

**EISNERAMPER**

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

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2023 AND 2022**

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

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## **INDEPENDENT AUDITORS' REPORT**

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

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

#### **Opinion**

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 year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Other Matter**

The financial statements of the Authority as of and for the year ended December 31, 2022, were audited by another auditor, who expressed an unmodified opinion on those statements on June 23, 2023.

## Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any known information that may raise substantial doubt shortly thereafter.

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.



We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 7 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 the 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.

#### Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedule of compensation, benefits and other payments to Chief Executive Officer included on page 20 is presented for purposes of additional analysis and is not a required part of the financial statements.

The schedule of compensation, benefits and other payments to Chief Executive Officer is the responsibility of management and was derived from and relates 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 compensation, benefits and other payments to Chief Executive Officer is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Other Reports Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated June 17, 2024, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That 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.

*EisnerAmper LLP*

EISNERAMPER LLP  
Baton Rouge, Louisiana  
June 17, 2024

EISNERAMPER  
LLP



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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, 2023, 2022, and 2021. 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, 2023 by \$1,923,593 compared to \$1,621,373 as of December 31, 2022, which is a \$302,220 increase from the previous year. The assets of the Authority exceeded its liabilities at December 31, 2022 by \$1,621,373 compared to \$1,422,411 as of December 31, 2021, which is a \$198,962 increase from the previous year.
- At December 31, 2023, the Authority's assets totaled \$3,813,964 which consisted primarily of accounts receivable and cash, as compared to a balance of \$6,942,188 at December 31, 2022 and \$4,900,867 at December 31, 2021 which consisted of the same. This decrease relates to the decrease 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's total gas sales were \$19,352,558, \$40,308,233, and \$26,051,785 during the years ended December 31, 2023, 2022, and 2021, respectively. The changes from year to year are primarily a result of fluctuations in market prices. The average natural gas rate for the year ended December 31, 2023, 2022, and 2021 was \$2.74, \$6.64, and \$3.84, 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.

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

**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, 2023</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Total assets	\$ 3,813,964	\$ 6,942,188	\$ 4,900,867
Total liabilities	<u>1,890,371</u>	<u>5,320,815</u>	<u>3,478,456</u>
Net position	<u>\$ 1,923,593</u>	<u>\$ 1,621,373</u>	<u>\$ 1,422,411</u>

At December 31, 2023, the Authority's assets consist primarily of cash and accounts receivable from member municipalities throughout Louisiana. At December 31, 2023, accounts receivable decreased by 53% from the prior year due to a decrease in the 2023 gas prices. At December 31, 2022, accounts receivable increased by 62% from the prior year due to an increase in the 2022 gas prices. The decrease in accounts payable for gas purchases was experienced at the end of 2023 associated with timing of receivable collections, vendor payments and the decrease in the average price of natural gas.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating revenues and interest income	\$ 19,772,486	\$ 40,757,525	\$ 26,417,267
Operating expenses	<u>19,470,266</u>	<u>40,558,563</u>	<u>26,186,110</u>
Change in net position	<u>\$ 302,220</u>	<u>\$ 198,962</u>	<u>\$ 231,157</u>

In 2023, the Authority reported operating revenues and interest income of \$19,772,486, compared to operating revenues and interest income in \$40,757,525 and \$26,417,267 in 2022 and 2021, respectively. The Authority reported total expenses \$19,470,266 in 2023, a decrease of \$21,088,297 from 2022 and a decrease of \$6,715,844 from 2021. Expenses consist primarily of the cost of natural gas purchased from vendors which fluctuates based on overall market conditions.



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

**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.

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

**STATEMENTS OF NET POSITION  
DECEMBER 31, 2023 AND 2022**

**ASSETS**

	<u>2023</u>	<u>2022</u>
Current assets:		
Cash	\$ 753,935	\$ 417,941
Accounts receivable, net	3,046,264	6,509,919
Prepaid insurance	<u>13,765</u>	<u>13,386</u>
Total current assets	<u>3,813,964</u>	<u>6,941,246</u>
Property and equipment:		
Furniture and equipment	28,267	28,267
Accumulated depreciation	<u>(28,267)</u>	<u>(27,325)</u>
Net property and equipment	-	942
Total assets	<u>\$ 3,813,964</u>	<u>\$ 6,942,188</u>

