

Washington Parish Gas Utility District #1
Parish of Washington
Angie, Louisiana

Annual Financial Statements

As of and for the Year Ended December 31, 2025
With Supplemental Information Schedules
(with 2024 summarized comparative information)

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Board of Commissioners
Washington Parish Gas Utility District #1
Angie, 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, 2025, 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 American Institute of Certified Public Accountants. 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.

I am required to be independent of Washington Parish Gas Utility District #1 and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my review.

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 Matter Paragraphs

Supplementary Information

The accompanying schedule of compensation, benefits, and other payments to the agency head 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 the 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 supplementary information and, accordingly, do not express an opinion on such information.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the following supplementary information on page 18 through page 24 be presented to supplement the basic financial statements:

Budgetary Comparison Schedule

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 for placing the basic financial statements in an appropriate operational, economic, or historical context. This information is the responsibility of management. I have reviewed the 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 on such information.

Management has omitted Management's Discussion and Analysis that the Governmental Accounting Standards Board requires to be presented to supplement the basic financial statements. Such missing 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 for placing the basic financial statements in an appropriate operational, economic, or historical context.

Other 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 2024 financial statements that I reviewed.



Robert A. Neilson, CPA, LLC
Bogalusa, Louisiana
June 29, 2026

Financial Statements

Washington Parish Gas Utility District #1
Statement of Net Position
As of December 31, 2025
With Comparative Totals as of December 31, 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 1,457,657	\$ 1,452,594
Investments	950,536	873,530
Accounts Receivable, Net	43,313	43,811
Employee Receivable	-	-
Inventory	14,625	15,280
Prepaid Insurance	24,878	23,069
Total Current Assets	<u>2,491,009</u>	<u>2,408,284</u>
Restricted Assets		
Cash and Cash Equivalents	<u>24,155</u>	<u>23,570</u>
Total Restricted Assets	<u>24,155</u>	<u>23,570</u>
Property, Plant, and Equipment		
Property, Plant, and Equipment, Net	<u>18,830</u>	<u>27,984</u>
Total Property, Plant, and Equipment	<u>18,830</u>	<u>27,984</u>
TOTAL ASSETS	<u>\$ 2,533,994</u>	<u>\$ 2,459,838</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 14,771	\$ 18,326
Other Accrued Payables	20,617	16,250
Total Current Liabilities	<u>35,388</u>	<u>34,576</u>
Restricted Liabilities		
Customer Deposits	<u>24,155</u>	<u>23,570</u>
Total Restricted Liabilities	<u>24,155</u>	<u>23,570</u>
TOTAL LIABILITIES	<u>\$ 59,543</u>	<u>\$ 58,146</u>
NET POSITION		
Net Investment in Capital Assets	\$ 18,830	\$ 27,984
Restricted	24,155	23,570
Unrestricted	<u>2,431,466</u>	<u>2,350,138</u>
TOTAL NET POSITION	<u>\$ 2,474,451</u>	<u>\$ 2,401,692</u>

Washington Parish Gas Utility District #1
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2025
With Comparative Totals for the Year Ended December 31, 2024

	<u>2025</u>	<u>2024</u>
Operating Revenues		
Gas Sales	\$ 234,123	\$ 263,395
Less Cost of Gas Sold	<u>(59,979)</u>	<u>(38,185)</u>
Gross Profit on Gas Sales	174,144	225,210
Other	<u>6,988</u>	<u>7,526</u>
Total Operating Revenues	181,132	232,736
Operating Expenses		
Billing Costs	25,833	23,497
Board of Commissioners	5,600	5,900
Depreciation	9,154	9,707
Insurance	54,324	56,192
Other	16,892	28,723
Payroll Taxes	3,543	4,146
Professional Fees	13,800	14,350
Repairs & Maintenance	711	5,529
Salaries & Wages	39,404	48,203
Supplies	3,216	10,797
Travel	-	790
Utilities	<u>784</u>	<u>-</u>
Total Operating Expenses	173,261	207,834
Operating Income (Loss)	<u>\$ 7,871</u>	<u>\$ 24,902</u>
Non Operating Revenues (Expenses)		
Increase (Decrease) in the Appreciation on the Value of Investments	(40)	-
Interest Income	<u>64,928</u>	<u>77,425</u>
Total Non Operating Revenues (Expenses)	64,888	77,425
Change in Net Position	<u>\$ 72,759</u>	<u>\$ 102,327</u>
Total Net Position, Beginning	<u>\$ 2,401,692</u>	<u>\$ 2,299,365</u>
Total Net Position, Ending	<u><u>\$ 2,474,451</u></u>	<u><u>\$ 2,401,692</u></u>

