

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

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**ANNUAL FINANCIAL STATEMENTS**

As of and for the Year Ended November 30, 2020



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

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*A Professional Accounting Corporation*

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**Gas Utility District No. 1 of Livingston Parish**  
**Holden, Louisiana**  
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As of and for the Year Ended November 30, 2020

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CHARLES P. HEBERT, CPA

CHRISTOPHER S. JOHNSON, CPA, MBA

ADAM C. HEBERT, CPA

MEMBER

American Institute of Certified Public Accountants  
Society of Louisiana Certified Public Accountants



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

18435 HIGHWAY 22, STE. 2  
P.O. BOX 1151  
PONCHATOULA, LA 70454  
(985) 386-5740 • FAX (985) 386-5742

29644 SOUTH MONTPELIER AVE., STE. B  
P.O. BOX 520  
ALBANY, LA 70711  
(225) 209-6627 • FAX (225) 209-6625

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

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## **Independent Auditor's Report**

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

We have audited the accompanying financial statements of the business-type activities of the Gas Utility District No. 1 of Livingston Parish, a component unit of the Livingston Parish Council, as of and for the year ended November 30, 2020, and the related notes to the financial statements, which collectively comprise the Gas Utility District No. 1 of Livingston Parish's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Gas Utility District No. 1 of Livingston Parish, as of November 30, 2020, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matter Paragraph**

#### *Required Supplemental Information*

Management has omitted the Management's Discussion and Analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context, although not a part of the basic financial statements, requires such missing information. Our opinion of the basic financial statements is not affected by this missing information.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2021, on our consideration of Gas Utility District No. 1 of Livingston Parish's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Gas Utility District No. 1 of Livingston Parish's internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Gas Utility District No. 1 of Livingston Parish's internal control over financial reporting and compliance.

Respectfully submitted,

*Chris Johnson*

Hebert Johnson & Associates, Inc.  
A Professional Accounting Corporation  
Albany, Louisiana  
February 25, 2021

# Basic Financial Statements

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

**Statement A**

**Statement of Net Position  
November 30, 2020**

**Assets**

<b>Current Assets:</b>	
Cash and Cash Equivalents	\$ 573,907
Investments	239,266
Accounts Receivable (Net)	62,011
Unbilled Receivables	48,538
Other Receivables	7,372
Inventory	15,271
Prepaid Expenses	2,300
<b>Total Current Assets</b>	<u>948,665</u>
 <b>Restricted Assets:</b>	
Restricted Cash and Cash Equivaents	79,174
<b>Total Restricted Assets</b>	<u>79,174</u>
 <b>Capital Assets:</b>	
Land	975
Utility Plant and Equipment, Net	1,753,395
<b>Total Capital Assets, Net</b>	<u>1,754,370</u>
 <b>Other Assets:</b>	
Utility Deposits	838
<b>Total Noncurrent Assets</b>	<u>1,834,382</u>
<b>Total Assets</b>	<u>2,783,047</u>
 <b>Liabilities</b>	
<b>Current Liabilities:</b>	
Accounts Payable	15,419
Accrued Liabilities	1,299
<b>Total Current Liabilities</b>	<u>16,718</u>
<b>Current Liabilities (Payable From Restricted Assets)</b>	
Customers' Deposits	79,174
<b>Total Current Liabilities (Payable From Restricted Assets)</b>	<u>79,174</u>
<b>Total Liabilities</b>	<u>95,892</u>
 <b>Net Position</b>	
Net Investment in Capital Assets	1,754,370
Unrestricted	932,785
<b>Total Net Position</b>	<u>\$ 2,687,155</u>

