

**GAS UTILITY DISTRICT NO. 1
OF WEST FELICIANA PARISH
St. Francisville, Louisiana**

**BASIC FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

YEAR ENDED APRIL 30, 2020



Postlethwaite & Netterville

A Professional Accounting Corporation

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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

Board Members of the
Gas Utility District No. 1 of West Feliciana Parish
P. O. Box 2485
St. Francisville, Louisiana 70775

Report to the Financial Statements

We have audited the accompanying financial statements of the Gas Utility District No. 1 of West Feliciana Parish (the District), as of and for the year ended April 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of April 30, 2020, and the changes in financial position and cash flows thereof and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, on pages 4 through 8, be presented to supplement the 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 for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Operating Expenses, the Schedule of Statistical Data, the Schedule of Comparative Data, the Schedule of Compensation Paid to Board Members, the Schedule of Compensation, Benefits and Other Payments to the Superintendent, the Schedule of Insurance in Force, and the Schedule of Information Required by Rural Development are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Operating Expenses, the Schedule of Statistical Data, the Schedule of Comparative Data, the Schedule of Compensation Paid to Board Members, and the Schedule of Compensation, Benefits, and Other Payments to the Superintendent are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Operating Expenses, the Schedule of Statistical Data, the Schedule of Comparative Data, the Schedule of Compensation Paid to Board Members, and the Schedule of Compensation, Benefits and Other Payments to the Superintendent are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



The Schedule of Insurance in Force and the Schedule of Information Required by Rural Development have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Postlethwaite & Netterville
Baton Rouge, Louisiana
October 30, 2020

MANAGEMENT'S DISCUSSION & ANALYSIS

GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2020

This section of the annual financial report of the District presents our discussion and analysis of the District's performance during the fiscal year ended April 30, 2020. It should be read in conjunction with the financial report taken as a whole.

FINANCIAL HIGHLIGHTS

- At April 30, 2020, the District's assets exceeded its liabilities by \$6,782,583.
- The District's net position had an increase of \$530,219 during the year ended April 30, 2020.

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION

These financial statements are comprised of these components - (1) management's discussion and analysis, (2) proprietary fund financial statements, (3) notes to the financial statements and (4) required supplementary information. There is also other supplementary information contained in this report provided for additional information.

Proprietary funds. The District maintains only one type of proprietary fund – an enterprise fund. Enterprise funds are used to report the functions financed and operated in a manner similar to private business where the intent of the governing body is that the cost (expenses including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges. The District uses an enterprise fund to account for its gas services.

Statements include the following:

Statement of Net Position. This statement presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between these reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or not.

Statement of Revenues, Expenses and Changes in Net Position. This statement presents information showing how the District's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This statement is designed to show the District's financial reliance on general revenues.

Statement of Cash Flows. The change in cash as a result of current year operations is depicted in this statement. The cash flow statement includes a reconciliation of operating income (loss) to the net cash provided by or used for operating activities.

GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2020

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's comparison between the current and prior year contained in this section and referred to as management's discussion and analysis.

Other Information. Additionally, this report also presents certain other information that is deemed useful to users of this report.

FINANCIAL ANALYSIS OF THE DISTRICT

Net position is an indicator of the District's financial position from year to year. A summary follows:

Condensed Statement of Net Position
As of April 30th

	<u>2020</u>	<u>2019</u>
Assets		
Current and other assets	\$ 4,394,984	\$ 4,046,340
Capital assets, net	<u>5,611,545</u>	<u>5,395,615</u>
Total Assets	10,006,529	9,441,955
Liabilities		
Current liabilities	353,165	253,744
Long-term liabilities	<u>2,870,781</u>	<u>2,935,847</u>
Total Liabilities	3,223,946	3,189,591
Net Position		
Net investment in capital assets	2,756,290	2,457,329
Restricted	1,542,423	1,376,568
Unrestricted	<u>2,483,870</u>	<u>2,418,467</u>
Net Position	<u>\$ 6,782,583</u>	<u>\$ 6,252,364</u>

The District's total net position increased by \$530,219 as of April 30, 2020. The District continued operating on a profitable basis even with gas rates decreasing in 2020 compared to 2019 due to market conditions. In addition, the decrease in gas rates and gas consumption caused total revenues to decrease by \$478,122 or 14.5% from the previous year. The District's total expenses saw a decrease of \$265,445 or 10.4% compared to 2019. This was predominantly due to the District's purchase of gas that was also impacted by the decrease in gas rates and gas consumption.

GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2020

A summary of changes in net position is as follows:

SUMMARY OF CHANGES IN NET POSITION
FOR THE YEAR ENDED APRIL 30TH

	2020	2019
Revenues		
Operating revenues	\$ 2,777,793	\$ 3,181,911
Non-operating revenues	43,516	117,520
Total Revenues	2,821,309	3,299,431
Expenses		
Operating expenses	2,169,796	2,340,734
Non-operating expenses	121,294	215,801
Total Expenses	2,291,090	2,556,535
Change in net position	530,219	742,896
Net position, beginning of year	6,252,364	5,509,468
Net position, ending of year	\$ 6,782,583	\$ 6,252,364

The District's total operating revenues in 2020 decreased by \$404,118 or 12.7% from 2019 as gas rates decreased in 2020 due to market conditions. The District's total operating expenses saw a decrease of \$170,938 or 7.3% in 2020 compared to 2019 predominantly due to the decrease in gas rates.