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

**LIABILITIES AND NET POSITION**

	<u>2023</u>	<u>2022</u>
Current liabilities:		
Accounts payable and other liabilities	<u>\$ 1,890,371</u>	<u>\$ 5,320,815</u>
Total current liabilities	<u>1,890,371</u>	<u>5,320,815</u>
Net position:		
Investment in capital assets	-	942
Unrestricted	<u>1,923,593</u>	<u>1,620,431</u>
Total net position	<u>1,923,593</u>	<u>1,621,373</u>
Total liabilities and net position	<u><u>\$ 3,813,964</u></u>	<u><u>\$ 6,942,188</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, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Operating revenues:		
Gas sales	\$ 19,352,558	\$ 40,308,233
Membership dues	711,454	727,943
Legal fees billed	92,908	107,378
Less: member discount	<u>(387,740)</u>	<u>(386,416)</u>
Total operating revenues	<u>19,769,180</u>	<u>40,757,138</u>
Operating expenses:		
Cost of natural gas	18,773,015	39,820,291
Purchase agent fee	278,727	322,136
Management fee	285,296	268,825
Legal and professional fees	105,458	113,137
Depreciation	942	1,025
Miscellaneous expenses	<u>26,828</u>	<u>33,149</u>
Total operating expenses	<u>19,470,266</u>	<u>40,558,563</u>
Operating income	298,914	198,575
Other revenues:		
Interest income	<u>3,306</u>	<u>387</u>
Change in net position	302,220	198,962
Net position, beginning of year	<u>1,621,373</u>	<u>1,422,411</u>
Net position, end of year	<u><u>\$ 1,923,593</u></u>	<u><u>\$ 1,621,373</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, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<u>Cash flows from operating activities:</u>		
Operating income	\$ 298,914	\$ 198,575
Adjustments to reconcile operating income to net cash used in operating activities:		
Depreciation	942	1,025
Change in accounts receivable	3,463,655	(2,485,480)
Change in prepaids	(379)	(2,185)
Change in accounts payable and other liabilities	<u>(3,430,444)</u>	<u>1,842,359</u>
Net cash provided by (used in) operating activities	<u>332,688</u>	<u>(445,706)</u>
<u>Cash flows from investing activities:</u>		
Interest income received	<u>3,306</u>	<u>387</u>
Net cash provided by investing activities	<u>3,306</u>	<u>387</u>
Net change in cash	335,994	(445,319)
Cash, beginning of year	<u>417,941</u>	<u>863,260</u>
Cash, end of year	<u>\$ 753,935</u>	<u>\$ 417,941</u>

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  
DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	<u>\$ 941,616</u>	<u>\$ 1,061,965</u>
<b><u>LIABILITIES</u></b>		
Escrow accounts	<u>826,270</u>	<u>1,000,000</u>
<b><u>NET POSITION</u></b>		
Restricted for:		
Other governments	<u>115,346</u>	<u>61,965</u>
Total net position	<u><u>\$ 115,346</u></u>	<u><u>\$ 61,965</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, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b><u>ADDITIONS</u></b>		
Interest, dividends, and other	\$ 53,817	\$ 17,576
Total additions	<u>53,817</u>	<u>17,576</u>
<b><u>DEDUCTIONS</u></b>		
Bank fees	436	492
Total deductions	<u>436</u>	<u>492</u>
Net increase in fiduciary net position	53,381	17,084
Net position - beginning	61,965	44,881
Net position - ending	<u>\$ 115,346</u>	<u>\$ 61,965</u>

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

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

**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.

The Authority adopted GASB Statement No. 84, which establishes standards of accounting and financial reporting for fiduciary activities. 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 funds held and current amounts payable are reported in the statement of fiduciary net position. The statement of changes in fiduciary net position includes the changes in custodial fund activity. During the year ended December 31, 2023, \$173,730 was authorized to be distributed from the Settlement Fund.



**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 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, if any, 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 the straight-line method 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 30, 2022, and shall continue in full force and effect thereafter for successive periods of one year unless and until earlier terminated by either party upon at least six months' prior written notice.

**(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, 2023 and 2022, amounts paid to LMA by the Authority related to this management fee totaled \$172,375. These fees are included in management fees on the statements of revenues, expenses, and changes in net position. 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.

