

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

**BASIC FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION**

**YEAR ENDED APRIL 30, 2021**



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, 2021, 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, 2021, 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 29, 2021, 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 29, 2021

## **MANAGEMENT'S DISCUSSION & ANALYSIS**

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**APRIL 30, 2021**

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, 2021. It should be read in conjunction with the financial report taken as a whole.

**FINANCIAL HIGHLIGHTS**

- At April 30, 2021, the District's assets exceeded its liabilities by \$7,431,309.
- The District's net position had an increase of \$648,726 during the year ended April 30, 2021.

**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, 2021**

**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>2021</u>	<u>2020</u>
<b>Assets</b>		
Current and other assets	\$ 4,482,412	\$ 4,394,984
Capital assets, net	<u>5,964,272</u>	<u>5,611,545</u>
Total Assets	10,446,684	10,006,529
<b>Liabilities</b>		
Current liabilities	225,221	353,165
Long-term liabilities	<u>2,790,154</u>	<u>2,870,781</u>
Total Liabilities	3,015,375	3,223,946
<b>Net Position</b>		
Net investment in capital assets	3,194,542	2,756,290
Restricted	1,705,344	1,542,423
Unrestricted	<u>2,531,423</u>	<u>2,483,870</u>
Net Position	<u>\$ 7,431,309</u>	<u>\$ 6,782,583</u>

The District's total net position increased by \$648,726 as of April 30, 2021. The District continued operating on a profitable basis as gas rates increased in 2021 compared to 2020 due to market conditions. In addition, the increase in gas rates and gas consumption caused total revenues to increase by \$423,420 or 15% from the previous year. The District's total expenses saw an increase of \$304,913 or 13.3% compared to 2020. This was predominantly due to the District's purchase of gas that was also impacted by the increase 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, 2021**

A summary of changes in net position is as follows:

**SUMMARY OF CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED APRIL 30<sup>TH</sup>**

	<u>2021</u>	<u>2020</u>
<b>Revenues</b>		
Operating revenues	\$ 3,237,700	\$ 2,777,793
Non-operating revenues	<u>7,029</u>	<u>43,516</u>
Total Revenues	3,244,729	2,821,309
<b>Expenses</b>		
Operating expenses	2,477,202	2,169,796
Non-operating expenses	<u>118,801</u>	<u>121,294</u>
Total Expenses	2,596,003	2,291,090
Change in net position	648,726	530,219
Net position, beginning of year	<u>6,782,583</u>	<u>6,252,364</u>
Net position, ending of year	\$ <u>7,431,309</u>	\$ <u>6,782,583</u>

The District's total operating revenues in 2021 increased by \$459,907 or 16.6% from 2020 as gas rates increased in 2021 due to market conditions. The District's total operating expenses saw an increase of \$307,406 or 14.2% in 2021 compared to 2020 predominantly due to the increase in gas rates and consumption.

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

**SUMMARY OF CASH FLOWS**  
**FOR THE YEAR ENDED APRIL 30<sup>TH</sup>**

	<u>2021</u>	<u>2020</u>
<b>Cash and cash equivalents provided by (used in):</b>		
Operating activities	\$ 796,926	\$ 1,027,018
Capital and related financing activities	(807,314)	(655,919)
Investing activities	<u>3,517</u>	<u>(439,179)</u>
Net change in cash and cash equivalents	(6,871)	(68,080)
Cash and cash equivalents, beginning of year	<u>2,381,805</u>	<u>2,449,885</u>
Cash and cash equivalents, end of year	\$ <u>2,374,934</u>	\$ <u>2,381,805</u>

The total cash provided by operating activities in 2021 compared to 2020 decreased by \$230,092 due to the increase in gas purchases in response to customer demand for gas. The total cash used for capital and related financing activities in 2021 increased by \$151,395 compared to 2020 predominantly due to an increase in costs toward construction-in-progress during the fiscal period.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**APRIL 30, 2021**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets:* At the end of 2021, the District had \$5,964,272, net of depreciation invested in a broad range of capital assets (See table below). This amount represents a net increase of \$352,727 or 6.3% from the previous year. The net increase is due to additions totaling \$602,988 and depreciation of \$250,261, which decreases the carrying value.

