

GAS UTILITY DISTRICT NO. 1 OF
EAST BATON ROUGE PARISH

REPORT ON AUDIT OF COMPONENT
UNIT FINANCIAL STATEMENTS

JUNE 30, 2025

GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of Gas Utility District No. 1 of East Baton Rouge Parish (the District), (a component unit of the East Baton Rouge Parish Government), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Gas Utility District No. 1 of East Baton Rouge Parish as of June 30, 2025, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Gas Utility District No. 1 of East Baton Rouge Parish's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the Gas Utility District No. 1 of East Baton Rouge Parish's June 30, 2024 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated December 31, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 4 through 7 and the information presented in the schedule of changes in the District's total OPEB liability and related ratios (Schedule 1) page 27 be presented to supplement the basic financial statements. Such information, is a responsibility of management, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Gas Utility District No. 1 of East Baton Rouge Parish's internal control over financial reporting and compliance.

Respectfully submitted,

Harris T. Bourgeois, LLP

Denham Springs, Louisiana
December 22, 2025

GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

Introduction

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

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

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

Financial Highlights

- At June 30, 2025, total assets were \$10,025,002 and exceeded liabilities in the amount of \$9,446,508 (i.e., net position). Of the total net position, \$6,236,241 was unrestricted with \$3,210,267 net investment in capital assets. Total net position increased by \$393,774.
- For the year ended June 30, 2025, total operating revenues increased by \$25,251 to \$2,750,808 due to a slight increase in gas sales during the year. Non-operating revenue remained consistent with the prior year due to a decrease in interest income of \$2,417 while there was a slight increase in the sale of assets recorded during the year of \$2,385 due to the sale of a vehicle and several pieces of equipment by the District.
- The District's operating expenses, consisting of those expenses resulting from the District's ongoing operations increased by \$56,134 or 2%. The majority of the increase is related to an increase in gas purchases expense of \$69,101 due to an increase in gas usage and gas sales. Additionally, salaries and wages decreased by \$113,459 while depreciation expense increased by \$9,036, insurance expense increased by \$15,535, legal and professional fees increased by \$15,245, miscellaneous expense increased by \$10,236, and meter reading expense increased by \$10,962.

Overview of the Annual Financial Report

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

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

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

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

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

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

Financial Analysis

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

Condensed Statement of Net Position As of June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Assets:				
Current Assets and Other Assets	\$ 6,814,735	\$ 6,714,150	\$ 100,585	1%
Capital Assets, Net	3,210,267	3,005,935	204,332	7%
Total Assets	<u>10,025,002</u>	<u>9,720,085</u>	<u>304,917</u>	3%
Liabilities:				
Current Liabilities	372,487	378,728	(6,241)	(2%)
Long-Term Liabilities	206,007	288,623	(82,616)	(29%)
Total Liabilities	<u>578,494</u>	<u>667,351</u>	<u>(88,857)</u>	(13%)
Net Position:				
Investment in Capital Assets	3,210,267	3,005,935	204,332	7%
Unrestricted	6,236,241	6,046,799	189,442	3%
Total Net Position	<u>\$ 9,446,508</u>	<u>\$ 9,052,734</u>	<u>\$ 393,774</u>	4%

Total net position (total assets less total liabilities) increased by \$393,774 for the fiscal year ending June 30, 2025.

**Condensed Statement of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Revenues:				
Operating Revenues	\$ 2,750,808	\$ 2,725,557	\$ 25,251	1%
Nonoperating Revenues	208,323	208,355	(32)	0%
Total Revenues	<u>2,959,131</u>	<u>2,933,912</u>	<u>25,219</u>	1%
Expenses:				
Depreciation	239,880	230,844	9,036	4%
Other Operating Expenses	2,325,477	2,278,379	47,098	2%
Total Expenses	<u>2,565,357</u>	<u>2,509,223</u>	<u>56,134</u>	2%
Change in Net Position	393,774	424,689	(30,915)	(7%)
Beginning Net Position	<u>9,052,734</u>	<u>8,628,045</u>	<u>424,689</u>	5%
Ending Net Position	<u>\$ 9,446,508</u>	<u>\$ 9,052,734</u>	<u>\$ 393,774</u>	4%

While the Statement of Net Position shows the change in financial position of net position, the Statement of Revenues, Expenses, and Changes in Net Position provides answers to the nature and scope of these changes. The above table shows an increase in net position of \$393,774 for the fiscal year ending June 30, 2025 as does the Condensed Statements of Net Position on the prior page.

