

Washington Parish Gas Utility District Number One
Parish of Washington
Varnado, Louisiana

Annual Financial Statements

As of and for the Year Ended December 31, 2016
With Supplemental Information Schedules
(with 2015 summarized comparative information)



BRUCE HARRELL & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

Washington Parish Gas Utility District Number One

**Annual Financial Statements
As of and for the Year Ended December 31, 2016
With Supplemental Information Schedules
(with 2015 summarized comparative information)**

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Independent Accountant's Review Report

To Board of Commissioners
Washington Parish Gas Utility District Number One
Varnado, Louisiana

We have reviewed the accompanying financial statements of the business-type activities of the Washington Parish Gas Utility District Number One, Louisiana, a component unit of the Washington Parish Council, as of and for the year ended December 31, 2016, 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 the District's 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 taken as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review 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 us to perform procedures to obtain limited assurance as a basis for reporting whether we are 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. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are 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.

Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 8 through 14 be presented to supplement the basic financial statements. Such information, although not a 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. The information is the representation of management. We have reviewed such required supplementary information, and, based on our review, we are 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. We have not audited the information and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on it.

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. This information is the representation of

BRUCE HARRELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

Board of Commissioners
Washington Parish Gas Utility District Number One
Independent Accountant's Review Report
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management. We have reviewed such supplementary information, and, based on our review, we are 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. We 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 2015 financial statements and, in our review report dated June 13, 2016, we stated that we did not express an opinion or provide any assurance on those financial statements.

A handwritten signature in black ink that reads "Bruce Harrell & Co." with a stylized flourish at the end.

Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

Kentwood, Louisiana
June 23, 2017

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Management's Discussion and Analysis

(Required Supplemental Information)

Washington Parish Gas Utility District Number One

Management's Discussion and Analysis As of and for the Year Ended December 31, 2016 (with 2015 summarized comparative information)

Introduction

The Washington Parish Gas Utility District Number One (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 basic financial statements and related notes, which follow management's discussion and analysis.

Financial Highlights

- At December 31, 2016, total assets were \$2,010,508, and exceeded liabilities in the amount of \$1,957,191 (i.e., net position). Of the total net position, \$1,845,702 was unrestricted and available to support short-term operations, with the balance invested in capital assets, and restricted for cash for customer's deposits.
- For the year ended December 31, 2016, user fee revenues (gas sales) and other revenues of \$224,481 decreased by \$28,152 representing a decrease of eleven percent from total revenues for the fiscal year ending December 31, 2015.
- The District's operating expenses decreased by \$4,832 or two percent to \$211,448 as compared to \$216,280 for the prior fiscal year. The decrease is mainly due to the decrease in gas purchases of \$21,112 offset by an increase in insurance of \$7,765, other expense of \$3,250, an increase in billing costs of \$1,792, an increase in salaries and wages of \$1,312, and an increase in repairs and maintenance of \$2,254.
- Interest income for the fiscal year ended December 31, 2016, totaled \$11,745 representing an increase of \$133 or one percent from the prior fiscal year.

Washington Parish Gas Utility District Number One

Management's Discussion and Analysis As of and for the Year Ended December 31, 2016 (with 2015 summarized comparative information)

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 District's financial statements include the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, the Statement of Cash Flows, and the Notes to the Basic Financial Statements. The financial statements report information on the District using full accrual accounting methods similar to those used in the private business sector.

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, accounts for the revenues and expenses for the fiscal year, and provides information on how net position changed during the year. This statement measures the success of the District's operations in a format that can be used to determine if the District has recovered its costs through 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 operation of the District.

Financial Analysis

The purpose of financial analysis is to help determine whether Washington Parish Gas Utility District Number One 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 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.