Cash flow activity of the District for the past two years is as follows:

SUMMARY OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30TH

	2020	2019
Cash and cash equivalents provided by (used in):		
Operating activities	\$ 1,027,018	\$ 1,145,068
Capital and related financing activities	(655,919)	(842,847)
Noncapital financing activities	-	82,907
Investing activities	(439,179)	6,114
Net change in cash and cash equivalents	(68,080)	391,242
Cash and cash equivalents, beginning of year	2,449,885	2,058,643
Cash and cash equivalents, end of year	\$ 2,381,805	\$ 2,449,885

The total cash provided by operating activities in 2020 compared to 2019 decreased by \$118,050 due to decrease in gas rates charged to customers due to market conditions. The total cash used for capital and related financing activities in 2020 decreased by \$186,928 compared to 2019 predominantly due to reduction in improvements made to the Gas distribution system during the fiscal period.

GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2020

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: At the end of 2020, the District had \$5,611,545, net of depreciation invested in a broad range of capital assets (See table below). This amount represents a net increase of \$215,930 or 4.0% from the previous year. The net increase is due to additions totaling \$451,594 and depreciation of \$235,664, which decreases the carrying value.

Capital assets at year-end are summarized as follows:

CAPITAL ASSETS (Net of Accumulated Depreciation) AS OF APRIL 30 TH		
	2020	2019
Non-depreciable Assets		
Land	\$ 7,500	\$ 7,500
Construction in progress	137,517	263,348
Depreciable Assets		
Buildings	756,276	771,207
Gas distribution system	4,651,451	4,294,566
Equipment	48,387	41,172
Furniture/fixtures	7,945	10,415
Vehicles	2,469	7,407
Capital Assets, net	\$ 5,611,545	\$ 5,395,615

The major additions/transfers during the year included improvements to the gas distribution system of \$546,590 and transfers in construction in progress of (\$448,741). Depreciation expense was \$235,664 for the current year.

Debt Administration: At the end of 2020, the District had \$2,850,321 in outstanding debt compared to \$2,933,252 at the previous period end, see table below. This amount represents a decrease (comprised of predominantly bond and note principal payments) of \$82,931 from the previous year end.

OUTSTANDING DEBT AT YEAR END

	2020	2019
Bonds payable	\$ 2,824,803	\$ 2,882,216
Notes payable	25,518	51,036
Total	\$ 2,850,321	\$ 2,933,252

There was no new debt incurred during the year.

GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2020

ECONOMIC FACTORS AND NEXT YEAR'S RATES AND FEES

The Gas Utility District No. 1 of West Feliciana Parish considered the following factors and indicators when setting next year's rates and fees. These factors and indicators include:

- 1) Long-term debt requirements
- 2) Cost of operations
- 3) Number of customers

The District does not expect any significant changes in next year's budget results as compared to the current year.

The world-wide pandemic associated with COVID-19 has spread across the state of Louisiana, including the parish of West Feliciana. COVID-19 has had a minimal impact on the operations of the District, but has a bigger impact on certain businesses within the parish of West Feliciana. The District does not anticipate any significant impact in next year's operations.

CONTACTING THE GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations and demonstrate the District's commitment to public accountability. Any questions or requests for additional information can be obtained by contacting the Gas Utility District No. 1 of West Feliciana Parish, P. O. Box 2485, St. Francisville, Louisiana 70775 or 225-635-3590.

FINANCIAL STATEMENTS

GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

STATEMENT OF NET POSITION
APRIL 30, 2020

ASSETS

Current Assets:	
Cash and cash equivalents	\$ 777,294
Investments	1,781,543
Accounts receivable, net	194,310
Other receivable	100
Prepaid expenses	5,720
Prepaid lease	342
Restricted assets:	
Cash and cash equivalents	<u>1,604,511</u>
Total current assets	4,363,820
Noncurrent assets:	
Prepaid lease	31,164
Capital assets, net of depreciation	<u>5,611,545</u>
Total noncurrent assets	<u>5,642,709</u>
Total assets	<u>10,006,529</u>

LIABILITIES

Current liabilities:	
Payable from current assets:	
Accounts payable	237,142
Accrued salaries and benefits payable	17,439
Notes payable, short-term portion	25,518
Compensated absences, short-term portion	<u>8,697</u>
Total current liabilities (payable from current assets)	288,796
Payable from restricted assets:	
Accrued interest payable	4,934
Bonds payable, short-term portion	<u>59,435</u>
Total current liabilities (payable from restricted assets)	64,369
Noncurrent liabilities:	
Compensated absences	43,325
Customer deposits	62,088
Bonds payable	<u>2,765,368</u>
Total noncurrent liabilities	<u>2,870,781</u>
Total liabilities	<u>3,223,946</u>

NET POSITION

Net investment in capital assets	2,756,290
Restricted for bond related payments	1,542,423
Unrestricted	<u>2,483,870</u>
Total net position	<u>\$ 6,782,583</u>

The accompanying notes are an integral part of this financial statement.

GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
YEAR ENDED APRIL 30, 2020

OPERATING REVENUE

Charges for services:

Gas sales	\$ 2,750,681
Penalties/late charges	2,384
Other	24,728
Total operating revenues	<u>2,777,793</u>

OPERATING EXPENSES

Administrative	323,327
Depreciation	235,664
Employees and related expenses	473,669
Gas purchases	1,098,271
Occupancy	38,865
Total operating expenses	<u>2,169,796</u>

Operating income 607,997

NON-OPERATING REVENUES (EXPENSES)

Interest income	43,516
Interest expense	<u>(121,294)</u>
Total non-operating revenues/(expenses)	<u>(77,778)</u>

Change in net position 530,219

Net position, beginning of year 6,252,364

Net position, end of year \$ 6,782,583

The accompanying notes are an integral part of this statement.

GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30, 2020

Cash flows from operating activities:

Cash received from customers	\$ 2,819,673
Cash paid to suppliers for goods/services	(1,359,216)
Cash paid to employees for services	(458,067)
Cash received from others	<u>24,628</u>
Net cash provided by operating activities	<u>1,027,018</u>

Cash flows from capital and related financing activities:

Principal paid on notes payable	(25,518)
Principal paid on bonds payable	(57,413)
Interest paid on bond issuance and notes payable	(121,394)
Acquisition/construction of capital assets	<u>(451,594)</u>
Net cash used in capital and related financing activities	<u>(655,919)</u>

Cash flows from investing activities:

Interest received	43,516
Investments matured/reinvested	<u>(482,695)</u>
Net cash used in investing activities	<u>(439,179)</u>

Net decrease in cash and cash equivalents (68,080)

Cash and cash equivalents, beginning of year 2,449,885

Cash and cash equivalents, end of year \$ 2,381,805

Classified as:

Current	\$ 777,294
Restricted	<u>1,604,511</u>
Total:	<u>\$ 2,381,805</u>

Reconciliation of operating income to net cash from operating activities:

Operating income	\$ 607,997
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	235,664
(Increase) decrease in assets:	
Accounts receivable	64,241
Other receivable	(100)
Prepaid expenses	1,830
Increase in liabilities:	
Accounts payable	99,417
Accrued salaries and benefits payable	5,894
Customer deposits	2,367
Compensated absences payable	<u>9,708</u>
Net cash provided by operating activities	<u>\$ 1,027,018</u>

The accompanying notes are an integral part of this statement.

GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

The Gas Utility District No. 1 of West Feliciana Parish (hereinafter referred to as the District), located in St. Francisville, Louisiana, was created by the West Feliciana Parish Government as allowed under Louisiana Revised Statutes 33:4301-4308. Eleven commissioners, seven of which are appointed by the West Feliciana Parish Government, two by the Town of St. Francisville, one by the warden of the Louisiana State Penitentiary (Louisiana Department of Public Safety) and one by the chief executive officer of the Eastern Louisiana Mental Health System (Louisiana Department of Health and Hospitals), govern it. Serving approximately 400 customers, it was created to provide natural gas services to the citizens of West Feliciana Parish residing within its boundaries.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This Codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles. The accompanying financial statements of the District present information only as to the transactions of the programs of the District as authorized by Louisiana statutes and administrative regulations. The District's financial statements follow the guidance mentioned in GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB and AICPA Pronouncements*.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The District accounts for its activities in an enterprise fund. An enterprise fund is accounted for on an economic resources measurement focus. The fund is maintained on the accrual basis of accounting wherein revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the accounting period incurred, if measurable. Revenue resulting from exchange transactions in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place.

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from services provided in connection with the District's principal operations. Operating expenses include the cost of services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

The District maintains investment accounts as authorized by the Louisiana Revised Statutes. Under state law, the District may invest in obligations of the U.S. Treasury and U.S. Agencies, or certificates of deposit. Investments are carried at fair market value as of the balance sheet date.

Accounts Receivable

All receivables are recognized based on the monthly amounts billed for gas consumption of District customers. The allowance for uncollectible accounts is based on management's estimate of the collectability of the receivables based on current economic conditions, experience, and other relevant factors. Accounts receivable are recorded net of an allowance of uncollectable accounts of \$2,356 at April 30, 2020.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the statement of net position.

Restricted Assets

Based upon certain bond covenants, the District is required to establish and maintain prescribed amounts of resources (consisting of investments) in special funds that can be used only to service outstanding debt. These assets are classified as restricted assets on the statement of net position because their use is limited. Also included in restricted assets are customer deposits that were paid during the initial account opening.

Capital Assets

Capital assets are recorded at cost and do not purport to represent replacement or realizable values. The cost of depreciable property is charged to earnings over the estimated useful lives of the assets. Maintenance and repairs expenditures are charged to expense as incurred. Additions, renewals, and betterments that extend the life, or increase the value of assets, are capitalized. When properties are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized. The threshold for capitalizing assets is \$5,000. Depreciation is computed using the straight-line method of depreciation over the following lives – buildings 39 years; gas distribution system 33 years; equipment 7 years; furniture/fixtures 7 years; and vehicles 5 years.

GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

The District allows annual leave to regular full-time employees based on length of service. No leave is earned, however, while on suspension or leave without pay status. Annual leave may be carried over to the next calendar year. There is no limit on the amount of annual leave an employee may accumulate during the term of his/her employment, but it is with an understanding that only a maximum of 480 hours will be paid to the employees upon retirement or separation unless approved by the Board Members of the District. Employees are not paid for their unused annual leave at year-end, but are paid for accumulated, unused leave upon termination.

