

**GAS UTILITY DISTRICT NO. 1 OF**  
**EAST BATON ROUGE PARISH**

**REPORT ON AUDIT OF COMPONENT**  
**UNIT FINANCIAL STATEMENTS**

**JUNE 30, 2023**

# GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH

## FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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## INDEPENDENT AUDITOR'S REPORT

Board Members of  
Gas Utility District No. 1  
of East Baton Rouge Parish  
Zachary, Louisiana

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the business-type activities of Gas Utility District No. 1 of East Baton Rouge Parish (the District), (a component unit of the East Baton Rouge Parish Government), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the 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 respective financial position of the business-type activities of Gas Utility District No. 1 of East Baton Rouge Parish as of June 30, 2023, 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.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District 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.

### **Responsibilities of Management for the Financial Statements**

The District's 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.

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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's 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 auditor's 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 GAAS 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 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 GAAS, 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 Gas Utility District No. 1 of East Baton Rouge Parish'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 District'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.

### **Report on Summarized Comparative Information**

We have previously audited the Gas Utility District No. 1 of East Baton Rouge Parish's June 30, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 9, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 4 through 7 and the information presented in the schedule of changes in the District's total OPEB liability and related ratios (Schedule 1) on page 26 be presented to supplement the basic financial statements. Such information, is a responsibility of management, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the table of contents as Schedules 2 and 3 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Schedules 2 and 3 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedules 2 and 3 are fairly stated in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Gas Utility District No. 1 of East Baton Rouge Parish's internal control over financial reporting and compliance.

Respectfully submitted,

*Hannis T. Bourgeois, LLP*

Denham Springs, Louisiana  
July 17, 2024

# **GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2023

### **Introduction**

The Gas Utility District No. 1 of East Baton Rouge Parish (the District) is pleased to present its Annual Financial Statements developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (GASB 34), as amended. The amendments of GASB 34, including the adoption of GASB No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and applicable standards more fully described in the financial statement footnotes as *Note 1 - Summary of Significant Accounting Policies*.

The District's Management's Discussion and Analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position, (d) identify any significant variations from the District's financial plan, and (e) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the District's financial statements and the accompanying financial statement footnotes.

### **Financial Highlights**

- At June 30, 2023, total assets were \$9,139,940 and exceeded liabilities in the amount of \$8,628,045 (i.e., net position). Of the total net position, \$5,772,031 was unrestricted with \$2,856,014 investment in capital assets. Total net position increased by \$495,871.
- For the year ended June 30, 2023, total operating revenues increased by \$45,256 to \$2,980,601 due to an increase in gas service charges.
- The District's operating expenses, consisting of those expenses resulting from the District's ongoing operations decreased by \$41,757 or 2%. The majority of the decrease is related to a decrease in gas purchases expense of \$107,807 due to a decrease in the gas usage due to a warmer winter.

### **Overview of the Annual Financial Report**

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A presents an overview of management's examination and analysis of Gas Utility District No. 1 of East Baton Rouge Parish's financial condition and performance.

The financial statements report information on the District using full accrual accounting methods similar to those used in the private business sector. Financial statements include the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows.

The Statement of Net Position provides information about the nature and amount of the District's resources and obligations at year-end, and provides a basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

The Statement of Revenues, Expenses, and Changes in Net Position, accounts for the revenues and expenses for the fiscal year, and provides information on how net position changed during the year. This statement measures the success of the District's operations in a format that can be used to determine if the District has recovered its costs through user fees and other charges.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities, and provides information on the source of cash receipts, what the cash was used for, and the total change in cash for the reporting period.

The notes to the financial statements provide required disclosures essential to an understanding of the financial statements. The notes present information about the District's accounting policies, significant account balances and activities, commitments, contingencies, and subsequent events, if any.

### Financial Analysis

The purpose of financial analysis is to help determine whether Gas Utility District No. 1 of East Baton Rouge Parish is better off as a result of the current year's activities. In this analysis, data from two of the basic financial statements, the Statement of Net Position, and the Statement of Revenues, Expenses, and Changes in Net Position, are presented below in condensed format. These statements report the net position, the difference between assets and liabilities, and the change in net position, which provides information for indicating the financial condition of the District.

#### Condensed Statement of Net Position As of June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Assets:				
Current Assets and Other Assets	\$ 6,283,926	\$ 5,993,907	\$ 290,019	5%
Capital Assets, Net	<u>2,856,014</u>	<u>2,712,286</u>	<u>143,728</u>	5%
Total Assets	<u>9,139,940</u>	<u>8,706,193</u>	<u>433,747</u>	5%
Liabilities:				
Current Liabilities	328,550	391,928	(63,378)	(16%)
Long-Term Liabilities	<u>183,345</u>	<u>182,091</u>	<u>1,254</u>	1%
Total Liabilities	<u>511,895</u>	<u>574,019</u>	<u>(62,124)</u>	(11%)
Net Position:				
Investment in Capital Assets	2,856,014	2,712,286	143,728	5%
Unrestricted	<u>5,772,031</u>	<u>5,419,888</u>	<u>352,143</u>	6%
Total Net Position	<u><u>\$ 8,628,045</u></u>	<u><u>\$ 8,132,174</u></u>	<u><u>\$ 495,871</u></u>	6%

Total net position (total assets less total liabilities) increased by \$495,871 for the fiscal year ending June 30, 2023.

**Condensed Statement of Revenues, Expenses and Changes in Net Position  
For the Years Ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Revenues:				
Operating Revenues	\$ 2,980,601	\$ 2,935,345	\$ 45,256	2%
Nonoperating Revenues	97,376	9,299	88,077	947%
Total Revenues	<u>3,077,977</u>	<u>2,944,644</u>	<u>133,333</u>	5%
Expenses:				
Depreciation	222,577	226,570	(3,993)	(2%)
Other Operating Expenses	2,359,529	2,397,293	(37,764)	(2%)
Total Expenses	<u>2,582,106</u>	<u>2,623,863</u>	<u>(41,757)</u>	(2%)
Change in Net Position	495,871	320,781	175,090	55%
Beginning Net Position	<u>8,132,174</u>	<u>7,811,393</u>	<u>320,781</u>	4%
Ending Net Position	<u>\$ 8,628,045</u>	<u>\$ 8,132,174</u>	<u>\$ 495,871</u>	6%

While the Statement of Net Position shows the change in financial position of net position, the Statement of Revenues, Expenses, and Changes in Net Position provides answers to the nature and scope of these changes. The above table shows an increase in net position of \$495,871 for the fiscal year ending June 30, 2023 as does the Condensed Statements of Net Position on the prior page.