Capital assets at year-end are summarized as follows:

CAPITAL ASSETS (Net of Accumulated Depreciation) AS OF APRIL 30 <sup>TH</sup>		
	<u>2021</u>	<u>2020</u>
<b>Non-depreciable Assets</b>		
Land	\$ 7,500	\$ 7,500
Construction in progress	620,095	137,517
<b>Depreciable Assets</b>		
Buildings	731,281	756,276
Gas distribution system	4,483,738	4,651,451
Equipment	34,116	48,387
Furniture/fixtures	5,475	7,945
Vehicles	<u>82,067</u>	<u>2,469</u>
 Capital Assets, net	 <u>\$ 5,964,272</u>	 <u>\$ 5,611,545</u>

The major additions during the year included construction in progress of \$482,578 and vehicles of \$83,458. Depreciation expense was \$250,261 for the current year.

*Debt Administration:* At the end of 2021, the District had \$2,764,901 in outstanding debt compared to \$2,850,321 at the previous period end, see table below. This amount represents a decrease of \$85,420 from the previous year end.

**OUTSTANDING DEBT AT YEAR END**

	<u>2021</u>	<u>2020</u>
Direct placement debt	\$ 2,764,901	\$ 2,824,803
Notes payable	<u>-</u>	<u>25,518</u>
 Total	 <u>\$ 2,764,901</u>	 <u>\$ 2,850,321</u>

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, 2021**

**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, 2021**

**ASSETS**

Current Assets:

Cash and cash equivalents	\$ 610,952
Investments	1,785,055
Accounts receivable, net	285,991
Other receivable	39
Prepaid expenses	5,229
Prepaid lease	342
Total current assets	<u>2,687,608</u>

Noncurrent assets:

Restricted assets:

Cash and cash equivalents	1,763,982
Prepaid lease	30,822
Capital assets, net of depreciation	<u>5,964,272</u>
Total noncurrent assets	<u>7,759,076</u>

Total assets	<u>10,446,684</u>
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**LIABILITIES**

Current liabilities:

Payable from current assets:

Accounts payable	120,532
Accrued salaries and benefits payable	21,217
Compensated absences, short-term portion	<u>16,633</u>
Total current liabilities (payable from current assets)	<u>158,382</u>

Payable from restricted assets:

Accrued interest payable	4,829
Bonds payable, short-term portion	<u>62,010</u>
Total current liabilities (payable from restricted assets)	<u>66,839</u>

Noncurrent liabilities:

Compensated absences	28,625
Customer deposits	58,638
Bonds payable	<u>2,702,891</u>
Total noncurrent liabilities	<u>2,790,154</u>

Total liabilities	<u>3,015,375</u>
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**NET POSITION**

Net investment in capital assets	3,194,542
Restricted for bond related payments	1,705,344
Unrestricted	<u>2,531,423</u>
Total net position	<u>\$ 7,431,309</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, 2021**

**OPERATING REVENUE**

Charges for services:	
Gas sales	\$ 3,209,292
Penalties/late charges	2,836
Other	25,572
Total operating revenues	<u>3,237,700</u>

**OPERATING EXPENSES**

Administrative	327,258
Depreciation	250,261
Employees and related expenses	491,654
Gas purchases	1,361,465
Occupancy	46,564
Total operating expenses	<u>2,477,202</u>

Operating income	760,498
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**NON-OPERATING REVENUES (EXPENSES)**

Interest income	7,029
Interest expense	(118,801)
Total non-operating revenues/(expenses)	<u>(111,772)</u>

Change in net position	648,726
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Net position, beginning of year	<u>6,782,583</u>
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Net position, end of year	<u><u>\$ 7,431,309</u></u>
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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, 2021**

**Cash flows from operating activities:**

Cash received from customers	\$ 3,116,997
Cash paid to suppliers for goods/services	(1,851,064)
Cash paid to employees for services	(494,640)
Cash received from others	25,633
Net cash provided by operating activities	<u>796,926</u>

**Cash flows from capital and related financing activities:**

Principal paid on notes payable	(25,518)
Principal paid on bonds payable	(59,902)
Interest paid on bonds and notes payable	(118,906)
Acquisition/construction of capital assets	(602,988)
Net cash used in capital and related financing activities	<u>(807,314)</u>

