

**GAS UTILITY DISTRICT NO. 1 OF LIVINGSTON PARISH
HOLDEN, LOUISIANA**

ANNUAL FINANCIAL STATEMENTS

As of and for the Year Ended November 30, 2021



**Hebert Johnson
& Associates, Inc.**
Certified Public Accountants

A Professional Accounting Corporation

Gas Utility District No. 1 of Livingston Parish
Holden, Louisiana
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As of and for the Year Ended November 30, 2021

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A P R O F E S S I O N A L A C C O U N T I N G C O R P O R A T I O N

Independent Auditor's Report

To the Board of Commissioners
Gas Utility District No. 1 of Livingston Parish
Holden, Louisiana

We have audited the accompanying financial statements of the business-type activities of the Gas Utility District No. 1 of Livingston Parish, a component unit of the Livingston Parish Council, as of and for the year ended November 30, 2021, and the related notes to the financial statements, which collectively comprise the Gas Utility District No. 1 of Livingston Parish'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.

Auditor's 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Gas Utility District No. 1 of Livingston Parish, as of November 30, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter Paragraph

Required Supplemental Information

Management has omitted the Management's Discussion and Analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2022, on our consideration of Gas Utility District No. 1 of Livingston Parish's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of Gas Utility District No. 1 of Livingston Parish's 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 Gas Utility District No. 1 of Livingston Parish's internal control over financial reporting and compliance.

Respectfully submitted,

Chris Johnson

Hebert Johnson & Associates, Inc.
A Professional Accounting Corporation
Albany, Louisiana
March 31, 2022

Basic Financial Statements

**Gas Utility District No. 1 of Livingston Parish
Holden, Louisiana**

Statement A

**Statement of Net Position
November 30, 2021**

Assets

Current Assets:

Cash and Cash Equivalents	\$ 660,543
Investments	239,745
Accounts Receivable (Net)	73,625
Unbilled Receivables	62,011
Inventory	33,862
Prepaid Expenses	1,561
Total Current Assets	<u>1,071,347</u>

Restricted Assets:

Restricted Cash and Cash Equivalents	82,224
Total Restricted Assets	<u>82,224</u>

Capital Assets:

Land	975
Utility Plant and Equipment, Net	1,891,522
Total Capital Assets, Net	<u>1,892,497</u>

Other Assets:

Utility Deposits	838
Total Noncurrent Assets	<u>1,975,559</u>

Total Assets

3,046,906

Liabilities

Current Liabilities:

Accounts Payable	54,992
Accrued Liabilities	1,626
Total Current Liabilities	<u>56,618</u>

Current Liabilities (Payable From Restricted Assets)

Customers' Deposits	82,224
Total Current Liabilities (Payable From Restricted Assets)	<u>82,224</u>

Total Liabilities

138,842

Net Position

Net Investment in Capital Assets	1,892,497
Unrestricted	1,015,567

Total Net Position

\$ 2,908,064

The notes to the financial statements are an integral part of this statement.

**Gas Utility District No. 1 of Livingston Parish
Holden, Louisiana**

Statement B

**Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended November 30, 2021**

Operating revenues:	
Gas Sales	\$ 1,239,689
Other Charges	39,666
Total Operating Revenues	1,279,355
 Operating Expenses:	
Administrative Expenses	2,913
Bad Debt	998
Bank Service Charges	1,422
Commissioners Compensation	30,372
Depreciation	60,281
Insurance	3,562
Management Fees	113,795
Natural Gas Purchases	392,031
Professional Services	20,911
Repairs, Maintenance, Supplies	423,213
Utilities	10,760
Total Operating Expenses	1,060,258
 Operating Income	 219,097
 Nonoperating revenues (Expenses):	
Interest Income	1,812
Total Nonoperating Revenues (Expenses)	1,812
 Change in Net Position	 220,909
 Net Position, Beginning	 2,687,155
Net Position, Ending	\$ 2,908,064

The notes to the financial statements are an integral part of this statement.

