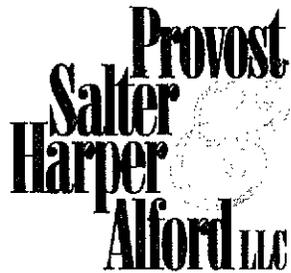


**WEST BATON ROUGE PARISH
PUBLIC UTILITY**

FINANCIAL REPORT

December 31, 2021 and 2020



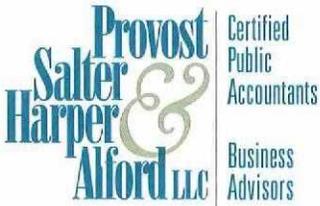
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WEST BATON ROUGE PARISH PUBLIC UTILITY

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December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

West Baton Rouge Parish Public Utility
Port Allen, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of West Baton Rouge Parish Public Utility, a component unit of the West Baton Rouge Parish Council, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise West Baton Rouge Parish Public Utility's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the West Baton Rouge Parish Public Utility as of December 31, 2021 and 2020, and the respective changes in its financial position and its cash flows for the years 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 West Baton Rouge Parish Public Utility 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

West Baton Rouge Parish Public Utility's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about West Baton Rouge Parish Public Utility's ability to continue as a going concern for one year after the date that the financial statements are issued.

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 West Baton Rouge Parish Public Utility'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 West Baton Rouge Parish Public Utility's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 8, the schedule of changes in net OPEB liability and related ratios (Schedule 1), schedule of employer's proportionate share of the net pension liability (Schedule 2) and the schedule of employer's pension contributions (Schedule 3), be presented to supplement the basic financial statements. Such information, is the responsibility of management and, 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 West Baton Rouge Parish Public Utility's basic financial statements. The schedules of changes in sewer revenue bond restricted funds (schedule 4) and per diem paid to board members (Schedule 5) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of compensation, benefits and other payments to chief executive (Schedule 6) is presented to comply with the requirements issued by the State of Louisiana and is not a required part of the basic financial statements.

Schedules 4, 5 and 6 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, the accompanying financial information listed as "other supplementary information" in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

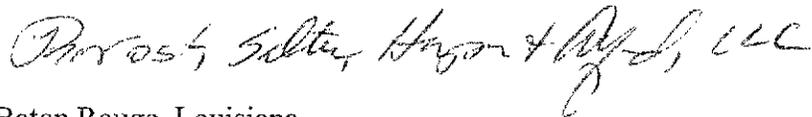
Other Information

The schedule of operating statistics (Schedule 7) has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express our opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2022 on our consideration of West Baton Rouge Parish Public Utility's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 West Baton Rouge Parish Public Utility's internal control over financial reporting and compliance.

PROVOST, SALTER, HARPER & ALFORD, LLC



Baton Rouge, Louisiana
June 30, 2022

West Baton Rouge Parish Public Utility
Management's Discussion and Analysis

December 31, 2021

The Management's Discussion and Analysis of the West Baton Rouge Parish Public Utility's (the Utility) financial performance presents a narrative overview and analysis of the Utility's financial activities for the year ended December 31, 2021. This document focuses on the current activities, resulting changes, and currently known facts in comparison with prior year's information. Please read this document in conjunction with the additional information contained in the Utility's financial statements, which begins on page 9.

FINANCIAL HIGHLIGHTS

The Utility's total net position decreased by \$168,198 or .4%
The operating revenues of the Utility increased by \$1,707,813 or 24.6%.
The operating expenses of the Utility increased \$1,048,574 or 13.5%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of four parts: Management's Discussion and Analysis, Basic Financial Statements, Required Supplementary Information, as may be applicable, and the Other Supplementary Information. Other than the MD&A, the Utility's required supplementary information includes the Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of Employer's Proportionate Share of Net Pension Liability and Schedule of Employer's Pension Contributions. These reports fulfill the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by the Governmental Accounting Standards Board in GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis-for State and Local Governments*.

BASIC FINANCIAL STATEMENTS

The basic financial statements present information about the Utility's activities and financial position, in a manner similar to private-sector businesses. The statements in this section include the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows and related notes to the financial statements.

The Statement of Net Position (Statement A) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net position and may provide a useful indicator of whether the financial position of the West Baton Rouge Parish Public Utility is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position (Statement B) presents information on how the Utility's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, transactions are included that will not affect cash until future fiscal periods.

West Baton Rouge Parish Public Utility

Management's Discussion and Analysis

December 31, 2021

The Statement of Cash Flows (Statement C) presents information on how the Utility's cash changed as a result of current operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

The following presents condensed financial information on the operations of the Utility:

	2021	2020	2019
Current assets	\$ 8,192,058	\$ 8,007,229	\$ 9,697,706
Restricted assets	1,246,809	1,166,298	1,068,004
Net pension Asset	518,299	-	-
Capital assets	38,129,706	39,021,910	35,883,599
Total assets	<u>48,086,872</u>	<u>48,195,437</u>	<u>46,649,309</u>
Deferred Outflows	1,893,255	1,265,608	2,021,508
Current liabilities	2,260,061	2,555,323	2,391,494
Noncurrent liabilities	6,422,493	5,827,512	7,391,892
Total liabilities	<u>8,682,554</u>	<u>8,382,835</u>	<u>9,783,386</u>
Deferred Inflows	1,624,717	1,237,156	137,609
Net investment in capital assets	37,487,555	38,367,210	35,216,884
Restricted for debt service	64,192	60,005	55,649
Unrestricted	2,121,109	1,413,839	3,477,289
Total net position	<u>\$ 39,672,856</u>	<u>\$ 39,841,054</u>	<u>\$ 38,749,822</u>
Operating revenues	\$ 8,658,807	\$ 6,950,994	\$ 7,419,252
Operating expenses	8,838,798	7,790,224	7,955,823
Operating income (loss)	<u>(179,991)</u>	<u>(839,230)</u>	<u>(536,571)</u>
Non-operating revenues (expenses)	11,793	41,765	147,162
Income (Loss) before contributions and transfers	(168,198)	(797,465)	(389,409)
Contributions and transfers	-	1,888,697	156,522
Change in net position	<u>\$ (168,198)</u>	<u>\$ 1,091,232</u>	<u>\$ (232,887)</u>

West Baton Rouge Parish Public Utility
Management's Discussion and Analysis

December 31, 2021

CAPITAL ASSETS AND DEBTS

Capital Assets

The Utility's investment in capital assets as of December 31, 2021, amounts to 38,129,706 (net of accumulated depreciation). This investment in capital assets includes land, right of ways, buildings and operating facilities, office furniture and equipment, and vehicles. The Utility's investment in capital assets for the current fiscal year decreased by 2.3%.

	2021	2020	2019
Land and improvements	\$ 240,250	\$ 240,250	\$ 240,250
Buildings and operating facilities	509,373	509,373	509,374
Natural gas system	5,961,154	5,883,909	5,697,454
Water system	29,217,243	28,328,665	21,480,466
Sewer system	24,609,664	24,609,664	24,244,115
Office, furniture and equipment	1,642,315	1,576,870	1,429,123
Vehicles	895,290	862,068	668,821
Construction in progress	87,522	496,964	3,686,234
	63,162,811	62,507,763	57,955,837
Less Accumulated Depreciation	25,033,105	23,485,853	22,072,238
	\$ 38,129,706	\$ 39,021,910	\$ 35,883,599

Additional information on the Utility's capital assets can be found in note 4 of the financial statements.

Debts

The Utility has not financed purchases or activities through external borrowing or incurring debt, during the current fiscal year. Obligations include the sewer system revenue bonds, compensated absences earned and accumulated by employees as well as a liability recorded for other postemployment benefits and pension liabilities, which are described in the notes to the financial statements.

**West Baton Rouge Parish Public Utility
Management's Discussion and Analysis**

December 31, 2021

CONTACTING THE UTILITY'S MANAGEMENT

This financial report is designed to provide a general overview of the Utility's finances and to demonstrate the Utility's accountability for the money it receives. If you have any questions about this report or need additional information, contact Adrian Genre, Director, West Baton Rouge Parish Public Utility. Mr. Genre can be reached by phone at (225) 490-8520.