**Cash flows from investing activities:**

Interest received	7,029
Investments matured/reinvested	(3,512)
Net cash provided by investing activities	<u>3,517</u>

Net decrease in cash and cash equivalents (6,871)

Cash and cash equivalents, beginning of year 2,381,805

Cash and cash equivalents, end of year \$ 2,374,934

Classified as:

Current	\$ 610,952
Restricted	1,763,982
Total:	<u>\$ 2,374,934</u>

**Reconciliation of operating income to net cash from operating activities:**

Operating income	\$ 760,498
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	250,261
(Increase) decrease in assets:	
Accounts receivable	(91,681)
Other receivable	61
Prepaid expenses	833
Increase in liabilities:	
Accounts payable	(116,610)
Accrued salaries and benefits payable	3,778
Customer deposits	(3,450)
Compensated absences payable	(6,764)
Net cash provided by operating activities	<u>\$ 796,926</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 and 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, 2021.

**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 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.

**Deferred Outflows, Deferred Inflows, and Net Position**

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. The District does not have any deferred outflows or deferred inflows at April 30, 2021.

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.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Deferred Outflows, Deferred Inflows, and Net Position (continued)

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 of all other elements in a statement of net position remaining after net investment in capital assets and restricted net position.

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.

Current Year Adoption of New Accounting Standard

The District adopted GASB Statement 83, *Certain Asset Retirement Obligations (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 District has determined that there is no impact to the financial statements as of and for the year ended April 30, 2021.

The District adopted GASB Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct*. This standard establishes criteria to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The District has determined that there is no impact to the financial statements as of and for the year ended April 30, 2021.

**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 \$2,374,934 at April 30, 2021. 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, 2021, the District's bank balances of these deposits totaled \$2,766,290 which were covered partially by federal deposit of \$250,000 and pledged securities and line of credit totaling \$2,801,733. The District was over collateralized by \$285,443.

Of the cash and cash equivalents included above, \$58,638 is restricted for customer deposits and \$1,705,344 is restricted for bond-related payments per the regulations of the bond issue.

Investments

As of April 30, 2021, the District had the following investments:

<b><u>Investment Type</u></b>	<b><u>Fair Value</u></b>
<b>Investments measured at the net asset value (NAV)</b>	
External investment pool	<u>\$ 1,785,055</u>

The \$1,785,055 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.

**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)

- 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.
- 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, 2021:

Charges for services	\$ 288,347
Allowance for uncollectable accounts	( 2,356)
Total	<u>\$ 285,991</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, 2021:

	Balance 4/30/20	Increases	Decreases	Balance 4/30/21
Capital Assets, not being depreciated				
Land	\$ 7,500	\$ -	\$ -	\$ 7,500
Construction in Progress	137,517	482,578	-	620,095
Capital Assets, not being depreciated	145,017	482,578	-	627,595
Capital Assets, being depreciated				
Buildings	837,172	-	-	837,172
Less: accumulated depreciation	(80,896)	(24,995)	-	(105,891)
Net Buildings	756,276	(24,995)	-	731,281
Gas distribution system	8,610,539	35,953	-	8,646,492
Less: accumulated depreciation	(3,959,088)	(203,666)	-	(4,162,754)
Net Distribution System	4,651,451	(167,713)	-	4,483,738
Equipment	245,196	999	-	246,195
Less: accumulated depreciation	(196,809)	(15,270)	-	(212,079)
Net Equipment	48,387	(14,271)	-	34,116
Furniture/fixtures	19,031	-	-	19,031
Less: accumulated depreciation	(11,086)	(2,470)	-	(13,556)
Net Furniture/fixtures	7,945	(2,470)	-	5,475
Vehicles	92,779	83,458	-	176,237
Less: accumulated depreciation	(90,310)	(3,860)	-	(94,170)
Net Vehicles	2,469	79,598	-	82,067
Capital Assets, being depreciated, net	5,466,528	(129,851)	-	5,336,677
Capital Assets, net	\$ 5,611,545	\$ 352,727	\$ -	\$ 5,964,272

Depreciation expense was \$250,261 for the year ended April 30, 2021.