The District's total revenues increased by \$133,333 in 2023 due to an increase in service charges of \$58,275 and an increase in interest income of \$88,077. The District's total expenses decreased by \$41,757. The majority of the decrease in expense is related to a decrease in gas purchases expense of \$107,807 due to the decrease in gas usage. Additionally, Salaries and Wage expenses increased by \$51,226 and employee benefits expense increased by \$37,950, while repairs and maintenance expense decreased by \$24,179. Various other expenses increased and decreased netting to an increase of \$1,053.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of the fiscal year ending June 30, 2023, Gas Utility District No. 1 of East Baton Rouge Parish had \$2,856,014 (net of accumulated depreciation) recorded in capital assets. The changes in capital assets are presented in the table below.



**Capital Assets**  
**For the Years Ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Capital Assets				
Land and Construction in Progress	\$ 22,900	\$ 22,900	\$ -	0%
Billing Software	50,830	50,830	-	0%
Buildings and Improvements	1,024,542	1,006,742	17,800	2%
Furniture and Fixtures	97,170	95,367	1,803	2%
Gas System	4,675,345	4,387,098	288,247	7%
Machinery and Equipment	894,185	892,154	2,031	0%
Vehicles	464,069	407,645	56,424	
Total Capital Assets	7,229,041	6,862,736	366,305	5%
Less: Accumulated Depreciation	(4,373,027)	(4,150,450)	(222,577)	5%
Net Capital Assets	<u>\$ 2,856,014</u>	<u>\$ 2,712,286</u>	<u>\$ 143,728</u>	5%

Capital Assets increased by \$143,728 net of accumulated depreciation, due mainly to additions to the gas system, the purchase of a new vehicle and building improvements during the current year.

**Long-Term Debt**

The District does not have any debt.

**Future Economic Plans**

The District continues to grow to match population increases and commercial growth in the District. With this continued growth, the District must develop plans not only to meet the needs of its existing citizens but must continually plan for the future. In this process the District must continually review its financial structure to ensure a continuity of services, while reviewing options for financing capital projects that meet health and environmental standards and encourage planned development.

**Requests for Information**

This financial report is designed to provide a general overview of Gas Utility District No. 1 of East Baton Rouge's finances and to demonstrate the District's accountability. If you have questions regarding this report or need additional information, contact Phyllis Sims, Office Manager, 10633 Greenwell Springs Port Hudson Road, Zachary, LA 70791, or (225) 654-4020.

## GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH

STATEMENT OF NET POSITION

AS OF JUNE 30, 2023

(With Comparative Totals for the Year Ended June 30, 2022)

	<u>2023</u>	<u>2022</u>
<b><u>Assets</u></b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 4,754,160	\$ 4,465,033
Investments	1,044,660	1,037,036
Receivables:		
Accounts (Net of Allowance for Uncollectible Accounts of \$36,223 and \$32,233 Respectively)	36,435	47,913
Unbilled Gas Sales	71,658	88,666
	<u>108,093</u>	<u>136,579</u>
Prepaid Insurance	59,444	52,393
Total Current Assets	<u>5,966,357</u>	<u>5,691,041</u>
<b>Non-Current Assets:</b>		
Restricted Assets:		
Cash and Cash Equivalents	317,499	302,796
Capital Assets:		
Land and Construction in Progress	22,900	22,900
Other Capital Assets (Net of Accumulated Depreciation)	2,833,114	2,689,386
Total Capital Assets	<u>2,856,014</u>	<u>2,712,286</u>
Deposits	70	70
Total Non-Current Assets	<u>3,173,583</u>	<u>3,015,152</u>
Total Assets	<u>9,139,940</u>	<u>8,706,193</u>
<b><u>Liabilities</u></b>		
<b>Current Liabilities:</b>		
Accounts Payable	18,254	84,011
Other Accrued Payables	671	608
Compensated Absences	51,449	49,567
Customer Deposits	258,176	257,742
Total Current Liabilities	<u>328,550</u>	<u>391,928</u>
<b>Noncurrent Liabilities:</b>		
Total OPEB Liability	147,517	147,522
Long-Term Compensated Absences	30,805	29,546
Unclaimed Bonds	5,023	5,023
Total Long-Term Liabilities	<u>183,345</u>	<u>182,091</u>
Total Liabilities	<u>511,895</u>	<u>574,019</u>
<b><u>Net Position</u></b>		
Investment in Capital Assets	2,856,014	2,712,286
Unrestricted	5,772,031	5,419,888
Total Net Position	<u>\$ 8,628,045</u>	<u>\$ 8,132,174</u>

The accompanying notes are an integral part of this statement.

## GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2023

(With Comparative Totals for the Year Ended June 30, 2022)

