

**Washington Parish Gas Utility District #1
Parish of Washington
Varnado, Louisiana**

Annual Financial Statements

As of and for the Year Ended December 31, 2019
With Supplemental Information Schedules
(with 2018 summarized comparative information)

Washington Parish Gas Utility #1
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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Board of Commissioners
Washington Parish Gas Utility District #1
Varnado, Louisiana

I have reviewed the accompanying financial statements of the business-type activities of the Washington Parish Gas Utility District #1, a component unit of the Washington Parish Council, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on page 3 through 8 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. I have reviewed such required supplementary information, and, based on my review, I am not aware of any material modifications that should be made to the information in order for it to be in accordance with

accounting principles generally accepted in the United States of America. I have not audited the information and, accordingly, do not express and opinion, a conclusion, nor provide any assurance on it.

Supplementary Information

The supplementary information contained in the Other Supplemental Information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. I have reviewed such supplementary information, and, based on my review, I am not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. I have not audited the information and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on it.

The prior year summarized comparative information has been derived from the District's 2018 financial statements, in which I did not review.



Robert A. Neilson, CPA, LLC
Bogalusa, Louisiana
June 1, 2020

Required Supplemental Information Part 1:

Management's Discussion and Analysis

Washington Parish Gas Utility District #1

Management's Discussion and Analysis As of and for the Year Ended December 31, 2019 (with 2018 summarized comparative information)

Introduction

The Washington Parish Gas Utility District #1 (the District) is pleased to present its Annual Financial Statements developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (GASB 34), as amended.

The District's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position, (d) identify any significant variations from the District's financial plan, and (e) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the District's financial statements in this report and related notes, which follow management's discussion and analysis.

Financial Highlights

At December 31, 2019, total assets were \$2,077,621, and exceeded liabilities in the amount of \$2,033,086 (net position). Of the total net position, \$1,946,703 was unrestricted and available to support short-term operations, with a \$53,642 balance invested in capital assets, net of related debt and \$32,741 in restricted net position for capital activity and debt service.

For the year ended December 31, 2019, user fee revenues (gas sales) were \$206,126 and other revenue was \$12,424 for a combined revenue total of \$218,550, a decrease of 6.7 percent from December 31, 2018.

The District's total expenses decreased by \$44,337, or 19 percent, to \$186,390 as compared to \$230,727 for the prior fiscal year.

Interest income for the fiscal year ended December 31, 2019 totaled \$27,238, representing an increase of \$7,935.

Overview of the Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A presents an overview of management's examination and analysis of the District's financial condition and performance.

The financial statements report information on the District using full accrual accounting methods similar to those used in the private business sector. Financial statements include the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. The Statement of Net Position provides information about the nature and amount of the District's resources and obligations 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 Position, account for the revenues and expenses for the fiscal year, and provide information on how net position changed during the year. This statement measures

Washington Parish Gas Utility District #1

Management's Discussion and Analysis As of and for the Year Ended December 31, 2019 (with 2018 summarized comparative information)

the success of the District's operations in a format that can be used to determine if the District has recovered its costs through user 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 the cash was used for, and the total change in cash for the reporting period.

The notes to the financial statements provide required disclosures essential to an understanding of the financial statements. The notes present information 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 and key information schedules on operations of the District.

Financial Analysis

The purpose of financial analysis is to help determine whether Washington Parish Gas Utility District #1 is better off as a result of the current year's activities. In this analysis, data from two of the basic financial statements, the Statement of Net Position, and the Statement of Revenues, Expenses, and Changes in Net Position, is presented below in a condensed format. These statements report the net position, the difference between assets and liabilities, and the change in net position, 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.

CONDENSED STATEMENT OF NET POSITION

	December 31, 2019	December 31, 2018	Dollar Change
Assets:			
Current and Other Assets	\$2,023,979	\$1,975,079	\$48,900
Capital Assets	53,642	60,319	(6,677)
Total Assets	2,077,621	2,035,398	42,223
Liabilities:			
Other Liabilities	44,535	61,898	(17,363)
Total Liabilities	44,535	61,896	(17,363)
Net Position:			
Investment in Capital Assets	53,642	60,319	(6,677)
Restricted for Capital Activity & Debt Service	32,741	32,478	263
Unrestricted Assets	1,946,703	1,880,703	66,000
Total Net Position	<u>\$2,033,086</u>	<u>\$1,973,500</u>	<u>\$59,586</u>

The decrease in Current and Other Assets is primarily due to the increase in cash.

Capital Assets decreased 11 percent as a result of an increase in depreciation expense.

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Management's Discussion and Analysis
As of and for the Year Ended December 31, 2019
(with 2018 summarized comparative information)

The decrease in Other Liabilities is primarily due to decrease in accounts payable and Due to Varnado Waterworks from the prior year.