**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, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Direct Placement Bonds	\$ 2,824,803	\$ -	(\$ 59,902)	\$ 2,764,901	\$ 62,010
Notes Payable	25,518	-	( 25,518)	-	-
Compensated Absences	52,022	18,463	( 25,227)	45,258	16,633
Customer Deposits	62,088	4,050	( 7,500)	58,638	-
	<u>\$ 2,964,431</u>	<u>\$ 22,513</u>	<u>(\$ 118,147)</u>	<u>\$ 2,868,797</u>	<u>\$ 78,643</u>

**b. Bonds and Notes Payable**

**Direct Placement Bonds**

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, 2021, was \$2,366,997. 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 \$4,004,067. Principal and interest paid for the year and total customer net revenues were \$146,642 and \$3,237,700, 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, 2021, was \$397,904. 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 \$578,679. Principal and interest paid for the year and total customer net revenues were \$32,164 and \$3,237,700, respectively.

**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)

Utility Revenue Bonds, Series 2008 and Series 2009

These bonds are a direct placement bond that are subject to the following:

- *Events of default with finance-related consequences* - These bonds would be in default for failure of payment of principal and interest when due or non-performance of observance of covenants, agreements, or conditions in the Bond Resolution.
- *Subjective acceleration clauses* - The District may prepay the whole or any part of the principal amount of any installment on any Bond at any time.

Notes Payable

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 an 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 was fully paid during the fiscal year ending April 30, 2021.

Principal and interest payments for direct placement bonds are as follows:

<u>Year Ending</u> <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	73,479	105,327	178,806
2027 - 2031	418,015	476,015	894,030
2032 - 2036	516,791	377,239	894,030
2037 - 2041	572,494	256,935	829,429
2042 - 2046	598,048	135,162	733,210
2047 - 2050	321,437	16,580	338,017
	<u>\$ 2,764,901</u>	<u>\$ 1,817,845</u>	<u>\$ 4,582,746</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, 2021, was \$31,164.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**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, 2021 were \$10,422.

**8. CONCENTRATIONS**

The District provides natural gas services to two customers totaling 92% of annual sales. Sales of \$1,146,712 to the East Louisiana State Hospital accounted for 36% of total sales and sales of \$1,796,739 to Louisiana State Penitentiary accounted for 56%.

**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 \$1,148,000 for the subsequent period.

At April 30, 2021, the District had construction commitments of approximately \$174,000.

**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 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 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest costs incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The District will include the requirements of this standard, as applicable, in its April 30, 2022 financial statements. The effect of this standard or its applicability 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, 2021**

**ADMINISTRATIVE**

Board meetings/travel	\$ 1,494
Office and supplies	29,052
Official publications	1,165
Professional fees	81,337
Engineering and legal fees	103,856
Repairs and maintenance	93,373
Truck expense	14,283
Taxes and licenses	2,698
Total administrative	<u>327,258</u>

**DEPRECIATION**

250,261

**EMPLOYEE AND RELATED EXPENSES**

Drug testing expense	706
Group insurance/workers' comp	65,087
Payroll taxes	29,684
Retirement	10,422
Salaries and per diem	377,205
Uniforms	8,550
Total employee and related expenses	<u>491,654</u>

**GAS PURCHASES**

1,361,465

**OCCUPANCY**

Insurance	36,448
Telephone	5,818
Utilities	4,298
Total occupancy	<u>46,564</u>

Total operating expenses \$ 2,477,202

See Independent Auditors' Report.

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

**SCHEDULE OF STATISTICAL DATA**  
**YEAR ENDED APRIL 30, 2021**

Month	Purchases		Cost per MMBTU	Sales
	MMBTU	Amount		
May	20,268	\$ 79,670	\$ 3.93	\$ 188,766
June	18,249	74,639	4.09	200,057
July	17,963	69,135	3.85	162,258
August	16,731	72,037	4.31	179,847
September	16,932	82,828	4.89	150,051
October	22,348	87,852	3.93	193,053
November	27,396	120,073	4.38	205,552
December	45,850	172,014	3.75	387,976
January	45,987	148,019	3.22	464,404
February	47,452	218,686	4.61	366,578
March	29,382	121,252	4.13	423,056
April	23,798	115,260	4.84	287,694
Total Purchases	332,356	\$ 1,361,465	Total Sales	\$ 3,209,292

See Independent Auditors' Report.