Washington Parish Gas Utility District Number One

**Management's Discussion and Analysis
As of and for the Year Ended December 31, 2016
(with 2015 summarized comparative information)**

**Condensed Statements of Net Position
2016 and 2015**

	<u>2016</u>	<u>2015</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Assets:				
Current and Other Assets	\$ 1,931,425	\$ 1,899,470	\$ 31,955	2%
Capital Assets	<u>79,083</u>	<u>90,259</u>	<u>(11,176)</u>	-12%
Total Assets	<u>2,010,508</u>	<u>1,989,729</u>	<u>20,779</u>	1%
Liabilities:				
Other Liabilities	<u>53,317</u>	<u>45,571</u>	<u>7,746</u>	17%
Total Liabilities	<u>53,317</u>	<u>45,571</u>	<u>7,746</u>	17%
Net Position:				
Invested in Capital Assets, Net of Related Debt	79,083	90,259	(11,176)	-12%
Restricted for Customer Deposits	32,406	31,994	412	1%
Unrestricted	<u>1,845,702</u>	<u>1,821,905</u>	<u>23,797</u>	1%
Total Net Position	<u>\$ 1,957,191</u>	<u>\$ 1,944,158</u>	<u>\$ 13,033</u>	1%

The major components of change in "Current and Other Assets" are an increase of \$31,955 in operating cash.

"Capital Assets" decreased due to current depreciation of \$11,176.

The major component of change in "Current Liabilities" is a \$3,817 increase in accounts payable.

"Total Net Position" (total assets less total liabilities) increased \$13,033 for the fiscal year ending December 31, 2016, primarily because of decreases in gas purchases, offset by a decrease in gas sales.

Washington Parish Gas Utility District Number One

**Management's Discussion and Analysis
As of and for the Year Ended December 31, 2016
(with 2015 summarized comparative information)**

**Condensed Statements of Revenues, Expenses and Changes in Net Position
2016 and 2015**

	<u>Year ended December 31, 2016</u>	<u>Year ended December 31, 2015</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Revenues:				
Operating Revenues	\$ 212,830	\$ 241,082	\$ (28,252)	-12%
Nonoperating Revenues	<u>11,651</u>	<u>11,551</u>	<u>100</u>	1%
Total Revenues	<u>224,481</u>	<u>252,633</u>	<u>(28,152)</u>	-11%
Expenses:				
Cost of Gas Sold	56,995	78,107	(21,112)	-27%
Depreciation Expense	11,176	11,661	(485)	-4%
Other Operating Expense	<u>143,277</u>	<u>126,512</u>	<u>16,765</u>	13%
Total Expenses	<u>211,448</u>	<u>216,280</u>	<u>(4,832)</u>	-2%
Changes in Net Position	13,033	36,353	(23,320)	-64%
Beginning Net Position	<u>1,944,158</u>	<u>1,907,805</u>	<u>36,353</u>	2%
Ending Net Position	\$ <u>1,957,191</u>	\$ <u>1,944,158</u>	\$ <u>13,033</u>	1%

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 the Washington Parish Gas Utility District Number One's conservative approach to management.

Total "Operating Revenues" (including gas sales and revenues related to providing gas and related services to customers) decreased by \$28,252 over the prior year. Non-operating revenue increased by \$100 compared to a decrease in 2015 of \$2,917. Total "Operating Expenses" decreased by \$4,832 over prior year expenses of \$216,280. The cost of gas sold of \$56,995 decreased by \$21,112.

Washington Parish Gas Utility District Number One

**Management's Discussion and Analysis
As of and for the Year Ended December 31, 2016
(with 2015 summarized comparative information)**

Budgetary Highlights

Washington Parish Gas Utility District Number One 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, 2016

	Budget Year ended December 31, 2016	Actual Year ended December 31, 2016	Favorable (Unfavorable) Variance
Revenues:			
Operating Revenues	\$ 209,330	\$ 212,830	\$ 3,500
Nonoperating Revenues	9,900	11,651	1,751
Total Revenues	<u>219,230</u>	<u>224,481</u>	<u>5,251</u>
Expenses:			
Cost of Gas Sold	57,000	56,995	5
Depreciation Expense	9,100	11,176	(2,076)
Other Operating Expense	<u>126,600</u>	<u>143,277</u>	<u>(16,677)</u>
Total Expenses	<u>192,700</u>	<u>211,448</u>	<u>(18,748)</u>
Change in Net Position	\$ <u>26,530</u>	\$ <u>13,033</u>	\$ <u>(13,497)</u>

Total revenues were greater than budgeted revenues by approximately 2.40 percent. Total expenses were under budgeted by approximately 9.73 percent. While the District is not subject to the Local Government Budget Act which allows a variance in revenues and expenditures up to 5%, it is a good business practice to keep expenditures and revenues within this variance.