The District's total revenues increased by \$25,219 in 2025 due to a slight increase in gas sales of \$19,329 and an increase in other operating revenues of \$5,375. Total expenses increased by \$56,134. The majority of the increase in expense is related to an increase in gas purchases expense of \$69,101 due to the increase in gas usage and gas sales. Additionally, salaries and wages decreased by \$113,459 while depreciation expense increased by \$9,036, insurance expense increased by \$15,535, legal and professional fees increased by \$15,245, miscellaneous expense increased by \$10,236, and meter reading expense increased by \$10,962. Various other expenses increased and decreased causing a net increase of \$39,978.

Capital Assets and Debt Administration

Capital Assets

At the end of the fiscal year ending June 30, 2025, Gas Utility District No. 1 of East Baton Rouge Parish had \$3,210,267 (net of accumulated depreciation) recorded in capital assets. The changes in capital assets are presented in the table below.

Capital Assets
For the Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Capital Assets				
Land	\$ 22,900	\$ 22,900	\$ -	0%
Billing Software	55,830	50,830	5,000	10%
Buildings and Improvements	1,060,766	1,053,029	7,737	1%
Furniture and Fixtures	111,571	98,577	12,994	13%
Gas System	5,192,862	4,965,442	227,420	5%
Machinery and Equipment	1,022,223	954,959	67,264	7%
Vehicles	323,069	405,069	(82,000)	(20%)
Total Capital Assets	<u>7,789,221</u>	<u>7,550,806</u>	<u>238,415</u>	<u>3%</u>
Less: Accumulated Depreciation	<u>(4,578,954)</u>	<u>(4,544,871)</u>	<u>(34,083)</u>	<u>1%</u>
Net Capital Assets	<u>\$ 3,210,267</u>	<u>\$ 3,005,935</u>	<u>\$ 204,332</u>	<u>7%</u>

Capital Assets increased by \$204,332 net of accumulated depreciation, due mainly to additions to the gas system, the purchase of several pieces of equipment, the purchase of a new vehicle and several pieces of furniture and fixtures being purchased during the year. Additionally, there were assets that were disposed of during the year consisting of a vehicle and several pieces of equipment which resulted in a gain on the sale of assets of \$29,335.

Long-Term Debt

The District does not have any debt.

Future Economic Plans

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

Requests for Information

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

GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH

STATEMENT OF NET POSITION

AS OF JUNE 30, 2025

(With Comparative Totals for the Year Ended June 30, 2024)

	<u>2025</u>	<u>2024</u>
<u>Assets</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 2,701,800	\$ 5,130,012
Investments	3,609,536	1,086,119
Receivables:		
Accounts (Net of Allowance for Uncollectible Accounts of \$42,016 and \$39,096 Respectively)	7,966	16,640
Unbilled Gas Sales	<u>67,454</u>	<u>78,479</u>
	75,420	95,119
Prepaid Insurance	<u>73,191</u>	<u>65,002</u>
Total Current Assets	6,459,947	6,376,252
Non-Current Assets:		
Restricted Assets:		
Cash and Cash Equivalents	354,718	337,828
Capital Assets:		
Land	22,900	22,900
Other Capital Assets, at Cost (Net of Accumulated Depreciation)	<u>3,187,367</u>	<u>2,983,035</u>
Total Capital Assets	3,210,267	3,005,935
Deposits	<u>70</u>	<u>70</u>
Total Non-Current Assets	<u>3,565,055</u>	<u>3,343,833</u>
Total Assets	10,025,002	9,720,085
<u>Liabilities</u>		
Current Liabilities:		
Accounts Payable	943	61,047
Other Accrued Payables	4,319	715
Compensated Absences	103,186	55,370
Customer Deposits	<u>264,039</u>	<u>261,596</u>
Total Current Liabilities	372,487	378,728
Noncurrent Liabilities:		
Total OPEB Liability	126,107	132,655
Long-Term Compensated Absences	74,877	150,945
Unclaimed Bonds	<u>5,023</u>	<u>5,023</u>
Total Long-Term Liabilities	<u>206,007</u>	<u>288,623</u>
Total Liabilities	<u>578,494</u>	<u>667,351</u>
<u>Net Position</u>		
Investment in Capital Assets	3,210,267	3,005,935
Unrestricted	<u>6,236,241</u>	<u>6,046,799</u>
Total Net Position	<u>\$ 9,446,508</u>	<u>\$ 9,052,734</u>

The accompanying notes are an integral part of this statement.

GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2025

(With Comparative Totals for the Year Ended June 30, 2024)

	2025	2024
Operating Revenues:		
Gas Sales	\$ 2,588,543	\$ 2,569,214
Service Charges	142,365	141,818
Other	19,900	14,525
Total Operating Revenues	2,750,808	2,725,557
Operating Expenses:		
Gas Purchases	570,914	501,813
Salaries and Wages	837,618	951,577
Employee Benefits	199,445	190,659
Employee Retirement	86,372	82,751
Bad Debts	2,921	2,863
Bank Charges	24,061	18,001
Depreciation Expense	239,880	230,844
Drug Testing	2,075	1,678
Dues	10,196	9,976
Employee Training and Seminars	7,262	4,356
Fuel	25,304	35,628
Gas Purchase Fee	18,759	19,006
Insurance	119,406	103,871
Janitorial and Trash	16,471	17,294
Legal and Professional	89,732	74,487
Meter Reading	56,934	45,972
Miscellaneous	16,550	6,314
Office Expense	7,142	9,109
One Call Concept	2,759	3,289
Payroll Taxes	75,716	72,616
Penalties and Interest Expense	559	-
Postage	50,574	43,106
Other Post Employment Benefits	(6,548)	(14,862)
Public Awareness	9,122	4,209
Rental of Equipment	3,134	3,832
Repairs and Maintenance	25,799	23,435
Small Tools	811	1,579
Security	264	264
Supplies	11,211	12,492
Telephone	39,772	34,235
Utilities	21,142	18,829
Total Operating Expenses	2,565,357	2,509,223
Operating Income	185,451	216,334
Nonoperating Revenues (Expenses):		
Interest Income	178,988	181,405
Gain (Loss) on Disposal of Assets	29,335	26,950
Total Nonoperating Revenues (Expenses)	208,323	208,355
Change in Net Position	393,774	424,689
Net Position - Beginning of Year	9,052,734	8,628,045
Net Position - End of Year	\$ 9,446,508	\$ 9,052,734

The accompanying notes are an integral part of this statement.

GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2025
(With Comparative Totals for the Year Ended June 30, 2024)

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities:		
Cash Received from Customers	\$ 2,770,029	\$ 2,739,088
Cash Payments to Suppliers for Goods and Services	(1,198,246)	(955,540)
Cash Payments to Employees for Services and Benefits	<u>(1,223,799)</u>	<u>(1,173,498)</u>
Net Cash Provided by Operating Activities	347,984	610,050
Cash Flows From Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	(444,212)	(380,765)
Proceeds from Sale of Assets	<u>29,335</u>	<u>26,950</u>
Net Cash Used in Capital and Related Financing Activities	(414,877)	(353,815)
Cash Flows From Investing Activities:		
Purchase of Investments	(2,523,417)	(41,459)
Interest Income Received	<u>178,988</u>	<u>181,405</u>
Net Cash Provided by (Used in) Investing Activities	<u>(2,344,429)</u>	<u>139,946</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,411,322)	396,181
Cash and Cash Equivalents, Beginning of Year	<u>5,467,840</u>	<u>5,071,659</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 3,056,518</u></u>	<u><u>\$ 5,467,840</u></u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:		
Cash and Cash Equivalents, Unrestricted	\$ 2,701,800	\$ 5,130,012
Cash and Cash Equivalents, Restricted	<u>354,718</u>	<u>337,828</u>
Total Cash and Cash Equivalents	<u><u>\$ 3,056,518</u></u>	<u><u>\$ 5,467,840</u></u>

(CONTINUED)

GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2025
(With Comparative Totals for the Year Ended June 30, 2024)

	2025	2024
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating Income	\$ 185,451	\$ 216,334
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Depreciation	239,880	230,844
Provision for Bad Debt	2,921	2,863
OPEB Expense Adjustment	(6,548)	(14,862)
(Increase) Decrease in Accounts Receivable	5,753	16,932
(Increase) Decrease in Unbilled Receivable	11,025	(6,821)
(Increase) Decrease in Prepaid Insurance	(8,189)	(5,558)
Increase (Decrease) in Customer Deposits	2,443	3,420
Increase (Decrease) in Accounts Payable	(60,104)	42,793
Increase (Decrease) in Accrued Expenses	3,604	44
Increase (Decrease) in Compensated Absences	(28,252)	124,061
Net Cash Provided by Operating Activities	\$ 347,984	\$ 610,050

The accompanying notes are an integral part of this statement.

GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

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

A. Organization and Nature of Operations

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

B. Financial Reporting Entity

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

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

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

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

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

GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2025

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

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

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

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

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

D. Cash and Cash Equivalents and Investments

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

GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2025

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

E. Inventories

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

F. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current calendar year are recorded as prepaid items. Prepaid items consist of prepaid insurance premiums at June 30, 2025.

G. Restricted Assets

Certain resources are set aside to reimburse customers their utility deposits upon discontinuance of service.

H. Capital Assets

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

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

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

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

GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2025

I. Compensated Absences

The District has the following policies related to compensated absences for vacation and sick leave:

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

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

Compensated absences are computed in accordance with GASB Codification Section C60. During the year ending June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*. In accordance with GASB 101 and the District's compensated absences policies, the District's compensated absences liabilities are recognized as earned and determined more likely than not to be paid out or used for time off.

J. Net Position

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

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

GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2025

- Restricted - This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. Net position should be reported as restricted when constraints placed on net position use are either: (a) Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) Imposed by law through constitutional provisions or enabling legislation.
- Unrestricted - This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

K. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and such differences may be material.

L. Summary Comparative Information for 2024 and Reclassifications

The financial statements are presented with certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2024, from which the summarized information was derived

M. Subsequent Events

Management has evaluated subsequent events and transactions for potential recognition or disclosures in the financial statements through December 22, 2025, the date which the financial statements were available to be issued.

GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2025

(2) Cash and Cash Equivalents -

The following is a summary of deposits with financial institutions at June 30, 2025:

	Book Balance	Bank Balance
Cash on Hand	\$ 1,900	\$ -
Interest Bearing Demand Deposits	3,054,618	3,141,383
Total Cash and Cash Equivalents	3,056,518	3,141,383
Time Certificates of Deposit Held as Investments (See Note 3)	312,936	312,936
Total Deposits	\$ 3,369,454	\$ 3,454,319

For reporting purposes, cash and cash equivalents include cash, demand deposits, and time certificates of deposit with remaining or original maturities less than 90 days. Under state law the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, any other state in the union, or under the laws of the United States. Further, the District may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

The District had bank balances of cash and cash equivalents totaling \$3,141,383 with book balances 3,054,618 at June 30, 2025.

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

At June 30, 2025, the District has \$3,141,383 in demand deposits (collected bank balances) for cash and cash equivalents, in one bank. \$250,000 of the demand deposits are secured from risk by \$250,000 of federal deposit insurance and the remaining \$2,891,383 of demand deposits are secured by pledged securities. The \$2,891,383 is exposed to custodial credit risk because while the amount is secured by pledged securities, such securities are held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2025

At June 30, 2025, the District also has \$312,936 in time certificates of deposits, in one bank held as investments (See also Note 3). \$250,000 of the time certificates of deposits are secured from risk by \$250,000 of federal deposit insurance and the remaining \$62,936 of demand deposits are secured by pledged securities. The \$62,936 is exposed to custodial credit risk because while the amount is secured by pledged securities, such securities are held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

(3) Investments -

As of June 30, 2025, the District had the following investments and maturities:

<u>Investment Type</u>	<u>Cost</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
Time Certificates of Deposit	\$ 312,936	\$ 312,936	\$ -	\$ -	\$ -
LAMP at Fair Value	<u>3,296,600</u>				
Total	<u>\$3,609,536</u>				

At June 30, 2025, the District’s investments in nonnegotiable certificates of deposits have original maturity dates over 90 days as listed above and in Note 2.

Fair Value Measurements. The investments are reflected at fair value except for the following which are permitted per GASB Statement No. 31:

- Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates are reported using a cost-based measure. Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

The District 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. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2025

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

LAMP is an investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

- **Credit risk**: LAMP is rated AAAM by Standards and Poor's.
- **Custodial credit risk**: In the case of LAMP participants, investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- **Concentration of credit risk**: Pooled investments are excluded from the five percent disclosure requirement.
- **Interest rate risk**: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 55 days as of June 30, 2025.
- **Foreign currency risk**: Not applicable.

LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. If you have any questions, please free to call to contact LAMP administrative offices at (800) 249-5267.

GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2025

(4) Receivables -

The following is a summary of receivables at June 30, 2025:

Accounts Receivable:	
Current	\$ 7,241
31-60 Days Past Due	725
Over 60 Days Past Due	42,016
Subtotal	<u>49,982</u>
Less: Allowance for Uncollectible Accounts	<u>(42,016)</u>
Net Accounts Receivable	<u><u>\$ 7,966</u></u>

All customer receivables are reported at gross value and reduced by the portion that is expected to be uncollectible. The District established an allowance for uncollectible accounts based on past experience in customer collections. Periodically, the District reviews the aging of receivables and determines the actual amounts uncollectible. Per Board approval, uncollectible amounts are written off against accounts receivable, and the allowance for doubtful accounts is adjusted to a reasonable estimate of collectability. Bad debt expense totaled \$2,921 for the year ended June 30, 2025.

Estimated unbilled revenues (accrued billings) are recognized at the end of each fiscal year on a pro-rata basis. The estimated amount is based on billing during the month following the close of the year. At June 30, 2025, accrued amounts were \$67,454.

(5) Restricted Assets -

The following is a summary of restricted assets at June 30, 2025:

Restricted Cash and Cash Equivalents:	
Bond Redemption Fund	\$ 5,490
Customer Meter Deposits	349,228
Total Restricted Cash and Cash Equivalents	<u><u>\$ 354,718</u></u>

GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2025

(6) Capital Assets -

A summary of changes in capital assets during the year ended June 30, 2025 is as follows:

	Balance <u>June 30, 2024</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2025</u>
Capital Assets not being Depreciated:				
Land	\$ 22,900	\$ -	\$ -	\$ 22,900
Total Capital Assets not being Depreciated	22,900	-	-	22,900
Capital Assets being Depreciated:				
Billing Software	50,830	5,000	-	55,830
Buildings and Improvements	1,053,029	7,737	-	1,060,766
Furniture and Fixtures	98,577	12,994	-	111,571
Gas System	4,965,442	227,420	-	5,192,862
Machinery and Equipment	954,959	110,776	(43,512)	1,022,223
Vehicles	405,069	80,285	(162,285)	323,069
Total Capital Assets being Depreciated	<u>7,527,906</u>	<u>444,212</u>	<u>(205,797)</u>	<u>7,766,321</u>
Less Accumulated Depreciation	<u>4,544,871</u>	<u>239,880</u>	<u>(205,797)</u>	<u>4,578,954</u>
Total Capital Assets being Depreciated, Net	<u>2,983,035</u>	<u>204,332</u>	<u>-</u>	<u>3,187,367</u>
Total Capital Assets, Net	<u>\$ 3,005,935</u>	<u>\$ 204,332</u>	<u>\$ -</u>	<u>\$ 3,210,267</u>

Depreciation expense for the year ended June 30, 2025 was \$239,880.

(7) Accounts Payable and Accrued Liabilities -

The following is a summary of accounts payable and accrued liabilities at June 30, 2025:

Accounts Payable	\$ 943
Accrued Liabilities:	
Wages	4,244
Payroll Taxes and Wthholdings	<u>75</u>
Total Accrued Liabilities	<u>4,319</u>
Total Accounts Payable and Accrued Liabilities	<u>\$ 5,262</u>

GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2025

(8) Long-Term Liabilities -

The following is a summary of the long-term obligation transactions for the year ended June 30, 2025:

	<u>Unclaimed Bond Funds</u>	<u>Compensated Absences</u>	<u>Post- Employment Benefits</u>	<u>Total</u>
Long-Term Liabilities -				
July 1, 2024	\$ 5,023	\$ 206,315	\$ 132,655	\$ 343,993
Additions	-	-	-	-
Deletions	-	(28,252) *	(6,548)	(34,800)
Long-Term Liabilities -				
June 30, 2025	<u>\$ 5,023</u>	<u>\$ 178,063</u>	<u>\$ 126,107</u>	<u>\$ 309,193</u>

* Presented net

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term liabilities as of June 30, 2025:

	<u>Unclaimed Bond Funds</u>	<u>Compensated Absences</u>	<u>Post- Employment Benefits</u>	<u>Total</u>
Current Portion	\$ -	\$ 103,186	\$ -	\$ 103,186
Long-Term Portion	5,023	74,877	126,107	206,007
Total	<u>\$ 5,023</u>	<u>\$ 178,063</u>	<u>\$ 126,107</u>	<u>\$ 309,193</u>

Unclaimed Bonds

All outstanding bonds matured on June 1, 1987 and do not earn any interest from that date. At June 30, 2025, the balance remaining of unclaimed bonds is \$5,023.