WEST BATON ROUGE PARISH PUBLIC UTILITY*Statements of Net Position*

December 31, 2021 and 2020

ASSETS	2021	2020
Current Assets		
Cash and cash equivalents	\$ 3,296,415	\$ 3,506,617
Investments	3,124,044	3,105,047
Accounts receivable	1,762,092	1,378,879
Accrued interest receivable	1,780	8,324
Prepaid expenses	7,727	8,362
Total current assets	<u>8,192,058</u>	<u>8,007,229</u>
Restricted Assets		
Customers' Deposits	1,182,617	1,106,293
Revenue bond restricted funds	64,192	60,005
Total restricted assets	<u>1,246,809</u>	<u>1,166,298</u>
Noncurrent Assets		
Property and equipment, net of accumulated depreciation	38,129,706	39,021,910
Net pension asset	518,299	-
Total noncurrent assets	<u>38,648,005</u>	<u>39,021,910</u>
Total Assets	<u>48,086,872</u>	<u>48,195,437</u>
Deferred Outflow of Resources	1,893,255	1,265,608
Total Assets and deferred outflows of resources	<u>49,980,127</u>	<u>49,461,045</u>
LIABILITIES		
Current Liabilities - (Payable from Current Assets)		
Accounts payable	568,880	953,227
Accrued and withheld taxes and expenses	113,068	113,806
Payable to other systems and the Parish Council	267,841	254,881
Payable to the State of Louisiana	113,467	113,467
Total current liabilities (Payable from Current Assets)	<u>1,063,256</u>	<u>1,435,381</u>
Current Liabilities - (Payable from Restricted Assets)		
Meter Deposits	1,182,617	1,106,293
Current portion of Sewer Revenue Bond and accrued interest	14,188	13,649
Total current liabilities (Payable from Restricted Assets)	<u>1,196,805</u>	<u>1,119,942</u>
Noncurrent Liabilities		
Sewer Revenue Bond	629,040	642,150
Accumulated unpaid vacation	124,960	139,172
Other postemployment benefits	5,668,493	5,033,392
Net pension liability	-	12,798
Total noncurrent liabilities	<u>6,422,493</u>	<u>5,827,512</u>
Total Liabilities	<u>8,682,554</u>	<u>8,382,835</u>
Deferred Inflow of Resources	1,624,717	1,237,156
Total Liabilities and deferred inflow of resources	<u>10,307,271</u>	<u>9,619,991</u>
NET POSITION		
Invested in capital assets, net of related debt	37,487,555	38,367,210
Restricted for debt services	64,192	60,005
Unrestricted	2,121,109	1,413,839
Total net position	<u>\$ 39,672,856</u>	<u>\$ 39,841,054</u>

WEST BATON ROUGE PARISH PUBLIC UTILITY

Statements of Revenues, Expenses and Changes in Net Position

Years Ended December 31, 2021 and 2020

	2021	2020
Operating Revenues		
Gas Sales	\$ 4,048,356	\$ 2,948,988
Water Sales	3,278,640	2,839,255
Penalties	94,441	77,586
Extension and connection charges	260,975	162,203
Sewer income	757,535	750,298
Other income	124,060	153,214
Grant Income	94,800	19,450
Total operating revenues	8,658,807	6,950,994
Operating Expenses		
Gas purchases	2,504,800	1,403,716
Salaries and wages	1,998,776	2,062,918
Depreciation	1,547,252	1,413,618
Meter and system repairs and supplies	534,194	240,799
Sewer expenses	289,606	228,944
Bad debts	28,173	6,839
Cathodic protection	14,936	6,849
Equipment rental, repair and service contracts	303,229	400,828
Operator qualifications	9,654	11,750
Insurance - employee benefits	637,095	598,007
Insurance and surety bonds	131,529	130,242
Miscellaneous	21,268	23,165
Office supplies and postage	75,897	108,229
Payroll taxes	31,571	31,717
Professional services	116,957	78,829
Truck and travel	16,532	65,320
Telephone and Utilities	455,398	410,034
Retirement	72,225	250,230
Other post-employment benefits	49,706	318,190
Total operating expenses	8,838,798	7,790,224
Operating Income (Loss)	(179,991)	(839,230)
Non-Operating Revenues (Expenses)		
Interest on investments and savings	19,619	70,674
Gain (Loss) on disposal of assets	20,545	-
Interest expense	(28,371)	(28,909)
	11,793	41,765
Income (Loss) before contributions and transfers	(168,198)	(797,465)
Capital Contributions and Transfers	-	1,888,697
Change in Net Position	(168,198)	1,091,232
Total Net Position, Beginning	39,841,054	38,749,822
Total Net Position, Ending	\$ 39,672,856	\$ 39,841,054

WEST BATON ROUGE PARISH PUBLIC UTILITY**Statements of Cash Flows**

Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows From Operating Activities:		
Receipts from customers	\$ 7,980,410	\$ 6,645,587
Receipts from others	218,860	172,664
Payments to suppliers and providers	(5,728,845)	(3,836,385)
Payment to employees	(2,012,988)	(2,063,789)
Net Cash Provided By (Used In) Operating Activities	457,437	918,077
Cash Flows From Capital and Related Financing Activities		
Proceeds from sale of assets	20,545	-
Acquisition and construction of capital assets	(655,048)	(2,663,232)
Long-Term Debt Repaid	(11,931)	(11,584)
Interest Paid	(28,371)	(28,909)
Net Cash Provided By (Used In) Capital and Related Financing Activities	(674,805)	(2,703,725)
Cash Flows From Investing Activities		
Interest and dividends on investments	19,612	68,901
Increase in certificates of deposit	(12,446)	(39,557)
Net Cash Provided By (Used In) Investing Activities	7,166	29,344
Net Increase (Decrease) In Cash And Cash Equivalents	(210,202)	(1,756,304)
Cash and Cash Equivalents		
Beginning of year	3,506,617	5,262,921
End of year	\$ 3,296,415	\$ 3,506,617
Noncash Investing, Capital, and Financing Activities		
Interest charged to expense	\$ 28,371	\$ 28,909
Net assets contributed to the system	\$ -	\$ 1,888,697
Reconciliation of Operating Income to Net Cash Provided		
By Operating Activities:		
Operating income (loss)	\$ (179,991)	\$ (839,230)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	1,547,252	1,413,618
Increase (decrease) in assets:		
Accounts receivable	(463,724)	(137,099)
Prepaid expenses	635	14,308
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(384,347)	45,706
Other payables	74,946	98,926
Payable to other systems	12,960	18,148
Accumulated unpaid vacation	(14,212)	(871)
OPEB and pension liability	(136,082)	304,571
Net Cash Provided By (Used In) Operating Activities	\$ 457,437	\$ 918,077

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements

December 31, 2021

1. INTRODUCTION

The West Baton Rouge Parish Public Utility (Utility) is operated as a proprietary (enterprise) fund of the West Baton Rouge Council. The Utility operates a water system, natural gas system, and sewer system serving residences and businesses in parts of West Baton Rouge Parish. The Utility extends credit to its customers. Customers are required to make a cash deposit or provide other forms of collateral before service begins.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation. The Governmental Accounting Standards Utility (GASB) is the accepted standard setting body for establishing governmental accounting principles and reporting standards. The principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the GASB. The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

Reporting Entity. GASB Codification Section 2100 has defined the governmental reporting entity and component units that should be included within the reporting entity. The Utility is considered a component unit (enterprise fund) of the West Baton Rouge Parish Council because the Council ability to exercise oversight responsibility. The Utility has no component units. The accompanying financial statements present information only as to the transactions and the activities of the Utility.

Fund Accounting. All activities of the Utility are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Basis of Accounting. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statement. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The transactions of the Utility are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the Statement of Net Position.