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

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

**(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.

**(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, 2023 and 2022, the Authority had the following deposits and investments:

	<u>2023</u>	<u>2022</u>
The Authority:		
Cash and cash equivalents	\$ 350,530	\$ 417,941
Cash and cash equivalents invested in LAMP	<u>403,405</u>	<u>-</u>
	753,935	417,941
Fiduciary Fund Types:		
Cash and cash equivalents invested in LAMP	941,616	1,056,211
Cash and cash equivalents	<u>-</u>	<u>5,754</u>
	941,616	1,061,965
TOTAL	<u>\$ 1,695,551</u>	<u>\$ 1,479,906</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.

Custodial credit risk is the risk that in the event of a financial institution failure, the Fund's deposits may not be returned to them. The Fund's deposits are secured by federal deposit insurance up to \$250,000.

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

**2. CASH AND CASH EQUIVALENTS (continued)**

There is a balance of \$941,616 and \$1,044,881 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, 2023 and 2022, 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.

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 53 days as of December 31, 2023.

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.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**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 2023, the Authority purchased approximately 72% of its gas purchases from two vendors, which individually comprised purchases of 45% and 27%, respectively. During 2022, the Authority purchased approximately 85% of its gas purchases from two vendors, which individually comprised purchases of 64% and 21%, 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.

**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 2023 and 2022 the Authority discounted gas to the participating members on a monthly basis totaling \$387,740 and \$386,416, respectively.

**5. TECHNICAL ASSISTANCE PROGRAM**

During the year ended December 31, 2022, the Authority entered into an agreement with the Louisiana Rural Water Association (LRWA) to provide a technician to assist current and or potential members of the Authority with natural gas distribution systems. As part of this agreement, the Authority will pay LRWA \$180,000 per year and members will provide \$0.05 of the \$0.10 discount as described in Note 4 to fund the program. The agreement expires on April 6, 2024, but automatically renews each year unless canceled by either party. During the years ended December 31, 2023 and 2022, a net revenue amount of approximately \$29,000 and \$32,000, respectively, related to this program was reflected in operating revenues on the statements of revenues, expenses, and changes in net position.

**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, 2023**

**Agency Head: Richard Williams, Managing Director**

<b>Purpose</b>	
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	-

Note: No compensation of the Managing Director is included in the above schedule of compensation, benefits and other payments as no such amounts were paid from "public funds" as required to be reported pursuant of R.S. 24:513(A)(3), as amended by Act 462 in 2015, and applicable guidance published by the Louisiana Legislative Auditor.

**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 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 year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 17, 2024.

**Report on 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 or significant deficiencies may exist that were not identified.



## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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 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.

*EisnerAmper LLP*

EISNERAMPER LLC  
Baton Rouge, Louisiana  
June 17, 2024

EISNERAMPER  
LLP



**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

To: Board of the Louisiana Municipal Natural Gas Purchasing and Distribution Authority (LMNGA or the Authority) and the Louisiana Legislative Auditor

We have performed the procedures enumerated in Schedule A on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) of the LMNGA for the fiscal period January 1, 2023 through December 31, 2023. LMNGA's management is responsible for those C/C areas identified in the SAUPs.

The LMNGA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of performing specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2023 through December 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures we performed, and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

We were engaged by LMNGA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs of the LMNGA for the fiscal period January 1, 2023 through December 31, 2023. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of LMNGA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

The purpose of this report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



EISNERAMPER LLP  
Baton Rouge, LA  
June 20, 2024

LMNGA  
**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
December 31, 2023

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read “*no exception noted*” or for step 13 “*we performed the procedure and discussed the results with management*”. If not, then a description of the exception ensues.