Washington Parish Gas Utility District #1
Statement of Cash Flows
For the Year Ended December 31, 2025
With Comparative Totals for the Year Ended December 31, 2024

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities		
Received from Customers	\$ 234,621	\$ 305,551
Received for Meter Deposit Fees	585	315
Other Receipts	6,988	7,826
Payments for Operations	(179,424)	(176,809)
Payments to Employees	(45,004)	(52,349)
Net Cash Provided by Operating Activities	<u>17,766</u>	<u>84,534</u>
Cash Flows from Capital and Related Financing Activities		
Capital Acquisitions	-	-
Net Cash Provided by Capital and Related Financing Activities	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities		
Receipt of Interest	64,928	77,425
Loss from sale of Investments	(77,046)	(11,702)
Net Cash Provided by Investing Activities	<u>(12,118)</u>	<u>65,723</u>
Net Cash Increase (Decrease) in Cash and Cash Equivalents	\$ 5,648	\$ 150,257
Cash Equivalents, Beginning of Year	<u>1,476,164</u>	<u>1,325,907</u>
Cash Equivalents, End of Year	<u><u>\$ 1,481,812</u></u>	<u><u>\$ 1,476,164</u></u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position		
Cash and Cash Equivalents, Unrestricted	\$ 1,457,657	\$ 1,452,594
Cash and Cash Equivalents, Restricted	24,155	23,570
Total Cash and Cash Equivalents	<u><u>\$ 1,481,812</u></u>	<u><u>\$ 1,476,164</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)		
Operating Income (Loss)	\$ 7,871	\$ 24,902
Adjustments to Reconcile Operating Income (Loss) to Net Cash		
Depreciation	9,154	9,707
Accounts Receivable	498	42,156
Employee Receivable	-	300
Inventory	655	8,072
Prepaid Insurance	(1,809)	(1,449)
Accounts Payable	(3,555)	6,696
Accrued Expenses	4,367	(6,165)
Customer Deposits	585	315
Net Cash Provided by Operating Activities	<u><u>\$ 17,766</u></u>	<u><u>\$ 84,534</u></u>

Washington Parish Gas Utility District #1
Notes to the Financial Statements
As of and for the Year Ended December 31, 2025
(with 2024 summarized comparative information)

Introduction

The Washington Parish Gas Utility District #1 was established by an ordinance of the Washington Parish Police Jury on June 12, 1962, 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 350 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 five part-time employees, four hired for maintenance purposes and one hired for a secretarial position.

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

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 position (or balance sheet), a statement of activities and change in net position, 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 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*

Washington Parish Gas Utility District #1

Notes to the Financial Statements As of and for the Year Ended December 31, 2025 (with 2024 summarized comparative information)

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 K – 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, 2025.

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, 2025.

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. Financial Reporting Entity

As the governing authority of the Parish, for reporting purposes, the Washington Parish Council is the financial reporting entity for Washington Parish.

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 the 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.

Washington Parish Gas Utility District #1
Notes to the Financial Statements
As of and for the Year Ended December 31, 2025
(with 2024 summarized comparative information)

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 criterion 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 Parish Council.
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.

The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Parish Council, the general government service provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. Budget

The proposed budget for 2025 was adopted at the November 19, 2024 board meeting. The budget is prepared on the accrual basis of accounting. The board forwarded a copy of the approved budget to the Washington Parish Council. The board reviews the budget to actual comparison on a monthly basis as part of their management of the system. At the December 16, 2025 board meeting, the board amended the budget for 2025 and adopted the 2026 budget.

