
**THE LOUISIANA MUNICIPAL NATURAL GAS
PURCHASING AND DISTRIBUTION AUTHORITY**

FINANCIAL STATEMENTS

DECEMBER 31, 2020



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INDEPENDENT AUDITORS' REPORT

The Board of Directors
The Louisiana Municipal Natural Gas
Purchasing and Distribution Authority

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of The Louisiana Municipal Natural Gas Purchasing and Distribution Authority (the Authority) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority'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 audits. We conducted our audits 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 audits 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 auditors' 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 Authority'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 Authority'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 on the previous page present fairly, in all material respects, the financial position of The Louisiana Municipal Natural Gas Purchasing and Distribution Authority as of December 31, 2020 and 2019, and the changes in financial position and its cash flows for the years 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 the management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting 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 audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Louisiana Municipal Natural Gas Purchasing and Distribution Authority's basic financial statements. The schedule of compensation, benefits, and other payments to the Chief Executive Officer included on page 18 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reports Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report on pages 19 and 20, dated June 16, 2020, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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 or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Baton Rouge, Louisiana
June 11, 2021

**THE LOUISIANA MUNICIPAL NATURAL GAS
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

The Management's Discussion and Analysis of the Louisiana Municipal Natural Gas Purchasing and Distribution Authority (the Authority or LMNGA) presents a narrative overview and analysis of the Authority's financial activities for the years ended December 31, 2020 and 2019. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which follow this section.

Financial Highlights

- The assets of the Authority exceeded its liabilities at December 31, 2020 by \$1,191,254 compared to \$1,010,465 as of December 31, 2019, which is a \$180,789 increase from the previous year.
- At December 31, 2020, the Authority's assets totaled \$3,818,330 which consisted primarily of accounts receivable and cash, as compared to a balance of \$3,157,356 at December 31, 2019 which consisted of the same. This increase relates to the increase in accounts receivable from members at year end.
- The Authority purchases and resells gas to members under short term purchase commitments or based on current market prices. The Authority total gas sales were \$14,592,861 and \$18,216,957 during the years ended December 31, 2020 and 2019, respectively. The decrease from the prior year is primarily a result of fluctuations in market prices. The average natural gas rate for the year ended December 31, 2020 and 2019 was \$2.08 and \$2.63, respectively.

Overview of the Financial Statements

This financial report consists of Management's Discussion and Analysis and the basic financial statements. The basic financial statements also include notes to the basic financial statements, which explain some of the information in the basic financial statements in more detail.

The basic financial statements of the Authority report information about the Authority using accounting methods similar to those used by the private sector. The Statements of Net Position include all of the Authority's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to the Authority's members and creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority. All of the years' revenues and expenses are accounted for in the Statements of Revenues, Expenses and Changes in Net Position. These statements measure the success of the Authority's operations over the year and can be used to determine whether the Authority has successfully recovered all its costs through its operating revenue, profitability and credit worthiness. The final required basic financial statements are the Statements of Cash Flows.

The primary purpose of these statements is to provide information about the Authority's cash receipts and cash payments throughout the year. These statements report cash receipts, cash payments and net changes in cash resulting from operations, investing, and financing activities.

Fiduciary funds are used to account for resources held for the benefit of outside parties. Fiduciary funds are not reflected in the financial statements because the resources of those funds are not available to support the Authority's programs. The sole fiduciary fund of the Authority is the Settlement Fund, which contains monies belonging to parties involved in a Settlement Agreement.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

Financial Analysis of the Authority

The statements of net position and the statements of revenues, expenses and changes in net position report information in a way that the reader can determine if the Authority is in a better financial position as a result of the year's activities. These statements report the net position of the Authority and changes in them. The net position (difference between assets, deferred outflows, deferred inflows and liabilities) can be used to measure financial health or financial position. Over time, increases and decreases in the Authority's net position are one indicator as to whether its financial health is improving or deteriorating. There are other non-financial factors to consider, such as changes in economic conditions and new or changed government legislation.