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	Year Ended December 31, 2019	Year Ended December 31, 2018	Dollar Change
Revenues:			
Operating Revenues	\$218,550	\$234,299	\$(15,749)
Non Operating Revenues	27,426	19,410	8,016
Total Revenues	245,976	253,709	(7,733)
Expenses:			
Cost of Gas Sold	52,478	68,440	(15,962)
Depreciation Expense	6,677	8,072	(1,395)
Other Operating Expenses	127,235	154,215	(26,980)
Total Expenses	186,390	230,727	(44,337)
Change in Net Position	59,586	22,982	36,604
Beginning Net Position	1,973,500	1,950,518	22,982
Ending Net Position	<u>\$2,033,086</u>	<u>\$1,973,500</u>	<u>\$59,586</u>

While the Statement of Net Position shows the change in financial position of fund equity, the Statement of Revenues, Expenses, and Changes in Net Position provides answers to the nature and scope of these changes. The above table gives an indication of how the District is being conservatively managed.

Total Operating Revenues (including gas sales and revenues related to providing gas and related services to customers) decreased by 6.7% primarily due to the decrease in usage. Gas usage is contingent upon the harshness of winter seasons.

Total Cost of Gas Sold decreased by 23% primarily due to the decrease in usage as noted above.

Total Operating Expenses, other than depreciation, decreased by 17.4 percent. The primary reason for the decrease in operating expenses is additional supplies were purchased and a major repair was performed during the last fiscal year ending December 31, 2018.

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Management's Discussion and Analysis As of and for the Year Ended December 31, 2019 (with 2018 summarized comparative information)

Budgetary Highlights

Washington Parish Gas Utility District #1 adopts an annual operating budget to provide for effective management of the District. This budget provides an estimate for the current fiscal year of the proposed expenditures and the revenues that will finance the operations of the District. The operating budget is adopted before the end of the prior fiscal year, and is amended by the Board of Commissioners after review of monthly budget-to-actual financial reports. A summary of the approved budget is presented below in a condensed format summarizing major revenue and expenditure categories, and is followed by analysis of significant variations between budget and actual amounts. Although not presented as a part of the basic financial statements, a more detailed schedule is also presented in "Schedule 1 - Budgetary Comparison Schedule", as supplementary information, following the footnotes to the financial statements.

Budget vs. Actual- Fiscal Year Ended December 31, 2019

	Budget Year Ended December 31, 2019	Actual Year Ended December 31, 2019	Favorable (Unfavorable) Variance
Revenues:			
Operating Revenues	\$194,900	\$218,550	\$23,650
Non Operating Revenues	24,200	27,426	3,226
Total Revenues	219,100	245,976	26,876
Expenses:			
Cost of Gas Sold	70,000	52,478	17,522
Depreciation Expense	12,000	6,677	5,323
Other Operating Expenses	139,790	127,235	12,555
Total Expenses	221,790	186,390	35,400
Change in Net Position	<u>\$(2,690)</u>	<u>\$59,586</u>	<u>\$62,276</u>

Both total actual revenues and expenses were below the budgeted amounts due the amounts being higher than average in the prior fiscal year.

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.

Washington Parish Gas Utility District #1

**Management's Discussion and Analysis
As of and for the Year Ended December 31, 2019
(with 2018 summarized comparative information)**

General Operating Data

	December 31, 2019	December 31, 2018	Increase (Decrease)
Customers:			
Active	357	357	0
Total Customers:	<u>357</u>	<u>357</u>	<u>0</u>

One key measure of a gas district's profitability, and the ability to generate positive cash flows, is the ability of the water system to collect accounts receivable on a timely basis. Presented below is an aged receivable listing for the fiscal years ending December 31, 2019 and 2018.

	Year Ended December 31, 2019	Year Ended December 31, 2018	Increase (Decrease)
Accounts Receivable			
Current	\$27,715	\$35,578	\$(7,863)
31-60 Days Past Due	2,339	1,184	1,155
61-90 Days Past Due	781	904	(123)
Over 90 Days Past Due	1,461	1,321	140
Subtotal	32,296	38,987	(6,691)
Allowance for Uncollectible Accounts	(2,555)	(2,555)	0
Net Accounts Receivable	<u>\$29,741</u>	<u>\$36,432</u>	<u>\$(6,691)</u>

Capital Assets

At the end of the fiscal year ending December 31, 2019 and 2018, Washington Parish Gas Utility District #1 had \$53,642 and \$60,319 (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.

	December 31, 2019	December 31, 2018	Increase (Decrease)
Capital Assets:			
Gas Utility System	\$487,201	\$487,201	\$0
Maintenance Equipment	58,264	58,264	0
Office Equipment	6,816	6,816	0
Subtotal	552,281	552,281	0
Less Accumulated Depreciation	(498,639)	(491,962)	(6,677)
Net Capital Assets	<u>\$53,642</u>	<u>\$60,319</u>	<u>\$(6,677)</u>

Net capital assets decreased 11 percent or \$6,677 as a result of the increase in accumulated depreciation.

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Management's Discussion and Analysis As of and for the Year Ended December 31, 2019 (with 2018 summarized comparative information)

Future Economic Plans

The Washington Parish Gas Utility District #1's management approach is conservative. The Board actively monitors revenues and expenses and evaluates the costs of propose 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 with the goal of lowering utility bills for customers.

Requests for Information

The financial report is designed to provide an overview of the District's finances and show the District's accountability for the money it receives. If you have questions regarding this report or need additional information, contact Gary Pierce, President, Washington Parish Gas Utility District #1, 26070 Highway 21, Angie, LA 70426, Phone 985-732-7904.