	2023	2022
<b>Operating Revenues:</b>		
Gas Sales	\$ 2,819,595	\$ 2,824,640
Service Charges	161,006	102,731
Other	-	7,974
Total Operating Revenues	<u>2,980,601</u>	<u>2,935,345</u>
<b>Operating Expenses:</b>		
Gas Purchases	741,670	849,477
Salaries and Wages	818,370	767,144
Employee Benefits	177,195	139,245
Employee Retirement	80,485	75,893
Bad Debts	4,000	1,270
Bank Charges	17,307	15,856
Depreciation Expense	222,577	226,570
Drug Testing	1,461	1,355
Dues	9,672	8,903
Employee Training and Seminars	5,915	2,752
Fuel	43,484	42,834
Gas Purchase Fee	17,552	19,314
Insurance	93,002	87,069
Janitorial and Trash	10,409	2,280
Legal and Professional	73,662	80,830
Meter Reading	49,084	47,699
Miscellaneous	2,952	5,874
Office Expense	8,746	7,730
One Call Concept	2,817	2,685
Payroll Taxes	78,966	74,208
Penalties and Interest Expense	297	-
Postage	43,159	39,808
Other Post Employment Benefits	(25,148)	-
Public Awareness	3,734	4,613
Rental of Equipment	2,624	3,383
Repairs and Maintenance	28,012	52,191
Small Tools	450	3,630
Security	264	264
Supplies	19,361	9,758
Telephone	29,266	32,229
Utilities	20,761	18,999
Total Operating Expenses	<u>2,582,106</u>	<u>2,623,863</u>
Operating Income	398,495	311,482
<b>Nonoperating Revenues (Expenses):</b>		
Interest Income	97,376	9,299
Total Nonoperating Revenues (Expenses)	<u>97,376</u>	<u>9,299</u>
<b>Change in Net Position</b>	495,871	320,781
<b>Net Position - Beginning of Year</b>	<u>8,132,174</u>	<u>7,811,393</u>
<b>Net Position - End of Year</b>	<u>\$ 8,628,045</u>	<u>\$ 8,132,174</u>

The accompanying notes are an integral part of this statement.

**GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023  
(With Comparative Totals for the Year Ended June 30, 2022)

	<u>2023</u>	<u>2022</u>
<b>Cash Flows From Operating Activities:</b>		
Cash Received from Customers	\$ 3,005,521	\$ 2,901,659
Cash Payments to Suppliers for Goods and Services	(1,298,469)	(1,303,338)
Cash Payments to Employees for Services and Benefits	<u>(1,126,669)</u>	<u>(1,071,210)</u>
Net Cash Provided by Operating Activities	580,383	527,111
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Acquisition and Construction of Capital Assets	<u>(366,305)</u>	<u>(532,350)</u>
Net Cash Used in Capital and Related Financing Activities	(366,305)	(532,350)
<b>Cash Flows From Investing Activities:</b>		
Purchase of Investments	(7,624)	(4,895)
Interest Income Received	<u>97,376</u>	<u>9,299</u>
Net Cash Provided by Investing Activities	<u>89,752</u>	<u>4,404</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	303,830	(835)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>4,767,829</u>	<u>4,768,664</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 5,071,659</u></u>	<u><u>\$ 4,767,829</u></u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:</b>		
Cash and Cash Equivalents, Unrestricted	\$ 4,754,160	\$ 4,465,033
Cash and Cash Equivalents, Restricted	<u>317,499</u>	<u>302,796</u>
Total Cash and Cash Equivalents	<u><u>\$ 5,071,659</u></u>	<u><u>\$ 4,767,829</u></u>

(CONTINUED)

**GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH**

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2023  
(With Comparative Totals for the Year Ended June 30, 2022)

	2023	2022
<b>Reconciliation of Operating Income to Net Cash</b>		
<b>Provided by Operating Activities:</b>		
Operating Income	\$ 398,495	\$ 311,482
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Depreciation	222,577	226,570
Provision for Bad Debt	4,000	1,270
OPEB Expense Adjustment	(5)	(25,143)
(Increase) Decrease in Accounts Receivable	7,478	(11,768)
(Increase) Decrease in Unbilled Receivable	17,008	(26,074)
(Increase) Decrease in Prepaid Insurance	(7,051)	(1,264)
Increase (Decrease) in Customer Deposits	434	-
Increase (Decrease) in Accounts Payable	(65,757)	37,459
Increase (Decrease) in Accrued Expenses	63	42
Increase (Decrease) in Compensated Absences	3,141	14,537
Net Cash Provided by Operating Activities	\$ 580,383	\$ 527,111

The accompanying notes are an integral part of this statement.

# **GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH**

## **NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2023

### **(1) Organization, Nature of Operations, and Summary of Significant Accounting Policies -**

#### **A. Organization and Nature of Operations**

The Gas Utility District No. 1 of East Baton Rouge Parish (hereinafter referred to as the "District") is a political subdivision of the State of Louisiana and a component unit of the East Baton Rouge Parish Government. The District was created by the East Baton Rouge Parish government on November 8, 1961, under the provision of R.S. 33:4301, and operates under a Board of Commissioners form of government. The commissioners are appointed for a term of five years, except to fill an unexpired term. There are nine commissioners, seven of which are appointed by the East Baton Rouge Parish Council, one by the Mayor of the City of Central and one by the Mayor of the City of Zachary. The District provides natural gas to homes and businesses in a defined area of East Baton Rouge Parish, Louisiana. The District serves approximately 3,800 customers and has approximately 12 employees.

#### **B. Financial Reporting Entity**

The East Baton Rouge Parish government is the financial reporting entity for East Baton Rouge Parish, Louisiana. The East Baton Rouge Parish Council appoints a voting majority of the District's governing body and can impose its will on the District. Accordingly, the District has been determined to be a component unit of the East Baton Rouge Parish government. The accompanying financial statements should be included in the reporting of the East Baton Rouge Parish Council either blended within the financial statements or separately reported as a discrete component unit.

The accompanying financial statements present information only on the activities and the fund maintained by the District and do not present information on the East Baton Rouge Parish government., the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity for the East Baton Rouge Parish, Louisiana.

The District has no entities or organizations that are required to be included in its financial report as defined by Governmental Accounting Standards Board (GASB) Statement 61.

#### **C. Measurement Focus and Basis of Accounting and Financial Statement Presentation**

These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units and promulgated by the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards. These statements establish standards for external financial reporting for all state and local governmental entities which , for the District, includes a statement of net position (or balance sheet), a statement of revenues, expenses, for the District, changes in net position and a statement of cash flows.

# **GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2023

The District's financial statements are prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred or economic asset used. The District follows the guidance included in GASB Statement No. 62 - *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB and AICPA Pronouncements*.