Washington Parish Gas Utility District Number One

**Management's Discussion and Analysis
As of and for the Year Ended December 31, 2016
(with 2015 summarized comparative information)**

Other Significant Trends and Account Changes

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

General Operating Data

	December 31, 2016	December 31, 2015	Increase (Decrease)	December 31, 2014
Customers				
Active	370	379	(9)	403
Total Customers	<u>370</u>	<u>379</u>	<u>(9)</u>	<u>403</u>

One key measure of a gas district's profitability, and the ability to generate positive cash flows, is the ability of the gas system to collect accounts receivable on a timely basis. Presented below is an aged receivable listing for the fiscal years ending December 31, 2016 and 2015.

	Year Ended December 31, 2016	Year Ended December 31, 2015	Increase (Decrease)
Accounts Receivable			
Current	\$ 27,405	\$ 25,607	\$ 1,798
31-60 Days Past Due	3,777	5,988	(2,211)
61-90 Days Past Due	3,272	1,555	1,717
Over 90 Days Past Due	<u>2,555</u>	<u>293</u>	<u>2,262</u>
Subtotal	37,009	33,443	3,566
Allowance for Uncollectible Accounts	<u>(2,555)</u>	<u>(1,980)</u>	<u>(575)</u>
Net Accounts Receivable	\$ <u>34,454</u>	\$ <u>31,463</u>	\$ <u>2,991</u>

Washington Parish Gas Utility District Number One

Management's Discussion and Analysis As of and for the Year Ended December 31, 2016 (with 2015 summarized comparative information)

Capital Assets and Debt Administration

Capital Assets

At the end of the fiscal year ending December 31, 2016 and 2015, Washington Parish Gas Utility District Number One had \$79,083 and \$90,259 (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.

	<u>December 31,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
Capital Assets				
Gas Line System	\$ 487,201	\$ 487,201	\$ -	0%
Maintenance Equipment	58,264	58,264	-	0%
Office Equipment	<u>6,816</u>	<u>6,816</u>	<u>-</u>	0%
Subtotal	552,281	552,281	-	0%
Less: Accumulated Depreciation	<u>(473,198)</u>	<u>(462,022)</u>	<u>(11,176)</u>	-2%
Net Capital Assets	<u>\$ 79,083</u>	<u>\$ 90,259</u>	<u>\$ (11,176)</u>	-12%

Depreciation expense was \$11,176 for the fiscal year ending December 31, 2016.

Future Economic Plans

The Washington Parish Gas Utility District Number One's management approach is conservative. The Board actively monitors revenues and expenses and evaluates the costs of proposed expansion projects against the benefits to be derived. At present there are no plans for any distribution line expansion. The board's emphasis is on decreasing the cost of gas and collecting receivables with the goal of lowering utility bills for customers.

Contacting the District's Financial Management

The financial report is designed to provide a general overview of the District's finances and show the District's accountability for the money it receives. Questions regarding this report or requests for additional information should be addressed to Stanley Seal, President, Washington Parish Gas Utility District Number One, 26070 Highway 21, Angie, LA 70426, Phone (985) 732-7904.

Financial Statements

Statement A

Washington Parish Gas Utility District Number One
Statement of Net Position
As of December 31, 2016
(With Comparative Totals as of December 31, 2015)

	<u>2016</u>	<u>2015</u>
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 722,797	\$ 692,443
Investments	1,119,587	1,118,709
Accounts Receivable, Net:		
Accounts	34,454	31,463
Inventory	8,323	9,594
Prepaid Insurance	13,858	15,267
Total Current Assets	<u>1,899,019</u>	<u>1,867,476</u>
Restricted Assets:		
Restricted Cash and Cash Equivalents	32,406	31,994
Total Restricted Assets	<u>32,406</u>	<u>31,994</u>
Property, Plant, and Equipment		
Property, Plant and Equipment, Net	79,083	90,259
Total Property, Plant, and Equipment	<u>79,083</u>	<u>90,259</u>
Total Assets	<u>2,010,508</u>	<u>1,989,729</u>
Liabilities		
Current Liabilities (Payable From Current Assets):		
Accounts Payable	13,750	9,933
Other Accrued Payables	7,110	3,644
Total Current Liabilities (Payable From Current Assets)	<u>20,860</u>	<u>13,577</u>
Current Liabilities (Payable From Restricted Assets):		
Customer Deposits	32,457	31,994
Total Current Liabilities (Payable From Restricted Assets)	<u>32,457</u>	<u>31,994</u>
Total Liabilities	<u>53,317</u>	<u>45,571</u>
Net Position		
Invested in Capital Assets, Net of Related Debt	79,083	90,259
Restricted for:		
Customer Deposits	32,406	31,994
Unrestricted	1,845,702	1,821,905
Total Net Position	<u>\$ 1,957,191</u>	<u>\$ 1,944,158</u>