**1) Written Policies and Procedures**

---

A. Obtain and inspect the entity’s written policies and procedures and observe whether they address each of the following categories and subcategories (if applicable to public funds and the entity’s operations):

i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

*No exception noted.*

ii. **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

*No exceptions noted for (1), (2), (3), (5) and (6). The authority does not have a written policy with controls in place to ensure compliance with the public bid law (4).*

iii. **Disbursements**, including processing, reviewing, and approving

*No exception noted.*

iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management’s actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

*No exception noted.*

v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

*Not applicable. The Board of Directors contracts with a third party to manage the affairs of the Authority. Under this third-party agreement, the Authority is provided Managing Director and other personnel necessary to carry out the functions of the Authority and its membership. The Authority also has an agreement with Louisiana Municipal Association (LMA) to provide support services to help achieve the day-to-day business functions.*

vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

*No exceptions noted for (1), (3), (4) and (5). The Authority does not include standard terms and conditions in the written policy for (2).*

- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

*No exception noted.*

- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

*No exception noted.*

- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

*No exception noted.*

- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*Not applicable for the 2023 fiscal year.*

- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

*No exceptions noted for (1), (2), (3) and (5). The Authority does not detail the use of antivirus software on their systems in the written policy for (4).*

- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

*No exception noted.*

## **2) Board or Finance Committee**

---

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
**December 31, 2023**

Schedule A

- i. Observe whether the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

*No exception noted.*

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

*No exception noted.*

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

*No exception noted.*

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

*No exception noted.*

**3) Bank Reconciliations**

---

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

*A listing of bank accounts was provided and included a total of 3 bank accounts. Management identified the entity's main operating account. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we selected all 3 bank accounts (1 main operating and 2 randomly) and obtained the bank reconciliations for the month ending October 31, 2023, resulting in 3 bank reconciliations obtained and subjected to the procedures on the next page.*

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

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**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
**December 31, 2023**

Schedule A

*No exception noted.*

- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and

*No exception noted.*

- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

*No exception noted.*

**4) Collections (excluding electronic funds transfers)**

---

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

*A listing of deposit sites was provided and included a total of one deposit site. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we performed the procedures below on the one deposit site.*

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

*A listing of collection locations for each deposit site selected in procedure #4A was provided and included a total of one collection location. No exceptions were noted as a result of performing this procedure.*

*The Authority has an agreement with Louisiana Municipal Association (LMA) to provide support services to help achieve the day to day business functions. The 3rd amendment to the agreement allows the Authority to appoint an LMA employee as the managing director.*

- i. Employees responsible for cash collections do not share cash drawers/registers;

*Not applicable as noted above.*

- ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit;

*Not applicable as noted above.*

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Schedule A

- iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

*Not applicable as noted above.*

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee verifies the reconciliation.

*Not applicable as noted above.*

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

*Not applicable as noted above.*

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

*We randomly selected 2 deposit dates for one bank account selected in procedure #3A. We obtained supporting documentation for each of the 2 deposits and performed the procedures below.*

- i. Observe that receipts are sequentially pre-numbered.

*No exception noted.*

- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

*No exception noted.*

- iii. Trace the deposit slip total to the actual deposit per the bank statement.

*No exception noted.*

- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

*No exception noted.*

- v. Trace the actual deposit per the bank statement to the general ledger.

*No exception noted.*

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**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
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Schedule A

**5) Non-payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)**

---

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

*The listing of locations that process payments for the fiscal period was provided, which only included one location. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we performed the procedures below.*

- B. For each location selected under #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:

*The listing of employees involved with non-payroll purchasing and payment functions for each payment processing location selected in procedure #5A was provided. No exceptions were noted as a result of performing this procedure.*

*Review of the Authority's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.*

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

*No exception noted.*

- ii. At least two employees are involved in processing and approving payments to vendors;

*No exception noted.*

- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

*The person processing payments was not prohibited from adding / modifying vendor files. Exception noted.*

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

*The person processing payments was not prohibited from adding / modifying vendor files. Exception noted.*

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

*No exception noted.*



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**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**

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- C. For each location selected under #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and

*A listing of non-payroll disbursements for each payment processing location selected in procedures #5A was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.*

*From each of the listings provided, we randomly selected 5 disbursements and performed the procedures below.*

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice, and that supporting documentation indicates that deliverables included on the invoice were received by the entity, and

*No exceptions noted.*

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

*No exception noted.*

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

*No exception noted.*

**6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)**

---

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

*A listing of cards was provided. No exceptions were noted as a result of performing this procedure.*

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and

*From the listing provided, we randomly selected 5 credit cards used in the fiscal period. We randomly selected the September 2023 combined statement for all 5 cards selected and performed the procedures noted on the next page.*

**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**

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- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported; and

*No exception noted.*

- ii. Observe that finance charges and late fees were not assessed on the selected statements.

