is a summary of receivables at December 31, 2000:

<u>Class of receivable</u>	<u>Current Assets</u>	<u>Restricted Assets</u>	<u>Totals</u>
Customer receivable	\$ 25,311.	\$ 0.	\$ 25,311.
Allowance for bad debts	(1,842.)	0.	(1,842.)
	<hr/>	<hr/>	<hr/>
Net Receivables	<u>\$ 23,469.</u>	<u>\$ 0.</u>	<u>\$ 23,469</u>

Un-collectible amounts due from customers' receivables are recognized as bad debts at the time information becomes available which would indicate the un-collectibility of the particular receivable. The bad debts are charged off against an allowance account. Management elected not to write-off any accounts for 2000. 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 2000.

6. FIXED ASSETS

A summary of fixed assets at December 31, 2000 follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Gas distribution system	\$ 261,084	\$ 261,084	\$ -
Gas line extension	204,364	22,245	182,119
Office equipment	3,665	3,357	308
Procedure manuel	2,300	19	2,281
Maintenance equipment	38,370	22,605	15,765
Totals	<u>\$ 509,783</u>	<u>\$ 309,310</u>	<u>\$ 200,473</u>

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NOTES TO FINANCIAL STATEMENTS
December 31, 2000

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 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, 2000, there were no litigations or claims against the District.

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1
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VARNADO, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
December 31, 2000

9. CONTIGIENCIES

On May 3, 1999 the District received a judgment against Mr. Jimmy Ezell, the former manager of the district. Judgment in the amount of \$7,199.60 was rendered by the 22nd Judicial District Court in favor of the Washington Parish Gas Utility District No. 1. This judgment 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 Year Ended December 31, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Serviceman salary	\$24,500	\$24,960	\$ (460)
Secretary	500	480	20
Payroll taxes	2,000	1,717	
Billing services	12,000	12,168	(168)
Accounting services	1,550	1,525	25
Audit and legal expense	1,800	1,800	-
Board of Commissioners expense	3,000	2,850	150
Insurance	8,000	10,812	(2,812)
Supplies and expense-office	750	508	242
Supplies and expense-gas line	4,000	1,805	2,195
Repairs and maintenance	3,600	3,100	500
Training	-	1,150	(1,150)
Miscellaneous	1,400	1,178	222
Postage	1,200	1,073	127
Travel expense	5,000	5,080	(80)
Telephone	1,200	1,118	82
Line relocation	-	6,750	(6,750)
Taxes & license	825	705	120
	<u>825</u>	<u>705</u>	<u>120</u>
Total	<u>\$71,325</u>	<u>\$78,779</u>	<u>\$ (7,737)</u>

Schedule II

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

COMPENSATION PAID BOARD MEMBERS

December 31, 2000

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		Compensation
	Regular	Special	
Hayward Boone	11	-	\$ 550
Stanley Seal	11	-	550
Gary Pierce	12	-	600
Huey Bickham	12	-	600
Leo Mitchell	11	-	550
			<u>\$ 2,850</u>

The Commissioners are appointed to the following terms on January 1, 2000

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

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

**INDEPENDENT
ACCOUNTANT'S REPORT**

Durden and Alonzo

CERTIFIED PUBLIC ACCOUNTANTS

820 11TH AVENUE
FRANKLINTON, LOUISIANA 70438
(504) 839-4413
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William R. Durden

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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:

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, 2000, included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$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.

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 employee 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 for 2000.

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

The original budget for the year ended December 31, 2000, was adopted at a the regular meeting held by the District on December 17, 1999, and made a part of the minutes of that meeting. The 2000 budget was amended at the regular meeting held on December 19, 2000.

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 for the year did not exceed budgeted amounts by more than five percent (5%). Expenditures for gas purchases exceeded budgeted amounts 13.5% and operating expenses exceeded budgeted amounts by 6.4%

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 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.

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.

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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 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, 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.

There were no suggestions, recommendations, and/or comments to review for the prior year.

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

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


Durden and Alonzo
Certified Public Accountants

May 22, 2001

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

WASHINGTON PARISH GAS UTILITY
DISTRICT # 1

Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2000

SECTION I – INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON
PROCEDURES

1998 – 1 The District had no findings that required corrective action in 1998.

1999 – 1 The District had no findings that required corrective action in 1999.

WASHINGTON PARISH GAS UTILITY
DISTRICT # 1

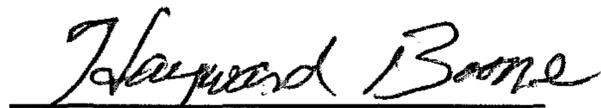
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2000

SECTION I – INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON
PROCEDURES

2000 – 1 Finding: The District's actual purchases and operating expenses exceeded the 5% allowable variance as prescribed by the Local Budget Act.

Recommendation: The Board will review the actual insurance policies to make sure the annual insurance budget expense reflects the total for annual policies. The Board will also make sure the budget is amended any time a major expenditure is reclassified from a capital expenditure to an operating expense. At year end the Board will review a report which shows the variance between budget and actual figures and insure the variance does not exceed 5%.

Management's response: We will continue to review our budget/actual comparison on a monthly basis. We will also review the insurance policies and adjust the prepaid account prior to amending the budget. We will make a final review of our budget at the December meeting with a report on the variance between actual and budget amounts.


Hayward Boone
President

May 22, 2001

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

APRIL 26 2001 (Date Transmitted)

Durden and Alonzo, CPAs
820 11th Avenue
Franklinton, LA 70438

In connection with your compilation of our financial statements as of December 31, 2000 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 December 31, 2000.

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 44:35.

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.

Les Mitchell Secretary 4/26/2001 Date

Treasurer _____ Date

Howard Bone President 4/26/2001 Date