

**WEST BATON ROUGE PARISH
PUBLIC UTILITY**

FINANCIAL REPORT

December 31, 2016 and November 30, 2015



8550 United Plaza Boulevard, Suite 600, Baton Rouge, Louisiana 70809, Phone: (225) 924-1772 / Facsimile: (225) 927-9075

WEST BATON ROUGE PARISH PUBLIC UTILITY

Table of Contents

December 31, 2016

INDEPENDENT AUDITOR'S REPORT		1
MANAGEMENT'S DISCUSSION AND ANALYSIS		4
FINANCIAL STATEMENTS:		
Statements of Net Position	<i>Statement A</i>	7
Statements of Revenues, Expenses and Changes in Net Position	<i>Statement B</i>	8
Statements of Cash Flows	<i>Statement C</i>	9
Notes to Financial Statements		10
REQUIRED SUPPLEMENTARY INFORMATION		
Schedule of Funding Progress for Other Postemployment Benefits	<i>Schedule 1</i>	34
Schedule of Employer's Proportionate Share of the Net Pension Liability	<i>Schedule 2</i>	35
Schedule of Employer's Pension Contributions	<i>Schedule 3</i>	36
Notes to Required Supplementary Schedules		37
OTHER SUPPLEMENTARY INFORMATION		
Schedule of Changes in Sewer Revenue		
Bond Restricted Funds	<i>Schedule 4</i>	39
Operating Statistics	<i>Schedule 5</i>	40
Schedule of Per Diem Paid to Board Members	<i>Schedule 6</i>	42
Schedule of Compensation Paid to Chief Executive	<i>Schedule 7</i>	43
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		44
Schedule of Findings and Responses	<i>Schedule 8</i>	46
Schedule of Prior Year Findings	<i>Schedule 9</i>	49



Certified
Public
Accountants

Business
Advisors

INDEPENDENT AUDITOR'S REPORT

West Baton Rouge Parish Public Utility
Port Allen, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of West Baton Rouge Parish Public Utility, a component unit of the West Baton Rouge Parish Council, as of and for the thirteen months ended December 31, 2016 and the year ended November 30, 2015, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the West Baton Rouge Parish Public Utility as of December 31, 2016 and November 30, 2015, and the respective changes in its financial position and its cash flows for the thirteen months and year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 6, the schedule of funding progress for other postemployment benefits (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, 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 evidence sufficient to express an opinion or provide any assurance.

Other 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 accompanying financial information listed as "other supplementary information" in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying financial information listed as "other supplementary information" in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the

audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated June 23, 2017 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 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 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



June 23, 2017

West Baton Rouge Parish Public Utility
Management's Discussion and Analysis
December 31, 2016 and November 30, 2015

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 thirteen months ended December 31, 2016. 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 7.

FINANCIAL HIGHLIGHTS

The Utility's total net position increased by \$537,421 or 1.5%.
The operating revenues of the Utility increased \$242,937 or 3.4%.
The operating expenses of the Utility increased \$1,310,216 or 20.4%.

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 Funding Progress for Other Postemployment Benefits, 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, 2016 and November 30, 2015

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:

	2016	2015	2014
Current assets	\$ 10,992,647	\$ 10,623,252	\$ 9,768,345
Restricted assets	919,423	702,940	680,615
Capital assets	28,312,135	27,972,229	28,046,474
Deferred Outflows	1,052,484	341,503	210,196
Total assets	41,276,689	39,639,924	38,705,630
Current liabilities	1,476,440	1,245,982	1,733,998
Noncurrent liabilities	2,758,190	1,972,345	1,808,687
Deferred Inflows	110,687	27,646	-
Total liabilities	4,345,317	3,245,973	3,542,685
Net investment in capital assets	27,612,372	27,261,521	27,326,143
Restricted for debt service	31,557	27,672	23,902
Unrestricted	9,287,443	9,104,758	7,812,900
Total net position	\$ 36,931,372	\$ 36,393,951	\$ 35,162,945
Operating revenues	\$ 7,368,713	\$ 7,125,776	\$ 8,001,950
Operating expenses	7,733,993	6,423,777	7,693,425
Operating income (loss)	(365,280)	701,999	308,525
Non-operating revenues (expenses)	(70,864)	(103,875)	(10,234)
Income (Loss) before contributions and transfers	(436,144)	598,124	298,291
Contributions and transfers	973,565	632,882	3,990,806
Change in net position	\$ 537,421	\$ 1,231,006	\$ 4,289,097

West Baton Rouge Parish Public Utility

Management's Discussion and Analysis

December 31, 2016 and November 30, 2015

CAPITAL ASSETS AND DEBTS

Capital Assets

The Utility's investment in capital assets as of December 31, 2016, amounts to \$28,312,135 (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 increased by 1.2%.

During the current fiscal year, the Utility purchased a generator, an excavator and three pickup trucks.