**Gas Utility District No. 1 of Livingston Parish
Holden, Louisiana**

Statement C

**Statement of Cash Flows
For the Year Ended November 30, 2021**

Cash Flows From Operating Activities

Receipts From Customers	\$ 1,264,690
Payments to Suppliers for Goods and Services	(947,885)
Payments to Employees and for Employee Related Costs	(30,045)
Net Cash Provided by Operating Activities	<u>286,760</u>

Cash Flows From Capital and Related Financing Activities

Purchase of Property, Plant, and Equipment	(198,408)
Net Cash Used by Capital and Related Financing Activities	<u>(198,408)</u>

Cash Flows Investing Activities

Interest Income	1,812
Increase in Certificates of Deposit	(478)
Net Cash Provided by Investing Activities	<u>1,334</u>

Net Increase in Cash and Cash Equivalents	89,686
Cash and Cash Equivalents, Beginning of The Year	653,081
Cash and Cash Equivalents, End of The Year	<u>\$ 742,767</u>

The notes to the financial statements are an integral part of this statement.

**Gas Utility District No. 1 of Livingston Parish
Holden, Louisiana**

Statement C

**Statement of Cash Flows (Continued)
For the Year Ended November 30, 2021**

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)

Operating Income	\$ 219,097
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	60,281
Change in Assets and Liabilities:	
Accounts Receivable	(11,614)
Unbilled Receivables	(13,473)
Other Receivables	7,372
Inventory	(18,591)
Prepaid Expenses	738
Accounts Payable	39,573
Accrued Liabilities	3,377
Net Cash Provided By Operating Activities	<u>\$ 286,760</u>
Cash and Cash Equivalents, Beginning of Period	
Cash - Unrestricted	\$ 573,907
Cash - Restricted	79,174
Total	<u>653,081</u>
Cash and Cash Equivalents, End of Period	
Cash - Unrestricted	660,543
Cash - Restricted	82,224
Total	<u>742,767</u>
Net Increase	<u>\$ 89,686</u>

The notes to the financial statements are an integral part of this statement.

Gas Utility District No. 1 of Livingston Parish
Notes to the Financial Statements
As of and for the Year Ended November 30, 2020

1. Summary of Significant Accounting Policies

A. Reporting Entity

Gas Utility District No.1 of Livingston Parish (the “District”) was created November 10, 1961, by the Livingston Parish Council under Act 415 of the Acts of Louisiana for 1060 (Sec. 4301, et seq. of Title 33, LA Revised Statues). The District operates under a Board of Commissioners appointed by the Livingston Parish Council.

The District, reported in these statements as a proprietary fund, prepares its financial statements in accordance with the standards established by the Governmental Accounting Standards Board (GASB). The accompanying statements present only transactions of the District, a component unit of Livingston Parish Council.

B. Basis of Accounting

The District maintains its books and records on the full accrual basis of accounting and on the flow of economic resources measurement focus. The District applies all applicable professional standards in accounting and reporting for its proprietary operations.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund’s principal ongoing operations. The operating revenues of the District are natural gas sales to residential and commercial users. Operating expenses for the District include the cost to distribute natural gas, administrative expenses, and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

In some instances, GASB requires an entity to delay recognition of decreases in net position as expenditures until a future period. In other instances, entities are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three components as follows:

1. Net investment in capital assets – this component consist of net capital assets reduced by the outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Gas Utility District No. 1 of Livingston Parish
Notes to Financial Statements
As of and for the Year Ended November 30, 2021

2. Restricted net position – this component is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is restricted assets reduced by liabilities and deferred inflows of resources related to the restricted assets.
3. Unrestricted net position – this component consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first apply the expense toward restricted resources, then toward unrestricted resources.

C. Cash Flows

For purposes of the Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit with an original maturity of three months or less.

D. Restricted Assets

Restricted assets include cash and interest-bearing deposits that are legally restricted as to their use. The restricted assets relate to the customer deposits.

E. Accounts Receivable and Bad Debts

Accounts receivable represent amounts owed to the District from customer gas usage. Uncollectible utility service receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the collectability of the particular receivable. The allowance for uncollectible receivables was \$558 at November 30, 2021. Unbilled utility service receivable resulting from services rendered between the date of meter reading and billing and the end of the month are recorded at year-end.