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

**SCHEDULE OF COMPARATIVE DATA**  
**YEAR ENDED APRIL 30, 2021**

	<u>2021</u>	<u>2020</u>
<b>SUMMARY OF REVENUES AND EXPENSES</b>		
Operating revenues	\$ 3,237,700	\$ 2,777,793
Cost of revenues - gas purchases	<u>(1,361,465)</u>	<u>(1,098,271)</u>
Gross Profit	1,876,235	1,679,522
Other operating expenses	(865,476)	(835,861)
Depreciation	<u>(250,261)</u>	<u>(235,664)</u>
Operating Income	<u>760,498</u>	<u>607,997</u>
Non-operating revenues	7,029	43,516
Non-operating expenses	<u>(118,801)</u>	<u>(121,294)</u>
Change in Net Position	<u>\$ 648,726</u>	<u>\$ 530,219</u>
<b>OTHER DATA</b>		
Capital assets, net of accumulated depreciation	\$ 5,964,272	\$ 5,611,545
Net working capital	\$ 2,462,387	\$ 2,406,144
Total assets	\$ 10,446,684	\$ 10,006,529
Long-term liabilities	\$ 2,790,154	\$ 2,870,781
Total net position	\$ 7,431,309	\$ 6,782,583
Average no. of customers	393	386
Total gas purchased and sold (MMBTU)	332,356	292,944

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, 2021**

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, 2021.

<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	\$ 1,121
Neil Wright	5378 Live Oak, Dr. St. Francisville, LA 70775	225-721-1561	841
Kristi Hawkins	P.O. Box 498 Jackson, LA 70748	925-348-5758	405
Bess Kelley	P.O. Box 430, St. Francisville, LA 70775	225-635-6207	887
Thomas Klein Jr.	P.O. Box 446, St. Francisville, LA 70775	225-324-9831	1,161
David Norwood	7764 Highland Rd., St. Francisville, LA 70775	225-635-6656	1,004
Mark Spillman	10756 Walker Rd, St. Francisville, LA 70775	225-721-1718	830
Odis Ratcliff	P.O. Box 101, Angola, LA 70712	225-655-2214	586
C.B. Owen	P.O. Box 1368, St. Francisville, LA 70775	225-245-4464	1,186
Glenn Thomas	9441 Sligo Rd., St. Francisville, LA 70775	225-784-9080	932
Leonard White	7371 Solitude Rd., St. Francisville, LA 70775	225-937-2216	911
Total			<u>\$ 9,864</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, 2021**

**Superintendent Name: Clay Hardouin**

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 96,259
Benefits-insurance	13,835
Benefits-retirement	3,235
Cell phone	852
Dues	570
Total	<u>\$ 114,751</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, 2021**  
**(UNAUDITED)**

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

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

**SCHEDULE OF INFORMATION REQUIRED BY RURAL DEVELOPMENT**  
**YEAR ENDED APRIL 30, 2021**  
**(UNAUDITED)**

*Item No. 1*

The District's customers' accounts receivable at April 30, 2021, is comprised of the following:

	<u>0-30 days</u>	<u>31+ days</u>	<u>Total</u>
No.	330	66	396
Amount	\$284,694	\$ 3,653	\$288,347

*Item No. 2*

The number of active residential and non-residential users at April 30, 2021, is 375 and 21, respectively.



### **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, 2021, 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 29, 2021.

**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 opinions 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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 financial statements. 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*.

### **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 29, 2021

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

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
**YEAR ENDED APRIL 30, 2021**

**A. Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: *Unmodified*

- Material weakness(es) identified?
- Significant deficiencies identified that are not considered to be material weaknesses?

\_\_\_\_\_ yes        x   no

\_\_\_\_\_ yes        x   none reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes        x   no

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

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
**YEAR ENDED APRIL 30, 2021**

**B. Findings – Financial Statement Audit**

None.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**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.*

Current Status:

*The recommendation has been implemented as described above. Thus, the finding is considered resolved.*

**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**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**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.*

Current Status:

*The recommendation has been implemented as described above. Thus, the finding is considered resolved.*