The District's regular full-time employees earn a certain amount of sick leave each year, depending upon the length and their employment status. Unused sick leave is not to exceed 960 hours. Upon separation of employment, excluding retirement, no sick leave shall be paid to employees. The balance of the sick leave shall be kept on the schedule for a period of five years and reinstated if the employee is rehired.

Customer Deposits

The District requires a customer deposit upon initial account opening for use of the District-owned gas meter at each residence or business. The District must hold the deposit until the customer's account is closed and at that time the deposit is returned to the customer.

Net Position

The District has previously implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This standard provides guidance for reporting the financial statement elements of deferred outflows of resources and deferred inflows of resources. Deferred outflows represent the consumption of the government's net position that is applicable to a future reporting period. A deferred inflow represents the acquisition of net position that is applicable to a future reporting period.

Because deferred outflows and deferred inflows are, by definition, neither assets nor liabilities, the statement of net assets title is now referred to as the statement of net position. The statement of net position reports net position as the difference between all other elements in a statement of net position and should be displayed in three components—net investment in capital assets, restricted net position (distinguishing between major categories of restrictions), and unrestricted net position. The District does not have any deferred outflows or deferred inflows at April 30, 2020.

GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position (continued)

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of borrowings for capital asset acquisition, construction, or improvement of those assets, increased by deferred outflows of resources attributable to capital asset acquisition, construction or improvement, and deferred inflows of resources attributable to either capital asset acquisition, construction, or improvement or to capital asset related debt. Capital-related debt or deferred inflows equal to unspent capital asset related debt proceeds or deferred inflows of resources is included in calculating either restricted or unrestricted net position, depending upon whether the unspent amounts are restricted.

Restricted net position reflects net position when there are limitations imposed on a net position's use by external parties such as creditors, grantors, laws or regulations of other governments. Restricted net position consists of restricted assets less liabilities related to restricted assets less deferred inflows related to restricted assets. Liabilities and deferred inflows related to restricted assets include liabilities and deferred inflows to be liquidated with restricted assets and arising from the same resource flow that results in restricted assets. 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.

Unrestricted net position is the balance (deficit) of all other elements in a statement of net position remaining after net investment in capital assets and restricted net position.

The District has previously implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This standard provides guidance for reporting the financial statement elements of deferred outflows of resources and deferred inflows of resources, required by GASB Statement No. 63, as applied to the governmental fund statements. In addition to identifying which items should be reported in these new categories in proprietary fund, fiduciary fund, government-wide statements of net position and governmental fund balance sheets, GASB Statement No. 65 also identifies certain items previously reported as assets and liabilities that the GASB determined should be recognized as revenues, expenses, or expenditures when incurred and not reported in statements of net position/balance sheets.

Estimates

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

GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Deposits with Financial Institutions

Cash and cash equivalents include demand deposits at local financial institutions with a carrying value of \$2,381,805 at April 30, 2020. Deposits in financial institutions can be exposed to custodial credit risk. Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. As of April 30, 2020, the District's bank balances of these deposits totaled \$2,688,348 which were covered partially by federal deposit of \$250,000 and pledged securities of \$2,553,802. The District was over collateralized by \$115,454.

Of the cash and cash equivalents included above, \$62,088 is restricted for customer deposits, \$564 for grant funded construction project, and \$1,541,859 is restricted for bond-related payments per the regulations of the bond issue.

Investments

As of April 30, 2020, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>
Investments measured at the net asset value (NAV)	
External investment pool	\$ <u>1,781,543</u>

The \$1,781,543 in investments is invested in LAMP. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities 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. 33.2955.

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- 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 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 or 762 days for U.S. Government floating/variable rate investments.

GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

Investments (continued)

- Concentration of credit risk: The District does not have a limit on the amount the District may invest in one issuer. One hundred percent of the District's investments are in LAMP funds.
- Foreign currency risk: Not applicable. LAMP complies with the provisions of Louisiana Law concerning permissible investments for municipalities, parishes and other political subdivisions set for in La R.S. 33:2955 and the investment policy does not provide for investment in foreign obligations.

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 value of the pool shares.

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

An annual audit of LAMP is conducted by an independent certified public accountant. The Legislative Auditor of the State of Louisiana has full access to the records of LAMP.

LAMP issues financial reports which can be obtained by writing: LAMP, Inc., 228 St. Charles Avenue, Suite 1123, New Orleans, LA 70130.

3. ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable at April 30, 2020:

Charges for services	\$ 196,666
Allowance for uncollectable accounts	<u>(2,356)</u>
Total	<u>\$ 194,310</u>

GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

4. CAPITAL ASSETS

The following is a summary of the changes in capital asset for the District for the year ended April 30, 2020:

	Balance <u>4/30/19</u>	Increases	Decreases	Balance <u>4/30/20</u>
Capital Assets, not being depreciated				
Land	\$ 7,500	\$ -	\$ -	\$ 7,500
Construction in Progress	<u>263,348</u>	<u>322,910</u>	<u>(448,741)</u>	<u>137,517</u>
Capital Assets, not being depreciated	270,848	322,910	(448,741)	145,017
Capital Assets, being depreciated				
Buildings	827,226	9,946	-	837,172
Less: accumulated depreciation	<u>(56,019)</u>	<u>(24,877)</u>	<u>-</u>	<u>(80,896)</u>
Net Buildings	771,207	(14,931)	-	756,276
Gas distribution system	8,063,949	97,888	448,741	8,610,578
Less: accumulated depreciation	<u>(3,769,383)</u>	<u>(189,744)</u>	<u>-</u>	<u>(3,959,127)</u>
Net Distribution System	4,294,566	(91,856)	448,741	4,651,451
Equipment	224,346	20,850	-	245,196
Less: accumulated depreciation	<u>(183,174)</u>	<u>(13,635)</u>	<u>-</u>	<u>(196,809)</u>
Net Equipment	41,172	7,215	-	48,387
Furniture/fixtures	19,031	-	-	19,031
Less: accumulated depreciation	<u>(8,616)</u>	<u>(2,470)</u>	<u>-</u>	<u>(11,086)</u>
Net Furniture/fixtures	10,415	(2,470)	-	7,945
Vehicles	92,779	-	-	92,779
Less: accumulated depreciation	<u>(85,372)</u>	<u>(4,938)</u>	<u>-</u>	<u>(90,310)</u>
Net Vehicles	7,407	(4,938)	-	2,469
Capital Assets, being depreciated, net	<u>5,124,767</u>	<u>(106,980)</u>	<u>448,741</u>	<u>5,466,528</u>
Capital Assets, net	<u>\$ 5,395,615</u>	<u>\$ 215,930</u>	<u>\$ -</u>	<u>\$ 5,611,545</u>

Depreciation expense was \$235,664 for the year ended April 30, 2020.

GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

5. LONG-TERM LIABILITIES

a. Activities

Long-term liabilities activity of the District for the year ended April 30, 2020 was as follows:

	<u>Beginning</u>			<u>Ending</u>	<u>Amounts</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Due within</u>
					<u>One Year</u>
Bonds Payable	\$ 2,882,216	\$ -	(\$ 57,413)	\$ 2,824,803	\$ 59,435
Notes Payable	51,036	-	(25,518)	25,518	25,518
Compensated Absences	42,314	17,747	(8,039)	52,022	8,697
Customer Deposits	<u>59,721</u>	<u>3,300</u>	<u>(933)</u>	<u>62,088</u>	<u>-</u>
	<u>\$ 3,035,287</u>	<u>\$ 21,047</u>	<u>(\$ 91,903)</u>	<u>\$ 2,964,431</u>	<u>\$ 93,650</u>

b. Bonds and Notes Payable

The District was approved to issue Series 2008 Utility Revenue Bonds in the amount of \$2,790,000 to fund a gas line replacement/improvement project. The bonds will mature over a period of 40 years and bear interest at a rate of 4.25%. The balance at April 30, 2020, was \$2,411,992. The District has pledged future gas customer revenues, net of specified operating expenses, to repay the bonds. The bonds are payable solely from gas customer net revenues and are payable through 2049. Annual principal and interest payments are estimated to require approximately five percent of net revenues. The total principal and interest to be paid on the bonds is \$4,150,704. Principal and interest paid for the year and total customer net revenues were \$146,642 and \$2,777,793, respectively.

The District was approved to issue Series 2009 Utility Revenue Bonds in the amount of \$535,000 for additional funding for a gas line replacement/improvement project. The bonds will mature over a period of 30 years and bear interest at a rate of 4.25%. The balance at April 30, 2020, was \$412,811. The District has pledged future gas customer revenues, net of specified operating expenses, to repay the bonds. The bonds are payable solely from gas customer net revenues and are payable through 2040. Annual principal and interest payments are estimated to require approximately one percent of net revenues. The total principal and interest to be paid on the bonds is \$612,315. Principal and interest paid for the year and total customer net revenues were \$32,164 and \$2,777,793, respectively.

Based on an agreement with the Louisiana Department of Transportation and Development executed on September 10, 1985, and pursuant to the provisions of La RS 48:381 (C), the District owed \$255,181 for its share of line relocation costs on the Angola-Bains Highway. The total project costs \$293,514 which was paid by the La DOTD, but the District was responsible for 86.94% of it. These are noninterest bearing notes. However, the District has applied and effective interest rate of 4.25% to the note. An agreement was made with the La DOTD to repay 10% per year beginning with the fiscal year ending April 30, 2012. With installments of \$25,518 paid annually, this loan will be fully paid during the fiscal year ending April 30, 2021. The balance at April 30, 2020, was \$25,518.

GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

5. LONG-TERM LIABILITIES (continued)

b. Bonds and Notes Payable (continued)

Principal and interest payments are due as follows:

<u>Year Ending</u> <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 84,953	\$ 119,371	\$ 204,324
2022	62,010	116,796	178,806
2023	64,698	114,108	178,806
2024	67,502	111,304	178,806
2025	70,427	108,379	178,806
2026 - 2030	400,651	493,379	894,030
2031 - 2035	495,325	398,705	894,030
2036 - 2040	580,149	281,916	862,065
2041 - 2045	573,207	160,003	733,210
2046 - 2050	451,399	33,255	484,654
	<u>\$ 2,850,321</u>	<u>\$ 1,937,216</u>	<u>\$ 4,787,537</u>

6. LEASES

The District entered into a 99-year lease for property on West Feliciana Parkway in St. Francisville for an annual payment of \$342. The full lease value of \$33,900 was paid during 2014. The balance of the prepaid lease at April 30, 2020, was \$31,506.