F. Inventory

The District maintains an inventory of natural gas. The inventory is recorded at lower of cost or market on average costs basis. As of November 30, 2021 inventory on hand totaled \$33,862.

G. Capital Assets

Property, plant and equipment are recorded at cost. Capital assets of the District are defined by the District as assets with an initial, individual cost of more than \$5000, and an estimated useful life in excess of one year.

Gas Utility District No. 1 of Livingston Parish
Notes to Financial Statements
As of and for the Year Ended November 30, 2021

Depreciation is computed using the straight-line method over the expected service lives of the assets as follows:

	<u>Years</u>
Gas plant system	10-40
Equipment and meters	7-10

H. Prepaid Expenses

The District accounts for prepaid expenses using the consumption method. A prepaid expense is recognized when a cash expenditure is made for goods or services that were purchased for consumption but are unconsumed as of the end of the fiscal year.

I. Use of 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 could differ from those estimates. Estimates are used primarily when accounting for the allowance for doubtful accounts and depreciation.

2. Cash and Cash Equivalents

Under state law, the District may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may invest in direct obligations of the United States government, bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and/or the United States government, and time certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At November 30, 2021, the District had cash and cash equivalents (book balances) totaling \$742,767 as follows:

Demand deposits	\$ 742,767
Total	\$ 742,767

Custodial credit risk is the risk that in the event of a bank failure of a depository financial institution, the District's deposits may not be recovered. These deposits are stated at cost, which approximates fair value. Under state law, deposits 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 of deposit with the fiscal agent bank. These securities are held in the name of the District or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties.

Gas Utility District No. 1 of Livingston Parish
Notes to Financial Statements
As of and for the Year Ended November 30, 2021

Deposit balances (bank balances) at November 30, 2021, are secured as follows:

Bank balances	<u>\$ 982,315</u>
Federal deposit insurance	500,000
Pledged securities	<u>475,631</u>
Total federal deposit insurance and pledged securities	<u>\$ 975,631</u>
 Uninsured and uncollateralized deposits	 <u><u>\$ 6,684</u></u>

Deposits in the amount of \$482,315 were exposed to custodial credit risk. \$475,631 of these deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the District's name. \$6,684 of these deposits are uninsured and uncollateralized. The District does not have a policy for custodial credit risk.

3. Investments

Investments are categorized into these three categories of credit risk:

- a. Insured or registered, or securities held by the District or its agent in the District's name
- b. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name
- c. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the District's name

In the current year the District held \$239,745 in certificates of deposit and is considered a category 1 type of investment.

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

Gas Utility District No. 1 of Livingston Parish
Notes to Financial Statements
As of and for the Year Ended November 30, 2021

4. Capital Assets

Capital asset activity for the year ended November 30, 2021 was as follows:

	Balance 12/1/2020	Additions	Deletions	Balance 11/30/2021
Capital Assets Not Being Depreciated:				
Land	\$ 975	\$ -	\$ -	\$ 975
Other Capital Assets:				
Utility Plant	2,944,211	198,408	-	3,142,619
Equipment and Meters	113,593	-	-	113,593
Totals	3,058,779	198,408	-	3,257,187
Less Accumulated Depreciation	1,304,409	60,281	-	1,364,690
Capital Assets, Net	<u>\$ 1,754,370</u>	<u>\$ 138,127</u>	<u>\$ -</u>	<u>\$ 1,892,497</u>

5. Litigation

There is no litigation pending against the District at November 30, 2021

6. Risk Management

The District carries commercial insurance for Directors & Officers Liability and Employment Practices Liability. There have been no significant reductions in insurance coverage for the current year. Settlement amounts have not exceeded insurance coverage for the current year or prior years. The District does not carry general liability insurance.

7. Major Supplier

The District purchases all of its gas through the Louisiana Municipal Gas Authority (LMGA). A change in suppliers could have a negative impact on the cost and terms currently obtained through the LMGA.

8. Major Customers

During the year ended November 30, 2021, the District's two largest commercial customers comprised 24.3% and 10.0% of total gas sales.

9. Professional Service Contracts

The District has entered into a maintenance agreement with O & M Management Services, LLC ("Management") to read meters, bill customers and collect payments on a monthly basis. Management is paid \$10.00 per customer per month to perform these services. During the year, Management received \$113,795 from the District for the performance of these services.