Condensed Statements of Net Position

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Total assets	\$ 3,818,330	\$ 3,157,356
Deferred outflows	-	-
Total liabilities	2,627,076	2,146,891
Deferred inflows	<u>-</u>	<u>-</u>
Net position	<u>\$ 1,191,254</u>	<u>\$ 1,010,465</u>

At December 31, 2020, the Authority's assets consist primarily of cash and accounts receivable from member municipalities throughout Louisiana. At December 31, 2020, accounts receivable increased by 16% from the prior year due to an increase in the December 2020 gas prices. The increase in accounts payable for gas purchases was experienced at the end of 2020 associated with timing of receivable collections, vendor payments and the increase in the average price of natural gas.

Condensed Statements of Revenues and Expenses for the Years Ended December 31:

	<u>2020</u>	<u>2019</u>
Operating revenues and interest income	\$ 14,865,842	\$ 18,517,251
Operating expenses	<u>14,685,053</u>	<u>18,406,123</u>
Change in net position	<u>\$ 180,789</u>	<u>\$ 111,128</u>

In 2020, the Authority reported operating revenues and interest income of \$14,865,842, compared to revenues and interest income in 2019 of \$18,517,251. The Authority reported total expenses \$14,685,053, a decrease of \$3,721,070 over the prior year. Expenses consist primarily of the cost of natural gas purchased from vendors which fluctuates based on overall market conditions.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

Financial Analysis of the Authority (continued)

Requests for Information

This financial report is designed to provide members, investors, and creditors with a general overview of the Authority's finances, as well as demonstrate accountability for funds the Authority receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Louisiana Municipal Natural Gas Purchasing and Distribution Authority, P.O. Box 4327, Baton Rouge, Louisiana 70821 or 225-344-5001.

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**STATEMENTS OF NET POSITION
DECEMBER 31, 2020 AND 2019**

ASSETS AND DEFERRED OUTFLOWS

	<u>2020</u>	<u>2019</u>
Current assets:		
Cash	\$ 876,497	\$ 623,840
Accounts receivable, net	2,928,356	2,523,117
Prepaid insurance	<u>10,399</u>	<u>10,399</u>
Total current assets	<u>3,815,252</u>	<u>3,157,356</u>
Property and equipment:		
Furniture and equipment	28,267	25,189
Accumulated depreciation	<u>(25,189)</u>	<u>(25,189)</u>
Net property and equipment	3,078	-
Deferred outflows	<u>-</u>	<u>-</u>
Total assets and deferred outflows	<u>\$ 3,818,330</u>	<u>\$ 3,157,356</u>

The accompanying notes are an integral part of these basic financial statements.

LIABILITIES, DEFERRED INFLOWS, AND NET POSITION

	<u>2020</u>	<u>2019</u>
Current liabilities:		
Accounts payable and other liabilities	<u>\$ 2,627,076</u>	<u>\$ 2,146,891</u>
Total current liabilities	<u>2,627,076</u>	<u>2,146,891</u>
Deferred inflows	<u>-</u>	<u>-</u>
Net position - unrestricted	<u>1,191,254</u>	<u>1,010,465</u>
Total liabilities, deferred inflows and net position	<u><u>\$ 3,818,330</u></u>	<u><u>\$ 3,157,356</u></u>

The accompanying notes are an integral part of these basic financial statements.

**THE LOUISIANA MUNICIPAL NATURAL GAS
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**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Operating revenues:		
Gas sales	\$ 14,592,861	\$ 18,216,957
Membership dues	567,012	590,657
Legal fees billed	95,137	102,421
Less: member discount	<u>(389,444)</u>	<u>(393,210)</u>
Total operating revenues	<u>14,865,566</u>	<u>18,516,825</u>
Operating expenses:		
Cost of natural gas	14,056,921	17,711,005
Purchase agent fee	285,397	307,261
Management fee	202,892	194,589
Legal and professional fees	119,753	175,004
Miscellaneous expenses	<u>20,090</u>	<u>18,264</u>
Total operating expenses	<u>14,685,053</u>	<u>18,406,123</u>
Operating income	180,513	110,702
Other revenues:		
Interest income	<u>276</u>	<u>426</u>
Change in net position	180,789	111,128
Net position, beginning of year	<u>1,010,465</u>	<u>899,337</u>
Net position, end of year	<u><u>\$ 1,191,254</u></u>	<u><u>\$ 1,010,465</u></u>

The accompanying notes are an integral part of these basic financial statements.