D. 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 no more than 90 days.

Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state or national banks located within their own parish or municipality.

E. 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.

Washington Parish Gas Utility District #1

Notes to the Financial Statements As of and for the Year Ended December 31, 2025 (with 2024 summarized comparative information)

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.

F. Inventories

Purchases of various operating supplies are regarded as expenditures at the time purchased, and inventories of such supplies (if any) are recorded at the lower of cost or market on a first-in first-out method as assets at the close of the fiscal year.

G. 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.

H. Restricted Assets

Customer Meter Deposits

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 \$100.

I. 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 included on the Statement of Net Position of the Enterprise Fund are recorded at either historical cost or estimated historical cost. Depreciation of all exhaustible fixed assets is charged as an expense against operations. 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 and Other Equipment	5-15 Years
Office Equipment	5 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.

Washington Parish Gas Utility District #1

Notes to the Financial Statements As of and for the Year Ended December 31, 2025 (with 2024 summarized comparative information)

J. 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, 2025.

K. 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.

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.

L. 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, 2024, from which summarized information was derived.

Washington Parish Gas Utility District #1
Notes to the Financial Statements
As of and for the Year Ended December 31, 2025
(with 2024 summarized comparative information)

Certain amounts presented in the prior year data may 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.

M. 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.

N. 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.

O. Current Year Adoption of New Accounting Standards

During the year ending December 31, 2025, the District implemented the following GASB Statement:

GASB Statement No. 102, *Certain Risk Disclosures* – The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or more likely than not to begin to occur within 12 months of the date of the financial statements are issued. This standard does not affect the District's financial statements.

P. New Accounting Standards

GASB Statement No. 103, *Financial Reporting Model Improvements* – The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. This Statement requires that the information presented in management's discussion and analysis (MD&A) be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement describes unusual or infrequent items as transactions and other events that are either unusual or infrequent in occurrence. This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for operating income (loss) and noncapital be subsidies be presented before reporting other nonoperating revenues and expenses. This Statement also requires governments to present budgetary comparison information using a single method of

Washington Parish Gas Utility District #1

Notes to the Financial Statements As of and for the Year Ended December 31, 2025 (with 2024 summarized comparative information)

communication – Required Supplementary Information (RSI). Governments are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. The District is currently evaluating the impact of this Statement on its financial reporting and disclosures.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – The objective of this Statement is to enhance disclosure requirements for specific types of capital assets, including lease assets, intangible right-to-use assets, subscription assets, and other intangible assets, by requiring separate disclosures by major class. Additionally, it establishes criteria and disclosure requirements for capital assets held for sale. The provisions of this Statement are effective for fiscal years beginning after June 15, 2025. The District is currently evaluating the impact of this Statement on its financial reporting and disclosures.

GASB Statement No. 105, *Subsequent Events* – The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated to be disclosed. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The provisions of this Statement are effective for fiscal years beginning after June 15, 2026. The District is currently evaluating the impact of this Statement on its financial reporting and disclosures.

2. CASH AND CASH EQUIVALENTS

At December 31, 2025 and 2024, the District has cash and cash equivalents (book balances) totaling, as follows:

	December 31, 2025	December 31, 2024
Demand Deposits	\$350,415	\$337,403
Time & Savings Accounts	239,545	213,371
Money Market Accounts	59,563	128,224
Louisiana Asset Management Pool	832,289	797,166
Total Cash and Cash Equivalents	1,481,812	1,476,164
Certificates of Deposits Held in Investments (See Note 3)	881,587	873,530
U.S. Treasury Notes Held in Investments (See Note 3)	68,949	-
Total Deposits	\$2,432,348	\$2,349,694

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. Because the pledged securities are not registered in the

Washington Parish Gas Utility District #1
Notes to the Financial Statements
As of and for the Year Ended December 31, 2025
(with 2024 summarized comparative information)

District's name, the deposits are considered uncollateralized (Category 3) under the provisions of GASB Statement 3.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand. As additional security, the Federal Reserve Bank implemented new procedures during 1994 for handling book-entry collateral transactions. The procedures require that the pledgee must approve all releases and substitutions of collateral pledged to their account. If matching withdrawal or substitution instructions are not received from both the financial institution and the pledgee in a timely manner, the collateral transaction cannot be completed.