Financial Statements

Washington Parish Gas Utility District #1
Statement of Net Position
As of December 31, 2019
With Comparative Totals as of December 31, 2018

	2019	2018
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 1,079,539	\$ 1,029,654
Investments	854,903	854,128
Accounts Receivable, Net	29,741	36,432
Employee Receivable	2,520	-
Inventory	10,830	8,323
Prepaid Insurance	13,705	14,064
Total Current Assets	1,991,238	1,942,601
Restricted Assets		
Cash and Cash Equivalents	32,741	32,478
Total Restricted Assets	32,741	32,478
Property, Plant, and Equipment		
Property, Plant, and Equipment, Net	53,642	60,319
Total Property, Plant, and Equipment	53,642	60,319
TOTAL ASSETS	\$ 2,077,621	\$ 2,035,398
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 9,100	\$ 15,019
Other Accrued Payables	2,694	14,546
Total Current Liabilities	11,794	29,565
Restricted Liabilities		
Customer Deposits	32,741	32,333
Total Restricted Liabilities	32,741	32,333
TOTAL LIABILITIES	\$ 44,535	\$ 61,898
NET POSITION		
Net Investment in Capital Assets	\$ 53,642	\$ 60,319
Restricted	32,741	32,478
Unrestricted	1,946,703	1,880,703
TOTAL NET POSITION	\$ 2,033,086	\$ 1,973,500

Washington Parish Gas Utility District #1
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	2019	2018
Operating Revenues		
Gas Sales	\$ 206,126	\$ 226,769
Less Cost of Gas Sold	(52,478)	(68,440)
Gross Profit on Gas Sales	153,648	158,329
Other	12,424	7,530
Total Operating Revenues	166,072	165,859
Operating Expenses		
Billing Costs	13,905	17,236
Board of Commissioners	3,135	3,300
Depreciation	6,677	8,072
Insurance	36,138	37,998
Other	14,257	19,119
Payroll Taxes	2,913	3,258
Professional Fees	11,400	11,400
Repairs & Maintenance	1,057	7,219
Salaries & Wages	38,560	38,595
Supplies	4,649	14,478
Travel	1,221	1,612
Total Operating Expenses	133,912	162,287
Operating Income (Loss)	\$ 32,160	\$ 3,572
Non Operating Revenues (Expenses)		
Increase (Decrease) in the Appreciation on the Value of Investments	188	107
Interest Income	27,238	19,303
Total Non Operating Revenues (Expenses)	27,426	19,410
Change in Net Position	\$ 59,586	\$ 22,982
Total Net Position, Beginning	\$ 1,973,500	\$ 1,950,518
Total Net Position, Ending	\$ 2,033,086	\$ 1,973,500

Washington Parish Gas Utility District #1
Statement of Cash Flows
For the Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	2019	2018
Cash Flows from Operating Activities		
Received from Customers	\$ 212,817	\$ 218,771
Received for Meter Deposit Fees	408	1,898
Other Receipts	9,904	7,530
Payments for Operations	(158,157)	(176,433)
Payments to Employees	(41,473)	(41,853)
Net Cash Provided by Operating Activities	23,499	9,913
 Cash Flows from Capital and Related Financing Activities		
Capital Acquisitions	-	-
Net Cash Provided by Capital and Related Financing Activities	-	-
 Cash Flows from Investing Activities		
Receipt of Interest	27,238	19,303
Proceeds from sale of Investments	(588)	(679)
Net Cash Provided by Investing Activities	26,649	18,624
 Net Cash Increase (Decrease) in Cash and Cash Equivalents	\$ 50,148	\$ 28,537
 Cash Equivalents, Beginning of Year	1,062,132	1,033,595
Cash Equivalents, End of Year	\$ 1,112,280	\$ 1,062,132
 Reconciliation of Cash and Cash Equivalents to the Statement of Net Position		
Cash and Cash Equivalents, Unrestricted	\$ 1,079,539	\$ 1,029,654
Cash and Cash Equivalents, Restricted	32,741	32,478
Total Cash and Cash Equivalents	\$ 1,112,280	\$ 1,062,132
 Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ 32,160	\$ 3,572
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	6,677	8,072
Accounts Receivable	6,691	(7,998)
Employee Receivable	(2,520)	
Inventory	(2,507)	
Prepaid Insurance	359	(485)
Accounts Payable	(5,918)	(1,057)
Accrued Expenses	(11,851)	5,911
Customer Deposits	408	1,898
Net Cash Provided by Operating Activities	\$ 23,499	\$ 9,913

Washington Parish Gas Utility District #1

Notes to the Financial Statements As of and for the Year Ended December 31, 2019 (with 2018 summarized comparative information)

Introduction

Washington Parish Gas Utility District #1 was established in 1962, by an ordinance of the Washington Parish Council under provisions authorized by Louisiana Revised Statutes 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 357 customers over 170 miles of distribution lines. 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 four employees, hired for maintenance purposes.