All activities of the District are accounted for in a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprise, where the intent of the governing authority is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

The term measurement focus denotes what is being measured and reported in the District's operating statement. Financial operations of the District are accounted for on the flow of economic resources measurement focus. With this measurement focus, all of the assets and liabilities, available to the District for the purpose of providing goods and services to the public, are included on the balance sheet. The statement of revenues, expenses and changes in net position includes all charges for services and costs of providing goods and services during the period.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are user charges for the services provided by the enterprise funds. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

### **D. Cash and Cash Equivalents and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the District's investment policy allow the District to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state-sponsored investment pool, and mutual funds consisting solely of government-backed securities.

**GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the District's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

E. Inventories

Purchases of various operating supplies are regarded as expenditures at the time purchased, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year.

F. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current calendar year are recorded as prepaid items. Prepaid items consist of prepaid insurance premiums at June 30, 2023.

G. Restricted Assets

Certain resources are set aside to reimburse customers their utility deposits upon discontinuance of service and the bond redemption fund.

H. Capital Assets

Capital assets of the District are recorded at historical cost. Donated assets are recorded at acquisition value. Depreciation of all exhaustible fixed assets is charged as an expense against operations.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Billing Software	5
Buildings and Improvements	25
Machinery and Equipment	5 to 12
Furniture and Fixtures	5 to 10
Vehicles	5
Gas Systems	15 to 40



# **GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2023

### **I. Compensated Absences**

The District has the following policy related to vacation and sick leave:

The District's policy on vacation allows the carryover of vacation hours if unused at December 31 each year. The number of vacation hours allowed to be carried over is determined by the length of service: one to four years of service can carryover forty hours, five to nine years of service can carryover eighty hours, ten to nineteen years of service can carryover one hundred twenty hours, and over twenty years of service can carryover one hundred sixty hours. Upon separation from employment, employees will be paid for unused vacation at their current rate of pay.

Sick leave is earned at the rate of one and 1/4 day for every month worked for employees hired before June 7, 1996. Employees hired on or after June 7, 1996 earn one day per month. Unused sick leave for employees hired before June 7, 1996 are allowed to accrue and vest to a maximum of 195 days. Employees hired on or after June 7, 1996 accumulate and vest to a maximum of 130 days. Upon separation from employment, any accumulated sick leave is forfeited.

In accordance with GASB Codification Section C60, the amount of unused vacation time at June 30, 2023 is accrued in the District's financial statements. No liability has been accrued for unused employee sick leave.

### **J. Net Position**

GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, as amended, requires classification of net position, the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, into three components, as described below:

- Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, or indebtedness attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at the end of the reporting period, the portion of the debt attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt should be included in the same net position component (restricted or unrestricted) as the unspent amount. This District does not have any capital related debt related or capital related deferred inflows of resources, and as such, the component is investment in capital assets in the current year.

## **GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH**

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023

- Restricted - This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. Net position should be reported as restricted when constraints placed on net position use are either: (a) Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) Imposed by law through constitutional provisions or enabling legislation.
- Unrestricted - This 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.

#### K. 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 and disclosure 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, and such differences may be material.

#### L. Summary Comparative Information for 2022 and Reclassifications

The financial statements are presented with certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Certain items in the 2022 columns have been reclassified to conform to the presentation in the current year financial statements. Such reclassification had no effect on the previous reported change in net position.

#### M. Subsequent Events

Management has evaluated subsequent events and transactions for potential recognition or disclosures in the financial statements through July 17, 2024, the date which the financial statements were available to be issued.

## GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023

#### (2) Cash and Cash Equivalents -

The following is a summary of deposits with financial institutions at June 30, 2023:

	Book Balance	Bank Balance
Cash on Hand	\$ 1,900	\$ -
Interest Bearing Demand Deposits	5,069,759	5,146,075
Total Cash and Cash Equivalents	<u>5,071,659</u>	<u>5,146,075</u>
Time Certificates of Deposit Held as Investments (See Note 3)	1,044,660	1,044,660
Total Deposits	<u>\$ 6,116,319</u>	<u>\$ 6,190,735</u>

Under state law the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, any other state in the union, or under the laws of the United States. Further, the District may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana. For reporting purposes, cash and cash equivalents cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash and cash equivalents are stated at cost, which approximates market.

**Custodial Credit Risk - Deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal policy for custodial credit risk. To mitigate this risk, state law requires for these deposits (or the resulting bank balances) to be secured by federal deposit insurance or the pledge of securities by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Even though the pledged securities may be considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand. The District does not have a formal policy for custodial credit risk.

At June 30, 2023, the District has \$5,146,075 in demand deposits (collected bank balances) for cash and cash equivalents, in one bank. \$250,000 of the demand deposits are secured from risk by \$250,000 of federal deposit insurance and the remaining \$4,826,075 of demand deposits are secured by pledged securities. The \$4,826,075 is exposed to custodial credit risk because while the amount is secured by pledged securities, such securities are held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). At June 30, 2023, the District also has \$1,044,660 in time certificates of deposits, in one bank held as investments (See also Note 3).

**GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023

\$250,000 of the time certificates of deposits are secured from risk by \$250,000 of federal deposit insurance and the remaining \$794,660 of demand deposits are secured by pledged securities. The \$794,660 is exposed to custodial credit risk because while the amount is secured by pledged securities, such securities are held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

**(3) Investments -**

As of June 30, 2023, the District had the following investments and maturities:

<u>Investment Type</u>	<u>Cost</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
Time Certificates of Deposit	<u>\$1,044,660</u>	<u>\$1,044,660</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The District's investments are carried at fair value, except nonparticipating investment contracts which are carried at cost. At June 30, 2023, all of the District's investments are in nonnegotiable certificates of deposits with original maturity dates over 90 days as listed above and in Note 2. In accordance with GASB Statement No. 31, investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates are reported using a cost-based measure. Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

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

**(4) Receivables -**

The following is a summary of receivables at June 30, 2023:

Accounts Receivable:	
Current	\$ 33,655
31-60 Days Past Due	2,780
Over 60 Days Past Due	<u>36,233</u>
Subtotal	72,668
Less: Allowance for Uncollectible Accounts	<u>(36,233)</u>
Net Accounts Receivable	<u>\$ 36,435</u>

## GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023

All customer receivables are reported at gross value and reduced by the portion that is expected to be uncollectible. The District established an allowance for uncollectible accounts based on past experience in customer collections. Periodically, the District reviews the aging of receivables and determines the actual amounts uncollectible. Per Board approval, uncollectible amounts are written off against accounts receivable, and the allowance for doubtful accounts is adjusted to a reasonable estimate of collectability. Bad debt expense totaled \$4,000 for the year ended June 30, 2023.