Additionally, Management is paid for customer mail outs; new service taps, disconnects, and performs repairs and improvements to the systems as needed at the rate of \$150 per hour plus material costs.

Gas Utility District No. 1 of Livingston Parish
Notes to Financial Statements
As of and for the Year Ended November 30, 2021

During the year, O & M Management received \$423,215 from the District for the performance of these services.

10. Louisiana Deferred Compensation Plan

All of the employees of the District are eligible to participate in the State of Louisiana deferred compensation plan. Employees may contribute up to 100% of their salary (not to exceed \$18,000 a year) to the plan on a pre-tax basis. The contributions are withheld from the employees' paychecks. The District matches up to 15% of each employee's compensation. The contributions are fully vested immediately and are remitted to a third-party administrator each month, where they are deposited to an account in the employee's name. The District does not assume any liability for the funds and does not have any control over the funds once they are remitted to the third-party administrator. The District's contribution during the year ended November 30, 2021 was \$3,537.

11. Compensation, Benefits, and Other Payments to the Board of Commissioners

Board Member	Per Diem	Salary	Deferred Compensation	Reimbursed Travel
John Hellmers, Secretary	\$ 3,075	\$ 6,000	\$ 1,361	\$ 164
Frank Murphy, Treasurer	3,150	6,000	1,372	992
Johnny Johnson	2,475	-	174	336
Don Bernard	300	-	-	-
Butch Mack	3,600	-	360	628
Gilbert Hutchinson	1,800	-	270	-
	<u>\$ 14,400</u>	<u>\$ 12,000</u>	<u>\$ 3,537</u>	<u>\$ 2,120</u>

*None of the above individuals are designated as the agency head.

**Other Independent Auditor's Report and
Findings, Recommendations, and Responses**

CHARLES P. HEBERT, CPA

CHRISTOPHER S. JOHNSON, CPA, MBA

ADAM C. HEBERT, CPA

MEMBER

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A PROFESSIONAL ACCOUNTING CORPORATION

Independent Auditor's 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*

To the Board of Commissioners
Gas Utility District No. 1 of Livingston Parish
Holden, Louisiana

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 business-type activities of Gas Utility District No.1 of Livingston Parish (District) a component unit of the Livingston Parish Council, as of and for the year ended November 30, 2021, and the related notes to the financial statements, which collectively comprise Gas Utility District No. 1 of Livingston Parish's basic financial statements and have issued our report thereon dated March 31, 2022.

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) as a basis for designing 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Year Audit Findings, Recommendations and Responses as item 2021-01 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Current Year Audit Findings, Recommendations and Responses as item 2021-02.

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

Gas Utility District No.1 of Livingston Parish's response to the findings identified in our audit is described in the accompanying Schedule of Current Year Audit Findings, Recommendations, and Responses. Gas Utility District No.1 of Livingston Parish'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.

This report is intended solely for the information and use of management and the Office of the Legislative Auditor, State of Louisiana, and federal awarding agencies and pass-through entities, and is not intended to be, and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed to the Legislative Auditor as a public document.

Chris Johnson

Hebert Johnson & Associates, Inc.
A Professional Accounting Corporation
Albany, Louisiana
March 31, 2022

**Gas Utility District No. 1 of Livingston Parish
Holden, Louisiana**

**Schedule of Current Year Audit Findings, Recommendations and Responses
For the Year Ended November 30, 2021**

We have audited the basic financial statements of the Gas Utility District No. 1 of Livingston parish as of and for the year ended November 30, 2021, and have issued our report thereon dated March 31, 2022. 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. Our audit of the financial statements as of November 30, 2021 resulted in an unmodified opinion.

Section I - Summary of Auditor's Reports

1. Report on internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness, Yes Significant Deficiencies, No

Compliance

Compliance Material to Financial Statements, Yes

b. Federal Awards

Not applicable

Was management letter issued? No

Internal Control

2021-01 Segregation of Duties

Criteria:

Proper segregation of incompatible duties requires that there be different individuals responsible for authorizing transactions, recording transactions, preparing reconciliations and maintaining custody of related assets.