The accounting and reporting policies of the District are the responsibility of a five-member board appointed by the Washington Parish Council. The 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 Government Units.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Washington Parish Gas Utility District #1 is considered a component unit of the Washington Parish Council.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Measurement Focus and Basis of Accounting and Financial Statement Presentation

The District's financial statements are prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The District applies all Governmental Accounting Standards Board (GASB) pronouncements as described in the following paragraphs.

These financial statements are presented in conformance with GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, as amended by GASB Statements described in the following paragraphs. Statement No. 34 established standards for financial reporting, with presentation requirements originally including a statement of net assets (or balance sheet), a statement of activities, and a statement of cash flows. The definition and composition of these statements, as originally defined in GASB Statement No. 34, are as amended by GASB Statements included in the following paragraphs. The District has also adopted the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, that require capital contributions to the District be presented as a change in net position.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for financial statement periods ending after December 15, 2012, provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined *Deferred Outflows of Resources* as a consumption of net assets by the government that is applicable to a future reporting period, and *Deferred Inflows of Resources* as an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. GASB

Washington Parish Gas Utility District #1

Notes to the Financial Statements As of and for the Year Ended December 31, 2019 (with 2018 summarized comparative information)

A. Measurement Focus and Basis of Accounting and Financial Statement Presentation (continued)

Concepts Statement 4 identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The definition and reporting of net position is further described in *Footnote J – Net Position*. As required by the Governmental Accounting Standards Board (GASB), the District implemented GASB Statement No. 63 during the year ended December 31, 2012. The District did not have any deferred outflows or inflows of resources at December 31, 2019.

The District has also adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The District did not have any deferred outflows or deferred inflows of resources as of December 31, 2019.

All activities of the District are accounted for in a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprise, where the intent of the governing authority is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

The term measurement focus denotes what is being measured and reported in the District's operating statement. Financial operations of the District are accounted for on the flow of economic resources measurement focus. With this measurement focus, all of the assets and liabilities, available to the District for the purpose of providing goods and services to the public, are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position includes all costs of providing goods and services during the period.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations, primarily the provision of gas to rural areas of Washington Parish. The principal operating revenues of the proprietary funds are user charges for the services provided by the enterprise funds. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

B. Budget

The proposed budget for 2019 was adopted at the December 18, 2018 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 reviewed the budget to actual comparison on a monthly basis as part of their management of the system. On December 17, 2019, the board amended the budget for 2019 and adopted the 2020 budget.

Washington Parish Gas Utility District #1

Notes to the Financial Statements As of and for the Year Ended December 31, 2019 (with 2018 summarized comparative information)

C. Cash and Cash Equivalents and Investments

Cash includes amounts in demand deposits, interest-bearing demand deposits, the Louisiana Asset Management Pool (LAMP), and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of three months or less. 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 or any other state of the United States, or under the laws of the United States.

D. Investments

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the District's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are three months or less, they are classified as cash equivalents.

The following disclosures are required by GASB Statement No. 31:

- The District uses the quoted market prices to estimate the fair value of the investments.
- None of the investments are reported at amortized cost.
- There is no involuntary participation in an external investment pool.

E. Inventories

Purchases of various operating supplies are regarded as expenditures at the time purchased, and inventories of such supplies (if any) are not recorded at the lower of cost or market on a first-in first-out method as assets at the close of the fiscal year.

F. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current calendar year are recorded as prepaid items. Prepaid items consist of prepaid insurance premiums.

G. Restricted Assets

Money received for utility deposits paid by new customers is held as restricted assets at Citizens Savings 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 and homeowner \$60.

H. Capital Assets

Capital assets of the District are defined by the District as assets with an initial, individual cost of more than \$500, and an estimated useful life in excess of one year. Capital assets are recorded at either historical cost or estimated historical cost. 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 of the assets, as follows:

Washington Parish Gas Utility District #1

Notes to the Financial Statements As of and for the Year Ended December 31, 2019 (with 2018 summarized comparative information)

H. Capital Assets (continued)

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Gas Utility System	30 Years
Maintenance Equipment	8-15 Years
Office Equipment	10 Years

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

I. Compensated Absences

All employees of the District are hired on a part time basis and are not afforded any employee benefits for vacation or sick leave.

There were no accumulated and vested leave benefits required to be reported, in accordance with GASB Statement No. 16, as of December 31, 2019.

J. Net Position

GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, required reclassification of net assets into three separate components. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, revised the terminology by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB Statement No. 63 requires the following components of net position:

- **Net Investment in Capital Assets Component of Net Position** - The *net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.
- **Restricted Component of Net Position** - The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Washington Parish Gas Utility District #1

Notes to the Financial Statements As of and for the Year Ended December 31, 2019 (with 2018 summarized comparative information)

J. Net Position (continued)

Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

- **Unrestricted Component of Net Position** - The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

K. Comparative Data/Reclassifications

The financial statements are presented with certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended December 31, 2018, from which summarized information was derived.

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation. All prior period adjustments recorded in the current period have been reflected in prior period data presented wherever possible.

L. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the District, which are either unusual in nature or infrequent in occurrence.

M. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Washington Parish Gas Utility District #1

Notes to the Financial Statements As of and for the Year Ended December 31, 2019 (with 2018 summarized comparative information)

2. CASH AND CASH EQUIVALENTS

At December 31, 2019 and 2018, the District has cash and cash equivalents (book balances) totaling, as follows:

	December 31, 2019	December 31, 2018
Demand Deposits	\$378,281	\$330,558
Time & Savings Accounts	110,511	120,473
Money Market Accounts	126,816	124,975
Louisiana Asset Management Pool	458,802	448,631
Total Cash and Cash Equivalents	1,074,410	1,024,637
Certificates of Deposits Held In Investments (See Note 3)	854,903	854,128
Total Deposits	<u>\$1,929,313</u>	<u>\$1,878,765</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 held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2019, the District's deposits (collected bank balances) in Citizens Savings Bank totaled \$1,144,241. These deposits are secured from risk by \$250,000 of federal deposit insurance for each type, demand deposits and time and savings accounts, and pledged securities of \$644,241. The District has additional deposits of \$359,011 in five other banks all under FDIC insurance of \$250,000. The certificates of deposits are held in investment accounts. Because the investment is held by its agent, the investment accounts are described in footnote 3, and are considered insured and registered, Category 1, in applying the credit risk classification of GASB Codification Section 150.164. The \$644,241 of pledged securities is exposed to custodial credit risk because while the amount is secured by pledged securities, such securities are held by the custodial bank in the name of the fiscal agent bank (Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

Custodial Credit Risk: Custodial Credit Risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. The District does not have a formal policy for custodial risk. However, under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank.

At December 31, 2019, The District had \$458,802 in deposits in LAMP. In accordance with GASB Codification Section 150.165, the assets held in LAMP at December 31, 2019, are not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. The investment in LAMP is stated at the value of the pool shares, which is the same as the fair value, and has been categorized as cash equivalents.

Washington Parish Gas Utility District #1

Notes to the Financial Statements As of and for the Year Ended December 31, 2019 (with 2018 summarized comparative information)

2. CASH AND CASH EQUIVALENTS (continued)

LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA RS 33:2955.

GASB 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

LAMP is an investment pool that, to the extent practical, invest in a manner consistent with GASB Statement No. 79. The following facts are relevant for 2a7-like investment pools:

1. Credit risk: LAMP is rated AAA by Standards and Poor's.
2. Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
3. Concentration of credit risk: Pooled investments are excluded from the five percent disclosure requirement.
4. Interest rate risk: 2a7-like investment pools are excluded from this disclosure requirement per paragraph 15 of the GASB 40 statement. However, LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments, as provided by LAMP, is 47 days as of December 31, 2019.
5. Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

If you have any questions, please feel free to contact the LAMP administrative office at 800-249-5267.

3. INVESTMENTS

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the District or its agent in the District's name
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the District's name.

Washington Parish Gas Utility District #1

Notes to the Financial Statements As of and for the Year Ended December 31, 2019 (with 2018 summarized comparative information)

3. INVESTMENTS (continued)

All investments held by the District fall into category 1 credit risk, defined as “insured or registered, or securities held by the District or its agent in the District’s name.” In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investments are carried at fair market value, with the estimated fair market value based on quoted market prices.

At December 31, 2019, the District’s investment balances were as follows:

	<u>Carrying Amount</u>	<u>Fair Market Value</u>
<u>Certificates of Deposit:</u>		
Citizens Savings Bank	\$643,500	\$643,500
Hancock Whitney Bank	99,620	99,620
Resource Bank	111,783	111,783
Total	<u>\$854,903</u>	<u>\$854,903</u>

These deposits are stated at cost which approximates market value. The certificates of deposits totaling \$854,903 include deposits within three separate banks. Collateralization of the \$854,903 is as described in Note 2.

Interest Rate Risk: The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value arising from increasing interest rates.

4. RECEIVABLES

The following is a summary of receivables at December 31, 2019 and 2018:

	<u>Year Ended December 31, 2019</u>	<u>Year Ended December 31, 2018</u>	<u>Increase (Decrease)</u>
Accounts Receivable			
Current	\$27,715	\$35,578	\$(7,863)
31-60 Days Past Due	2,339	1,184	1,155
61-90 Days Past Due	781	904	(123)
Over 90 Days Past Due	1,461	1,321	140
Subtotal	32,296	38,987	(6,691)
Allowance for Uncollectible Accounts	(2,555)	(2,555)	0
Accounts Receivable	<u>\$29,741</u>	<u>\$36,432</u>	<u>\$(6,691)</u>

Uncollectible amounts due from customers’ receivables are recognized as bad debts at the time information becomes available indicating the uncollectibility 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 recorded during the upcoming year. There was no bad debt recovery received during 2019.

Washington Parish Gas Utility District #1

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2019
(with 2018 summarized comparative information)**

4. RECEIVABLES (continued)

During the fiscal year ending December 31, 2019, the District also accrued an employee receivable of \$2,520. Training and other related costs were paid for a former employee soon before his resignation. The former employee stated he would pay the amount back by May 2020.