Estimated unbilled revenues (accrued billings) are recognized at the end of each fiscal year on a pro-rata basis. The estimated amount is based on billing during the month following the close of the year. At June 30, 2023, accrued amounts were \$71,658.

#### (5) Restricted Assets -

The following is a summary of restricted assets at June 30, 2023:

Restricted Cash and Cash Equivalents:	
Bond Redemption Fund	\$ 5,391
Customer Meter Deposits	<u>312,108</u>
Total Restricted Cash and Cash Equivalents	<u><u>\$ 317,499</u></u>

#### (6) Capital Assets -

A summary of changes in capital assets during the year ended June 30, 2023 is as follows:

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2023</u>
Capital Assets not being Depreciated:				
Land	\$ 22,900	\$ -	\$ -	\$ 22,900
Total Capital Assets not being Depreciated	22,900	-	-	22,900
Capital Assets being Depreciated:				
Billing Software	50,830	-	-	50,830
Buildings and Improvements	1,006,742	17,800	-	1,024,542
Furniture and Fixtures	95,367	1,803	-	97,170
Gas System	4,387,098	288,247	-	4,675,345
Machinery and Equipment	892,154	2,031	-	894,185
Vehicles	<u>407,645</u>	<u>56,424</u>	<u>-</u>	<u>464,069</u>
Total Capital Assets being Depreciated	6,839,836	366,305	-	7,206,141
Less Accumulated Depreciation	<u>4,150,450</u>	<u>222,577</u>	<u>-</u>	<u>4,373,027</u>
Total Capital Assets being Depreciated, Net	<u>2,689,386</u>	<u>143,728</u>	<u>-</u>	<u>2,833,114</u>
Total Capital Assets, Net	<u><u>\$ 2,712,286</u></u>	<u><u>\$ 143,728</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,856,014</u></u>

**GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023

Depreciation expense for the year ended June 30, 2023 was \$222,577.

**(7) Accounts Payable and Accrued Liabilities -**

The following is a summary of accounts payable and accrued liabilities at June 30, 2023:

Accounts Payable	\$ 18,254
Accrued Liabilities:	
Sales Tax	537
Other	134
Total Accrued Liabilities	<u>671</u>
Total Accounts Payable and Accrued Liabilities	<u><u>\$ 18,925</u></u>

**(8) Long-Term Liabilities -**

The following is a summary of the long-term obligation transactions for the year ended June 30, 2023:

	<u>Unclaimed Bond Funds</u>	<u>Compensated Absences</u>	<u>Post- Employment Benefits</u>	<u>Total</u>
Long-Term Liabilities - July 1, 2022	\$ 5,023	\$ 79,113	\$ 147,522	\$ 231,658
Additions	-	60,269	12,190	72,459
Deletions	-	<u>(57,128)</u>	<u>(12,195)</u>	<u>(69,323)</u>
Long-Term Liabilities - June 30, 2023	<u><u>\$ 5,023</u></u>	<u><u>\$ 82,254</u></u>	<u><u>\$ 147,517</u></u>	<u><u>\$ 234,794</u></u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term liabilities as of June 30, 2023:

	<u>Unclaimed Bond Funds</u>	<u>Compensated Absences</u>	<u>Post- Employment Benefits</u>	<u>Total</u>
Current Portion	\$ -	\$ 51,449	\$ -	\$ 51,449
Long-Term Portion	5,023	30,805	147,517	183,345
Total	<u><u>\$ 5,023</u></u>	<u><u>\$ 82,254</u></u>	<u><u>\$ 147,517</u></u>	<u><u>\$ 234,794</u></u>

# GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023

### Unclaimed Bonds

All outstanding bonds matured on June 1, 1987 and do not earn any interest from that date. At June 30, 2023, the balance remaining of unclaimed bonds is \$5,023.

### Compensated Absences

At June 30, 2023, employees of the District have accumulated and vested \$82,254 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.

### Post-Employment Benefits

The District follows the requirements of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* measured under the Alternate Measurement Method, for its defined benefit OPEB plan. This standard revised and establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. For defined benefit OPEB plans, GASB 75 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attributes that present value to periods of employee service.

**Plan Description** - The District's other postemployment benefit (OPEB) plan is a single-employer defined benefit OPEB plan administered by the District. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the District. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*. The Plan does not issue a financial report.

**Benefits Provided** - To be eligible for the plan, employees must have attained the age of 59.5 years and employees hired after January 23, 2006 are not eligible for retiree health coverage with the District. Only two employees qualify for the plan and the plan is closed to new entrants. The plan provides, until age 65, healthcare insurance for eligible retirees through an individual health insurance plan. Benefit provisions are established through negotiations between the District and the health insurance company and are renegotiated annually. Contribution requirements are directed by the Board of Directors. The District contributes 100% of the cost of the current year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute none of their premium costs.

**Employees Covered by Benefit Terms** - At June 30, 2023, the following employees were covered by the benefit terms:

**GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023

Inactive employees or beneficiaries currently receiving benefit payments	-
Inactive employees entitled to but not yet receiving benefit payments	-
Active Employees	<u>2</u>
	<u><u>2</u></u>

**Total OPEB Liability**

The District's total OPEB liability of \$147,517 was measured as of June 30, 2023 and was determined by an alternate measurement method valuation as of that date.

**Actuarial Assumptions and other inputs** -The total OPEB liability in the June 30, 2023 alternate measurement method valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%		
Salary increases	3.0%, including inflation		
Discount rate	4.13%		
Healthcare cost trend rates	2024 8.0%	2028 6.0%	
	2025 7.5%	2029 5.5%	
	2026 7.0%	2030 5.0%	
	2027 6.5%	2031+ 4.5%	

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index over the 52 weeks immediately preceding the applicable measurement dates.