See accompanying notes and independent accountant's review report.

Statement B

Washington Parish Gas Utility District Number One
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2016
(With Comparative Totals for the Year Ended December 31, 2015)

	<u>2016</u>	<u>2015</u>
Operating Revenues		
Gas Sales	\$ 206,753	\$ 232,403
Less Cost of Gas Sold	<u>(56,995)</u>	<u>(78,107)</u>
Gross Profit on Gas Sales	149,758	154,296
Other	<u>6,077</u>	<u>8,679</u>
Total Operating Revenues	<u>155,835</u>	<u>162,975</u>
Operating Expenses		
Billing Costs	17,500	15,708
Board of Commissioners	3,186	3,520
Depreciation	11,176	11,661
Insurance	42,513	34,748
Other	15,353	12,103
Payroll Taxes	2,997	3,324
Professional Fees	11,450	11,500
Repairs and Maintenance	7,090	4,836
Salaries and Wages	38,958	37,646
Supplies	3,278	2,174
Travel	<u>952</u>	<u>953</u>
Total Operating Expenses	<u>154,453</u>	<u>138,173</u>
Operating Income (Loss)	<u>1,382</u>	<u>24,802</u>
Nonoperating Revenues (Expenses)		
Increase (Decrease) in the Appreciation on the Value of Investments	(94)	(61)
Interest Income	<u>11,745</u>	<u>11,612</u>
Total Nonoperating Revenues (Expenses)	<u>11,651</u>	<u>11,551</u>
Change in Net Position	<u>13,033</u>	<u>36,353</u>
Total Net Position, Beginning	1,944,158	1,907,805
Total Net Position, Ending	<u>\$ 1,957,191</u>	<u>\$ 1,944,158</u>

See accompanying notes and independent accountant's review report.

Washington Parish Gas Utility District Number One
Statement of Cash Flows
Proprietary Fund Type
For the Year Ended December 31, 2016
(With Comparative Totals for the Year Ended December 31, 2015)

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities		
Received From Customers	\$ 203,762	\$ 239,484
Received for Meter Deposit Fees	463	593
Other Receipts	6,077	8,679
Payments for Operations	(148,354)	(167,677)
Payments to Employees	(41,955)	(40,970)
Net Cash Provided (Used) by Operating Activities	<u>19,993</u>	<u>40,109</u>
Cash Flows From Capital and Related Financing Activities		
(Payments for) Capital Acquisitions	<u>-</u>	<u>-</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>-</u>	<u>-</u>
Cash Flows From Investing Activities		
Receipt of Interest	11,745	11,612
Proceeds from Sale (Payments) for Investments	(972)	(1,792)
Net Cash Provided (Used) by Investing Activities	<u>10,773</u>	<u>9,820</u>
Net Cash Increase (Decrease) in Cash and Cash Equivalents	30,766	49,929
Cash and Cash Equivalents, Beginning of Year	<u>724,437</u>	<u>674,508</u>
Cash and Cash Equivalents, End of Year	<u>\$ 755,203</u>	<u>\$ 724,437</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:		
Cash and Cash Equivalents, Unrestricted	\$ 722,797	\$ 692,443
Cash and Cash Equivalents, Restricted	<u>32,406</u>	<u>31,994</u>
Total Cash and Cash Equivalents	<u>\$ 755,203</u>	<u>\$ 724,437</u>

(Continued)

See accompanying notes and independent accountant's review report.