**THE LOUISIANA MUNICIPAL NATURAL GAS
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**STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
<u>Cash flows from operating activities:</u>		
Operating income	\$ 180,513	\$ 110,702
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Change in accounts receivable	(405,239)	1,596,311
Change in prepaids	-	(1,225)
Change in accounts payable and other liabilities	480,185	(1,768,438)
	255,459	(62,650)
<u>Cash flows from investing activities:</u>		
Purchases of property and equipment	(3,078)	-
Interest income received	276	426
	(2,802)	426
Net change in cash	252,657	(62,224)
Cash, beginning of year	623,840	686,064
Cash, end of year	\$ 876,497	\$ 623,840

The accompanying notes are an integral part of these basic financial statements.

**THE LOUISIANA MUNICIPAL NATURAL GAS
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**STATEMENTS OF FIDUCIARY NET POSITION
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Cash and cash equivalents	<u>\$ 1,044,800</u>	<u>\$ 1,038,504</u>
 <u>LIABILITIES</u>		
Escrow accounts	<u>1,000,000</u>	<u>1,000,000</u>
 <u>NET POSITION</u>		
Restricted for:		
Other governments	<u>44,800</u>	<u>38,504</u>
Total net position	<u><u>\$ 44,800</u></u>	<u><u>\$ 38,504</u></u>

The accompanying notes are an integral part of these basic financial statements.

**THE LOUISIANA MUNICIPAL NATURAL GAS
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**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
<u>ADDITIONS</u>		
Interest, dividends, and other	\$ 6,698	\$ 21,169
Total additions	6,698	21,169
<u>DEDUCTIONS</u>		
Bank fees	402	562
Total deductions	402	562
Net increase in fiduciary net position	6,296	20,607
Net position - beginning	38,504	17,897
Net position - ending	\$ 44,800	\$ 38,504

The accompanying notes are an integral part of these basic financial statements.

**THE LOUISIANA MUNICIPAL NATURAL GAS
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NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Louisiana Municipal Natural Gas Purchasing and Distribution Authority (the Authority or LMNGA) is a quasi-public corporation and an instrumentality of the State of Louisiana, created on November 23, 1987 pursuant to La. R.S. 33:4546.1 et seq. for the purpose of purchasing and distributing natural gas to participating municipalities and political subdivisions.

(a) *Basis of Accounting*

As a proprietary fund, the Authority's operations are accounted for using a flow of economic resources, measurement focus and the accrual basis of accounting. Proprietary funds are used to account for governmental activities that are similar to those found in the private sector where the determination of operating income and changes in net position is necessary or useful to sound financial administration. Under this method of accounting, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The operating statements present increases (revenues) and decreases (expenses) in net position.

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed to the extent they have been made authoritative under Governmental Accounting Standards Statement (GASB) 62, Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA pronouncements.

New Accounting Pronouncement Adopted

The Authority adopted GASB Statement No. 84, *Fiduciary Activities*, during the current year. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement apply to the financial statements of all state and local governments and is applicable for reporting periods beginning after December 15, 2019.

This Statement establishes criteria for fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This Statement describes four fiduciary funds that should be reported, as applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

The Authority determined that the Settlement Fund, which contains funds belonging to parties involved in a Settlement Agreement, meets the criteria for reporting as a custodial fund. The fund held and current amounts payable are reported in the statement of fiduciary net position. In addition, a new statement of changes in fiduciary net position includes the changes in custodial fund activity. This new statement requires reporting the details of additions to and deductions from custodial fund activities which was not previously required to be reported for agency funds.