Mortality rates were based on SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using scale MP-2021.

**Changes in the Total OPEB Liability**

Total OPEB Liability - Beginning of Year	\$ 147,522
Changes for the Year:	
Service cost	2,259
Interest	6,126
Difference between expected and actual experience	(12,195)
Changes in assumptions	<u>3,805</u>
Net changes	<u>(5)</u>
Total OPEB Liability - End of Year	<u><u>\$ 147,517</u></u>

**Benefit Changes** - There were no changes of benefit terms for the year ended June 30, 2023.



**GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023

**Changes of Assumptions** - The discount rate increased to 4.13% for June 30, 2023 from 4.09% for June 30, 2022.

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate** - The following presents the total OPEB liability of the District, as well what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	Changes in Discount Rate		
	1% Decrease	Discount Rate	1% Increase
	3.13%	4.13%	5.13%
Total OPEB Liability	\$ 151,687	\$ 147,517	\$ 143,454

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates** - The following presents the total OPEB liability of the District, as well a what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Changes in Healthcare Cost Trend Rates		
	1% Decrease	Rate	1% Increase
	7.00%	8.00%	9.00%
Total OPEB Liability	\$ 142,259	\$ 147,517	\$ 152,966

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2023, the District recognized an OPEB benefit of \$5. The District does not have any Deferred Outflows of Resource nor Deferred Inflows of Resources related to OPEB at June 30, 2023.

**(9) Retirement Plan -**

The District contributes to a Simplified Employee Pension Plan on behalf of its employees. Contributions equal 10% of the employee salary or wages. Employees are immediately vested. An employee is eligible to participate in the plan immediately upon employment. The plan is administered by a third party. Contribution expense for the year ended June 30, 2023 was \$80,485.

**(10) Risk Management -**

The District is exposed to various risks of loss related to theft, damage, or destruction of assets, torts, injuries, natural disasters, and many other unforeseeable events. The District purchases commercial insurance policies and bonds for any and all claims related to the aforementioned risks.

# **GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2023

The District's payment of the insurance policy deductible is the only liability associated with these policies and bonds. There have been no significant decreases in insurance coverage from the prior year, and the amount of settlements has not exceeded the insurance coverage for the past three fiscal years.

### **(11) Litigation -**

There is no outstanding litigation at June 30, 2023 for which the District would expect an unfavorable outcome.

### **(12) Current Accounting Pronouncements -**

The following statements of the Governmental Accounting Standards (GASB) are effective for years subsequent to the District's fiscal year 2023.

1. Statement No. 99 – *Omnibus 2022* – the portion that relates to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 (2024)
2. Statement No. 100 – *Accounting Changes and Error Corrections – an amendment of GASB No. 62 (2024)*
3. Statement No. 101 – *Compensated Absences (2024)*

Management is currently evaluating the effects of each of the new GASB pronouncements.

### **(13) Current Year Adoption of New Accounting Standards -**

The following statements of the Governmental Accounting Standards Board (GASB) are effective for the District's 2023 fiscal year. The District has adopted and implemented these statements in the preparation of the financial statements for the year ended December 31, 2023.

- During the year, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Agreements (SBITAs)*. This new accounting standard had no material effect on the District's financial statements.
- During the year the District also adopted GASB Statement No. 91, *Conduit Debt Obligations*, No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and the portion of No. 99 *Omnibus 2022* that relates to leases, PPP, and SBITAs. These statements had no material effect on the District's financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

## GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH

SCHEDULE OF CHANGES IN THE DISTRICT'S  
TOTAL OPEB LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED JUNE 30, 2023

<u>Total OPEB Liability</u>	2023	2022	2021	2020	2019	2018
Service Cost	\$ 2,259	\$ 4,737	\$ 4,165	\$ 4,222	\$ 3,792	\$ 3,845
Interest	6,126	3,885	4,401	6,585	6,718	5,960
Differences Between Expected and Actual Experience	(12,195)	(27,217)	-	(42,246)	3,085	(2,638)
Changes in Assumptions or Other Inputs	3,805	(6,548)	2,799	9,352	-	-
Net Change in Total OPEB Liability	(5)	(25,143)	11,365	(22,087)	13,595	7,167
Total OPEB Liability - Beginning	147,522	172,665	161,300	183,387	169,792	162,625
Total OPEB Liability - Ending	<u>\$ 147,517</u>	<u>\$ 147,522</u>	<u>\$ 172,665</u>	<u>\$ 161,300</u>	<u>\$ 183,387</u>	<u>\$ 169,792</u>
Covered-Employee Payroll	\$ 213,140	\$ 171,873	\$ 166,867	\$ 168,008	\$ 169,782	\$ 164,837
Total OPEB Liability as a Percentage of Covered-Employee Payroll	69.21%	85.83%	103.47%	96.01%	108.01%	103.01%
<b><u>Notes to Schedule</u></b>						
<i>Benefit Changes:</i>	None	None	None	None	None	None
<i>Changes of Assumptions:</i>						
<i>Discount Rate:</i>	4.13%	4.09%	2.19%	2.66%	3.51%	3.51%
<i>Mortality:</i>	MP-2021	MP-2021	MP-2021	RPH-2018	RPH-2018	RPH-2018
<i>Trend:</i>	Variable	Variable	Variable	Variable	Variable	Variable

There are no plan assets accumulated in a trust to pay OPEB benefits.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See independent auditor's report.

**OTHER SUPPLEMENTARY INFORMATION**

## GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH

SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS

FOR THE YEAR ENDED JUNE 30, 2023

<u>Name, Title, Contact Number</u>	<u>Address</u>	<u>Compensation Received</u>
Randy Lorio/President 225-806-0322	19665 Liberty Rd Pride, LA 70770	\$ -
Larry Powenski/Vice President 225-658-0322	26929 Hagen Dr. Slaughter, LA 70777	-
Danny Allen/ Treasurer 225-964-5619	29385 Greenwell Springs Rd Greenwell Springs, LA 70739	-
Todd McKey 225-270-5061	4584 Little Farms Dr, Zachary, LA 70791	-
Carroll Campbell 225-603-3609	13864 Brown Rd Central, LA 70714	-
Dianne Fletcher 225-931-8525	21363 W.J. Wicker Rd Zachary, LA 70791	-
Jeff Manchester 225-978-4193	21769 W. J. Wicker Rd Zachary, LA 70791	-
Lynn Peairs 225-921-3186	16666 Hubbs Road Pride, LA 70770	-
Nathan Lemoine 225-955-6333	10623 Ribbonwood Ave Baker, LA 70714	-
		<u>\$ -</u>

See independent auditor's report.

**GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH**  
**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS**  
**TO AGENCY HEAD**

FOR THE YEAR ENDED JUNE 30, 2023

Agency Head Name: Thomas Smith, Operations Manager

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 102,067
Benefits - Insurance	17,132
Benefits - Retirement	10,207
Employer Paid Payroll Taxes	7,808
	<u>\$ 137,214</u>

See independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON  
INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT  
OF THE COMPONENT UNIT FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*





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## INDEPENDENT AUDITOR'S REPORT

Board Members of  
Gas Utility District No. 1 of East Baton Rouge Parish  
Denham Springs, 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 East Baton Rouge Parish (the District), (a component unit of the East Baton Rouge Parish Government), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated July 17, 2024.

### ***Report on 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2023-01.

### **The District's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose; however, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

*Hannis T. Bourgeois, LLP*

Denham Springs, Louisiana  
July 17, 2024

**GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH**

**SCHEDULE OF FINDINGS AND RESPONSES**

FOR THE YEAR ENDED JUNE 30, 2023

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified?            Yes   x   No
- Significant deficiencies identified?            Yes   x   None Noted

Noncompliance material to financial statements noted?   x   Yes            No

B. Internal Control Over Financial Reporting

None.

C. Compliance and Other Matters

Finding 2023-01 Timely Filing of Audit Report

Criteria:

Louisiana Revised Statute 24:513 requires that an annual financial report or other type report be submitted to the Legislative Auditor within six months of the close of the fiscal/calendar year.

Condition:

This deadline was not met for the year ended June 30, 2023.

Cause:

In the past, the District was shorthanded due to illness, maternity leave, and retirement of their bookkeeper.

Effect:

The District is not in compliance with the above statute.

Recommendation:

We recommended that the District make every effort to comply with the applicable law.

Management's Response:

We will continue to make every effort to comply with this law by having alternate staff to cover for this position.

**GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

FOR THE YEAR ENDED JUNE 30, 2023

A. Internal Control Over Financial Reporting

None.

B. Compliance and Other Matters

Finding 2022-01 Timely filing of Audit Report

Criteria:

Louisiana Revised Statute 24:513 requires that an annual financial report or other type report be submitted to the Legislative Auditor within six months of the close of the fiscal/calendar year.

Condition:

This deadline was not met for the year ended June 30, 2022.

Cause:

During this time frame, the District was shorthanded due to illness, maternity leave, and retirement of their independent bookkeeper.

Effect:

The District was not in compliance with applicable laws.

Recommendation:

We recommended that the District make every effort to comply with the applicable law.

Management's Response:

We will continue to make every effort to comply with this law by having alternate staff to cover for this position.

Corrective Action:

This deadline was not met for the year ended June 30, 2023. See current year finding 2023-01.

**GAS UTILITY DISTRICT NO. 1 OF EAST**  
**BATON ROUGE PARISH**

**INDEPENDENT ACCOUNTANT'S REPORT**  
**ON APPLYING AGREED-UPON PROCEDURES**

**JUNE 30, 2023**



**HANNIS T.  
BOURGEOIS**

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Independent Accountant’s Report  
on Applying Agreed-Upon Procedures

Board Members of  
Gas Utility District No. 1  
of East Baton Rouge Parish  
Zachary, Louisiana  
And the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Gas Utility District No. 1 of East Baton Rouge Parish (the District) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA’s Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. The District’s management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA’s SAUPs for the fiscal period July 1, 2023 through June 30, 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 and associated exceptions are as follows:

***Written Policies and Procedures***

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1. 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:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.  
**Finding** – The District does have written policies and procedure on budgeting. However, it does not go into detail on the adoption and amending process such as time frames and percent changes requiring amendment.
  - b) ***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.**
  - c) ***Disbursements***, including processing, reviewing, and approving. – **No exceptions.**

- d) **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 exceptions.**
- e) **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(s) rate of pay or approval and maintenance of pay rate schedules.

**Finding** – The District has written policies and procedures for item (1) and (2). However, the District does not have a formal written policy for the (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

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

**Finding** – The District does have written policies and procedures for contracting; however, they do not specifically address items: (1) types of services requiring written contracts, (2) standard terms and conditions, and (3) legal review. Note: All expenses are required to go through the approval process for disbursements.

- g) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers. – **No exceptions.**

- h) **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 exceptions.**

- i) **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.

**Finding** – The District does have written policies and procedures related to ethics; however, they do not specifically address item: (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. However, they do require employees to take the annual ethics training.

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

**Finding** – The District does not have formal written policies related to debt. However, the District does not have any debt.

- k) **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.

**Finding** – The District does have a written emergency plan for operations of the district in the event of a disaster. However, the plan does not address items (1) through (6) above.

- 1) **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.

**Finding** – The District has written policies and procedures for item (1). However, the District does not have formal written policies for (2) annual employee training and (3) annual reporting.