5. RESTRICTED ASSETS

The following is a summary of restricted assets at December 31, 2019 and 2018:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Restricted Cash and Cash Equivalents		
Customer Deposits	\$32,741	\$32,478
Total Restricted Assets	<u>\$32,741</u>	<u>\$32,478</u>

6. CAPITAL ASSETS

A summary of changes in capital assets during the fiscal year ending December 31, 2019 is as follows:

	Beginning Balance 12/31/18	Additions	Deletions	Ending Balance 12/31/19
Capital Assets being depreciated:				
Gas Utility System	\$487,201	\$ -	\$ -	\$487,201
Maintenance Equipment	58,264	-	-	58,264
Office Equipment	6,816	-	-	6,816
Total Assets being depreciation	\$552,281	-	-	\$552,281
Less Accumulated Depreciation	(491,962)	(6,677)	-	(498,639)
Total Capital Assets, Net	<u>\$60,319</u>	<u>\$(6,677)</u>	<u>\$ -</u>	<u>\$53,642</u>

Depreciation expense for the fiscal year ending December 31, 2019 totaled \$6,677.

7. INTERGOVERNMENTAL AGREEMENT

The District entered into a service agreement with Varnado Waterworks District. The Varnado Waterworks District will perform all necessary functions involving meter reading, billing of customers, collection of customers' accounts, and keeping and furnishing financial information and records for the District. The fee for this service will be based on the operating cost of the Varnado Waterworks District. A rate per customer per month will be calculated annually and paid each month. Cash settlements will be made between the Districts, so Washington Parish Gas Utility District #1 pays its portion of the actual costs.

Washington Parish Gas Utility District #1

Notes to the Financial Statements As of and for the Year Ended December 31, 2019 (with 2018 summarized comparative information)

8. RESTRICTED AND DESIGNATED NET POSITION

At December 31, 2019, Washington Parish Gas Utility District #1 recorded \$32,741 in Restricted Net Position (Restricted for Customer Deposits), representing the District's funds restricted by contracts with customers for meter deposits. Restricted Net Position is recorded net of any liability relating to those assets. A liability relates to restricted assets if the asset results from incurring the liability or if the liability will be liquidated with the restricted assets.

9. LITIGATION AND CLAIMS

There is no outstanding litigation or claims at December 31, 2019.

10. SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through June 1, 2020 the date the financial statements were available to be issued. No events were noted that require recording or disclosure in the financial statements for the fiscal year ending December 31, 2019.

Required Supplemental Information Part 2:

Budgetary Comparison Schedule

Washington Parish Gas Utility District #1
Schedule of Revenues, Expenses, and Changes in Net Position- Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	<u>2019 Budget</u>	<u>2019 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2018 Actual</u>
Operating Revenues				
Gas Sales	\$ 188,000	\$ 206,126	\$ 18,126	\$ 226,769
Less Cost of Gas Sold	(70,000)	(52,478)	17,522	(68,440)
Gross Profit on Gas Sales	<u>118,000</u>	<u>153,648</u>	<u>35,648</u>	<u>158,329</u>
Other	6,900	12,424	5,524	6,570
Total Operating Revenues	<u>124,900</u>	<u>166,072</u>	<u>41,172</u>	<u>164,899</u>
Operating Expenses				
Billing Costs	16,000	13,905	2,095	17,236
Board of Commissioners	3,500	3,135	365	3,300
Depreciation	12,000	6,677	5,323	8,072
Insurance	28,500	36,138	(7,638)	37,998
Other	17,590	14,257	3,333	19,119
Payroll Taxes	3,600	2,913	687	3,258
Professional Fees	12,200	11,400	800	11,400
Repairs & Maintenance	5,000	1,057	3,943	7,219
Salaries & Wages	38,800	38,560	240	38,595
Supplies	13,000	4,649	8,351	14,478
Travel	1,600	1,221	379	1,612
Total Operating Expenses	<u>151,790</u>	<u>133,912</u>	<u>17,878</u>	<u>162,287</u>
Operating Income (Loss)	<u>\$ (26,890)</u>	<u>\$ 32,160</u>	<u>\$ 59,050</u>	<u>\$ 2,612</u>
Non Operating Revenues (Expenses)				
Increase (Decrease) in the Appreciation on the Value of Investments	(800)	188	988	107
Interest Income	25,000	27,238	2,238	19,303
Recovery of Bad Debt	-	-	-	960
Total Non Operating Revenues (Expenses)	<u>24,200</u>	<u>27,426</u>	<u>3,226</u>	<u>20,370</u>
Change in Net Position	<u>\$ (2,690)</u>	<u>\$ 59,586</u>	<u>\$ 62,276</u>	<u>\$ 22,982</u>
Total Net Position, Beginning	\$ 1,973,500	\$ 1,973,500	\$ -	\$ 1,950,518
Total Net Position, Ending	<u>\$ 1,970,810</u>	<u>\$ 2,033,086</u>	<u>\$ 62,276</u>	<u>\$ 1,973,500</u>