**Gas Utility District No. 1 of Livingston Parish
Holden, Louisiana**

**Schedule of Current Year Audit Findings, Recommendations and Responses
For the Year Ended November 30, 2021**

Condition:

The District hires a management company to bill and collect the gas utility bills. Due to the small number of employees involved in the daily operations of the financial process there is not sufficient segregation of duties.

This condition was noted in the prior fiscal year.

Cause:

The Company's staff is not sufficient size to allow for proper and appropriate segregation of duties.

Effect:

Failure to maintain an adequate segregation of duties, particularly in the Finance Department, creates an environment in which errors or other irregularities could occur and not be detected in a timely manner by employees performing their assigned functions.

Recommendation:

We recommend that the Management Company continue to perform the following:

- Furnish the District's CPA with a monthly report of (but not limited to) Monthly Deposit Register, Billing Report, Accounts Receivables and Meter Deposit Report.

We recommend the District's Board continue to perform the following:

- Review of the District's monthly financial statements.
- The District's Board should review the monthly bank statements and related bank reconciliations (including all cancelled checks) and require that person document their review and approval of the items clearing the bank statement by initialing and dating the face of the bank statement.

We recommend the District's outside accountant continue to reconcile the Gas Utility Billings Receivable from the Utility billing software to the General Ledger and investigate any differences.

Management's Response:

Management agrees with the auditor's recommendation. Responsible Party is John Hellmers, Secretary 225-567-3569.

**Gas Utility District No. 1 of Livingston Parish
Holden, Louisiana**

**Schedule of Current Year Audit Findings, Recommendations and Responses
For the Year Ended November 30, 2021**

2021-02 Deposit Security

Criteria:

Louisiana Revised Statute 39:1225 requires the amount of security at all times be equal to one hundred percent of the amount of collected funds on deposit to the credit of each depositing authority except that portion of the deposits insured by any governmental agency insuring bank deposit which is organized under the laws of the United States.

Condition:

The District's bank deposits are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$500,000 and \$475,631 was secured by pledged securities provided by the District's banks. The District had deposits of \$6,684 that were uncollateralized.

Cause:

The District failed to secure sufficient collateral against its deposits.

Effect:

The District is in violation of Louisiana Revised Statute 39:1225.

Recommendation:

The District should comply with the requirements set forth in Louisiana Revised Statute 39:1225.

Management's Response:

The District will ensure that collected funds on deposit will be properly secured. Responsible Party is John Hellmers, Secretary 225-567-3569.

**Gas Utility District No. 1 of Livingston Parish
Holden, Louisiana**

**Schedule of Prior Year Audit Findings
For the Year Ended November 30, 2021**

2020-01 Update Management Services Contract

Condition:

The existing management contract was entered into on November 22, 2016. The contract should be updated to include all of the current charges and services that are being provided by the Management Company. The contract should also include the policy for handling delinquent accounts.

Recommendation:

We recommend the Management Company provide an updated contract which includes all of the current services the Management Company is providing to the District and charges for those services. The agreement should also include the policy for handling delinquent accounts.

Resolved:

Fully

2020-02 Segregation of Duties

Condition:

The District hires a management company to bill and collect the gas utility bills. Due to the small number of employees involved in the daily operations of the financial process there is not sufficient segregation of duties.

Recommendation:

We recommend that the Management Company continue to perform the following:

- Furnish the District's CPA with a monthly report of (but not limited to) Monthly Deposit Register, Billing Report, Accounts Receivables and Meter Deposit Report.

We recommend the District's Board continue to perform the following:

- Review of the District's monthly financial statements.
- The District's Board should review the monthly bank statements and related bank reconciliations (including all cancelled checks) and require that person document their review and approval of the items clearing the bank statement by initialing and dating the face of the bank statement.

**Gas Utility District No. 1 of Livingston Parish
Holden, Louisiana**

**Schedule of Prior Year Audit Findings
For the Year Ended November 30, 2021**

We recommend the District's outside accountant continue to reconcile the Gas Utility Billings Receivable from the Utility billing software to the General Ledger and investigate any differences.

Resolved:

See Finding 2021-01