The Utility uses the following practices in recording revenues and expenses:

Revenues

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2021

Expenses

Expenses are generally recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

Non-operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and/or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash, Cash Equivalents, and Investments. Cash and cash equivalents include petty cash, demand deposits, and certificates of deposit with original maturities of 90 days or less and are carried at cost which approximates market. U.S. treasuries and certificates of deposit with original maturities extending beyond 90 days are considered investments and are stated at fair market value.

Restricted Assets. Restricted assets include certain cash which are legally restricted as to their use. The restricted cash is held separately and restricted according to the applicable bond indenture agreements or held in trust for customer utility meter deposits.

Investments. State law and the Utility's investment policy allow the Utility to invest in collateralized certificates of deposit, government backed securities, state sponsored investment pool, and mutual funds consisting solely of government backed securities. Investments are reported at their fair value.

The Utility categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The three levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that the Utility has the ability to access.

Level 2 – Inputs including

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2021

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs that are unobservable and significant to fair value measurement

Capital Assets. Capital assets consist of utility plant, equipment, vehicles and buildings and are capitalized at historical costs. Donated capital assets are recorded at fair market value when donated. These assets, net of accumulated depreciation, are included on the Statement of Net Position. Depreciation for financial reporting purposes is computed by the straight-line method over the useful lives of the assets.

The useful lives are as follows:

Gas system	20-50 years
Water system	30-50 years
Sewer system	50 years
Utility equipment	5-10 years
Office equipment	5-10 years
Vehicles	4-6 years
Buildings	20 years

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

Compensated Absences. Full-time, permanent employees of the West Baton Rouge Parish Public Utility earn vacation leave and sick leave at various rates depending on the number of years of service. The West Baton Rouge Parish Public Utility's policy allows employees to accumulate unused sick leave on an unlimited basis and unused vacation leave up to 60 days. An employee is compensated for up to 60 days of unused vacation leave at the employee's hourly rate of pay at the time of termination. Upon an employee's retirement, sick leave, not to exceed 60 days, and vacation leave not to exceed 60 days shall be paid as severance pay. The liability for these compensated absences is recorded as long-term debt in the government-wide and proprietary financial statements. However, any matured compensated absences existing at year-end which are payable to currently terminating employees are reported in the governmental funds as wages and benefits payable and on the government-wide and proprietary financial statements as the current portion of compensated absences.

Estimates. The preparation of financial statements in conformity with generally accepted 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

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2021

amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Long-term Obligations. Long term obligations at December 31, 2021 and December 31, 2020, include the sewer revenue bond, compensated absences, other post-employment benefit obligations and pension liabilities.

Other Post Employment Benefit Obligations. The West Baton Rouge Parish Public Utility follows GASB Statement No. 75 “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.” This pronouncement requires the Utility to calculate and recognize other post-employment benefit obligations (OPEB) at December 31, 2021 and December 31, 2020. OPEB is, in general, the cumulative difference between the actuarial required contribution and the actual contributions. The West Baton Rouge Parish Public Utility makes annual contributions based upon council decisions.

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Parochial Employees Retirement System of Louisiana (PERS) and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows of Resources and Deferred Inflows of Resources. In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period and thus, will not be recognized as an outflow of resources (expenses/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Subsequent Events. In preparing these financial statements, the Utility has evaluated events and transactions for potential recognition or disclosure through June 30, 2022, which is the date the financial statements were available to be issued.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2021

2. Deposits and Investments

Deposits. At December 31, 2021 the Utility has deposits totaling \$4,542,040 (book balances) as follows:

Demand deposits	\$ 4,542,040
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These deposits are stated at cost, which approximates market. Under State law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance, or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. 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.

Custodial credit risk is the risk that in the event of a bank failure, the Utility's deposits may not be returned to it. The Utility does not have a deposit policy for custodial credit risk. At December 31, 2021, the Utility's bank balance of \$4,589,340 was not exposed to custodial credit risk.

The following table sets forth by level within the fair value hierarchy the Utility's certificate of deposit at estimated fair value as of December 31, 2021:

Type of Investment	Bank	Maturity Date	Category			Carrying Amount	Fair Value
			1	2	3		
CoD	Business First Bank	6/20/2022	\$ 3,124,044	\$ -	\$ -	\$ 3,124,044	\$ 3,124,044
			<u>\$ 3,124,044</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,124,044</u>	<u>\$ 3,124,044</u>

Investments. At December 31, 2021 the Utility had investments in certificates of deposit.

Concentration of Credit Risk. The concentration of credit risk is the risk of loss that may occur due to the amount of investments in a single issuer (not including investments issued or guaranteed by the U.S. government, investments in mutual funds, or external investment pools). The Parish's investment policy requires the investment portfolio to be diversified to eliminate the risk of loss of both principal and income resulting from the over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities.

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Utility will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered and are either held by the counterparty, or by the counterparty's trust department or agent, but not in the name of the Utility. Investments are limited by state law and the Parish investment policy. At December 31,

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2021

2021, the Utility's certificate of deposit balance of \$3,124,044 was not exposed to custodial credit risk.

Credit Risk. The credit risk of investments is the risk that the issuer or other counterparty will not meet its obligations. This credit risk is measured by the credit quality ratings of investments in debt securities as described by nationally recognized statistical rating organizations (rating agencies) such as Standard & Poor's (S & P) and Moody's.

As of December 31, 2021, all of the Utility's purchased investments were in Certificates of Deposit with local banks and are not risk rated.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. Also, investments can be highly sensitive to changes in interest rates due to their terms or characteristics.

The Utility may invest such monies it has in any general fund or special funds which the management of the Utility and Parish Council, in their discretion, may determine to be available for investment and which are not specifically exempted or prohibited from investment under existing state or federal statutes.

Reconciliation

In order to accurately compare the cash and investments shown on the combined balance sheet with carrying values of deposits and investments disclosed in the schedules above, the following is provided:

Captions in Note 2	
Petty Cash	\$ 1,184
Carrying value of bank deposits	4,542,040
Carrying value of investments	<u>3,124,044</u>
Total	<u>\$ 7,667,268</u>

Captions on combined balance sheet:	
Cash and cash equivalents	\$ 3,296,415
Investments	3,124,044
Restricted cash and cash equivalents	<u>1,246,809</u>
Total	<u>\$ 7,667,268</u>

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2021

3. Restricted Assets

Restricted assets consist of the checking accounts used to hold customers deposits and the funds required to be maintained under the terms of the Sewer Revenue Bond agreement.

The customers' deposits checking account is used to hold deposits made by customers to secure service from the West Baton Rouge Parish Public Utility. These funds can only be used to repay deposits to customers upon their termination of service.

The revenue bond restricted funds are accounts required to be maintained under the terms of the bond indenture of the outstanding Sewer Revenue Bonds Series 2010. They are as follows:

- A. The Revenue Bond Sinking Fund is to be used for paying principal and interest due on the Sewer Revenue Bond. Monthly deposits are required to be made into the account sufficient to pay principal and interest when due. Balances at December 31, 2021 and December 31, 2020 were \$20,222 and \$18,826, respectively.
- B. The Revenue Bond Reserve Fund is to be used solely for the purpose of paying the principal and interest on bonds payable from the Revenue Bond Sinking Fund which would otherwise be in default. Balances at December 31, 2021 and December 31, 2020 were \$21,986, and \$20,590, respectively. As of December 31, 2021 and December 31, 2020, this fund was adequately funded.
- C. The Depreciation and Contingency Fund is to be used to pay for any unforeseen repairs to the system. Balances at December 31, 2021 and December 31, 2020 were \$21,984, and \$20,589, respectively. As of December 31, 2021 and December 31, 2020, this was adequately funded.