	2016	2015	2014
Land and improvements	\$ 221,850	\$ 221,850	\$ 221,850
Buildings and operating facilities	433,843	434,242	418,044
Office, furniture and equipment	220,097	239,518	304,349
Natural gas system	5,051,408	5,051,408	4,895,791
Water system	19,705,368	19,365,194	18,905,228
Sewer system	19,567,802	18,594,237	18,378,567
Equipment	1,113,577	1,083,258	1,093,561
Vehicles	537,654	569,514	516,036
	<u>46,851,599</u>	<u>45,559,221</u>	<u>44,733,426</u>
Less Accumulated Depreciation	<u>18,539,464</u>	<u>17,586,992</u>	<u>16,686,952</u>
	<u>\$ 28,312,135</u>	<u>\$ 27,972,229</u>	<u>\$ 28,046,474</u>

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.

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 Pam Keowen, Office Supervisor, West Baton Rouge Parish Public Utility. Ms. Keowen can be reached by phone at (225) 490-8520.

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

December 31, 2016 and November 30, 2015

ASSETS	2016	2015
Current Assets		
Cash and cash equivalents	\$ 6,774,357	\$ 5,733,616
Investments	2,943,182	3,868,149
Accounts receivable	1,251,163	982,559
Accrued interest receivable	4,822	3,930
Prepaid expenses	19,123	34,998
Total current assets	<u>10,992,647</u>	<u>10,623,252</u>
Restricted Assets		
Customers' Deposits	877,328	665,303
Revenue bond restricted funds	42,095	37,637
Total restricted assets	<u>919,423</u>	<u>702,940</u>
Noncurrent Assets		
Property and equipment, net of accumulated depreciation	28,312,135	27,972,229
Total Assets	<u>40,224,205</u>	<u>39,298,421</u>
Deferred Outflow of Resources		
Total Assets and deferred outflows of resources	<u>41,276,689</u>	<u>39,639,924</u>
LIABILITIES		
Current Liabilities - (Payable from Current Assets)		
Accounts payable	331,423	191,218
Accrued and withheld taxes and expenses	138,833	113,878
Miscellaneous payables	4,652	2,675
Payable to other systems and the Parish Council	203,373	159,441
Payable to the State of Louisiana	113,467	113,467
Total current liabilities (Payable from Current Assets)	<u>791,748</u>	<u>580,679</u>
Current Liabilities - (Payable from Restricted Assets)		
Accounts payable	684,692	665,303
Noncurrent Liabilities		
Sewer Revenue Bond	689,225	700,743
Accumulated unpaid vacation	148,198	140,732
Other postemployment benefits	1,224,303	1,071,139
Net pension liability	696,464	59,731
Total noncurrent liabilities	<u>2,758,190</u>	<u>1,972,345</u>
Total Liabilities	<u>4,234,630</u>	<u>3,218,327</u>
Deferred Inflow of Resources		
Total Liabilities and deferred inflow of resources	<u>4,345,317</u>	<u>3,245,973</u>
NET POSITION		
Invested in capital assets, net of related debt	27,612,372	27,261,521
Restricted for debt services	31,557	27,672
Unrestricted	9,287,443	9,104,758
Total net position	<u>\$ 36,931,372</u>	<u>\$ 36,393,951</u>

WEST BATON ROUGE PARISH PUBLIC UTILITY

Statements of Revenues, Expenses and Changes in Net Position

Thirteen Months ended December 31, 2016
and year ended November 30, 2015

	2016	2015
Operating Revenues		
Gas Sales	\$ 3,420,386	\$ 3,488,010
Water Sales	2,826,569	2,549,480
Penalties	65,002	63,089
Extension and connection charges	168,785	138,411
Sewer income	677,118	597,195
Other income	110,853	146,991
Grant Income	100,000	142,600
Total operating revenues	7,368,713	7,125,776
Operating Expenses		
Gas purchases	1,690,210	1,685,972
Salaries and wages	1,922,873	1,661,628
Depreciation	1,307,557	1,143,409
Meter and system repairs and supplies	849,488	172,117
Sewer expenses	115,426	91,217
Bad debts	10,665	8,413
Cathodic protection	3,461	16,169
Equipment rental, repair and service contracts	76,000	86,590
Operator qualifications	17,195	8,195
Insurance - employee benefits	479,190	438,240
Insurance and surety bonds	100,815	116,800
Miscellaneous	69,293	59,487
Office supplies and postage	94,413	77,670
Payroll taxes	30,712	28,489
Professional services	113,676	83,561
Truck and travel	49,259	58,905
Telephone and Utilities	416,276	388,777
Retirement	234,320	159,623
Other post-employment benefits	153,164	138,515
Total operating expenses	7,733,993	6,423,777
Operating Income (Loss)	(365,280)	701,999
Non-Operating Revenues (Expenses)		
Interest on investments and savings	34,944	34,730
Gain (Loss) on investments	(2,097)	(11,113)
Gain (Loss) on disposal of assets	(74,552)	(96,189)
Interest expense	(33,396)	(31,303)
Bad debt recoveries	4,237	-
	(70,864)	(103,875)
Income (Loss) before contributions and transfers	(436,144)	598,124
Capital Contributions and Transfers	973,565	632,882
Change in Net Position	537,421	1,231,006
Total Net Position, Beginning	36,393,951	35,162,945
Total Net Position, Ending	\$ 36,931,372	\$ 36,393,951