Washington Parish Gas Utility District Number One
Statement of Cash Flows
Proprietary Fund Type
For the Year Ended December 31, 2016
(With Comparative Totals for the Year Ended December 31, 2015)

	2016	2015
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ 1,382	\$ 24,802
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	11,176	11,661
(Increase) decrease in Accounts Receivable	(2,991)	7,081
(Increase) decrease in Inventory	1,271	1,020
(Increase) decrease in Prepaid Insurance	1,409	887
Increase (decrease) in Accounts Payable	3,817	(5,758)
Increase (decrease) in Accrued Expenses	3,466	(177)
Increase (decrease) in Customer Deposits	463	593
Net Cash Provided (Used) by Operating Activities	\$ 19,993	\$ 40,109

(Concluded)

See accompanying notes and independent accountant's review report.

Washington Parish Gas Utility District Number One
Notes to the Financial Statements
As of and for the Year Ended December 31, 2016
(with 2015 summarized comparative information)

Introduction

Washington Parish Gas Utility District Number One was established in 1962, by an ordinance of the Washington Parish Police Jury, (now 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 370 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 Number One is considered a component unit of 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 accordance with GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*. 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 to 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*—

Washington Parish Gas Utility District Number One
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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 ending December 31, 2012. The District did not have any deferred outflows of resources or deferred inflows of resources at December 31, 2016.

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 at December 31, 2016.

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 balance sheet. The activity statement includes all costs of providing goods and services during the period.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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. Operating expenses for enterprise 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 nonoperating 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 2016 was adopted at the December 14, 2015 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 a part of their management of the system. On December 13, 2016, the board amended the budget for 2016 and adopted the 2017 budget.

C. Cash and Cash Equivalents

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 90 days or less. Under state law, the District

Washington Parish Gas Utility District Number One
Notes to the Financial Statements
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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 90 days 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 maintenance 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 Capital One National Bank, Bogalusa, Louisiana. Meter deposits are held by the District until a customer becomes inactive. The meter deposit is then applied to the accounts receivable balance due and any remainder is refunded to the customer. Current meter deposits are: rental \$100, homeowner \$60.

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:

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

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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-16, as of December 31, 2016.

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. 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.

Washington Parish Gas Utility District Number One
Notes to the Financial Statements
As of and for the Year Ended December 31, 2016
(with 2015 summarized comparative information)

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, 2015, from which the 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 require 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.

2. Cash and Cash Equivalents

At December 31, 2016 and 2015, the District has cash and cash equivalents (book balances), as follows:

	<u>December 31,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>
Demand Deposit Accounts	\$ 363,945	\$ 340,814
Time & Savings Accounts	100,998	94,347
Money market accounts	124,024	123,801
Louisiana Asset Management Pool	<u>166,236</u>	<u>165,475</u>
	<u>755,203</u>	<u>724,437</u>
Certificates of Deposit Held as Investments- (See Note 3)	<u>1,119,587</u>	<u>1,118,709</u>
Total Deposits	<u>\$ 1,874,790</u>	<u>\$ 1,843,146</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, 2016, the District's deposits (collected bank balances) in Capital One Bank totaled \$389,487. These deposits are secured from risk by \$250,000 of federal deposit insurance and pledged securities of \$139,487. The District had \$715,582 as of December 31, 2016 in Citizens Saving Bank. These funds are secured by \$250,000 in FDIC insurance and pledged securities of \$465,582. The District

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Notes to the Financial Statements
As of and for the Year Ended December 31, 2016
(with 2015 summarized comparative information)

had \$275,965 as of December 31, 2016 in First NBC Bank. These funds are secured by \$250,000 FDIC insurance and pledged securities of \$25,965. The District has additional certificates of deposit of \$208,173 in two banks all under the 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 \$631,034 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.

At December 31, 2016, the District had \$166,236 in deposits in LAMP. In accordance with GASB Codification Section 150.165, the assets held in LAMP at December 31, 2016, 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- R.S. R.S. 33:2955.

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

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7 like investment pools:

1. Credit risk: LAMP is rated AAAM by Standard 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: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. 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, 2016.
5. Foreign currency risk: Not applicable to 2a7-like pools.

Washington Parish Gas Utility District Number One
Notes to the Financial Statements
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(with 2015 summarized comparative information)

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 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.