Other Supplemental Information

**Washington Parish Gas Utility District #1
Schedule of Insurance
For the Year Ended December 31, 2019**

<u>Insurance Company/Policy Number</u>	<u>Coverage</u>	<u>Amount</u>	<u>Period</u>
Gemini Ins Company VGGP003272	<u>Commercial General Liability:</u> Each Occurrence Limit General Aggregate Limit (Other than Products-Compl Products/ Completed Oper. Aggregate Personal & Advertising Injury Fire Damage Medical Payments	1,000,000 2,000,000 2,000,000 1,000,000 100,000 10,000	6/11/19 to 6/11/20
American Empire Surplus 18EX0221526	<u>Excess Liability (Umbrella)</u> Policy Aggregate Limit Each Occurance Limt	1,000,000 1,000,000	6/11/19 to 6/11/20
XL Catlin POL0950062	Public Officials and Employment Practices Liability	1,000,000	6/11/19 to 6/11/20
Louisiana Worker's Compensation Corp. 52455-A	<u>Workers Compensation:</u> Each Accident Policy Limit Each Employee	1,000,000 1,000,000 1,000,000	4/25/19 to 4/25/20
Progressive Insurance 02178767-4	<u>Commercial Auto:</u> Bodily Injury and Property Damage Liability; combin Uninsured/Underinsured Motorist, combined single li Medical Payments-each person Comprehensive & Collision Deductibles	1,000,000 1,000,000 5,000 1	4/26/19 to 4/26/20

See accountant's review report

**Washington Parish Gas Utility District #1
Schedule of Compensation Paid to Board of Commissioners
For the Year Ended December 31, 2019**

<u>Name and Title/ Contact Number</u>	<u>Address</u>	<u>Compensation Received</u>	<u>Term Expiration</u>
Gary Pierce, President 985-732-3901	61034 Dollar Rd. Angie, LA 70426	\$ 605	12/31/2021
Hayward Boone 985-732-7660	60921 Seal Rd. Angie, LA 70426	660	12/31/2023
Huey Bickham 985-986-3770	3045 Johnny Will Jones Rd. Angie, LA 70426	605	12/31/2022
Tom Pigott 985-735-0450	22485 Mitch Rd. Bogalusa, LA 70427	605	12/31/2019
Dean Seal 985-241-2130	25246 Military Rd. Angie, LA 70426	660	12/31/2020
		<u>\$ 3,135</u>	

See accountant's review report

Washington Parish Gas Utility District #1
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2019

Agency Head:

Gary Pierce, President

<u>Purpose</u>	<u>Amount</u>
Salary Compensation Received	605
Employer Paid Social Security & Medicare	<u>46</u>
TOTAL	<u><u>\$ 651</u></u>

See accountant's review report

**Washington Parish Gas Utility District #1
Schedule of Gas Rates and Customers
For the Year Ended December 31, 2019**

GAS RATES

\$15.50 First 500 Cubic Feet
\$1.10 Per 100 Cubic Feet over 500

GAS CUSTOMERS

	<u>2019</u>	<u>2018</u>	<u>Increase</u> <u>(Decrease)</u>
Active	<u>357</u>	<u>357</u>	0.00

See accountant's review report

**Washington Parish Gas Utility District #1
Schedule of Current Year Findings and Questioned Costs
December 31, 2019**

None

**Washington Parish Gas Utility District #1
Schedule of Prior Year Findings and Responses
December 31, 2019**

Section I - Compliance and Other Matters

2018-1

Review Filing Requirement (Noncompliance)

Criteria	The District is subject to requirements as defined in Revised Statutes 24:513(A) for filing financial review reports. The deadline for filing is six months after the end of the entity's fiscal year, but may be extended per Legislative Auditor approval.
Condition	The District did not file its review report by the statutory deadline.
Cause	Delays in obtaining requested review information from outside CPA due to health issues. Delays in independent CPA firm due to loss of staff.
Effect	The District is not in compliance with statutory deadline for filing review reports.
Recommendation	The District should monitor review requirements, including deadlines.
Management's Response and Corrective Action Plan	The District requested an extension from the Legislative Auditor under the provision of LRS 29:724(B)(1).
Status	RESOLVED

ROBERT A. NEILSON
CERTIFIED PUBLIC ACCOUNTANT, L.L.C.

ROBERT A. NEILSON
MEMBER
AMERICAN INSTITUTE OF CPA'S
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**INDEPENDENT ACCOUNTANT'S REVIEW REPORT ON APPLYING AGREED-UPON
PROCEDURES FOR COMPLIANCE WITH LAWS AND REGULATIONS**

Board of Commissioners
Washington Parish Gas Utility District #1
Varnado, Louisiana

I have performed the procedures enumerated below, which were agreed to by the management of the Washington Parish Gas Utility District #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, 2019 included in the accompanying Louisiana Attestation Questionnaire. Management of the District is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in 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.