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

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

**Statement B**

**Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended November 30, 2020**

<b>Operating revenues:</b>	
Gas Sales	\$ 917,394
Other Charges	29,961
<b>Total Operating Revenues</b>	<u>947,355</u>
 <b>Operating Expenses:</b>	
Administrative Expenses	3,151
Bank Service Charges	1,424
Commissioners Compensation	30,991
Depreciation	57,794
Insurance	4,300
Management Fees	100,824
Natural Gas Purchases	221,138
Professional Services	22,304
Repairs, Maintenance, Supplies	264,523
Utilities	9,436
<b>Total Operating Expenses</b>	<u>715,885</u>
 <b>Operating Income</b>	 <u>231,470</u>
 <b>Nonoperating revenues (Expenses):</b>	
Interest Income	4,505
<b>Total Nonoperating Revenues (Expenses)</b>	<u>4,505</u>
 <b>Change in Net Position</b>	 <u>235,975</u>
 <b>Net Position, Beginning</b>	 <u>2,451,180</u>
<b>Net Position, Ending</b>	<u><u>\$ 2,687,155</u></u>

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

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

**Statement C**

**Statement of Cash Flows  
For the Year Ended November 30, 2020**

<b>Cash Flows From Operating Activities</b>	
Receipts From Customers	\$ 957,227
Payments to Suppliers for Goods and Services	(638,343)
Payments to Employees and for Employee Related Costs	(30,989)
Net Cash Provided by Operating Activities	<u>287,895</u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Purchase of Property, Plant, and Equipment	(199,086)
Net Cash Used by Capital and Related Financing Activities	<u>(199,086)</u>
<b>Cash Flows Investing Activities</b>	
Interest Received	4,505
Decrease in Certificates of Deposit	69,482
Net Cash Provided by Investing Activities	<u>73,987</u>
Net Increase in Cash and Cash Equivalents	162,796
Cash and Cash Equivalents, Beginning of The Year	490,285
Cash and Cash Equivalents, End of The Year	<u>\$ 653,081</u>

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



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

**Statement C**

**Statement of Cash Flows (Continued)  
For the Year Ended November 30, 2020**

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

Operating Income	\$ 231,470
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	57,794
Change in Assets and Liabilities:	
Accounts Receivable	10,203
Unbilled Receivables	(1,133)
Other Receivables	(1,347)
Inventory	(7,967)
Prepaid Expenses	-
Accounts Payable	(1,966)
Accrued Liabilities	841
Net Cash Provided By Operating Activities	<u>\$ 287,895</u>
Cash and Cash Equivalents, Beginning of Period	
Cash - Unrestricted	\$ 411,911
Cash - Restricted	78,374
Total	<u>490,285</u>
Cash and Cash Equivalents, End of Period	
Cash - Unrestricted	573,907
Cash - Restricted	79,174
Total	<u>653,081</u>
Net Increase	<u>\$ 162,796</u>

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

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

**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

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

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

**B. Basis of Accounting**

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

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

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

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

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

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

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

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

**C. Cash Flows**

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

**D. Restricted Assets**

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

**E. Accounts Receivable and Bad Debts**

Accounts receivable represent amounts owed to the District from customer gas usage. Uncollectible utility service receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the collectability of the particular receivable. The allowance for uncollectible receivables was \$558 at November 30, 2020. Unbilled utility service receivable resulting from services rendered between the date of meter reading and billing and the end of the month are recorded at year-end.

**F. Inventory**

The District maintains an inventory of natural gas. The inventory is recorded at lower of cost or market on average costs basis. As of November 30, 2020 inventory on hand totaled \$15,271.

**G. Capital Assets**

Property, plant and equipment are recorded at cost. Depreciation is computed using the straight-line method over the expected service lives of the assets as follows:

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

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

**H. Prepaid Expenses**

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

**I. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for the allowance for doubtful accounts and depreciation.

**2. Cash and Cash Equivalents**

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

At November 30, 2020, the District had cash and cash equivalents (book balances) totaling \$653,081 as follows:

Demand deposits	\$ 653,081
Total	\$ 653,081

Custodial credit risk is the risk that in the event of a bank failure of a depository financial institution, the District's deposits may not be recovered. These deposits are stated at cost, which approximates fair value. Under state law, deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount of deposit with the fiscal agent bank. These securities are held in the name of the District or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties.