### ***Board or Finance Committee***

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2. 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:
  - a) Observe that 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 exceptions.**
  - b) 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, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. – **No exceptions.**
  - c) 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. – **Note** - There was no negative net position noted in the prior year audit report.
  - d) 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 exceptions.**

### ***Bank Reconciliations***

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3. 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) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged); – **No exceptions.**
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and – **No exceptions.**
  - c) 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 exceptions.**

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

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4. 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). – **No exceptions.**



5. 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 (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, 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) Employees responsible for cash collections do not share cash drawers/registers. – **No exceptions.**
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit. – **No exceptions.**
  - c) Each employee responsible for collecting cash is not 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. – **No exceptions.**
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation. – **No exceptions.**
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period. – **No exceptions.**
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (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). *Alternately, 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:
  - a) Observe that receipts are sequentially pre-numbered. – **No exceptions.**
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip. – **No exceptions.**
  - c) Trace the deposit slip total to the actual deposit per the bank statement. – **No exceptions.**
  - d) Observe 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 exceptions.**
  - e) Trace the actual deposit per the bank statement to the general ledger. – **No exceptions.**

***Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

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8. 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). – **No exceptions.**
9. For each location selected under #8 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, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase. – **No exceptions.**
  - b) At least two employees are involved in processing and approving payments to vendors. – **No exceptions.**
  - c) 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. – **No exceptions.**
  - d) 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. – **No exceptions.**
  - e) 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 exceptions.**
10. For each location selected under #8 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: – **No exceptions.**
- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity. – **No exceptions.**
  - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable. – **No exceptions.**
11. Using the entity’s main operating account and the month selected in Bank Reconciliations procedure #3, 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 exceptions noted.**

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

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12. 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. – **No exceptions.**
13. 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:
- a) 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 exceptions.**

- b) Observe that finance charges and late fees were not assessed on the selected statements. –**No exceptions**
14. Using the monthly statements or combined statements selected under #12 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 (i.e., each card should have 10 transactions subject to testing). For each transaction, observe 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 note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny. – **No exceptions.**

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

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15. 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 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected: **Note** - For the fiscal period, the District did not have any travel reimbursements.
- a) If reimbursed using a per diem, observe 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)). – **N/A.**
- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased. – **N/A.**
- c) Observe 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 #1h. – **N/A.**
- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement. – **N/A.**

***Contracts***

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16. 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. *Alternately, 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:
- a) 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 exceptions.**
- b) 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 exceptions.**
- c) If the contract was amended (e.g., change order), observe 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, was approval documented). – **No exceptions.**

- d) 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 the invoice and related payment agreed to the terms and conditions of the contract. – **No exceptions.**

### ***Payroll and Personnel***

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17. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files. – **No exceptions.**
18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #17 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). – **No exceptions.**
  - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials. – **No exceptions.**
  - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records. – **No exceptions.**
  - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file. – **No exceptions.**
19. 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, 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 or officials' cumulative leave records, agree the pay rates to the employee or officials authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy. – **No exceptions.**
20. 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. – **No exceptions.**

### ***Ethics***

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21. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17 obtain ethics documentation from management, and:
- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and. – **No exceptions.**
  - b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable. – **Note** – There were no changes to the District's ethics policy during the fiscal period.
22. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170. – **No exceptions.**

### *Debt Service*

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23. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued. – **Note** – The District did not issue any bonds/notes or other debt instruments during the fiscal period.
24. 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). – **Note** – The District did not have any bonds/notes or other debt instruments outstanding during the fiscal period.

### *Fraud Notice*

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25. 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. – **Note** – There were no misappropriations of public funds or assets during the fiscal period.
26. Observe 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. – **No exceptions.**

### *Information Technology Disaster Recovery/Business Continuity*

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27. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe 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. – **We performed the procedure and discussed the results with management.**
  - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if 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. – **We performed the procedure and discussed the results with management.**
  - c) 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. – **We performed the procedure and discussed the results with management.**

28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network. - **No exceptions.**

### ***Prevention of Sexual Harassment***

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29. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17, 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.

**Finding** – None of the District’s employees/officials completed at least one hour of sexual harassment training during the calendar year.

30. Observe 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). – **No exceptions.**
31. 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 it includes the applicable requirements of R.S. 42:344:
- a) Number and percentage of public servants in the agency who have completed the training requirements;
  - b) Number of sexual harassment complaints received by the agency;
  - c) Number of complaints which resulted in a finding that sexual harassment occurred;.
  - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - e) Amount of time it took to resolve each complaint.

**Finding** - The District did not prepare an annual sexual harassment report for the fiscal period. However, the District indicated that they did not have any sexual harassment complaints during the fiscal period.

Management’s Response/Corrective Action to Exceptions -The District’s responses to the exceptions identified in our performance of the SAUPs are attached. The District’s responses were not subjected to any procedures applied in the SAUPs and, accordingly, we express no opinion or any assurance on them.

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. 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 the District 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 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.

Respectfully submitted,

*Hannis T. Bourgeois, LLP*

Denham Springs, Louisiana  
July 17, 2024



## *Gas Utility District No. 1 of East Baton Rouge Parish*

10633 Greenwell Springs Port Hudson Road  
Zachary, Louisiana 70791

RE: Response to exceptions from

### **Independent Accountants Report on Applying Agreed Upon Procedures:**

#### **Written Policies and Procedures**

##### **1. a.) Budgeting**

**Remedy:** The District will amend its policy in more detail on adopting, amending, time frames and percent changes according to best practices of LLA.

##### **e.) Payroll/Personnel**

**Remedy:** The District is in the process of revamping our policy and make sure 3. Is added in detail.

##### **f.) Contracting**

**Remedy:** The District will make sure our policy for 1., 2. 3. and 4. is written in more detail and added to our policy.

##### **i.) Ethics**

**Remedy:** The District will have 4. Added to our policy.

##### **j.) Debt Services**

**Remedy:** The District at this time has no debt. We will add a policy for 4. In case we incur any debt in the future.

##### **k.) Information Technology Disaster Recovery/Business Continuity**

**Remedy:** The District has 1-6 in place and we will add this to our policy.

##### **l.) Prevention of Sexual Harassment**

**Remedy:** The District did not have written policy for 2 and 3 in 2022-2023 audit. We have added a new Sexual Harassment Policy in 2023-2024 according to the LLA best practices.

#### **Sexual Harassment**

**29. Remedy:** The District did not have any employee's/officials that completed the 1-hour sexual harassment course in 22-23. The District implemented a new policy in 23-24. We did not have any sexual harassment complaints in the 22-23 year. In fact we have never had a sexual harassment complaint ever.

**31. Remedy:** The District did not do a report in 22-23 year. The District did implement a new policy in 23-24 year and also has done a report.

Sincerely,

Phyllis Sims

Office/HR Administrator