At December 31, 2025, the District's deposits (collected bank balances) in Whitney Bank totaled \$112,624. These deposits were secured from risk by \$250,000 of federal deposit insurance. The District had \$1,119,711 as of December 31, 2025, in Citizens Savings Bank. These funds are secured by \$250,000 in FDIC insurance for each type of account and pledged letters of credit. The District has additional certificates of deposit of \$109,195 at Whitney Bank and \$128,892 at Resource Bank all under the FDIC insurance of \$250,000. The certificate of deposits are held in investment accounts. Because the investment is held by its agent, the investment accounts as described in footnote 3 below, are considered insured and registered, Category 1, in applying the credit risk classification of GASB Codification Section 150.164. The pledged securities are exposed to custodial credit risk because while the amount is secured by pledged securities, the 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, 2025, The District had \$832,289 in deposits in LAMP. In accordance with GASB Codification Section 150.165, the assets held in LAMP at December 31, 2025, 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.

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 Statement No. 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.

Washington Parish Gas Utility District #1

Notes to the Financial Statements As of and for the Year Ended December 31, 2025 (with 2024 summarized comparative information)

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 No. 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 90 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 73 days as of December 31, 2025.
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, and
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the District's name.

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, 2025, the District's investment balances were as follows:

	Maturity Date	Carrying Amount	Fair Market Value	Fair Value Hierarchy
<u>Certificates of Deposit:</u>				
Citizens Savings Bank	3/5/2026	\$100,000	\$100,000	
Citizens Savings Bank	11/29/2026	48,500	48,500	
Citizens Savings Bank	1/15/2027	130,000	130,000	

Washington Parish Gas Utility District #1

Notes to the Financial Statements As of and for the Year Ended December 31, 2025 (with 2024 summarized comparative information)

Citizens Savings Bank	7/8/2027	95,000	95,000
Citizens Savings Bank	9/4/2027	40,000	40,000
Citizens Savings Bank	2/3/2028	80,000	80,000
Citizens Savings Bank	3/31/2029	150,000	150,000
Hancock Whitney Bank	3/21/2026	104,541	104,541
Hancock Whitney Bank	3/29/2027	4,654	4,654
Resource Bank	8/26/2026	128,892	128,892
Total		<u>\$881,587</u>	<u>\$881,587</u>

Government Agency Bonds:

U.S. Treasury Notes				
Moody's Rating AA1	9/30/2026	\$68,949	\$68,949	Level 1
Total		<u>\$68,949</u>	<u>\$68,949</u>	

Total Investments		<u>\$950,536</u>	<u>\$950,536</u>
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The certificates of deposit are stated at cost which approximates market value. The certificates of deposits totaling \$881,587 include deposits within three separate banks. These are reported at fair value in the Statement of Net Positions. Collateralization in certificates of deposit is as described in Note 2.

At December 31, 2025, the District held an investment in a U.S. Treasury note as part of its investment portfolio. This investment is reported at fair value in the Statement of Net Position. The Districts categorizes fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The U.S. Treasury Note is valued at Level 1.

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, 2025 and 2024:

	Year Ended December 31, 2025	Year Ended December 31, 2024	Increase (Decrease)
Accounts Receivable			
Current	\$25,060	\$24,708	\$352
31-60 Days Past Due	2,080	2,090	(10)
61-90 Days Past Due	1,052	1,231	(179)
Over 90 Days Past Due	3,338	2,854	484
Subtotal	<u>31,530</u>	<u>30,883</u>	647
NSF	212	41	171
Unbilled Accounts Receivable	15,962	16,973	(1,011)
Allowance for Uncollectible Accounts	<u>(4,391)</u>	<u>(4,086)</u>	(305)
Total Accounts Receivable, Net	<u>\$43,313</u>	<u>\$43,811</u>	<u>\$(498)</u>

Washington Parish Gas Utility District #1

Notes to the Financial Statements As of and for the Year Ended December 31, 2025 (with 2024 summarized comparative information)

Uncollectible amounts due from customers' receivables are recognized as bad debts at the time information becomes available indicating the collectability of the particular receivable. The bad debts are charged off against an allowance account. Bad debt expense for the year was \$305. Management feels the estimate for the bad debt allowance is sufficient to cover any bad debts recorded during the upcoming year.