**THE LOUISIANA MUNICIPAL NATURAL GAS
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NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) *Net Position*

Net position represents the difference between assets plus deferred outflows of resources, less liabilities, less deferred inflows of resources. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets.

The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those restricted assets. The restricted component of net position is used when there are limitations imposed on their use of an asset by external parties such as creditors, grantors, laws or regulations of other governments.

The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of Net Position.

When both restricted and unrestricted resources are available for use for a particular project or purpose, it is Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Deferred Outflows/Inflows of Resources

The statement of financial position will often report a separate section for deferred outflows and (or) deferred inflows of financial resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

(c) *Allowance for Uncollectible Accounts*

Management of the Authority assesses the status and collectability of accounts receivable and believes all accounts receivable are collectible based upon favorable history over a substantial period of time; therefore, an allowance for uncollectible accounts has not been provided.

(d) *Cash, Cash Equivalents*

Cash and cash equivalents include cash on hand and money market accounts. These deposits are stated at cost, which approximates fair value.

**THE LOUISIANA MUNICIPAL NATURAL GAS
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NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) *Depreciation and Amortization*

Depreciation and amortization are computed using straight-line and accelerated methods over the estimated useful lives of the assets as follows:

Furniture and equipment	5-10 years
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(f) *Purchase Agent Fee*

The Authority has a contract with a gas management firm to act as the exclusive agent to purchase natural gas for the Authority. The contract was for five (5) years, which would have expired on April 30, 2013, but was extended through June 8, 2021.

(g) *Management Fee*

In 2018, the Authority contracted with the Louisiana Municipal Association (LMA) to manage the affairs of the Authority. The Authority's Board of Directors and Executive Committee administered and established policies for the management of the Authority. Under this agreement, LMA also provided the Authority with support services necessary to carry out the functions of the Authority and its membership. In 2019, a third party was hired to manage the affairs of the Authority. LMA continues to provide support services for the Authority in accordance with the agreement. For the years ended December 31, 2020 and 2019, amounts paid to LMA by the Authority related to this management fee totaled \$157,450 and \$157,375, respectively. The agreement was originally for a five (5) year period ended April 30, 2013 and was amended on July 1, 2019. Under the amendment, the Authority shall pay LMA the amounts of \$130,000 per year, payable in twelve monthly installments, from the gas purchased by the Authority members other than for sale by such members to a Large Volume User, with this amount to be annually reevaluated and adjusted as needed by mutual agreement of both the Authority and LMA. The amended agreement contains no expiration date.

(h) *Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of 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 and assumptions.

(i) *Revenues*

The Authority purchases natural gas for its members and bills them for the cost of the gas plus a fee per unit of natural gas purchased. This fee comprises the Authority's membership dues. Accordingly, receivables from the members and payables to the vendors are generated when gas is delivered into the respective pipelines. The membership dues collected from members are allocated entirely to pay the aforementioned purchase agent and management fees and other operating costs of the Authority.

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NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) *Operating/Non-Operating Revenue and Expenses*

Operating revenues consist of gas sales, membership dues, legal fees billed and late charges assessed as these revenues are generated from the Authority's operations and are needed to carry out its statutory purpose. All expenses incurred for that purpose are classified as operating expenses. Interest income and other revenues and expenses, which are ancillary to the Authority's statutory purpose, are classified as non-operating.

(k) *Income Taxes*

The Authority is exempt from income taxes under Sections 7701 and 115(1) of the Internal Revenue Code.

2. CASH AND CASH EQUIVALENTS

As of December 31, 2020 and 2019, the Authority had the following deposits and investments:

	<u>2020</u>	<u>2019</u>
	Estimated Fair Value	Estimated Fair Value
The Authority:		
Cash and cash equivalents	\$ 876,497	\$ 623,840
Fiduciary Fund Types:		
Cash and cash equivalents invested in LAMP	1,038,186	1,031,498
Cash and cash equivalents	<u>6,614</u>	<u>7,006</u>
	1,044,800	1,038,504
 TOTAL	 <u>\$ 1,921,297</u>	 <u>\$ 1,662,344</u>

For reporting purposes, cash and cash equivalents include cash on hand, demand deposits, unrestricted money market accounts, and all highly liquid investments with an original maturity of three months or less. Cash and cash equivalents are stated at cost, which approximates fair value.