WEST BATON ROUGE PARISH PUBLIC UTILITY

Statements of Cash Flows

Thirteen Months ended December 31, 2016
and year ended November 30, 2015

	2016	2015
Cash Flows From Operating Activities:		
Receipts from customers	\$ 6,677,231	\$ 7,087,733
Receipts from others	210,853	289,591
Payments to suppliers and providers	(4,100,306)	(4,039,038)
Payment to employees	(1,915,407)	(1,669,158)
Net Cash Provided By (Used In) Operating Activities	872,371	1,669,128
Cash Flows From Capital and Related Financing Activities		
Proceeds from sale of assets	14,782	
Acquisition and construction of capital assets	(763,230)	(532,469)
Long-Term Debt Repaid	(10,945)	(9,623)
Interest Paid	(33,396)	(31,303)
Net Cash Provided By (Used In) Capital and Related Financing Activities	(792,789)	(573,395)
Cash Flows From Investing Activities		
Investment Expense	4,237	-
Interest and dividends on investments	31,955	21,694
Increase in certificates of deposit	(23,116)	-
Purchase of investment securities	-	(234,356)
Sale of investment securities	948,083	228,024
Net Cash Provided By (Used In) Investing Activities	961,159	15,362
Net Increase (Decrease) In Cash And Cash Equivalents	1,040,741	1,111,095
Cash and Cash Equivalents		
Beginning of year	5,733,616	4,622,521
End of year	\$ 6,774,357	\$ 5,733,616
Noncash Investing, Capital, and Financing Activities		
Interest charged to expense	\$ 33,396	\$ 31,303
Net assets contributed to the system	\$ 973,565	\$ 283,550
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:		
Operating income (loss)	\$ (365,280)	\$ 701,999
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	1,307,557	1,143,409
Increase (decrease) in assets:		
Accounts receivable	(1,196,068)	120,241
Prepaid expenses	15,874	(9,432)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	165,160	(154,806)
Other payables	103,833	41,586
Payable to other systems	43,932	(347,492)
Accumulated unpaid vacation	7,466	(7,530)
OPEB and pension liability	789,897	181,153
Net Cash Provided By (Used In) Operating Activities	\$ 872,371	\$ 1,669,128

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements

December 31, 2016

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.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2016

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.

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.

Capitalization of Interest. Interest is capitalized on assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. No interest was capitalized in 2016 or 2015.

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.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2016

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 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, 2016 and November 30, 2015, 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 Codification Section P50 *Post-employment Benefits Plans Other than Pension Plans.* This pronouncement requires the Utility to calculate and recognize a net other post-employment benefit obligation (NOPEBO) at December 31, 2016 and November 30, 2015. The

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2016

NOPEBO is, in general, the cumulative difference between the actuarial required contribution and the actual contributions since December 1, 2010. 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.

Current Year Adoption of New Accounting Standards. The West Baton Rouge Parish Public Utility was not required to adopt any new accounting standards in the current period.

Subsequent Events. In preparing these financial statements, the Utility has evaluated events and transactions for potential recognition or disclosure through June 23, 2017, which is the date the financial statements were available to be issued.

Fiscal Year Change. The West Baton Rouge Public Utility changed from a fiscal year ending November 30 to a December 31 year end, consequently the financial statements for the current period cover thirteen months.

2. Deposits and Investments

Deposits. At December 31, the Utility has deposits totaling \$10,635,778 (book balances) as follows:

Demand deposits	7,692,596
Interest bearing deposits	2,943,182
Total	<u>\$ 10,635,778</u>

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.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2016

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, 2016, the Utility's bank balance of \$10,619,123 was not exposed to custodial credit risk.

Investments. At December 31, 2016 the Utility had investments as follows:

	Change in Investments	
	Amortized Cost	Fair Value
Balance November 30, 2015	\$ 941,613	\$ 948,084
Maturities	(941,613)	(941,613)
Investment Purchases	-	-
Change in fair value	-	(6,471)
Balance December 31, 2016	\$ -	\$ -
Balance November 30, 2014	\$ 938,184	\$ 949,436
Maturities	(224,595)	(224,595)
Investment Purchases	228,024	228,024
Change in fair value	-	(4,781)
Balance November 30, 2015	\$ 941,613	\$ 948,084

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.

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.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2016

As of December 31, 2016, 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	7,692,596
Carrying value of investments	2,943,182
Total	<u>\$ 10,636,962</u>

Captions on combined balance sheet:	
Cash and cash equivalents	\$ 6,774,357
Investments	2,943,182
Restricted cash and cash equivalents	919,423
Total	<u>\$ 10,636,962</u>

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.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2016

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, 2016 and November 30, 2015 were \$12,853 and \$11,367, 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, 2016 and November 30, 2015 were \$14,621, and \$13,135, respectively. As of December 31, 2016 and November 30, 2015, 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, 2016 and November 30, 2015 were \$14,621, and \$13,135, respectively. As of December 31, 2016 and November 30, 2015, this was adequately funded.