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, 2016, the District's investment balances were as follows:

	Carrying Amount	Fair Market Value
Certificates of Deposit		
Whitney National Bank	\$ 99,588	\$ 99,588
Citizen's Saving Bank	643,500	643,500
Resource Bank	108,583	108,583
First NBC	267,916	267,916
Total Certificates of Deposit	\$ 1,119,587	\$ 1,119,587

These deposits are stated at cost which approximates market value. The certificates of deposits totaling \$1,119,587 include deposits within four separate banks. Collateralization of the \$1,119,587 in certificates of deposit is as described in *Footnote 2 – Cash and Cash Equivalents*.

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.

Washington Parish Gas Utility District Number One
Notes to the Financial Statements
As of and for the Year Ended December 31, 2016
(with 2015 summarized comparative information)

4. Receivables

The following is a summary of receivables at December 31, 2016 and 2015:

	<u>Year Ended December 31, 2016</u>	<u>Year Ended December 31, 2015</u>	<u>Increase (Decrease)</u>
Accounts Receivable			
Current	\$ 27,405	\$ 25,607	\$ 1,798
31-60 Days Past Due	3,777	5,988	(2,211)
61-90 Days Past Due	3,272	1,555	1,717
Over 90 Days Past Due	<u>2,555</u>	<u>293</u>	<u>2,262</u>
Subtotal	37,009	33,443	3,566
Allowance for Uncollectible Accounts	<u>(2,555)</u>	<u>(1,980)</u>	<u>(575)</u>
Net Accounts Receivable	<u>\$ 34,454</u>	<u>\$ 31,463</u>	<u>\$ 2,991</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 2016.

5. Restricted Assets

The following is a summary of restricted assets at December 31, 2016 and 2015:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Restricted Cash and Cash Equivalents		
Customer Deposits	\$ 32,406	\$ 31,994
Total Restricted Assets	<u>\$ 32,406</u>	<u>\$ 31,994</u>

6. Capital Assets

A summary of changes in capital assets during the fiscal year ending December 31, 2016 is as follows:

	<u>Beginning Balance 12/31/15</u>	<u>Additions and Reclassifications</u>	<u>Deletions and Reclassifications</u>	<u>Ending Balance 12/31/16</u>
Capital Assets Being Depreciated				
Gas Line System	\$ 487,201	\$ -	\$ -	\$ 487,201
Maintenance Equipment	58,264	-	-	58,264
Office Equipment	<u>6,816</u>	<u>-</u>	<u>-</u>	<u>6,816</u>
Total Capital Assets Being Depreciated	552,281	-	-	552,281
Less Accumulated Depreciation	<u>(462,022)</u>	<u>(11,176)</u>	<u>-</u>	<u>(473,198)</u>
Total Capital Assets, Net	<u>\$ 90,259</u>	<u>\$ (11,176)</u>	<u>\$ -</u>	<u>\$ 79,083</u>

Depreciation expense for the fiscal year ending December 31, 2016, totaled \$11,176.

Washington Parish Gas Utility District Number One
Notes to the Financial Statements
As of and for the Year Ended December 31, 2016
(with 2015 summarized comparative information)

7. 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, and 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 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 Number One pays its portion of the actual costs.

8. Restricted and Designated Net Position

At December 31, 2016, Washington Parish Gas Utility District Number One recorded \$32,406 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

At December 31, 2016, there were no litigations or claims against the District.

10. Subsequent Events

Subsequent events have been evaluated by management through June 23, 2017 the date the financial statements were available to be issued and these financial statements considered subsequent events through such date. No events were noted that require recording or disclosure in the financial statements for the fiscal year ending December 31, 2016.

Other Supplemental Information

Washington Parish Gas Utility District Number One
Schedule of Revenues, Expenses, and Changes in Net Position-Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
(With comparative amounts for the fiscal year ended December 31, 2015)