Compensated Absences

At June 30, 2025, employees of the District have accumulated and vested \$178,063 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.

GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2025

Post-Employment Benefits

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

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

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

Employees Covered by Benefit Terms - At June 30, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Inactive employees entitled to but not yet receiving benefit payments	-
Active Employees	1
	<hr/>
	2
	<hr/> <hr/>

Total OPEB Liability

The District's total OPEB liability of \$126,107 was measured as of June 30, 2025 and was determined by an actuarial valuation as of that date.

GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2025

Actuarial Assumptions and other inputs -The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%			
Salary increases	3.0%, including inflation			
Discount rate	4.21%			
Healthcare cost trend rates	2025 8.0%	2029 6.0%		
	2026 7.5%	2030 5.5%		
	2027 7.0%	2031 5.0%		
	2028 6.5%	2032+ 4.5%		

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

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

Changes in the Total OPEB Liability

Total OPEB Liability - Beginning of Year	\$ 132,655
Changes for the Year:	
Service cost	2,418
Interest	5,304
Difference between expected and actual experience	5,241
Changes in assumptions	(1,130)
Benefit payments and net transfers	<u>(18,381)</u>
Net changes	<u>(6,548)</u>
Total OPEB Liability - End of Year	<u>\$ 126,107</u>

Benefit Changes - There were no changes of benefit terms for the year ended June 30, 2025.

Changes of Assumptions - The discount rate increased to 5.20% for June 30, 2025 from 4.21% for June 30, 2024.

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

GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2025

	Changes in Discount Rate		
	1% Decrease	Discount Rate	1% Increase
	4.20%	5.20%	6.20%
Total OPEB Liability	\$ 128,814	\$ 126,107	\$ 123,507

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

	Changes in Healthcare Cost Trend Rates		
	1% Decrease	Rate	1% Increase
	7.00%	8.00%	9.00%
Total OPEB Liability	\$ 123,019	\$ 126,107	\$ 129,269

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

For the year ended June 30, 2025, the District recognized an OPEB benefit of \$6,548. The District does not have any Deferred Outflows of Resource nor Deferred Inflows of Resources related to OPEB at June 30, 2025.

(9) Retirement Plan -

The District contributes to a Simplified Employee Pension Plan on behalf of its employees. Contributions equal 10% of the employee salary or wages. Employees are immediately vested. An employee is eligible to participate in the plan immediately upon employment. The plan is administered by a third party. Contribution expense for the year ended June 30, 2025 was \$86,372.

(10) Risk Management -

The District is exposed to various risks of loss related to theft, damage, or destruction of assets, torts, injuries, natural disasters, and many other unforeseeable events. The District purchases commercial insurance policies and bonds for any and all claims related to the aforementioned risks. The District's payment of the insurance policy deductible is the only liability associated with these policies and bonds. There have been no significant decreases in insurance coverage from the prior year, and the amount of settlements has not exceeded the insurance coverage for the past three fiscal years.

GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2025

(11) Litigation -

There is no outstanding litigation at June 30, 2025 for which the District would expect an unfavorable outcome.

(12) Current Accounting Pronouncements -

The following statements of the Governmental Accounting Standards (GASB) are effective for years subsequent to the District's fiscal year 2025.

1. Statement No. 103 – *Financial Reporting Model Improvements (2026)*.
2. Statement No. 104 – *Disclosure of Certain Capital Assets (2026)*.

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

(13) Current Year Adoption of New Accounting Standards -

The following statement of the Governmental Accounting Standards Board (GASB) is effective for the District's 2025 fiscal year. The District has adopted and implemented this statement in the preparation of the financial statements for the year ended June 30, 2025.