These three accounts are shown on the balance sheet as Revenue Bond Restricted Funds. The three accounts totaled \$42,095 and \$37,637 at December 31, 2016 and November 30, 2015, respectively.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2016

4. Capital Assets

Utility capital assets consisted of the following:

	Balance 11/30/15	Additions	Deletions	Balance 12/31/16
Land and improvements	\$ 221,850	\$ -	\$ -	\$ 221,850
Buildings and operating facilities	434,242	-	399	433,843
Office, furniture and equipment	239,518	6,626	26,047	220,097
Natural gas system	5,051,408	-	-	5,051,408
Water system	19,365,194	432,133	91,960	19,705,367
Sewer system	18,594,237	973,565	-	19,567,802
Equipment	1,083,258	245,899	215,580	1,113,577
Vehicles	569,514	78,572	110,433	537,653
	45,559,221	1,736,795	444,419	46,851,597
Less Accumulated Depreciation	17,586,992	1,307,557	355,087	18,539,462
	\$ 27,972,229	\$ 429,238	\$ 89,332	\$ 28,312,135

	Balance 11/30/14	Additions	Deletions	Balance 11/30/15
Land and improvements	\$ 221,850	\$ -	\$ -	\$ 221,850
Buildings and operating facilities	418,044	16,198	-	434,242
Office, furniture and equipment	304,349	4,919	69,750	239,518
Natural gas system	4,895,791	155,617	-	5,051,408
Water system	18,905,228	577,566	117,600	19,365,194
Sewer system	18,378,567	215,670	-	18,594,237
Equipment	1,093,561	126,330	136,633	1,083,258
Vehicles	516,036	69,051	15,573	569,514
	44,733,426	1,165,351	339,556	45,559,221
Less Accumulated Depreciation	16,686,952	1,143,405	243,365	17,586,992
	\$ 28,046,474	\$ 21,946	\$ 96,191	\$ 27,972,229

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, 2016

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.

2. Survivor Benefits

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

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2016

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.

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.

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, 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 three percent of the member's final average compensation multiplied by his years of creditable service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age sixty.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2016

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. 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, 2015, the actual employer contribution rate was 14.50% for Plan A. For the year ended December 31, 2015, the actuarially determined employer contribution rate was 10.40% for Plan A. The actual rate differs from the actuarially required rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective. Contributions to the pension plan from the Utility were \$226,001 for the thirteen months ended December 31, 2016.

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.

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

At December 31, 2016, the Utility reported a liability of \$696,464 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of December 31, 2015 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Utility's proportion of the Net Pension Liability 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, 2015, the Utility's proportion was .264585%, which was an increase of .046118% from its proportion measured as of December 31, 2014.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2016

For the thirteen months ended December 31, 2016, the Utility recognized pension expense of \$220,473 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$13,847.

At December 31, 2016, 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	\$ -	\$ (110,687)
Changes of assumptions	155,183	-
Net difference between projected and actual earnings on pension plan investments	637,284	-
Changes in proportion and differences between City contributions and proportionate share of contributions	34,016	-
City contributions subsequent to the measurement date	226,001	-
Total	\$ 1,052,484	\$ (110,687)

\$226,001 reported as deferred outflows of resources related to pensions resulting from Utility contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	PERS
2017	\$ 191,822
2018	191,822
2019	195,017
2020	131,161

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2016

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2015, is as follows:

Valuation Date	December 31, 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining	
Service Lives	4 years
Investment Rate of Return	7.00% net of investment expense
Salary Increases	5.25% (2.75% Inflation, 2.50% Merit)
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	RP-2000 Employee Sex Distinct Table was selected for employees. RP-2000 Healthy Annuitant Sex Distinct Tables were selected for annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants

The discount rate used to measure the total pension liability was 7.00% for Plan A and 7.00% for Plan B. 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.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2016

Change in Assumptions:

Amounts reported in fiscal year ended December 31, 2015 for Parochial Employees' Retirement System reflect an adjustment in the discount rate used to measure the total pension liability. The discount rate for the System was reduced by 0.25% to 7.00% as of the valuation date December 31, 2015. Other changes are as follows:

Valuation Date	December 31, 2015	December 31, 2014
Inflation Rate	2.50%	3.00%
Project Salary Increases	5.25% (2.50% Inflation, 2.75% Merit)	5.75% (3.00% Inflation, 2.75% Merit)

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 2.0% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.55% for the year ended December 31, 2015.