These three accounts are shown on the balance sheet as Revenue Bond Restricted Funds. The three accounts totaled \$64,192 and \$60,005 at December 31, 2021 and December 31, 2020, respectively.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2021

4. Capital Assets

Utility capital assets consisted of the following:

	Balance 12/31/20	Additions	Deletions	Balance 12/31/21
Land and improvements	\$ 240,250	\$ -	\$ -	\$ 240,250
Buildings and operating facilities	509,373	-	-	509,373
Natural gas system	5,883,909	77,245	-	5,961,154
Water system	28,328,665	888,578	-	29,217,243
Sewer system	24,609,664	-	-	24,609,664
Office, furniture and equipment	1,576,870	65,445	-	1,642,315
Vehicles	862,068	33,222	-	895,290
Construction in progress	496,964	270,754	680,196	87,522
	62,507,763	1,335,244	680,196	63,162,811
Less Accumulated Depreciation	23,485,853	1,547,252	-	25,033,105
	\$39,021,910	\$ (212,008)	\$ 680,196	\$ 38,129,706

	Balance 12/31/19	Additions	Deletions	Balance 12/31/20
Land and improvements	\$ 240,250	\$ -	\$ -	\$ 240,250
Buildings and operating facilities	509,373	-	-	509,373
Natural gas system	5,697,455	186,454	-	5,883,909
Water system	21,480,466	6,848,199	-	28,328,665
Sewer system	24,244,115	365,549	-	24,609,664
Office, furniture and equipment	1,429,121	147,749	-	1,576,870
Vehicles	668,820	193,248	-	862,068
Construction in progress	3,686,234	3,752,037	6,941,307	496,964
	57,955,834	11,493,236	6,941,307	62,507,763
Less Accumulated Depreciation	22,072,235	1,413,618	-	23,485,853
	\$ 35,883,599	\$ 10,079,618	\$ 6,941,307	\$ 39,021,910

Cost includes sewer, gas, and water systems donated to the Parish valued at fair market value, which approximated original cost, on the date donated.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2021

5. Pension Plan

Plan Description

Substantially all employees of the Utility are members of the Parochial Employees Retirement System (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System was established and provided by R.S. 11:1901 of the Louisiana Revised Statute (LRS). The System is composed of two distinct plans, Plan A and Plan B, with separate assets, and separate benefit provisions. All employees of the Utility are members of Plan A.

Benefits Provided

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

1. Retirement Benefits

Any member of Plan A who was hired before January 1, 2007 can retire providing the member meets one of the following criteria:

1. Any age with thirty (30) or more years of creditable service.
2. Age 55 with a minimum of twenty-five (25) years of creditable service.
3. Age 60 with a minimum of ten (10) years of creditable service.
4. Age 65 with seven (7) years of creditable service.

Eligibility for Retirement for Plan A members hired on or after January 1, 2007 is as follows:

1. Age 55 with thirty (30) years of creditable service
2. Age 62 with ten (10) years of creditable service
3. Age 67 with seven (7) years of creditable service

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to three percent of the member's final average final compensation multiplied by his/her years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2021

2. Survivor Benefits

Upon death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and/or minor children as outlined in the statutes.

Any Plan A member who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit, as outlined in the statutes.

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

3. DROP Benefits

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement.

In lieu of terminating employment and accepting a service retirement, any member of Plan A or B who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable, but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account.

Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in the Deferred Retirement Option Plan (DROP) on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in DROP will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of DROP must agree that the benefits payable to the participant are not the obligations of the state or the System, and that any returns and other rights of DROP are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2021

4. Disability Benefits

For Plan A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to 3% of the member's final average compensation multiplied by his years of service, not to be less than 15, or three percent multiplied by years of service assuming continued service to age 60 for those members who are enrolled prior to January 1, 2007 and to age 62 for those members who are enrolled January 1, 2007 and later.

5. Cost of Living Increases

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements.

In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977 (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (RS 11:1937) Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

Contributions

According to state statute, contribution for all employers are actuarially determined each year. For the year ended December 31, 2020, the actuarial determined contribution rate was 11.11% of member's compensation for Plan A. However, the actual rate for the fiscal year ended December 31, 2020 was 12.25% for Plan A.

In accordance with state statute, the System receives $\frac{1}{4}$ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities recognized as revenue in the government-wide governmental activities statement of activities was \$24,851 for the year ended December 31, 2021.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2021

Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2021, the Utility reported an asset of \$518,299 for its proportionate share of the Net Pension Asset. The Net Pension Asset was measured as of December 31, 2020 and the total pension asset used to calculate the Net Pension Asset was determined by an actuarial valuation as of that date. The Utility's proportion of the Net Pension Asset was based on a projection of the Utility's projected contribution effort to the plan for the next fiscal year as compared to the total of all employers' projected contribution effort to the plan for the next fiscal year actuarially determined. At December 31, 2020, the Utility's proportion was .295594%, which was an increase of .023738% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the Utility recognized pension expense of \$72,284 which includes the employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$37,462.

At December 31, 2021, the Utility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 126,188	\$ (61,862)
Changes of assumptions	169,571	-
Net difference between projected and actual earnings on pension plan investments	-	(1,011,568)
Changes in proportion and differences between Utility contributions and proportionate share of contributions	37,462	-
Utility contributions subsequent to the measurement date	234,701	-
Total	<u>\$ 567,922</u>	<u>\$ (1,073,430)</u>

\$234,701 reported as deferred outflows of resources related to pensions resulting from Utility contributions subsequent to the measurement date will be recognized as an addition of the Net Pension Asset in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2021

Year ended December 31:	<u>PERS</u>
2022	\$ (190,762)
2023	(51,461)
2024	(303,050)
2025	(165,253)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2020, is as follows:

Valuation Date	December 31, 2020
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining	
Service Lives	4 years
Investment Rate of Return	6.40% net of investment expense, including inflation
Salary Increases	4.75%
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees
Mortality	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2021

Inflation Rate 2.30%

The discount rate used to measure the total pension asset was 6.40% for Plan A. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.00% for the year ended December 31, 2020.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2020 are summarized in the following table:

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2021

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Fixed income	33%	0.86%
Equity	51%	3.36%
Alternatives	14%	0.67%
Real assets	2%	0.11%
Totals	100%	5.00%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.00%

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2013 through December 31, 2017. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. As a result of this study, mortality for employees was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. In addition, mortality for annuitants and beneficiaries was set equal to the Pub-2010 Public Retirement plans Mortality Table for Healthy Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. For Disabled annuitants mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale.

Sensitivity of the Employer’s Proportionate Share of the Net Pension Asset to Changes in the Discount Rate

The following presents the Utility’s proportionate share of the Net Pension Asset using the discount rate of 6.40%, as well as what the Employer’s proportionate share of the Net Pension Asset would be if it were calculated using a discount rate that is one percentage-point lower (5.40%) or one percentage-point higher (7.40%) than the current rate:

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2021

	Changes in Discount Rate-Plan A		
	1% Decrease (5.40%)	Current Discount Rate (6.40%)	1% Increase (7.40%)
Utility's proportionate share of the net pension liability (asset)	\$ 1,086,721	\$ (518,299)	\$ (1,862,469)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS 2020 Comprehensive Annual Financial Report at www.persla.org, or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us.

Payables to the Pension Plan

Included in accrued expense liabilities is \$47,318 payable to the System which was remitted subsequent to December 31, 2021.

6. West Baton Rouge Parish Council

Garbage Billing Fees. The Utility bills and collects Garbage Fees for the West Baton Rouge Parish Council. The Utility is paid \$.33 per customer billing for providing this service. The Utility earned \$33,788 and \$34,010 for the years ended December 31, 2021 and 2020, respectively, for providing this service. The Utility owed the Council \$152,630 and \$150,611 for garbage fees collected and other amounts collected but not remitted to the Council at December 31, 2021 and 2020, respectively.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2021

7. Accounts Receivable

Accounts receivable at December 31, 2021 and 2020 was made up of the following:

	2021	2020
Customer Accounts:		
Billed	\$ 1,453,023	\$ 1,133,810
Unbilled	306,069	242,069
Total	1,759,092	1,375,879
Less allowance for doubtful accounts	(3,000)	(3,000)
Net	\$ 1,762,092	\$ 1,378,879

8. Other Income

Other income for the years ended December 31, 2021 and 2020 was composed of the following:

	2021	2020
Service charges	\$ 30,327	\$ 29,075
Charges to other entities	7,600	38,580
Garbage billing and service fees	33,788	34,010
Miscellaneous income	35,331	37,971
Bad debts recovery	7,514	3,647
Vendor's Compensation	-	431
Council payroll assistance	9,500	9,500
Total	\$ 124,060	\$ 153,214

9. Accumulated Unpaid Vacation

The Utility has the following policy relating to vacation:

- One week of vacation after six months of service
- Two weeks of vacation after one to five years of service.
- Three weeks of vacation after five to fifteen years of service.
- Four weeks of vacation after fifteen to twenty years of service.
- Five weeks of vacation after twenty or more years of service.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2021

Each employee accrues annual leave on January 1 of each year for that year. Employees can accumulate up to 360 hours of unused vacation.