Estimated unbilled revenues (accrued billings) are recognized at the end of each fiscal year on a pro-rata basis. The estimated amount is based on billings during the month following the close of the fiscal year. The accrued billings were \$15,962 at December 31, 2025 and \$16,973 at December 31, 2024.

5. RESTRICTED ASSETS

The following is a summary of restricted assets at December 31, 2025 and 2024:

	December 31, 2025	December 31, 2024
Restricted Cash and Cash Equivalents		
Customer Deposits	\$24,155	\$23,570
Total Restricted Assets	\$24,155	\$23,570

6. CAPITAL ASSETS

A summary of changes in capital assets during the fiscal year ending December 31, 2025 is as follows:

	Beginning Balance 12/31/2024	Additions	Deletions	Ending Balance 12/31/2025
Capital Assets being depreciated:				
Gas Utility System	\$502,362	\$ -	\$ -	\$502,362
Maintenance Equipment	58,264	-	-	58,264
Office Equipment	6,816	-	-	6,816
Total Assets being depreciation	\$567,442	-	-	\$567,442
Less Accumulated Depreciation	(539,458)	(9,154)	-	(548,612)
Total Capital Assets, Net	\$27,984	\$(9,154)	\$ -	\$18,830

Depreciation expense for the fiscal year ending December 31, 2025 totaled \$9,154. The District purchased no new assets.

7. DISAGGREGATION OF ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts and other payables as of December 31, 2025 were as follows:

Vendors	\$14,771
Due to Other Government	19,778
Payroll Taxes Payable	<u>839</u>

Washington Parish Gas Utility District #1

Notes to the Financial Statements As of and for the Year Ended December 31, 2025 (with 2024 summarized comparative information)

Total Accounts Payable and Accrued Liabilities \$35,388

8. INTERGOVERNMENTAL AGREEMENT

The District 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 for the District. The fee for this service will be based on the operating cost of the Varnado Water Works District. A rate per customer per month will be calculated annually and paid each month.

The 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 Gas District #1 will be billed monthly at twice the Varnado Waterworks District 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 District at the appropriate rate 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 the District pays its portion of the actual costs.

For the fiscal year ending December 31, 2025, the billing fees charged to the District was \$25,833.

9. RESTRICTED AND DESIGNATED NET POSITION

At December 31, 2025, Washington Parish Gas Utility District #1 recorded \$24,155 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.

10. LITIGATION AND CLAIMS

There were no outstanding litigations or claims as of December 31, 2025.

11. RISK MANAGEMENT

The District carries commercial insurance for general liability, public officials and employment practices liability, workers' compensation, and automobile. There have been no significant reductions in insurance coverage for the current year. Settlement amounts have not exceeded insurance coverage for the past three years.

12. RELATED PARTY TRANSACTIONS

There are no related party transactions requiring disclosure in the financial statements.

Washington Parish Gas Utility District #1

Notes to the Financial Statements As of and for the Year Ended December 31, 2025 (with 2024 summarized comparative information)

13. SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through June 29, 2025, the date the financial statements were available to be issued. No other events were noted that require recording or disclosure in the financial statements for the fiscal year ending December 31, 2025.