There is a balance of \$1,038,186 and \$1,031,498 included in cash and cash equivalents on the statements of fiduciary assets and liabilities that is invested in the Louisiana Asset Management Pool (LAMP) for the years ended December 31, 2020 and 2019, respectively. LAMP is considered to be an external investment pool 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.

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NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND CASH EQUIVALENTS (continued)

The following facts are relevant for LAMP:

Credit risk: LAMP is rated AAAM by Standard & Poor's.

Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.

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 70 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. The WAM for LAMP's total investments is 47 days as of December 31, 2020.

Foreign currency risk: Not applicable.

LAMP values its investments at fair value based on quoted market values. 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 which approximates net asset value (NAV).

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. PURCHASE COMMITMENTS AND SIGNIFICANT RISK CONCENTRATIONS

The Authority routinely enters into short term gas purchase commitments with various vendors in the ordinary course of business. The purchase commitments usually include the volume of gas to be purchased and the purchase price of these volumes. The Authority bills its members based on the actual cost of gas incurred. During 2020, the Authority purchased approximately 78% of its gas purchases from two vendors, which individually comprised purchases of 56% and 22%, respectively. During 2019, the Authority purchased approximately 96% of its gas purchases from two vendors, which individually comprised purchases of 62% and 34%, respectively.

Management continually monitors the financial condition of the counterparties and believes the counterparties have the ability to meet their obligations under the respective agreements. The inability of any counterparty to perform under their contractual obligations over the duration of the contracts would have significant adverse financial and operational impacts on the Authority.

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NOTES TO BASIC FINANCIAL STATEMENTS

4. PARTICIPANT REIMBURSEMENT

In accordance with a supply agreement executed by the Authority in 2016, participating members obtain initial discounts of \$0.10 per MMBtu upon monthly purchase of natural gas. Additionally, members may obtain an annual refund from the third party of \$0.03 per MMBtu, if all assumptions underlying the projected amount are realized. Such annual refund, if any, shall be paid to the members as soon as practicable following September 1 of each calendar year or the approval of the third party's annual financial statements by their Board of Directors, whichever is later. During 2020 and 2019 the Authority discounted gas to the participating members on a monthly basis totaling \$389,444 and \$393,210, respectively.

5. CONTINGENCY

In March 2020, the novel coronavirus (COVID-19) was declared a global pandemic and spread throughout the United States. Management began to address the impacts of the pandemic on the Authority's operations which have continued to persist through the date these financial statements were issued. The pandemic may have further impacts on the Authority's operations as well as disrupt end-customers and overall financial markets. The extent of the pandemic impacts on the Authority's operations and financial position will depend on various developments which are uncertain and cannot be predicted.

6. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 11, 2021, and determined that there were no events that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

**THE LOUISIANA MUNICIPAL NATURAL GAS
PURCHASING AND DISTRIBUTION AUTHORITY**
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO
THE CHIEF EXECUTIVE OFFICER
YEAR ENDED DECEMBER 31, 2020

Agency Head: Board President, Mayor Glenn Brasseaux

Purpose	
Salary, including incentive and bonus	\$ -
Benefits-insurance	-
Benefits-retirement	-
Vehicle provided by government	-
Cell phone	-
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-

During the year ended December 31, 2020, a third party contractor was utilized; therefore, management decisions default to the Board President.

**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**

To the Board of Directors
The Louisiana Municipal Natural Gas
Purchasing and Distribution Authority
Baton Rouge, 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 Louisiana Municipal Natural Gas Purchasing and Distribution Authority (the Authority), which comprise the statement of net position as of December 31, 2020, and the related statement of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 11, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 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 Authority's financial statements are free of 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 statement. 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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite & Netterville

Baton Rouge, Louisiana
June 11, 2021