During the year ended December 31, 2021, employees earned approximately \$102,048 of vacation pay and used approximately \$116,260. As of December 31, 2021 and 2020, employees of the Utility had accumulated and vested \$124,960 and \$139,172, respectively, of vacation benefits.

The Utility's sick leave policy does not provide for vesting of sick leave; therefore, there is no provision for accumulated sick leave on these statements.

10. Current Liabilities Payable from Restricted Assets

The following current liabilities were payable from restricted assets as of December 31, 2021 and 2020:

	2021	2020
Customer deposits	\$ 1,182,617	\$ 1,106,293
Revenue bond current maturity	13,111	12,550
Revenue bond accrued interest	1,077	1,099
	<u>\$ 1,196,805</u>	<u>\$ 1,119,942</u>

11. Payable to State of Louisiana

During the year ended November 30, 1990, the Public Utility was required by the Louisiana Department of Transportation to relocate some gas and water lines located on highway right-of-ways, to allow for widening of those highways. The Public Utility received \$197,900 from the Louisiana Department of Transportation (DOTD) during the year ended November 30, 1992. Of this amount, \$113,467 was a loan from DOTD and is shown as a current liability of the Balance Sheet and \$84,433 was a grant from DOTD.

12. Post-Employment Health Care and Life Insurance Benefits

Plan Description – The Utility's OPEB Plan is a single-employer defined benefit plan. The OPEB plan does not issue a stand-alone financial report. The Utility provides certain continuing health care and life insurance benefits for its retired and retirement-eligible employees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. All retirees age 65 or older that have Part A and Part B of Medicare must go on the Humana 65 Plan.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2021

Additionally, an HSA is also offered to all participants in the HDHP. The Utility pays 100% of the premiums for all retirees. The Utility also contributes to the participants that utilize the HSA as follows:

Family	\$800 Annually
Two-party	\$800 Annually
Single	\$400 Annually

Additionally, the Utility pays 50% for a life insurance policy for all retired employees who wish to participate. Eligible retirees are provided a basic life insurance benefit with a policy amount of \$25,000. The amount decreases to \$5,000 at age 65, then to \$1,000 at age 70. A fully insured dental benefit is available with the retiree paying 100% of the contribution for elected coverage. All active employees who retire directly from the Utility and meet the eligibility criteria may participate.

Employees covered by benefit terms – At December 31, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	25
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	34
Total	<u>59</u>

Total OPEB Liability

The Utility's total OPEB liability of \$5,668,493 was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date. At December 31, 2021 measurement date, the Utility's proportion was 20.23%, which was a decrease of 0.29% from the proportion at the December 31, 2020 measurement date.

Actuarial Assumptions and other inputs – The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless other specified:

Inflation	2.5%
Salary increases	3.5%
Discount rate	2.06% (-0.44% real rate of return plus 2.5% inflation)
Healthcare cost trend rates	Level 4.5%
Actuarial cost method	Individual Entry Age Normal Cost Method - Level Percentage of projected Salary

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2021

The discount rate was based on the recently published Bond Buyer GO-20 bond index. Mortality rates were based on the RPH-2014 Total Table with Projection MP-2021.

The actuarial assumptions used in the December 31, 2021 valuation was based on those used in the Parochial Employees Retirement System of Louisiana valuation and actuarial experience.

Balance at December 31, 2020	\$ 5,033,392
Changes for the year	
Service cost	176,019
Interest	107,400
Differences between expected and actual experience	568,706
Changes in assumptions	69,718
Benefit payments and net transfers	(286,742)
Net Changes	635,101
Balance at December 31, 2021	\$ 5,668,493

Sensitivity of the total OPEB liability to changes in the discount rate – The following present the total OPEB liability of the Utility, as well as what the Utility’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.12%) or 1-percentage-point higher (3.12%) than the current discount rate:

	1.0% Decrease (1.06%)	Current Discount Rate (2.06%)	1.0% Increase (3.06%)
Total OPEB Liability	\$ 6,716,885	\$ 5,668,493	\$ 4,840,169

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the Utility, as well as what the Utility’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.50%) or 1-percentage-point higher (5.50%) than the current healthcare trend rates:

	1.0% Decrease (3.50%)	Current Trend (4.50%)	1.0% Increase (5.50%)
Total OPEB Liability	\$ 4,720,119	\$ 5,668,493	\$ 6,937,122

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2021

OPEB Expense

For the year ended December 31, 2021, the Utility recognized OPEB expense of \$49,706. At December 31, 2021, Utility reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 499,352	(161,090)
Changes in assumptions	753,691	(266,880)
Changes in proportion	72,290	(123,317)
Total	\$ 1,325,333	\$ (551,287)

Amounts we reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:	
2022	\$ 135,359
2023	135,359
2024	135,359
2025	135,359
2026	132,771
Thereafter	99,839
	<u>\$ 774,046</u>

COBRA Benefits. Under the Consolidated Budget Reconciliation Act (COBRA), the Public Utility provides health insurance benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premiums are to be paid in full by the insured. This program is offered for a duration of 18 months after the termination date. There is no associated cost to the Public Utility under this program. There were no participants in the program as of December 31, 2021 or 2020.

13. Related Party Transactions

In addition to the transactions discussed in Note 6 to these financial statements the Utility had dealings with and collected sewer user fees for two municipalities in West Baton Rouge Parish.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2021

The Public Utility collected sewer user fees for the Town of Addis in 2021 and 2020. At December 31, 2021 and 2020, the Public Utility owed the Town of Addis, \$92,109 and \$79,416, respectively.

The Public Utility collected sewer user fees for the Town of Brusly in 2021 and 2020. At December 31, 2021 and 2020, the Public Utility owed the Town of Brusly \$22,158 and \$23,202, respectively.

14. Major Customers and Credit Concentrations

The West Baton Rouge Parish Public Utility has a few customers who provide significant amounts of its revenue and compose a significant amount of its accounts receivable balances as follows:

	Water Sales 2021	Water Sales 2020	Accounts Receivable 2021	Accounts Receivable 2020
Customer A	17.5%	16.5%	3.0%	6.0%
	Gas Sales 2021	Gas Sales 2020	Accounts Receivable 2021	Accounts Receivable 2020
Customer B	12.7%	14.1%	3.5%	6.3%

Accounts receivable are subject to a concentration of credit risk because of the limited area served by the Utility.

15. Deferred Compensation Plan

Certain employees of the Utility participate in the Louisiana Public Employees Deferred Compensation Plan adopted under the provisions of the Internal Revenue Code Section 457. Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397. The Utility does not contribute to the plan.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2021

16. Capital Contributions and Transfers

Capital contributions and transfers for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
From the Parish Council:		
Water improvements	\$ -	\$ 1,850,000
From developers:		
Gas, Water & Sewer system improvements	-	38,697
	<u>\$ -</u>	<u>\$ 1,888,697</u>

17. Litigation and Claims

There was no pending litigation at December 31, 2021.

18. Sewer Revenue Bond

During 2008, the West Baton Rouge Parish Council issued "Sewer System Revenue Bond, Series 2010". The Bond was purchased by the U.S. Department of Agriculture. The total proceeds of the bond issue of \$765,000 were used by the Parish Council to make sewer system improvements. During 2010, the Sewer System was completed, and the Parish Council transferred the completed improvements to the Public Utility.