- During the year, the District adopted GASB Statement No. 101 – *Compensated Absences*. The objective of GASB Statement No. 101 is to better meet the informational needs of financial statement users by updating the recognition and measurement guidance for compensated absences. Under this statement, a liability should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulated, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This statement had no material effect on the District's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH

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

FOR THE YEAR ENDED JUNE 30, 2025

<u>Total OPEB Liability</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 2,418	\$ 2,475	\$ 2,259	\$ 4,737	\$ 4,165	\$ 4,222	\$ 3,792	\$ 3,845
Interest	5,304	6,195	6,126	3,885	4,401	6,585	6,718	5,960
Differences Between Expected and Actual Experience	5,241	(24,714)	(12,195)	(27,217)	-	(42,246)	3,085	(2,638)
Changes in Assumptions or Other Inputs	(1,130)	1,182	3,805	(6,548)	2,799	9,352	-	-
Benefit Payments	(18,381)	-	-	-	-	-	-	-
Net Change in Total OPEB Liability	(6,548)	(14,862)	(5)	(25,143)	11,365	(22,087)	13,595	7,167
Total OPEB Liability - Beginning	132,655	147,517	147,522	172,665	161,300	183,387	169,792	162,625
Total OPEB Liability - Ending	<u>\$ 126,107</u>	<u>\$ 132,655</u>	<u>\$ 147,517</u>	<u>\$ 147,522</u>	<u>\$ 172,665</u>	<u>\$ 161,300</u>	<u>\$ 183,387</u>	<u>\$ 169,792</u>
Covered-Employee Payroll	\$ 253,200	\$ 217,758	\$ 213,140	\$ 171,873	\$ 166,867	\$ 168,008	\$ 169,782	\$ 164,837
Total OPEB Liability as a Percentage of Covered-Employee Payroll	49.81%	60.90%	69.21%	85.83%	96.01%	96.01%	108.01%	103.01%
<u>Notes to Schedule</u>								
<i>Benefit Changes:</i>		None						
<i>Changes of Assumptions:</i>								
<i>Discount Rate:</i>	5.20%	4.21%	4.13%	4.09%	2.19%	2.66%	3.51%	3.51%
<i>Mortality:</i>	MP-2021	MP-2021	MP-2021	MP-2021	MP-2021	RPH-2018	RPH-2018	RPH-2018
<i>Trend:</i>	Variable							

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

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

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH

SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS

FOR THE YEAR ENDED JUNE 30, 2025

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

See independent auditor's report.

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

FOR THE YEAR ENDED JUNE 30, 2025

Agency Head Name: Thomas Smith, Operations Manager

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 107,967
Benefits - Insurance	21,019
Benefits - Retirement	11,008
Employer Paid Payroll Taxes	8,259
	<u>\$ 148,253</u>

See independent auditor's report.

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



**HANNIS T.
BOURGEOIS**
CPAs + BUSINESS ADVISORS

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DENHAM SPRINGS, LA 70726
TEL. 225.928.4770 | WWW.HTBCPA.COM
PROUDLY SERVING LOUISIANA SINCE 1924

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Gas Utility District No. 1 of East Baton Rouge Parish (the District), (a component unit of the East Baton Rouge Parish Government), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 22, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Hannis T. Bourgeois, LLP

Denham Springs, Louisiana
December 22, 2025

GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED JUNE 30, 2025

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ Yes x No

B. Internal Control Over Financial Reporting

None.

C. Compliance and Other Matters

None.

GAS UTILITY DISTRICT NO. 1 OF EAST BATON ROUGE PARISH

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2025

A. Internal Control Over Financial Reporting

None.

B. Compliance and Other Matters

None.

GAS UTILITY DISTRICT NO. 1 OF EAST
BATON ROUGE PARISH

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

JUNE 30, 2025



Independent Accountant’s Report
on Applying Agreed-Upon Procedures

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

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 July 1, 2024 through June 30, 2025. The Gas Utility District No. 1 of East Baton Rouge Parish’s (the District) management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA’s SAUPs for the fiscal period July 1, 2024 through June 30, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

- A. Obtain and inspect the entity’s written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity’s operations:
 - i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget. – **No exceptions noted.**
 - ii. ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes. – **No exceptions noted.**
 - iii. ***Disbursements***, including processing, reviewing, and approving. – **No exceptions noted.**

- iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management’s actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation). – **No exceptions noted.**
- v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules. – **No exceptions noted.**
- vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process. – **No exceptions noted.**
- vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers. – **No exceptions noted.**
- viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases). – **No exceptions noted.**
- ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity’s ethics policy. – **No exceptions noted.**
- x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements. – **No exceptions noted.**
- xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event. – **No exceptions noted.**
- xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting. – **No exceptions noted.**

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

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

Respectfully submitted,

Hannis T. Bourgeois, LLP

Denham Springs, Louisiana
December 22, 2025