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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	34%	1.06%
Equity	51%	3.56%
Alternatives	12%	74.00%
Real assets	3%	0.19%
Totals	100%	5.55%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.55%

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2016

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2010 through December 31, 2014. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The RP-2000 Healthy Annuitant Mortality Sex Distinct Tables (set forward two years for males and set forward one year for females) projected to 2031 using Scale AA was selected for annuitants and beneficiaries. For disabled annuitants, the RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females was selected. For active employees, the RP-2000 Employee Sex Distinct Tables set back 4 years for males and 3 years for females was used.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Utility's proportionate share of the Net Pension Liability using the discount rate of 7.00%, as well as what the Employer's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (6.0%) or one percentage-point higher (8.0%) than the current rate:

	Changes in Discount Rate-Plan A		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$1,744,895	\$ 696,464	\$ (189,587)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS 2015 Comprehensive Annual Financial Report at www.persla.org. or on the Office of Louisiana Legislative Auditor's official website: www.la.state.la.us.

Payables to the Pension Plan

Included in accrued expense liabilities is \$81,847 payable to the System which was remitted subsequent to December 31, 2016.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2016

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 \$31,172 and \$15,729 for the thirteen months ended December 31, 2016 and year ended November 30, 2015, respectively, for providing this service. In addition to the per customer fee, the Council paid the Utility \$9,500 and \$9,500 in the thirteen months ended December 31, 2016 and year ended November 30, 2015, respectively, to help defray the costs associated with the collection of garbage and trash. The Utility owed the Council \$142,682 and \$113,910 for garbage fees collected and other amounts collected but not remitted to the Council at December 31, 2016 and November 30, 2015, respectively.

7. Accounts Receivable

Accounts receivable at December 31, 2016 and November 30, 2015 was made up of the following:

	2016	2015
Customer Accounts:		
Billed	\$ 1,009,387	\$ 723,133
Unbilled	238,776	256,426
Total	1,248,163	979,559
Less allowance for doubtful accounts	(3,000)	(3,000)
Net	\$ 1,251,163	\$ 982,559

8. Other Income

Other income for the thirteen months ended December 31, 2016 and the year ended November 30, 2015 was composed of the following:

	2016	2015
Service charges	\$ 61,753	\$ 51,870
Charges to other entities	-	49,258
Garbage billing and service fees	32,172	15,729
Miscellaneous income	7,428	20,634
Council payroll assistance	9,500	9,500
Total	\$ 110,853	\$ 146,991

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2016

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.

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 thirteen months ended December 31, 2016, employees earned approximately \$117,555 of vacation pay and used approximately \$110,089. As of December 31, 2016 and November 30, 2015, employees of the Utility had accumulated and vested \$148,198 and \$140,732, 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, 2016 and November 30, 2015:

	2016	2015
Customer deposits	\$ 672,977	\$ 654,147
Revenue bond current maturity	11,715	11,156
	<u>\$ 684,692</u>	<u>\$ 665,303</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.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2016

12. Other Post-Employment Benefits

Other Post-Employment Benefits (OPEB). All classified and unclassified employees of the Utility at their option participate in the employee's group life and health insurance programs. The insurance policies are quoted and awarded on a yearly basis.

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 currently offers a HDHP and PPO plan to all full-time employees, as well as retired and retirement eligible employees. All retirees age 65 or older that have Part A and Part B of Medicare must go on the Humana 65 Plan.

Additionally, a HSA is also offered to all participants in the HDHP. The Utility pays 100% of the premiums for all full-time employees and retirees and retirement eligible employees. 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 full-time and 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.

Funding Policy. Effective with the Fiscal Year beginning December 1, 2010, the Utility implemented Government Accounting Standards Board Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other than Pensions* (GASB 45).

Currently the employees and retirees do not contribute to the premiums for health insurance. This is established after the yearly quotes have been awarded and or addressed in the annual operating budget and may be amended in subsequent years. For the thirteen months ended December 31, 2016 and the year ended November 30, 2015, the plan was funded by the Utility 100% for the health insurance premiums and 50% for life insurance premiums. Additionally, the Utility does contribute to the HSA of all HDHP participants that choose to participate based on the schedule under the plan description.

The employer contribution to the OPEB plan for the thirteen months ended December 31, 2016 and the years ended November 2015, 2014, 2013, 2012, 2011 and 2010 totaled \$107,950 \$122,599, \$87,068, \$92,210, \$88,663, \$77,116, and \$44,376, respectively. The only contributions required by the retirees would be for their 50% match on the life insurance.

Annual OPEB Cost and Net OPEB Obligations. The Utility's annual OPEB cost (expense) was calculated based on the annual required contribution of the employer (ARC) an amount actuarially determined in accordance with the GASB Statement 45. The ARC represents a level of funding

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2016

that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over the actuarial period. The ARC was calculated as part of the January 1, 2015 actuarial valuation performed by an outside consultant. The following table shows the government's annual OPEB cost for the thirteen months ended December 31, 2016 and the year ended November 30, 2015.