The Sewer Revenue Bond payable at December 31, 2021 and 2020 consisted of the following:

	2021	2020
\$765,000 Sewer Revenue Bond Series 2010 dated June, 2010, interest at 4.375%. Monthly payments of \$3,412. Principal and interest to be paid from the income derived from providing sewer service.	\$ 642,150	\$ 654,700
Less current portion	13,110	12,550
Long term portion	<u>\$ 629,040</u>	<u>\$ 642,150</u>

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2021

The annual requirements to amortize the revenue bond payable as of December 31, 2021, are as follows:

Year ending December 31,	Principal	Interest	Total
2022	\$ 13,111	\$ 27,832	\$ 40,943
2023	13,696	27,247	40,943
2024	14,231	26,712	40,943
2025	14,942	26,000	40,942
2026	15,609	25,333	40,942
2027	16,306	24,637	40,943
2028-2033	114,165	131,492	245,657
2034-2039	148,456	97,201	245,657
2040-2045	192,916	52,741	245,657
2046-2048	98,718	5,795	104,513
Totals	\$ 642,150	\$ 444,990	\$ 1,087,140

19. Reclassifications

Certain items have been reclassified from the prior year for comparative purposes. These classifications affect neither net assets nor the change in net assets of the West Baton Rouge Parish Public Utility.

20. New Accounting Pronouncements Not Yet Implemented

In June 2017, GASB has issued Statement No. 87 "Leases". This Statement is effective for fiscal years beginning subsequent of December 15, 2019. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provision of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB issued Statement No. 95 "Postponement of the Effective Dates of Certain Authoritative Guidance" which has deferred the effective date of Statement No. 87 Implementation Guide No. 2019-03 by 18 months to fiscal years beginning after June 15, 2021. The Utility plans to adopt this Update as applicable by the effective date.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2021

GASB Statement 96, Subscription-Based Information Technology Arrangements: This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangement for government end users. This Statement is effective for fiscal years beginning after June 15, 2022.

Management is currently assessing the impact that the implementation of these pronouncements will have on the basic financial statements, if any.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Required Supplementary Information

December 31, 2021

WEST BATON ROUGE PARISH PUBLIC UTILITY**Schedule of Changes in Net OPEB
Liability and Related Ratios**

Year Ended December 31, 2021

	2018	2019	2020	2021
Total OPEB liability				
Service cost	\$ 104,303	\$ 108,580	\$ 169,785	\$ 176,019
Interest cost	172,950	176,906	150,531	107,400
Changes of benefit terms	-	-	-	-
Difference of expected and actual experience	-	(76,077)	(150,620)	568,706
Changes in assumptions	-	1,109,625	(353,812)	69,718
Benefit payments	(180,834)	(189,286)	(213,073)	(286,742)
Net change in total OPEB liability	96,419	1,129,748	(397,189)	635,101
Total OPEB liability, beginning	4,204,414	4,300,833	5,430,581	5,033,392
Total OPEB liability, ending	<u>\$ 4,300,833</u>	<u>\$ 5,430,581</u>	<u>\$ 5,033,392</u>	<u>\$ 5,668,493</u>
Covered-employee payroll	1,723,055	1,848,560	2,063,788	2,024,460
Net OPEB liability as a percentage of covered-employee payroll	249.61%	293.77%	243.89%	280.00%

Notes to Schedule*Changes of Benefit Terms* None*Changes of Assumptions* Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2018	4.10%
2019	4.10%
2020	2.12%
2021	2.06%

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

WEST BATON ROUGE PARISH PUBLIC UTILITY

Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset)

Year Ended December 31, 2021

Fiscal Year*	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered-Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a % of its Covered-Employee Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability (Asset)
2021	0.2956%	\$ (518,299)	\$ 1,974,287	-26.25%	88.86%
2020	0.2719%	\$ 12,798	\$ 1,723,772	0.74%	99.89%
2019	0.2628%	\$ 1,166,485	\$ 1,723,772	67.67%	88.86%
2018	0.2643%	\$ (196,174)	\$ 1,615,700	-12.14%	101.98%
2017	0.0270%	\$ 556,559	\$ 1,626,791	34.21%	94.15%
2016	0.0265%	\$ 696,464	\$ 1,723,594	40.41%	92.23%
2015	0.2185%	\$ 59,731	\$ 1,517,028	3.94%	99.15%

PERS:

The schedule is intended to report information for 10 years. Additional years will be displayed as they become available.

* The amounts presented have a measurement date of December 31 of the previous fiscal year-end.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Schedule of Employer's Pension Contributions

Year Ended December 31, 2021

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
<u>PERS</u>					
2021	\$ 234,701	\$ 234,701	\$ -	\$ 1,915,924	12.25%
2020	\$ 241,850	\$ 241,850	\$ -	\$ 1,974,287	12.25%
2019	\$ 198,234	\$ 198,234	\$ -	\$ 1,723,772	11.50%
2018	\$ 185,806	\$ 185,806	\$ -	\$ 1,615,700	11.50%
2017	\$ 203,349	\$ 203,349	\$ -	\$ 1,626,791	12.50%
2016	\$ 225,881	\$ 225,881	\$ -	\$ 1,723,594	13.11%
2015	\$ 220,511	\$ 220,511	\$ -	\$ 1,517,027	14.54%

The schedule is intended to report information for 10 years. Additional years will be displayed as they become available.

WEST BATON ROUGE PARISH PUBLIC UTILITY

*Notes to Required Supplementary Schedule
of Employer's Proportionate Share of the Net Pension
Liability and Schedule of Employer's Pension Contributions*

December 31, 2021

PERS

Changes of Benefit Terms

- There were no changes in benefit terms for the year ended December 31, 2021.

Changes of Assumptions

- The investment rate of return and inflation rate decreased 0.10% from the previous valuation.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Other Information

December 31, 2021

WEST BATON ROUGE PARISH PUBLIC UTILITY***Schedule of Changes in Sewer Revenue
Bond Restricted Funds******Years Ended December 31, 2021 and 2020***

	2021	2020
Beginning balance	\$ 60,005	\$ 55,649
Additions		
Transfer from Revenue account	45,129	45,299
Total Cash Available	<u>105,134</u>	<u>100,948</u>
Disbursements		
Bond Principal paid	12,550	12,014
Bond Interest paid	28,392	28,929
Total Disbursements	<u>40,942</u>	<u>40,943</u>
Balance, Ending	<u>\$ 64,192</u>	<u>\$ 60,005</u>

The restricted cash account was adequately funded as of December 31, 2021 and 2020.

Interest earned on restricted cash is not required to be restricted.

WEST BATON ROUGE PARISH PUBLIC UTILITY*Schedule of Per Diem Paid to Board Members**Year Ended December 31, 2021*

				Amount
Compensation for the year ended December 31, 2021:				
Roger Alan Crowe	8621 Section Road, Port Allen, LA	225-627-6438	\$	14,400
Kirk Allain, Chairperson	3113 River Landing Dr., Addis, LA 70710	225-303-7192		15,600
Kenneth Gordon	1151 Oregon Ave, Port Allen, LA 70767	225-324-3904		14,400
Caleb Kleinpeter	3699 Emily Drive, Port Allen, LA 70767	225-223-5322		14,400
Carey Denstel	41111 Roseland Drive Port Allen 70767	225-505-3071		14,400
Gary Joseph	1416 Avenue B Port Allen, LA 70767	225-223-0919		14,400
Chris Kershaw	PO Box 1234, Brusly, LA 70719	225-620-3474		14,400
Atley Walker	3711 Lukeville Ln. Brusly, LA 70719	225-324-7139		14,400
Craig Bergeron	12162 Margaret Lane, Port Allen 70767	225-938-2834		14,400
				\$ 130,800

Council members receive \$1,200 per month and the chairperson receives \$1,300 per month. The Council is paid by the West Baton Rouge Parish Council. The Council is audited by other auditors.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Schedule of Compensation Paid to Chief Executive

Year Ended December 31, 2021

Compensation paid to the West Baton Parish Public
Utility Director:

	<u>Adrian Genre</u>
Salary	\$ 91,959
Benefits-Insurance	8,492
Benefits-Retirement	11,251
Vehicle allowance	<u>4,800</u>
Total compensation	<u>\$ 116,502</u>

WEST BATON ROUGE PARISH PUBLIC UTILITY**Operating Statistics****Years Ended December 31, 2021 and 2020**

	2021	2020
Sewer		
Residential customers	1,647	1,642
Commercial customers	148	148
Total	<u>1,795</u>	<u>1,790</u>
Natural Gas		
Customers	5,792	5,693
Sales	\$ 4,048,356	\$ 2,948,988
Purchases	<u>2,504,800</u>	<u>1,403,716</u>
Gross Profit on sales	<u>\$ 1,543,556</u>	<u>\$ 1,545,272</u>
MCF's of gas sold	587,294	557,517
MCF's of gas loss	581	2,752
MCF's of gas purchased	<u>601,903</u>	<u>546,577</u>
MCF's of gain (loss)	(14,028)	13,692
Percent of gain (loss)	-2.33%	2.51%
Total number of customer billings	68,947	66,949
Average number of customers billed per month	5,746	5,579
Average monthly revenue per customer	\$ 58.72	\$ 44.05
Average revenue per MCF billed	\$ 6.89	\$ 5.29

WEST BATON ROUGE PARISH PUBLIC UTILITY

Operating Statistics, continued

Years Ended December 31, 2021 and 2020

	2021			Total 2021
	Placid	Chemical Plants	Others	
Water				
Sales	\$ 572,044	\$ 321,116	\$ 2,385,194	\$ 3,278,354
M gallons sold	762,726	267,619	1,079,485	2,109,830
Total number of customer billings	12	38	106,958	107,008
Average number of customers billed per month	1	3	8,913	8,917
Average monthly revenue per customer	\$ 47,670	\$ 8,450	\$ 22.30	\$ 30.64
Average revenue per M gallons	\$ 0.75	\$ 1.20	\$ 2.21	\$ 1.55
	2020			Total 2020
	Placid	Chemical Plants	Others	
Sales	\$ 469,451	\$ 204,895	\$ 2,164,629	\$ 2,838,975
M gallons sold	782,417	341,232	1,064,084	2,187,733
Total number of customer billings	12	41	103,430	103,483
Average number of customers billed per month	1	3	8,619	8,624
Average monthly revenue per customer	\$ 39,121	\$ 4,997	\$ 20.93	\$ 27.43
Average revenue per M gallons	\$ 0.60	\$ 0.60	\$ 2.03	\$ 1.30

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

West Baton Rouge Parish Public Utility
Port Allen, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of business type activities of West Baton Rouge Parish Public Utility, a component unit of the Parish of West Baton Rouge, Louisiana, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the West Baton Rouge Parish Public Utility's basic financial statements, and have issued our report thereon dated June 30, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered West Baton Rouge Parish Public Utility's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the West Baton Rouge Parish Public Utility's internal control. Accordingly, we do not express an opinion on the effectiveness of the West Baton Rouge Parish Public Utility's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2021-001, 2021-002, and 2021-003 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Baton Rouge Parish Public Utility's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and responses as item 2021-004.

West Baton Rouge Parish Public Utility's Response to Findings

West Baton Rouge Parish Public Utility's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. West Baton Rouge Parish Public Utility's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

PROVOST, SALTER, HARPER & ALFORD, LLC



Baton Rouge, Louisiana
June 30, 2022

WEST BATON ROUGE PARISH PUBLIC UTILITY

Schedule of Findings and Responses

December 31, 2021

Section I- Internal Control Findings

Item 2021-001 Financial statements are required to be prepared in accordance with generally accepted accounting principles.

Criteria. Management is responsible for the preparation of financial statements in accordance with generally accepted accounting principles.

Condition. The West Baton Rouge Parish Public Utility does not have controls in place to prepare financial statements in accordance with generally accepted accounting principles.

Cause. The West Baton Rouge Parish Public Utility does not obtain the necessary continuing education required to be knowledgeable of new standards nor do they subscribe to any service to ensure a current library necessary to prepare financial statements in accordance with generally accepted accounting principles.

Potential Effect. Material misstatements in the financial statements could go undetected.

Recommendation. Management should continue to evaluate the cost and related benefit to obtain the necessary training and resources to prepare financial statements in accordance with generally accepted accounting principles.

Management's response. The Utility believes that its staff is fully competent to perform their assigned duties, encourages accounting personnel to attend continuing education courses to be knowledgeable of standards impacting the organization, however has determined it is most cost effective to request that the auditor assist with preparing adjustments necessary for the financial statements to be presented in accordance with generally accepted accounting principles. We will continue to monitor this issued on an annual basis.

WEST BATON ROUGE PARISH PUBLIC UTILITY*Schedule of Findings and Responses*

December 31, 2021

Item 2021-002 Accounting for inactive accounts receivable and bad debts.

Criteria. Management is responsible for the assessing delinquent accounts receivable and accounting for uncollectable accounts in a timely manner.

Condition. The West Baton Rouge Parish Public Utility has good controls in place to designate accounts that have become delinquent, or the customer has provided notice of leaving, as inactive. The normal sequence of events is, if the customer's cancels his account, the outstanding balance will be settled and, if requested their deposits returned or transferred. If the customer does not request their deposit the deposit and any outstanding balances remain in place. Similarly, if a customer's account becomes delinquent, it is marked as inactive and monitored, however once it is determined the account is uncollectable, the outstanding balance and deposit remain in place. Management does isolate these amounts each year to adjust the financial statements but has not adjusted its subsidiary records, accounts receivable and meter deposits accordingly.

Cause. The West Baton Rouge Parish Public Utility has converted accounting systems and has been negotiating with the software's technical support on the best process to address old accounts and the procedures to be implemented on an ongoing process but has not reached an amicable solution.

Potential Effect. West Baton Rouge Parish Utility's subsidiary schedule for accounts receivable and meter deposits are inconsistent with the respective general ledger accounts, making the reconciliation process difficult to perform in a timely manner, thus increasing the likelihood that error could occur and not be detected in a timely manner.

Recommendation. Management should prioritize getting this resolved so that monthly reconciliations of accounts receivable and meter deposits and be performed on a timely basis.

Management's response. Management recognizes the need to address the outstanding meter deposit balance and we are actively working with our new software provider in an effort to obtain a useable format for segregating and retiring these open balances. We have made this a priority for reconciling statements.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Schedule of Findings and Responses

December 31, 2021

Item 2021-003 Accounting for Capital Assets.

Criteria. Management is responsible for ensuring that items meeting their capitalization criteria are properly segregated and added to their capital assets listing.

Condition. The West Baton Rouge Parish Public Utility has recorded assets meeting their capitalization criteria as expenditures and has recorded items that are properly expensed, to capital asset accounts.

Cause. The West Baton Rouge Parish Public Utility does not have controls in place to ensure that expenditures are properly classified when recorded.

Potential Effect. West Baton Rouge Parish Utility could expense capital items or capitalize items that should be expensed.

Recommendation. Management should communicate to all parties in the purchasing process the definition of items needing to be capitalized, review the account structure in place to ensure that purchases can easily be classified, and implement a periodic review of the accounts that are likely to have miscoding.

Management's response. Management will communicate and review the purchasing process and emphasize the relevance of proper coding for capitalization. This will strengthen the recording process.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Schedule of Findings and Responses

December 31, 2021

Section I- Compliance Finding

Item 2021-004 Noncompliance with Laws and Regulations -- Noncompliance with R.S. 9:159

Criteria: State Law R.S. 9: 159 requires that the holder of property presumed abandoned shall report to the state treasurer concerning such property.

Condition: The Utility has deposits for accounts that have been inactive for one year or greater.

Context: During the audit we discovered that the Utility had deposits with inactive statuses for greater than one year which had not been refunded to the person who made the original deposit. Presumptions of abandonment for unclaimed property include a deposit or refund owed by a utility one year after the deposit or refund becomes payable.