Supplementary Information

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, 2025
With Comparative Totals for the Year Ended December 31, 2024

	Original Budget	Amended Budget	2025	Variance Favorable (Unfavorable)	2024
Operating Revenues					
Gas Sales	\$ 306,370	\$ 226,602	\$ 234,123	\$ 7,521	\$ 263,395
Less Cost of Gas Sold	(61,460)	(58,381)	(59,979)	(1,598)	(38,185)
Gross Profit on Gas Sales	244,910	168,221	174,144	5,923	225,210
Other	10,893	7,268	6,988	(280)	7,526
Total Operating Revenues	255,803	175,489	181,132	5,643	232,736
Operating Expenses					
Billing Costs	19,000	18,174	25,833	(7,659)	23,497
Board of Commissioners	5,867	5,520	5,600	(80)	5,900
Depreciation	11,176	11,176	9,154	2,022	9,707
Insurance	32,314	51,293	54,324	(3,031)	56,192
Other	22,464	25,132	16,892	8,240	28,723
Payroll Taxes	4,680	3,679	3,543	136	4,146
Professional Fees	15,517	15,840	13,800	2,040	14,350
Repairs & Maintenance	1,933	1,951	711	1,240	5,529
Salaries & Wages	49,867	39,605	39,404	201	48,203
Supplies	2,853	6,215	3,216	2,999	10,797
Travel	387	-	-	-	790
Utilities	-	-	784	(784)	-
Total Operating Expenses	166,058	178,585	173,261	5,324	207,834
Operating Income (Loss)	\$ 89,745	\$ (3,096)	\$ 7,871	\$ 10,967	\$ 24,902
Non Operating Revenues (Expenses)					
Increase (Decrease) in the Appreciation on the Value of Investments	-	-	(40)	(40)	-
Interest Income	67,338	62,046	64,928	2,882	77,425
Total Non Operating Revenues (Expenses)	67,338	62,046	64,888	2,842	77,425
Change in Net Position	\$ 157,083	\$ 58,950	\$ 72,759	\$ 13,809	\$ 102,327
Total Net Position, Beginning	\$ 2,457,450	\$ 2,401,692	\$ 2,401,692	-	\$ 2,299,365
Total Net Position, Ending	\$ 2,614,533	\$ 2,460,642	\$ 2,474,451	\$ 13,809	\$ 2,401,692

See accountant's review report

Washington Parish Gas Utility District #1
Schedule of Insurance
For the Year Ended December 31, 2025

Insurance Company/Policy Number	Coverage	Amount	Period
Gemini Insurance Company VCGP085814	<u>Commercial General Liability:</u> Each Occurrence Limit General Aggregate Limit (Other than Products-Completed Operations) Products/ Completed Oper. Aggregate Personal & Advertising Injury Premises Damage Medical Payments	 2,000,000 3,000,000 3,000,000 2,000,000 50,000 5,000	6/11/2025 to 6/11/2026
Indian Harbor Insurance Company POL0950062-07	<u>Public Officials and Employment Practices Liability:</u> Public Officials Liability Non-Monetary Coverage - Defense Only - each claim Non-Monetary Coverage - Defense Only - aggregate claims Employment Practices Liability and Third Pary Liability - each claim Policy Aggregate Limit of Liability Public Officials Crisis Management - maximum limit	 1,000,000 50,000 100,000 1,000,000 2,000,000 25,000	6/11/2025 to 6/11/2026
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	4/25/2025 to 4/25/2026
Progressive Insurance 02178767	<u>Commercial Auto:</u> Bodily Injury and Property Damage Liability; combined single limit Uninsured/Underinsured Motorist, combined single limit Medical Payments-each person Comprehensive Collision Rental Reimbursement Roadside Assistance Comprehensive & Collision Deductibles	 1,000,000 1,000,000 5,000 As Scheduled As Scheduled As Scheduled As Scheduled 500	4/26/2025 to 4/26/2026

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, 2025

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 Commissioneres of the District consists of five members appointed by the Washington Parish Government. The following is a schedule of the compensation received by the board members. Compensation did not exceed provisions of R.S. 33:4305B[1].