7. RETIREMENT PLAN

The District offers a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) to all employees of the District, who have received at least \$5,000 in compensation during the previous calendar year through Oppenheimer Funds. The District may make a non-elective contribution equal to 3% of compensation for the year to the SIMPLE individual retirement account of qualifying employees. The District's contributions to the plan for the year ended April 30, 2020 were \$7,191.

8. CONCENTRATIONS

The District provides natural gas services to two customers totaling 92% of annual sales. Sales of \$1,006,466 to the East Louisiana State Hospital accounted for 37% of total sales and sales of \$1,524,315 to Louisiana State Penitentiary accounted for 55%.

GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

9. COMMITMENTS

The District is a member of the Louisiana Municipal Gas Authority (hereinafter referred to as the Authority). As a member of the Authority, the District agrees to purchase all of its natural gas for resale to its customers through the Authority's gas distribution system. The Authority prepares an annual budget that includes an estimate of all of the Authority's operations, maintenance and general expenses relating to the operation and conduct of the business of the Authority during the year. The total amount set forth in this budget is paid monthly by each member of the Authority based on a percentage of each member's cost of gas. This contract was executed for a ten-year period, but it can be terminated by either party by giving written notice to the other party at least six months prior to termination. The District has estimated a commitment to the Authority of approximately \$1,107,000 for the subsequent period.

At April 30, 2020, the District had construction commitments of approximately \$540,000.

10. COVID-19

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which has spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets.

The outbreak could have a continued material adverse impact on economic and market conditions. There continues to be no prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the District's future financial operations.

GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

11. CURRENT ACCOUNTING STANDARDS SCHEDULED TO BE IMPLEMENTED

Following is a summary of the accounting standards adopted by the Governmental Accounting Standards Board (GASB) that are scheduled to be implemented in the future that may affect the District's financial report:

GASB Statement 83, *Certain Asset Retirement Obligation (ARO)*. This standard establishes criteria for determining the timing and pattern of recognition of an ARO liability and a corresponding deferred outflow of resources. An ARO is a legally enforceable liability associated with the sale, recycling, retirement, abandonment or disposal in some other manner of a tangible capital asset permanently removed from service. The standard is effective for annual reporting periods beginning after June 15, 2019. The District will include the requirements of this standard, as applicable, in its April 30, 2021 financial statement. The effect of this standard or its applicability to the District is unknown at this time.

GASB Statement 87, *Leases*. This standard will require all leases to be reported on the statement of net position under a single accounting model for both lessors and lessees. The statement will require the recognition of lease assets or liabilities for leases previously reported as operating leases. Both operating and capital leases will be reported under this single accounting method and reported by lessees as an intangible right to use asset and by lessors as a receivable with both reporting a deferred inflow of resources. The standard is effective for annual reporting periods beginning after June 15, 2021. The District will include the requirements of this standard, as applicable, in its April 30, 2023 financial statements. All of the District's lease agreements will need to be evaluated to determine the impact of implementing this standard; however, the effect of this standard or its applicability to the District are unknown at this time.

GASB Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* in April 2018. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019. The District will include the requirements of this standard, as applicable, in its April 30, 2021 financial statements. The effect of this standard to the District is unknown at this time.

SUPPLEMENTARY INFORMATION

GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

SCHEDULE OF OPERATING EXPENSES
YEAR ENDED APRIL 30, 2020

ADMINISTRATIVE

Billing service	\$ 880
Board meetings/travel	1,318
Office and supplies	24,340
Official publications	1,506
Professional fees	66,352
Engineering and legal fees	120,993
Repairs and maintenance	86,010
Truck expense	20,263
Taxes and licenses	<u>1,665</u>
Total administrative	<u>323,327</u>

DEPRECIATION

235,664

EMPLOYEE AND RELATED EXPENSES

Drug testing expense	705
Group insurance/workers' comp	59,101
Payroll taxes	27,935
Retirement	7,191
Salaries and per diem	371,748
Uniforms	<u>6,989</u>
Total employee and related expenses	<u>473,669</u>

GAS PURCHASES

1,098,271

OCCUPANCY

Insurance	26,558
Telephone	5,344
Utilities	<u>6,963</u>
Total occupancy	<u>38,865</u>

Total operating expenses \$ 2,169,796

See Independent Auditors' Report.

GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LA

SCHEDULE OF STATISTICAL DATA
YEAR ENDED APRIL 30, 2020

<u>Month</u>	<u>Purchases</u>		<u>Cost per MMBTU</u>	<u>Sales</u>
	<u>MMBTU</u>	<u>Amount</u>		
May	18,447	\$ 85,383	\$ 4.63	\$ 175,910
June	15,173	73,130	4.82	154,176
July	16,999	77,503	4.56	157,846
August	15,654	70,330	4.49	151,261
September	15,533	73,037	4.70	155,784
October	21,183	88,409	4.17	194,079
November	35,621	126,480	3.55	353,056
December	37,455	128,237	3.42	267,007
January	38,256	119,297	3.12	342,888
February	36,186	104,627	2.89	318,778
March	20,807	77,852	3.74	284,416
April	21,630	73,986	3.48	195,480
Total Purchases	<u>292,944</u>	<u>\$ 1,098,271</u>	Total Sales	<u>\$ 2,750,681</u>

See Independent Auditors' Report.

GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

SCHEDULE OF COMPARATIVE DATA
YEAR ENDED APRIL 30, 2020

	<u>2020</u>	<u>2019</u>
SUMMARY OF REVENUES AND EXPENSES		
Operating revenues	\$ 2,777,793	\$ 3,181,911
Cost of revenues - gas purchases	(1,098,271)	(1,320,806)
Gross Profit	<u>1,679,522</u>	<u>1,861,105</u>
Other operating expenses	(835,861)	(768,749)
Depreciation	(235,664)	(251,179)
Operating Income	<u>607,997</u>	<u>841,177</u>
Non-operating revenues	43,516	117,520
Non-operating expenses	(121,294)	(215,801)
Change in Net Position	<u>\$ 530,219</u>	<u>\$ 742,896</u>
OTHER DATA		
Capital assets, net of accumulated depreciation	\$ 5,611,545	\$ 5,395,615
Net working capital	\$ 4,010,655	\$ 3,761,090
Total assets	\$ 10,006,529	\$ 9,441,955
Long-term liabilities	\$ 2,870,781	\$ 2,935,847
Total net position	\$ 6,782,583	\$ 6,252,364
Average no. of customers	386	379
Total gas purchased and sold (MMBTU)	292,944	321,421

See Independent Auditors' Report.

GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS
YEAR ENDED APRIL 30, 2020

In compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature, this schedule of compensation paid to board members is presented for the year ended April 30, 2020.

<u>Board Member</u>	<u>Address</u>	<u>Phone</u>	<u>Compensation</u>
Kevin Beauchamp	5916 Hwy 966, St. Francisville, LA 70775	225-933-0006	\$ 999
Neil Wright	P.O. Box 3088, St. Francisville, LA 70775	225-721-1561	736
Kristi Hawkins	P.O. Box 498 Jackson, LA 70748	925-348-5758	737
Bess Kelley	P.O. Box 430, St. Francisville, LA 70775	225-635-6207	553
Thomas Klein Jr.	P.O. Box 446, St. Francisville, LA 70775	225-324-9831	735
David Norwood	7764 Highland Rd., St. Francisville, LA 70775	225-635-6656	758
Terry Osterberger	12321 Hwy 965, St. Francisville, LA 70775	225-635-3956	494
C.B. Owen	P.O. Box 1368, St. Francisville, LA 70775	225-245-4464	1,193
Glenn Thomas	9441 Sligo Rd., St. Francisville, LA 70775	225-784-9080	770
Leonard White	7371 Solitude Rd., St. Francisville, LA 70775	225-937-2216	343
Total			<u>\$ 7,318</u>

See Independent Auditors' Report.

GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO THE SUPERINTENDENT
YEAR ENDED APRIL 30, 2020

Superintendent Name: Clay Hardouin

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 88,914
Benefits-insurance	13,789
Benefits-retirement	2,119
Cell phone	541
Dues	<u>610</u>
Total	<u><u>\$ 105,973</u></u>

See Independent Auditors' Report.

GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

SCHEDULE OF INSURANCE IN FORCE
YEAR ENDED APRIL 30, 2020
(UNAUDITED)

<u>Policy No #</u>	<u>Expiration Date</u>	<u>Company</u>	<u>Coverage</u>	
02-LX-024058454-0	5/16/19 - 5/16/20	Willis of New Hampshire	General Liability	\$1,000,000 complete operations \$100,000 damage to premises \$5,000 medical each person \$1,000,000 personal injury \$1,000,000 general aggregate
02-CA-064597636-0	5/16/19 - 5/16/20	Willis of New Hampshire	Auto	\$1,000,000 each accident \$1,000,000 uninsured motorist
3680-S	11/15/19 - 11/15/20	Louisiana Workers' Compensation Corporation	Workers Compensation	\$1,000,000 each accident \$1,000,000 disease each employee \$1,000,000 disease policy limit
106921935	5/16/20 - 5/16/21	Travelers Indemnity Company	Cyber	\$1,000,000 Cyber Risk Aggregate Limit
105792182	5/18/19 - 5/18/20	Travelers Indemnity Company	Directors and Officers Liability	\$2,000,000 for all claims
G00617299-000-000	7/1/20 - 7/31/20	American International Group (Monthly)	Short-term Disability	60% of weekly earnings up to \$1,150 per week

See Independent Auditors' Report.

GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

SCHEDULE OF INFORMATION REQUIRED BY RURAL DEVELOPMENT
YEAR ENDED APRIL 30, 2020
(UNAUDITED)

Item No. 1

The District's customers' accounts receivable at April 30, 2020, is comprised of the following:

	<u>0-30 days</u>	<u>31+ days</u>	<u>Total</u>
No.	338	52	390
Amount	\$191,792	\$ 4,874	\$196,666

Item No. 2

The number of active residential and non-residential users at April 30, 2020, is 370 and 20, respectively.

See Independent Auditors' Report.

OTHER REPORTS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS***

Board Members of the
Gas Utility District No. 1 of West Feliciana Parish
P. O. Box 2485
St. Francisville, Louisiana 70775

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Gas Utility District No. 1 of West Feliciana Parish (the District), as of and for the year ended April 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 30, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and recommendations, we did identify certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and recommendations as item 2019-002 to be a material weakness.