	2016	2015
Annual required contribution	\$ 255,554	\$ 255,554
Interest on net OPEB obligation	41,968	41,968
ARC Adjustment	(36,408)	(36,408)
Annual OPEB cost (expense)	261,114	261,114
Less contributions made	(107,950)	(122,599)
Increase in net OPEB obligation	153,164	138,515
Net OPEB obligation, beginning of the year	1,071,139	932,624
Net OPEB obligation, end of the year	\$ 1,224,303	\$ 1,071,139

Trend information for the OPEB plan is as follows:

Year	Annual OPEB Cost	Percent of Annual OPEB Cost Contributed	Increase Net OPEB Obligation
2016	\$ 255,554	42%	\$ 153,164
2015	255,554	48%	138,515
2014	233,000	38%	149,368
2013	233,000	40%	144,190
2012	233,000	38%	147,737
2011	220,000	35%	142,882
2010	220,000	20%	175,633
2009	220,000	21%	172,814

Funding Status and Funding Progress. As of January 1, 2015 the most current actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$3,632,315 with no valued assets, resulting in an unfunded accrued liability of the same amount. The actuarial valuation of the plan is ongoing and is based on assumptions and probability of events far into the future. Examples could be future events such as employment, mortality and cost of all employee benefits (health insurance, etc.) The determination of the funding status of the plan is ongoing and the annual required contributions by the employer are subject to continual revision and the results of the actual figures are compared with past expectations to meet future estimates.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2016

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations.

The projected unit cost was used for the January 1, 2015 actuarial valuation. Because the government currently finances OPEB using a pay-as-you-go approach, the discount rate is based on the historical and expected investment that are expected to be used in financing the payment of benefits. The actuarial assumptions included a 4.5% investment rate of return compounded annually. Life expectations were based on the RP 2000 Mortality Tables combined table M/F Projection AA 2015. Termination rates for withdrawal other than death and retirement were developed from the Louisiana Parochial Employee's Retirement System Actuarial Valuation as of January 1, 2015. The annual termination probability is dependent on an employee's years of service and assumes Public Utility's employees are part of "Plan A".

The Plan assumes that 100% of all employees and their dependents who are eligible for retiree benefits participate in the post-requirement benefits plan. Future pre-65 retirees and their dependents are assumed to continue to enroll in their current plans and choose the current coverage level upon retirement. If employees are currently not enrolled, it is assumed that all future pre-Medicare retirees will enroll in the Humana HDHP Plan. Also, 50% of employees that are not currently enrolled are assumed to be married at retirement with males being three years older than females. Employees that are currently enrolled are assumed to choose the same health coverage level upon retirement. The Health Care Cost Trend is assumed at an initial rate of 8.00% for 2015, grading down to a level rate of 5.00% in 2019 and after, level 5.00% for the Medicare Supplement.

The amortization method for the plan is a level percentage of payroll with thirty year open amortization. The expected long-term payroll growth rate was estimated at 3.5% per annum salary increase. The remaining amortization period at January 1, 2015 was 30 years.

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, 2016 or November 2015.

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, 2016

The Public Utility collected sewer user fees for the Town of Addis in 2016 and 2015. At December 31, 2016 and November 30, 2015, the Public Utility owed the Town of Addis, \$38,156 and \$25,608, respectively.

The Public Utility collected sewer user fees for the Town of Brusly in 2016 and 2015. At December 31, 2016 and November 30, 2015, the Public Utility owed the Town of Brusly \$22,536 and \$19,923, 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 2016	Water Sales 2015	Accounts Receivable 2016	Accounts Receivable 2015
Customer A	16.7%	17.0%	3.3%	3.3%

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, 2016

16. Capital Contributions and Transfers

Capital contributions and transfers for the thirteen months ended December 31, 2016 and the year ended November 30, 2015 are as follows:

	2016	2015
From the Parish Council:		
Water improvements	\$ 973,565	\$ -
Sewer improvements	-	194,380
Right of way	-	349,332
From developers:		
Gas & Water system improvements	-	89,170
	<u>\$ 973,565</u>	<u>\$ 632,882</u>

17. Litigation and Claims

There was no pending litigation at December 31, 2016.

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, 2016 and November 30, 2015 consisted of the following:

	2016	2015
\$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.	\$ 699,764	\$ 710,708
Less current portion	<u>10,539</u>	<u>9,965</u>
Long term portion	<u>\$ 689,225</u>	<u>\$ 700,743</u>

WEST BATON ROUGE PARISH PUBLIC UTILITY

Notes to Financial Statements, Continued

December 31, 2016

The annual requirements to amortize the revenue bond payable as of December 31, 2016, are as follows:

Year ending December 31,	Principal	Interest	Total
2017	\$ 10,538	\$ 30,405	\$ 40,943
2018	11,008	29,935	40,943
2019	11,500	29,443	40,943
2020	12,013	28,930	40,943
2021	12,549	28,394	40,943
2022	13,109	27,834	40,943
2023-2027	74,864	129,850	204,714
2028-2032	93,133	111,581	204,714
2033-2037	115,860	88,854	204,714
2038-2042	144,132	60,582	204,714
2043-2047	179,304	25,410	204,714
2048	21,754	298	22,052
Totals	\$ 699,764	\$ 591,516	\$ 1,291,280

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.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Required Supplementary Information