<u>Name and Title/ Contact Number</u>	<u>Address</u>	<u>Compensation Received</u>	<u>Term Expiration</u>
Dean Seal (985) 241-2130	25246 Military Road Angie, LA 70426	\$ 100	12/31/2025
Gary Pierce, President (985) 732-3901	61034 Dollar Road Angie, LA 70426	1,200	12/31/2026
Hayward Boone, Vice President (985) 732-7660	60921 Seal Road Angie, LA 70426	1,100	12/31/2028
Huey Bickham (985) 986-3770	3045 Johnny Will Jones Road Angie, LA 70426	1,200	12/31/2027
John Nathaniel (985) 516-3600	25246 Moses Road Angie, LA 70426	800	12/31/2030
Tom Pigott (985) 735-9095	22485 Mitch Road Bogalusa, LA 70427	1,200	12/31/2029
		<u><u>\$ 5,600</u></u>	

Washington Parish Gas Utility District #1
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2025

Agency Head:

Gary Pierce, President

<u>Purpose</u>	<u>Amount</u>
Salary Compensation Received	\$ 1,200
Employer Paid Social Security & Medicare	<u>92</u>
TOTAL	<u><u>\$ 1,292</u></u>

Washington Parish Gas Utility District #1
Schedule of Gas Rates and Customers
For the Year Ended December 31, 2025

GAS RATES

\$28.00	First 500 Cubic Feet
\$1.10	Per 100 Cubic Feet over 500

GAS CUSTOMERS

	<u>2025</u>	<u>2024</u>	<u>Increase</u> <u>(Decrease)</u>
Active	<u>345</u>	<u>346</u>	(1)

Washington Parish Gas Utility District #1
Schedule of Current Year Findings and Responses
December 31, 2025

None

See accountant's review report

Washington Parish Gas Utility District #1
Schedule of Prior Year Findings and Responses
December 31, 2025

Section I - Compliance and Other Matters

Budget Amendments

2024-1

Criteria	Louisiana Revised Statute R.S.39:1311 requires the amendment of a budget when revenues and expenditures vary unfavorably by 5% or greater.
Condition	The District did not appropriately amend the budget.
Cause	The District amended the budget at fiscal year end with inaccurate projections of the year.
Effect	Although the District did amend the budget once during the fiscal year, the revenues and expenditures of the District varied unfavorably by more than 5% at the end of the fiscal year end.
Recommendation	The District should create a review process regarding the budget amendments.
Management's Response and Corrective Action Plan	The District will review all budget amendments more thoroughly to ensure accurate amendments are made to revenues and expenses.

Other Reports

ROBERT A. NEILSON

CERTIFIED PUBLIC ACCOUNTANT, L.L.C.

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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
Angie, Louisiana

I have performed the procedures enumerated below on the Washington Parish Gas Utility District #1's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended December 31, 2025 as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The District's management is responsible for its financial records and compliance with applicable laws and regulations.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the District's compliance with the laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended December 31, 2025. Additionally, the Louisiana Legislative Auditor has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Public Bid Law

1. Obtain documentation for all expenditures made during the year for material and supplies exceeding \$60,000, and public works exceeding \$250,000 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 were no expenditures 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 a list of the family members of each board member.*
3. Obtain a list of all employees paid during the fiscal year.
 - *The District provided a list of all employees paid during the fiscal year.*
 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, 2025.*
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 and 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.
 - *Actual revenues exceeded budgeted revenues. Actual expenditures were less than budgeted expenditures.*

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 and were appropriately approved.*
 - *One disbursement was not coded to the correct general ledger account.*

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 appeared to be proceeds of bank loans, bonds, or like 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 payments or approval of payments to employees that may constitute bonuses, advances or gifts.*

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, 2025, 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 was in compliance with the state audit law; therefore, it did not enter into any contracts as referenced above.*

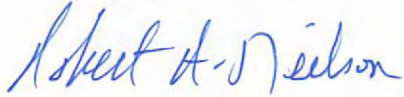
Prior-Year Comments

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

I was engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. I was not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the District's compliance with the foregoing matters. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to our attention that would have been reported to you.

I am required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on the District's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



Robert A. Neilson, CPA
Bogalusa, Louisiana
June 29, 2026