Potential Effect: The Utility may not be in compliance with state law.

Recommendation: Management should research all inactive deposits for a period of one year or greater for when the refund becomes due and refund these deposits to the individual who made the original deposit or report to the state treasurer the abandoned property as required by state law R.S. 9-159.

View of Responsible Official: Management will assess all aged deposits for a one year period or greater and report to the state treasurer as required by R.S. 9:159.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Schedule of Prior Year Findings

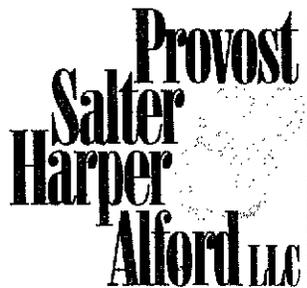
December 31, 2021

RefNo.	Fiscal Year Finding Initially Occurred	Description of Finding	Status of the Finding	Current Year Finding RefNo.
2020-001	2020	Material Weakness in Internal Control - Accounting for Accounts Payable	Resolved	N/A

**INDEPENDENT
ACCOUNTANT'S REPORT
ON THE APPLICATION
OF AGREED-UPON PROCEDURES**

West Baton Rouge Parish Public Utility

December 31, 2021

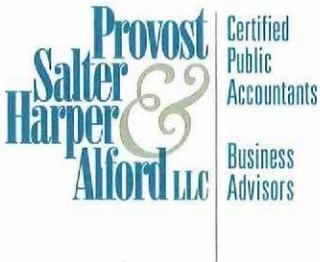


West Baton Rouge Parish Public Utility

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December 31, 2021

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SCHEDULE B – MANAGEMENT RESPONSE AND CORRECTIVE ACTION PLAN	19



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board and Management
West Baton Rouge Parish Public Utility:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. West Baton Rouge Parish Public Utility's management is responsible for those C/C areas identified in the SAUPs.

West Baton Rouge Parish Public Utility 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 January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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

We were engaged by West Baton Rouge Parish Public Utility 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 West Baton Rouge Parish Public Utility and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

PROVOST, SALTER, HARPER & ALFORD, LLC

A handwritten signature in cursive script that reads "Provost, Salter, Harper & Alford, LLC". The signature is written in black ink and is positioned below the printed name of the firm.

Baton Rouge, LA
June 28, 2022

Written Policies and Procedures

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.
 - 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.
 - c) **Disbursements**, including processing, reviewing, and approving
 - 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).
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - 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
 - g) **Credit Cards (and debit cards, fuel cards, P-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)
 - h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
 - i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy

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

Findings:

No exceptions noted.

Board or Finance Committee

- 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.

Findings:

The entity does not have a board or finance committee. Therefore, this procedure was not applicable to the entity.

- 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 funds⁷. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Findings:

The entity does not have a board or finance committee. Therefore, this procedure was not applicable to the entity.

- 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.

Findings:

The entity does not have a board or finance committee. Therefore, this procedure was not applicable to the entity.

Bank Reconciliations

- 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:

We obtained a listing of 4 bank accounts and selected all 4 for testing.

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

Findings:

Two bank reconciliations included no evidence that they were prepared within 2 months of related statement closing date.

- 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)

Findings:

Two bank reconciliations did not include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.

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

Findings:

One bank reconciliation did not include documentation reflecting that management had researched reconciling items outstanding for more than 12 months from statement closing date.

Collections (excluding electronic funds transfers)

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).

Cash is only collected at the main office in Port Allen.

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.

Findings:

No exceptions noted.

- 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.

Findings:

No exceptions noted.

- 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.

Findings:

No exceptions noted.

- 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.

Findings:

No exceptions noted.

- 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.

Findings:

No exceptions noted.

- 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.

Findings:

No exceptions noted.

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

Findings:

No exceptions noted.

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

West Baton Rouge Parish Public Utility

Schedule A

Agreed-Upon Procedures and Associated Findings

December 31, 2021

Findings:

No exceptions noted.

- 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).

Findings:

No exceptions noted.

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

Findings:

No exceptions noted.

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

- 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).

Payments are only processed at the main office in Port Allen.

- 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.

Findings:

No exceptions noted.

- b) At least two employees are involved in processing and approving payments to vendors.

Findings:

No exceptions noted.

- 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.

Findings:

No exceptions noted.

- 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.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

Findings:

No exceptions noted.

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:

- 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.

Findings:

No exceptions noted.

- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Findings:

No exceptions noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-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.

We obtained a listing of active credit cards for the fiscal period, including the card numbers and the names of the persons who maintained possession.

12. 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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Findings:

No exceptions noted.

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

Findings:

Two statements had assessed finance charges.

13. 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.

Findings:

No exceptions noted.

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

14. 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:

There were no travel reimbursements during the fiscal period. Therefore, this procedure is not applicable.

- 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).

Findings:

There were no travel reimbursements during the fiscal period. Therefore, this procedure is not applicable.

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

Findings:

There were no travel reimbursements during the fiscal period. Therefore, this procedure is not applicable.

- 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 policy (procedure #1h).

Findings:

There were no travel reimbursements during the fiscal period. Therefore, this procedure is not applicable.

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

Findings:

There were no travel reimbursements during the fiscal period. Therefore, this procedure is not applicable.

Contracts

- 15. 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.

Findings:

No exceptions noted.

- 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).

Findings:

No exceptions noted.

- 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).

Findings:

No exceptions noted.

- 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.

Findings:

No exceptions noted.

Payroll and Personnel

- 16. 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.

Findings:

No exceptions noted.

- 17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 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). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

Findings:

No exceptions noted.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

Findings:

No exceptions noted.

- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Findings:

No exceptions noted.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Findings:

No exceptions noted.

- 18. 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.

Findings:

The entity did not make any termination payments during the fiscal period. Therefore, this procedure was not applicable to the entity.

- 19. 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.

Per management, all employer and employee portions of third-party payroll related amounts have been paid, and any associated forms have been filed, by required deadlines.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above obtain ethics documentation from management, and:

- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Findings:

No exceptions noted.

- 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.

Findings:

There were no changes to the ethics policy during the fiscal period. Therefore, this procedure was not applicable to the entity.

Debt Service

21. 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.

Findings:

No debt instruments were issued during the fiscal period; therefore, this procedure is not applicable.

22. 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).

Findings:

No exceptions noted.

Fraud Notice

23. 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.

Findings:

There were no misappropriations of public funds and assets during the fiscal period; therefore, this procedure is not applicable.

24. 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.

Findings:

No exceptions noted.

Information Technology Disaster Recovery/Business Continuity

25. 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 occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

Findings:

No exceptions noted

- 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, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

Findings:

No exceptions noted

- 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.

Findings:

No exceptions noted.

Sexual Harassment

- 26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

Findings:

No exceptions noted.

- 27. 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).

Findings:

No exceptions noted.

28. 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;

Findings:

No exceptions noted.

- b) Number of sexual harassment complaints received by the agency;

Findings:

No exceptions noted.

- c) Number of complaints which resulted in a finding that sexual harassment occurred;

Findings:

No exceptions noted.

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

Findings:

No exceptions noted.

- e) Amount of time it took to resolve each complaint.

Findings:

No exceptions noted.



**WEST BATON ROUGE PARISH
NATURAL GAS AND WATER SYSTEMS**

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June 29, 2022

Management's response to AUP Findings for 2021

Procedure 3a: This particular bank account will be reconciled within 2 months of the statement closing date going forward.

Procedure 3b: A member of management will ensure that all reviewed reconciliations are signed and acknowledged.

Procedure 3c: We have made all reconciling adjustments that are outstanding for more than 6 months, and will enhance our review process for any items outstanding for more than 12 months from statement closing date.

Procedure 12b: Management will review credit card invoices and ensure that payments will be made timely in order to avoid future assessed finance charges.

A handwritten signature in black ink, appearing to read "A. Genre", written over a horizontal line.

Adrian Genre, Director of Utilities
West Baton Rouge Parish
Natural Gas & Water Systems