My procedures and findings are as follows:

Public Bid Law

1. Obtain documentation for all expenditures made during the year for material and supplies exceeding \$30,000, and public works exceeding \$157,700. Compare the documentation for these expenditures to Louisiana Revised Statute (R.S.) 39:1551-39:1775 (the state procurement code) or R.S. 38:2211-2296 (the public bid law), whichever is applicable; and report whether the expenditures were made in accordance with these laws.
 - *There was nothing purchased during the fiscal period that required public bids.*

Code of Ethics for Public Officials and Public Employees

2. Obtain a list of the immediate family members of each board member as defined by R.S. 42:1101-1124 (the ethics law).
 - *The District provided this information.*
3. Obtain a list of all employees paid during the fiscal year.
 - *The District provided this information.*
4. Report whether any employees' names appear on both lists obtained in Procedures 2 and 3.
 - *None of the employees in Procedure 3 are included on the list from Procedure 2.*
5. Obtain a list of all disbursements made during the year; and a list of outside business interests of board members, employees, and board members' and employees' immediate families. Report whether any vendors appear on both lists.
 - *There were no payments made to any parties noted above.*

Budgeting

6. Obtain a copy of the legally adopted budget and all amendments.
 - *The District provided a copy of the original and amended budget for fiscal year ending December 31, 2019.*
7. Trace documentation for the adoption of the budget and approval of any amendments to the minute book, and report whether there are any exceptions.
 - *The adoption of the original amended budgets could be traced to the board meeting minutes.*
8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures. Report whether actual revenues failed to meet budgeted revenues by 5% or more, and whether actual expenditures exceeded budgeted amounts by 5% or more.
 - *Revenues were over and expenses were under the original budget amounts. Since these results were favorable, no further amendments were required by law.*

Accounting and Reporting

9. Obtain the list of all disbursements made during the fiscal year. Randomly select six disbursements, and obtain documentation from management for these disbursements. Compare the selected disbursements to the supporting documentation, and: (a) report whether the six disbursements agree to the amount and payee in the supporting documentation, (b) report whether the six disbursements are coded to the correct fund and general ledger account, and (c) report whether the six disbursements were approved in accordance with management's policies and procedures.
 - *All six disbursements randomly selected matched the invoice, was coded properly, and was appropriately approved.*

Meetings

10. Obtain evidence from management to support that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:11 through 42:28 (the open meetings law); and report whether there are any exceptions.
 - *The District is required by law to post a notice of each meeting and the accompanying agenda. Management has asserted that such documents were properly posted.*

Debt

11. Obtain bank deposit slips for the fiscal year, and scan the deposit slips in order to identify and report whether there are any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness. If any such proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions.
 - *No deposits were related to the proceeds of bank loans, bonds, or indebtedness.*

Advances and Bonuses

12. Obtain the list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advances, or gifts.
 - *A reading of the minutes of the District and inspection of payroll records indicated no approval of such payments nor any payments made of these types to employees.*

State Audit Law

13. Report whether the agency provided for a timely report in accordance with R.S. 24:513.
 - *For the fiscal year ending, December 31, 2019, the District was in compliance with this law.*

14. Inquire of management and report whether the agency entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

- *The District did not enter into any contracts as referenced above.*

Prior-Year Comments

15. Obtain and report management's representation as to whether any prior-year suggestions, recommendations, and/or comments have been resolved.

- *My review report dated June 1, 2020 contains a schedule of prior year findings that indicates the status of each of the findings.*

I was not engaged to, and did not conduct an audit, 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 information and use of the specified users listed above and is not intended to be and should not be used by anyone other than those specified parties.



Robert A. Neilson, CPA
Bogalusa, Louisiana
June 1, 2020

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Governmental Agencies)

Dear Chief Executive Officer:

Attached is the Louisiana Attestation Questionnaire that is to be completed by you or your staff. This questionnaire is a required part of the review/attestation engagement of Louisiana governmental agencies. The completed and signed questionnaire must be presented to and adopted by the governing body, if any, of your organization by means of a formal resolution in an open meeting. Independently elected government officials should sign the document, in lieu of such a resolution.

The completed and signed attestation questionnaire and a copy of the adoption instrument, if appropriate, **must be given to the independent certified public accountant at the beginning of the engagement.** The CPA will, during the course of his/her engagement, perform certain agreed-upon procedures to the responses in the questionnaire. It is not necessary to return the questionnaire to the Legislative Auditor's office.

Certain portions of the questionnaire may not be applicable to your organization. In such cases, it is appropriate to mark the representation "not applicable." However, you must respond to each applicable representation. A 'yes' answer indicates that you have complied with the applicable law or regulation. A 'no' answer to any representation indicates a possible violation of law or regulation and, as such, should be fully explained. These matters will be reviewed by the CPA during the course of his/her engagement. Please feel free to attach a further explanation of any representation.

Your cooperation in this matter will be greatly appreciated.

Sincerely,

Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Governmental Agencies)

_____ (Date Transmitted)

_____ (CPA Firm Name)

_____ (CPA Firm Address)

_____ (City, State Zip)

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of _____ (date) and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the 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 R.S. 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 R.S. 42:1119.

Yes [] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

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 R.S. 44:1, 44:7, 44:31, and 44:36.

Yes [] No []

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes [] No []

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [] No []

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes [] No []

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes [] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.
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 R.S. 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, R.S. 14:138, and AG opinion 79-729.

Yes [] No []

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes [] No []

General

We are responsible for our compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes [] No []

We have evaluated our compliance with these laws and regulations prior to making these representations.

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.

Yes [] No []

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.

Yes [] No []

We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants 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 your report.

Yes [] No []

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

Yes [] No []

The previous responses have been made to the best of our belief and knowledge.

Mary Adams

Secretary

Date

Treasurer

Date

President

Date