Deposit balances (bank balances) at November 30, 2020, are secured as follows:

Bank balances	\$ 941,695
Federal deposit insurance	500,000
Pledged securities	441,695
Total federal deposit insurance and pledged securities	\$ 941,695

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

Deposits in the amount of \$441,695 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the District's name. The District does not have a policy for custodial credit risk.

**3. Investments**

Investments are categorized into these three categories of credit risk:

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

In the current year the District held \$239,266 in certificates of deposit and is considered a category 1 type of investment.

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

**4. Capital Assets**

Capital asset activity for the year ended November 30, 2020 was as follows:

	Balance 12/1/2019	Additions	Deletions	Balance 11/30/2020
Capital Assets Not Being Depreciated:				
Land	\$ 975	\$ -	\$ -	\$ 975
Construction in Progress	76,777	88,687	165,464	-
Other Capital Assets:				
Utility Plant	2,668,347	275,864	-	2,944,211
Equipment and Meters	113,593	-	-	113,593
Totals	2,859,692	364,551	165,464	3,058,779
Less Accumulated Depreciation	1,246,615	57,794	-	1,304,409
Capital Assets, Net	<u>\$ 1,613,077</u>	<u>\$ 306,757</u>	<u>\$ 165,464</u>	<u>\$ 1,754,370</u>

**5. Litigation**

There is no litigation pending against the District at November 30, 2020

**6. Risk Management**

The District carries commercial insurance for Directors & Officers Liability and Employment Practices Liability. There have been no significant reductions in insurance coverage for the current year.

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

Settlement amounts have not exceeded insurance coverage for the current year or prior years. The District does not carry general liability insurance.

**7. Major Supplier**

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

**8. Major Customers**

During the year ended November 30, 2020, the District’s two largest commercial customers comprised 25.5% and 10.4% of total gas sales.

**9. Professional Service Contracts**

The District has entered into a maintenance agreement with O & M Management Services, LLC (“Management”) to read meters, bill customers and collect payments on a monthly basis. Management is paid \$9.50 per customer per month to perform these services. During the year, Management received \$100,823 from the District for the performance of these services.

Additionally, Management is paid for customer mail outs; new service taps, disconnects, and performs repairs and improvements to the systems as needed at the rate of \$150 per hour plus material costs. During the year, O & M Management received \$453,954 from the District for the performance of these services.

**10. Louisiana Deferred Compensation Plan**

All of the employees of the District are eligible to participate in the State of Louisiana deferred compensation plan. Employees may contribute up to 100% of their salary (not to exceed \$18,000 a year) to the plan on a pre-tax basis. The contributions are withheld from the employees’ paychecks. The District matches up to 15% of each employee’s compensation. The contributions are fully vested immediately and are remitted to a third-party administrator each month, where they are deposited to an account in the employee’s name. The District does not assume any liability for the funds and does not have any control over the funds once they are remitted to the third-party administrator. The District’s contribution during the year ended November 30, 2020 was \$3,622.

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

Board Member	Per Diem	Salary	Deferred Compensation	Reimbursed Travel
John Hellmers, Secretary	\$ 3,375	\$ 6,000	\$ 1,406	\$ 106
Frank Murphy, Treasurer	3,000	6,000	1,350	1,001
Johnny Johnson	3,150	-	236	581
Butch Mack	3,600	-	360	614
Gilbert Hutchinson	1,800	-	270	-
	<u>\$ 14,925</u>	<u>\$ 12,000</u>	<u>\$ 3,622</u>	<u>\$ 2,302</u>

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

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

CHARLES P. HEBERT, CPA

CHRISTOPHER S. JOHNSON, CPA, MBA

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18435 HIGHWAY 22, STE. 2  
P.O. BOX 1151  
PONCHATOULA, LA 70454  
(985) 386-5740 • FAX (985) 386-5742

29644 SOUTH MONTEPELIER AVE., STE. B  
P.O. BOX 520  
ALBANY, LA 70711  
(225) 209-6627 • FAX (225) 209-6625

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

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Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Gas Utility District No.1 of Livingston Parish (District) a component unit of the Livingston Parish Council, as of and for the year ended November 30, 2020, and the related notes to the financial statements, which collectively comprise Gas Utility District No. 1 of Livingston Parish's basic financial statements and have issued our report thereon dated February 25, 2021.

**Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weakness or significant deficiencies may



exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of Current Year Audit Findings, Responses, and Recommendations as items 2019-1 through 2019-2 that we consider to be material weaknesses.

### **Compliance and Other Matters**

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

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

Gas Utility District No.1 of Livingston Parish's response to the findings identified in our audit is described in the accompanying schedule of Current Year Audit Findings, Responses, and Recommendations. Gas Utility District No.1 of Livingston Parish's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

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

*Chris Johnson*

Hebert Johnson & Associates, Inc.  
A Professional Accounting Corporation  
Albany, Louisiana  
February 25, 2021

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

**Schedule of Current Year Audit Findings, Recommendations and Responses  
For the Year Ended November 30, 2020**

We have audited the basic financial statements of the Gas Utility District No. 1 of Livingston parish as of and for the year ended November 30, 2020, and have issued our report thereon dated February 25, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of November 30, 2020 resulted in an unmodified opinion.

**Section I - Summary of Auditor's Reports**

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

Internal Control

Material Weakness, Yes Significant Deficiencies, No

Compliance

Compliance Material to Financial Statements, No

b. Federal Awards

Not applicable

Was management letter issued? No

**Internal Control**

**2020-01 Update Management Services Contract**

**Condition:**

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

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

**Schedule of Current Year Audit Findings, Recommendations and Responses  
For the Year Ended November 30, 2020**

**Criteria:**

The management contract should be updated annually to ensure charges and services are based on the terms of the contract agreement.

**Cause:**

The management company is currently working on updating the contract with its attorney.

**Effect:**

The District remitted payments to the vendor that included charges for items that were not in the contract agreement.

**Recommendation:**

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

**Management's Corrective Action Plan:**

The management company is currently working on updating the contract with its attorney. This finding will be resolved soon. Responsible Party is John Hellmers, Secretary 225-567-3569

**2020-02 Segregation of Duties**

**Condition:**

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

This condition was noted in the prior fiscal year.

**Criteria:**

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

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

**Schedule of Current Year Audit Findings, Recommendations and Responses  
For the Year Ended November 30, 2020**

**Cause:**

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

**Effect:**

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

**Recommendation:**

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

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

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

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

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

**Management's Response:**

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

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

**Schedule of Prior Year Findings  
For the Year Ended November 30, 2020**

**2019-01 Update Management Services Contract**

**Condition:**

The existing management contract was entered into on November 17, 2011. The contract should be updated to include all of the current charges and services that are being provided by the Management Company. The contract should also include the policy for handling delinquent accounts.

**Recommendation:**

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

**Resolved:**

See Finding 2020-01

**2019-02 Segregation of Duties**

**Condition:**

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

**Recommendation:**

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

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

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

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

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

**Schedule of Prior Year Findings  
For the Year Ended November 30, 2020**

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

**Resolved:**

See Finding 2019-02

**2019-03 Formal Policy for Collecting Delinquent Accounts Receivable**

**Condition:**

The District's management did not take aggressive action to collect delinquent amounts, including legal action when necessary nor are they using a collection agency.

**Recommendation:**

We recommend the District adopt a formal policy for collecting delinquent accounts receivable. That policy should require board approval before accounts are written off as uncollectible and turn these accounts over to a collection agency for collection.

**Resolved:**

Fully

**2019-04 Public Bid Law**

**Condition:**

The District purchased materials and supplies exceeding the sum of thirty thousand dollars during the current fiscal year. The District failed to obtain bids and let to the lowest responsible bidder who has bid according to the specifications as advertised.

**Recommendation:**

The District's Management Company should prepare a list of materials and supplies that are used regularly and advertise for price quotes in the local paper and from local vendors. The Management Company should review the price quotes and purchase the materials and supplies from the lowest responsible bidder who has bid according to the specifications as advertised.

**Resolved:**

Fully