	<u>2016</u> <u>Budget</u>	<u>2016</u> <u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>2015</u> <u>Actual</u>
Operating Revenues				
Gas Sales	\$ 202,800	\$ 206,753	\$ 3,953	\$ 232,403
Less Cost of Gas Sold	(57,000)	(56,995)	5	(78,107)
Gross Profit on Gas Sales	145,800	149,758	3,958	154,296
Other	6,530	6,077	(453)	8,679
Total Operating Revenues	<u>152,330</u>	<u>155,835</u>	<u>3,505</u>	<u>162,975</u>
Operating Expenses				
Billing Costs	16,000	17,500	(1,500)	15,708
Board of Commissioners	3,300	3,186	114	3,520
Depreciation	9,100	11,176	(2,076)	11,661
Insurance	30,700	42,513	(11,813)	34,748
Other	12,050	15,353	(3,303)	12,103
Payroll Taxes	3,900	2,997	903	3,324
Professional Fees	11,900	11,450	450	11,500
Repairs and Maintenance	7,400	7,090	310	4,836
Salaries and Wages	39,800	38,958	842	37,646
Supplies	1,100	3,278	(2,178)	2,174
Travel and Seminars	450	952	(502)	953
Total Operating Expenses	<u>135,700</u>	<u>154,453</u>	<u>(18,753)</u>	<u>138,173</u>
Operating Income (Loss)	<u>16,630</u>	<u>1,382</u>	<u>(15,248)</u>	<u>24,802</u>
Nonoperating Revenues (Expenses)				
Unrealized Gain (Loss) on Investments	(100)	(94)	6	(61)
Interest Income	10,000	11,745	1,745	11,612
Total Nonoperating Revenues (Expenses)	<u>9,900</u>	<u>11,651</u>	<u>1,751</u>	<u>11,551</u>
Change in Net Position	26,530	13,033	(13,497)	36,353
Total Net Position, Beginning	<u>1,944,158</u>	<u>1,944,158</u>	<u>-</u>	<u>1,907,805</u>
Total Net Position, Ending	<u>\$ 1,970,688</u>	<u>\$ 1,957,191</u>	<u>\$ (13,497)</u>	<u>\$ 1,944,158</u>

See independent accountant's review report.

Washington Parish Gas Utility District Number One
Schedule of Insurance
For the Year Ended December 31, 2016

<u>Insurance Company / Policy Number</u>	<u>Coverage</u>	<u>Amount</u>	<u>Period</u>
Gemini Insurance Agency VGGP001565	Commercial General Liability		6/11/2016 to 6/11/2017
	Each Occurrence Limit	\$ 1,000,000	
	General Aggregate Limit (Other than Products-Completed Operations)	2,000,000	
	Products-Completed Operations Aggregate Limit	2,000,000	
	Personal and Advertising Injury Limit	1,000,000	
	Damage to Premises Rented -Any one Premise	100,000	
	Medical Payments-Any one person	10,000	
American Empire Surplus 16EX0203776	Excess Liability (Umbrella)		6/11/2016 to 6/11/2017
	Policy Aggregate Limit	1,000,000	
	Each Occurance Limit	1,000,000	
Allied World 0202-0709	Public Officials and Employment Practices Liability	1,000,000	6/11/2016 to 6/11/2017
LA Workers Comp. Corp. 52455-A	Worker's Compensation Employers Liability:		4/25/2016 to 4/25/2017
	Per Accident	1,000,000	
	Policy Limit	1,000,000	
	Each Employee	1,000,000	
Progressive Insurance 02178767-3	Commerical Auto:		4/26/2016 to 4/26/2017
	Bodily Injury and Property Damage Liability, combined single limit	1,000,000	
	Uninsured/Underinsured Motorist, combined single limit	1,000,000	
	Medical Payments-each person	5,000	
	Comprehensive & Collision Deductibles	500/500	

See independent accountant's review report.

Schedule 3

**Washington Parish Gas Utility District Number One
Schedule of Compensation Paid to Board of Commissioners
For the Year Ended December 31, 2016**

<u>Name and Title / Contact Number</u>	<u>Address</u>	<u>Compensation Received</u>	<u>Term Expiration</u>
Stanley Seal, President (985) 732-7904	25246 Military Road Angie, LA 70426	\$ 605	12/31/2020
Gary Pierce, Vice President (985) 732-3901	61034 Dollar Road Angie, LA 70426	605	12/31/2021
Hayward Boone (985) 732-7660	60921 Seal Road Angie, LA 70426	715	12/31/2018
Huey Bickham (985) 986-3770	3045 Johnny Will Jones Road Angie, LA 70426	660	12/31/2017
Tom Pigott (985) 735-0450	22485 Mitch Road Bogalusa, LA 70427	550	12/31/2019
		<u>\$ 3,135</u>	

See independent accountant's review report.