*No exception noted.*

- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

*We randomly selected 10 transactions from the consolidated statement and obtained supporting documentation for the transactions. For each transaction, observed that it was supported by (1) an original itemized receipt that identified precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). No exceptions noted.*

**7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)**

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 3 reimbursements, and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 3 reimbursements selected:

*The listing of travel and travel-related expense reimbursements was provided for the fiscal period. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we randomly selected 3 reimbursements and performed the procedures below.*

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov));

*No exception noted.*

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- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

*No exception noted.*

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by "Written Policies and Procedures", procedure #1A(vii); and

*No exception noted.*

- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*No exception noted.*

**8) Contracts**

---

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

*An active vendor list for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we randomly selected 5 contracts and performed the procedures below.*

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

*No exception noted.*

- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter);

*No exception noted.*

- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

*No exception noted.*

- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

*No exception noted.*

**9) Payroll and Personnel**

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- A. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

*The Authority has an agreement with Louisiana Municipal Association (LMA) to provide support services to help achieve the day to day business functions. The 3rd amendment to the agreement allows the Authority to appoint an LMA employee as the managing director.*

- B. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

*Not applicable as noted above.*

- i. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

*Not applicable as noted above.*

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

*Not applicable as noted above.*

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

*Not applicable as noted above.*

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

*Not applicable as noted above.*

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

*Not applicable as noted above.*

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Schedule A

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

*Not applicable as noted above.*

**10) Ethics**

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- A. Using the 5 randomly selected employees/officials from procedure "Payroll and Personnel" procedure #9A, above obtain ethics documentation from management, and

- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

*Not applicable as all employees are through LMA.*

- ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

*Not applicable as all employees are through LMA.*

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

*Not applicable as all employees are through LMA.*

**11) Debt Service**

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- A. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued as required by Article VII, Section 8 of the Louisiana Constitution.

*Not applicable.*

- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

*Not applicable.*

**12) Fraud Notice**

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- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

*Management has represented to us there were no misappropriations of public funds and assets during the fiscal period.*

- B. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

*The notice was posted on the premises and the website. No exceptions noted.*

**13) Information Technology Disaster Recovery/Business Continuity**

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- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

*Not applicable as all employees are through LMA.*

- ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

*Not applicable as all employees are through LMA.*

- iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

*Not applicable as all employees are through LMA.*

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidenced that the selected terminated employees have been removed or disabled from the network.

*Not applicable as all employees are through LMA.*

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- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:12671. The requirements are as follows:

- Hired before June 9, 2020 - completed the training; and
- Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

*Not applicable as all employees are through LMA.*

**14) Prevention of Sexual Harassment**

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- A. Using the 5 randomly selected employees/officials from "Payroll and Personnel" procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

*Not applicable as all employees are through LMA.*

- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

*Not applicable as all employees are through LMA.*

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

- i. Number and percentage of public servants in the agency who have completed the training requirements;

*Not applicable as noted above.*

- ii. Number of sexual harassment complaints received by the agency;

*Not applicable as noted above.*

- iii. Number of complaints which resulted in a finding that sexual harassment occurred;

*Not applicable as noted above.*

- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

*Not applicable as noted above.*

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<sup>1</sup> While it appears to be a good practice for charter schools to ensure its employees are trained to keep their information technology assets safe from cyberattack, charter schools do not appear required to comply with 42:1267. An individual charter school, though, through specific provisions of its charter, may mandate that all employees/officials receive cybersecurity training.

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Schedule A

- v. Amount of time it took to resolve each complaint.

*Not applicable as noted above.*



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Schedule B

Management has reviewed and will address the exceptions noted above.



## LOUISIANA MUNICIPAL GAS AUTHORITY

**Richard Williams**  
LMGA Managing Director

**Michael Bradford**  
LMGA President

June 20, 2024

### RESPONSE TO EXCEPTIONS IN THE 2023 STATEWIDE AUP REPORT

Please accept this as our formal response to all the exceptions listed in our 2023 Statewide AUP report:

We agree with the exceptions noted in the AUP report.

We will develop a written policy in Purchasing for controls to ensure compliance with the Public Bid Law.  
We will develop a written policy for Contracting with standard terms and conditions.

Sincerely,

Richard Williams  
LMGA Managing Director

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