A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompany schedule of findings and recommendations as item 2019-001 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Gas Utility District No. 1 of West Feliciana Parish's Response to Findings

The District's response to the findings identified in our audit are described in the accompanying schedule of findings and recommendations. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite & Netterville

Baton Rouge, Louisiana
October 30, 2020

GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

SCHEDULE OF FINDINGS AND RECOMMENDATIONS
YEAR ENDED APRIL 30, 2020

B. Findings – Financial Statement Audit

2020-001

Segregation of Duties

Criteria:

Adequate segregation of duties ensure that there is oversight and review to correct errors and limit the opportunity for fraud and theft.

Condition:

The following segregation of duties matters were identified:

- The business manager reconciles cash collections to the general ledger and collects cash when the administrative assistant is not present.
- The business manager processes payments and can add or modify vendor files.

Cause:

The limited size of the District's business department makes it difficult to achieve an optimum segregation of duties.

Effect:

The lack of segregation of the identified duties increase the risk of error and that assets could be misappropriated and the misappropriation would not be identified timely.

Recommendation:

The District should have another employee verify the cash collection reconciliations and review changes to the vendor files.

View of Responsible Official:

The District will review and adjust the identified segregation of duties matters to strengthen the system of internal control.

2020-002

Capital Assets

Criteria:

A strong control environment should ensure that the District maintains accurate records of capital assets, which reflect assets acquired and disposed of and the cost of these items.

Condition:

The capital assets records were not properly reconciled to the general ledger accounts. This has been reported as a material weakness in internal controls.

Cause:

The District did not initially include approximately \$140,000 of capital assets purchases in the provided schedules.

GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

SCHEDULE OF FINDINGS AND RECOMMENDATIONS
YEAR ENDED APRIL 30, 2020

B. Findings – Financial Statement Audit (continued)

2020-002

Capital Assets (continued)

Effect:

There was a lack of relevant financial data provided to the Board Members of the District to make business decisions. Also, there were significant adjustments proposed to the capital assets records provided during the audit.

Recommendation:

The process for recording capital assets should be enhanced to ensure that all capital assets are included in the records.

View of Responsible Official:

On a monthly basis, the Superintendent will review the detailed general ledger of the repairs and maintenance account to determine if the transactions need to be posted as fixed assets.

GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

B. Findings – Financial Statement Audit

2019-001

Capital Assets

Criteria:

A strong control environment should ensure that the District maintains accurate records of capital assets, which reflect assets acquired and disposed of and the cost of these items.

Condition:

The capital assets records were not properly reconciled to the general ledger accounts. This has been reported as a material weakness in internal controls.

Cause:

The District did not initially include approximately \$235,000 of capital assets purchases in the provided schedules.

Effect:

There was a lack of relevant financial data provided to the Board Members of the District to make business decisions. Also, there were significant adjustments proposed to the capital assets records provided during the audit.

Recommendation:

The process for recording capital assets should be enhanced to ensure that all capital assets are included in the records.

View of Responsible Official:

On a monthly basis, the Superintendent will review the detailed general ledger of the repairs and maintenance account to determine if the transactions need to be posted as fixed assets.

Current status:

The finding has not been resolved and is listed in the current year schedule of findings and recommendations as item 2020-002.

2019-002

Segregation of Duties

Criteria:

Adequate segregation of duties ensure that there is oversight and review to correct errors and limit the opportunity for fraud and theft.

Condition:

The following segregation of duties matters were identified:

- The business manager reconciles cash collections to the general ledger and collects cash when the administrative assistant is not present.
- The business manager processes payments and can add or modify vendor files.

GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

B. Findings – Financial Statement Audit (continued)

2019-002

Segregation of Duties (continued)

Cause: The limited size of the District’s business department makes it difficult to achieve an optimum segregation of duties.

Effect: The lack of segregation of the identified duties increase the risk of error and that assets could be misappropriated and the misappropriation would not be identified timely.

Recommendation: The District should have another employee verify the cash collection reconciliations and review changes to the vendor files.

View of Responsible Official: *The District will review and adjust the identified segregation of duties matters to strengthen the system of internal control.*

Current status: *The finding has not been resolved and is listed in the current year schedule of findings and recommendations as item 2020-001.*

2019-003

Pledge Collateral for Deposits

Criteria: According to Louisiana state law, deposits over the Federal Deposit Insurance Corporation’s (FDIC) allowed limit must be secured by securities owned by the local bank and pledged to the local government as collateral.

Condition: The District’s deposits at the local bank exceeded the FDIC coverage limit combined with pledged securities and were under collateralized by \$132,943.

Cause: Miscommunication between bank representatives and management resulted in the bank failing to ensure the District’s deposits were secured by pledge securities as required by State law.

Effect: The District’s deposits were uncollateralized resulting in a violation of Louisiana law.

Recommendation: Management should obtain written evidence of the local bank’s compliance with deposit collateral requirements on a monthly basis.

GAS UTILITY DISTRICT NO. 1 OF WEST FELICIANA PARISH
ST. FRANCISVILLE, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

B. Findings – Financial Statement Audit (continued)

2019-003

Pledge Collateral for Deposits (continued)

View of Responsible Official: Management relied on bank personnel to adequately collateralize the deposits. Procedures will be established to implement the recommendation of obtaining documentation monthly to ensure bank compliance in the future.

Current status: The finding has not been identified in the current year. Thus, the matter is considered resolved.