December 31, 2016

WEST BATON ROUGE PARISH PUBLIC UTILITY

Schedule of Funding Progress for Postemployment Benefits

Thirteen Months ended December 31, 2016 and
years ended November 30, 2015 and 2014

Year End *	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
11/30/2014	\$ -	\$ 3,099,000	\$ 3,099,000	0.00%	\$ 1,589,264	195.00%
11/30/2015	\$ -	\$ 3,632,315	\$ 3,632,315	0.00%	\$ 1,611,519	225.40%
12/31/2016	\$ -	\$ 3,632,315	\$ 3,632,315	0.00%	\$ 1,835,105	197.93%

* The date of the last actuarial valuation was January 1, 2015.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Schedule of Employer's Proportionate Share of the Net Pension Contributions

*Thirteen Months ended December 31, 2016
and year ended November 30, 2015*

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
--------------	--	---	-------------------------------------	--	---

PERS:

2016	0.0265%	\$ 696,464	\$ 1,723,594	40.41%	92.23%
2015	0.2185%	\$ 59,731	\$ 1,517,028	3.94%	99.15%

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, 2015.

WEST BATON ROUGE PARISH PUBLIC UTILITY
Schedule of Employer's Pension Contributions
*Thirteen Months ended December 31, 2016
and year ended November 30, 2015*

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>					
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, 2016

PERS

Changes of Benefit Terms

- There were no changes in benefit terms for the thirteen months ended December 31, 2016.

Changes of Assumptions

- There were no changes of benefit assumptions for the thirteen months ended December 31, 2016.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Other Supplementary Information

December 31, 2016

WEST BATON ROUGE PARISH PUBLIC UTILITY
**Schedule of Changes in Sewer Revenue
Bond Restricted Funds**
**Thirteen Months ended December 31, 2016
and year ended November 30, 2015**

	2016	2015
Beginning balance	\$ 37,637	\$ 33,525
Additions		
Transfer from Revenue account	48,813	45,055
Total Cash Available	<u>86,450</u>	<u>78,580</u>
Disbursements		
Bond Principal paid	\$ 10,945	\$ 9,623
Bond Interest paid	33,410	31,320
Total Disbursements	<u>44,355</u>	<u>40,943</u>
Balance, Ending	<u>\$ 42,095</u>	<u>\$ 37,637</u>

The restricted cash account was adequately funded as of December 31, 2016 and November 30, 2015.

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

WEST BATON ROUGE PARISH PUBLIC UTILITY

Operating Statistics

Thirteen Months ended December 31, 2016
and year ended November 30, 2015

	2016	2015
Sewer		
Residential customers	1,421	1,356
Commercial customers	118	115
Total	1,539	1,471
Natural Gas		
Customers	5,077	4,919
Sales	\$ 3,420,386	\$ 3,488,010
Purchases	1,690,210	1,685,972
Gross Profit on sales	\$ 1,730,176	\$ 1,802,038
MCF's of gas sold	563,911	510,448
Total number of customer billings	64,967	58,254
Average number of customers billed per month	5,414	4,855
Average monthly revenue per customer	\$ 52.65	\$ 59.88
Average revenue per MCF billed	\$ 6.07	\$ 6.83

WEST BATON ROUGE PARISH PUBLIC UTILITY

Operating Statistics, continued

Thirteen Months ended December 31, 2016 and year ended November 30, 2015

	Placid	Chemical Plants	Others	Total 2016
Water				
Sales	\$ 473,158	\$ 213,509	\$ 2,139,602	\$ 2,826,269
M gallons sold	788,597	348,693	1,107,681	2,244,971
Total number of customer billings	13	27	104,650	104,690
Average number of customers billed per month	1	2	8,050	8,053
Average monthly revenue per customer	\$ 60,661	\$ 7,908	\$ 20.45	\$ 27.00
Average revenue per M gallons	\$ 0.60	\$ 0.61	\$ 1.93	\$ 1.26
	Placid	Chemical Plants	Others	Total 2015
Sales	\$ 431,715	\$ 194,051	\$ 1,923,434	\$ 2,549,200
M gallons sold	719,320	320,386	985,135	2,024,841
Total number of customer billings	12	24	94,475	94,511
Average number of customers billed per month	1	2	7,873	7,876
Average monthly revenue per customer	\$ 59,943	\$ 8,085	\$ 20.36	\$ 26.97
Average revenue per M gallons	\$ 0.60	\$ 0.61	\$ 1.95	\$ 1.26

WEST BATON ROUGE PARISH PUBLIC UTILITY

Schedule of Per Diem Paid to Board Members
Thirteen Months Ended December 31, 2016

	<u>Amount</u>
Compensation for the year ended December 31, 2016:	
Gary Spillman, Chairperson	\$ 17,329
Randal Mouch	15,600
Charlene Gordon	15,600
Ricky Loupe	15,600
Phil Porto	15,600
Edward Robertson	15,600
Chris Kershaw	15,600
Naomi Fair	15,600
Barry Huggins	15,600
	<u>\$ 142,129</u>

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**Thirteen Months Ended December 31, 2016*

	<u>Amount</u>
Compensation for the thirteen months ended December 31, 2016 to the West Baton Parish Public Utility Executive Director, Daryl Babin:	
Salary	\$ 129,222
Benefits-Insurance	17,130
Benefits-Retirement	16,355
Vehicle Provided	<u>775</u>
Total compensation	<u>\$ 163,482</u>



Certified
Public
Accountants

Business
Advisors

**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 thirteen months ended December 31, 2016 and the year ended November 30, 2015, 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 23, 2017.