Washington Parish Gas Utility District Number One
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2016

Agency Head Name: Stanley Seal

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

See independent accountant's review report.

Washington Parish Gas Utility District Number One
Schedule of Gas Rates and Number of Customers
For the Year Ended December 31, 2016
Gas Rates

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

As of December 31, 2016 and 2015, the district had the following number of customers:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>	<u>Increase (Decrease)</u>	<u>December 31, 2014</u>
Customers				
Active	370	379	(9)	403
Total Customers	<u>370</u>	<u>379</u>	<u>(9)</u>	<u>403</u>

See independent accountant's review report.

Bruce C. Harrell, CPA
Dale H. Jones, CPA
Kristi U. Bergeron, CPA
Jessica H. Jones, CPA
Brandy Westcott Garcia, CPA
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Independent Accountant's Report on Applying Agreed-Upon Procedures

Board of Commissioners
Washington Parish Gas Utility District Number One
Varnado, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Washington Parish Gas Utility District Number One 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 fiscal year ended December 31, 2016, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

Results: There were no expenditures for fiscal year ended December 31, 2016 that were subject to the bid law.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Results: Management provided us with the required list.

3. Obtain from management a listing of all employees paid during the period under examination.

Results: Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

Results: None of the employees included on the list of employees provided by management in agreed-upon procedure (3) were also included on the listing obtained by management in agreed-upon procedure (2) as immediate family members.

BRUCE HARRELL & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

A Professional Accounting Corporation

Washington Parish Gas Utility District Number One Independent Accountant's Report on Applying Agreed-Upon Procedures

Budgeting

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

Results: Management provided us with a copy of the original budget and amendments.

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

Results: We traced the adoption of the original budget to the minutes which indicated that the budget had been adopted by the commissioners. Amendments were made to the budget during the year and had also been adopted by the commissioners.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by five percent or more or if actual expenditures exceed budgeted amounts by five percent or more.

Results: We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues for the year were not below budgeted amounts, but actual expenditures did exceed budgeted amounts by more than five percent. The District operates under an Enterprise Fund and is not subject to the provisions of the law for General and Special Revenue funds, however, it is good business practice to keep expenditures and revenues within this variance.

Accounting and Reporting

8. Randomly select six disbursements made during the period under examination and:

- a. Trace payments to supporting documentation as to proper amount and payee.
- b. Determine if payments were properly coded to the correct fund and general ledger account.
- c. Determine whether payments received approval from proper authorities.

Results:

- a. We examined supporting documentation for each of the six selected disbursements and determined they were for the proper amount and to the approved payee.
- b. All payments were properly coded to correct fund and general ledger account.
- c. Inspection of documentation supporting each of the six selected disbursements indicated approvals from the accountant and the chairman of the Board of Commissioners. In addition, each of the disbursements was traced to the district's minute book where they were approved by the full commission.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Results: The District is only required to post a notice of each meeting and the accompanying agenda on the door of the District's office building. We noted a copy of the notice was posted as required.

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CERTIFIED PUBLIC ACCOUNTANTS

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**Washington Parish Gas Utility District Number One
Independent Accountant’s Report on Applying Agreed-Upon Procedures**

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

Results: The District has no long-term debt.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees, which may constitute bonuses, advance, or gifts.

Results:

A reading of the minutes of the District and transactions reviewed for the year indicated no payments to employees which would constitute bonuses, advances, or gifts.

The prior year report did not include any comments or unresolved matters.

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

This report is intended solely for the use of management of Washington Parish Gas Utility District Number One and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

Kentwood, Louisiana
June 23, 2017

**LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)**

June 20, 2017

Bruce Harrell & Co., CPAs, APAC
P.O. Box 45
909 Avenue G
Kentwood, LA 70444

In connection with your review of our financial statements as of December 31, 2016 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. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of June 20, 2017.

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 [x] 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 [x] 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 [x] 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 [x] 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 [x] No []

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

Yes [x] No []

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

Yes [x] 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 financial officer.

Yes [x] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes [x] 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 [x] 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 [x] No []

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

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

<u>Mary Adams</u>	Secretary	<u>6/20/17</u>	Date
	Treasurer		Date
<u>Stanley Seal</u>	President	<u>6-20-17</u>	Date