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) 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 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 over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying *schedule of findings and responses*, we identified 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 to be material weaknesses. (2016-001, and 2016-002)

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.

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 determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2016-003.

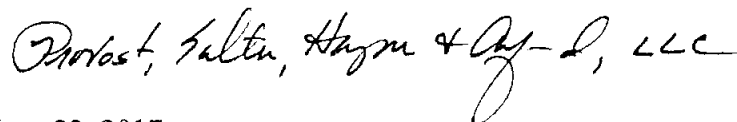
West Baton Rouge Parish Public Utility's Response to Findings

West Baton Rouge Parish Public Utility's response to the findings identified in our audit are 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



June 23, 2017

WEST BATON ROUGE PARISH PUBLIC UTILITY

Schedule of Findings and Responses

December 31, 2016

Section I- Internal Control Findings

Finding 2016-001

Material Weakness in Internal Control over Financial Reporting–Inadequate Segregation of Duties

Criteria: The segregation of duties and responsibilities between different individuals for custody of assets, recordkeeping for those assets, and reconciliation of those asset accounts is an important control activity needed to adequately protect the entity’s assets and ensure accurate financial reporting.

Condition: Presently, some individuals that receives utility service related cash payments are also responsible for service billing and adjustment, also balances the daily cash drawer, and posts payments to subsidiary accounts receivable ledgers.

Context: We observed inadequate segregation of duties by observing the billing and cash payment functions during fieldwork, and through interviews of personnel and management. Cash payments and cash receipts represent the cash flow of the entity.

Potential Effect: Without sufficient segregation of duties, the risk significantly increases that errors and fraud related to the utility billing and collection activities, including misappropriation of assets, could occur and not be detected within a timely basis.

Cause: The entity’s limited size and staffing resources have made it difficult for management to provide sufficient staffing to fully segregate incompatible duties in a cost-effective manner.

This is a repeat finding.

Recommendation: Management and the board should consider a formal evaluation of their risks associated with this lack of duties segregation over utility cash and receivables. In response to the identified risks, consideration should be given to identifying and implementing controls that could help mitigate the risks associated with lack of segregation of duties, such as providing increased management oversight and an independent reconciliation of accounts.

View of Responsible Official: Due to the small size of the organization, a proper segregation of duties is not possible with respect to cash transactions. Management believes it is not practical or cost effective to correct this weakness. They have taken steps to compensate for this weakness.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Schedule of Findings and Responses, Continued

December 31, 2016

Finding 2016-002

Material Weakness in Internal Control over Financial Reporting—Preparation of Financial Statements

Criteria: Generally accepted accounting principles (GAAP) required that management prepare financial statements.

Condition: The Public Utility does not have employees with sufficient expertise and training to prepare financial statements in accordance with GAAP.

Context: Management is unable to prepare financial statements without outside assistance.

Potential Effect: Without financial statements prepared in accordance with GAAP there is a risk of errors or fraud occurring and not being detected in a timely manner.

Cause: The Public Utility does not employ individuals with sufficient expertise and training to prepare financial statements in accordance with GAAP.

This is a repeat finding.

Recommendation: Management and the board should consider the risks associated with not employing an individual with the expertise and training needed to prepare financial statements in accordance with GAAP.

View of Responsible Official: The Public Utility's management is aware of this condition, and believes hiring an employee with the requisite qualifications would be cost prohibitive. They believe the most cost effective solution is to have their external auditor assist in drafting year end financial statements in accordance with GAAP.

Section II- Compliance Finding

Finding 2016-003

State Bid Law Violation

Criteria: The Public Utility is required to follow state law regarding bids for purchases.

Condition: The Public Utility did not obtain bids on some items that were required to be bid.

Context: Louisiana Revised Statutes 38:2211-2296 govern the purchase of materials and supplies by political subdivisions.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Schedule of Findings and Responses, Continued

December 31, 2016

Potential Effect: The Public Utility may have paid more on some items than they would have had they obtained bids as required by state law.

Cause: Management was not aware bids were required on the items in question.

Recommendation: Management should review state laws on bid requirement and be sure to follow it when required.

View of Responsible Official: We agree and will review state laws regarding bids and comply with them.

WEST BATON ROUGE PARISH PUBLIC UTILITY

Schedule of Prior Year Findings

December 31, 2016

Ref No.	Fiscal Year Finding Initially Occurred	Description of Finding	Status of the Finding	Current Year Finding Ref No.
2015-001	2015	Inadequate segregation of duties	Unresolved	2016-001
2015-002	2015	Unable to prepare financial statements	Unresolved	2016-002