

CITY OF BAKER SCHOOL BOARD

BAKER, LOUISIANA

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2019

**CITY OF BAKER SCHOOL BOARD
TABLE OF CONTENTS**

BASIC FINANCIAL STATEMENTS	Page
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-wide Financial Statements (GWFS):	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements (FFS):	
Governmental Funds:	
Balance Sheet	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balances	16
Reconciliation of the Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	17
Fiduciary Funds:	
Statement of Fiduciary Assets and Liabilities	18
Notes to the Basic Financial Statements	19
REQUIRED SUPPLEMENTAL INFORMATION	
Budgetary Comparison Schedules	
General Fund	53
Flood Recovery Fund	54
Title I	55
Notes to Budgetary Comparison Schedule	56
Schedule of Changes in Net OPEB Liability and Related Ratios for the Year Ended June 30, 2019	57
Schedule of Contributions to each Retirement System for the Year Ended June 30, 2019	58
Schedule of the Proportionate Share of the Net Pension Liability for the Year Ended June 30, 2019	59
Notes to Required Supplementary Information	60

TABLE OF CONTENTS (Continued)

OTHER SUPPLEMENTAL INFORMATION	Page
Non-Major Governmental Funds Descriptions	62
Nonmajor Governmental Funds	
Balance Sheet	63
Statement of Revenues, Expenditures and Changes in Fund Balance	64
 SPECIAL INDEPENDENT AUDITORS' REPORT	
Independent Auditors' 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	65
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	67
Schedule of Expenditures of Federal Awards	69
Notes to Schedule of Expenditures of Federal Awards	70
Schedule of Findings and Questioned Costs	71
Schedule of Prior Year Audit Findings and Management Corrective Action Plan	73
 SCHEDULES REQUIRED BY STATE LAW	
Independent Accountant's Report on Applying Agreed-Upon Procedures	74
R.S. 24:514 – Performance and Statistical Data	76
General Fund Instructional and Support Expenditures and Certain Local Revenue Sources	77
Class Size Characteristics	78

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Brad E. Kolder, CPA, JD*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

* A Professional Accounting Corporation

WWW.KCSRPCAS.COM

INDEPENDENT AUDITOR'S REPORT

To the Members of the
City of Baker School Board
Baker, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Baker School Board (the School Board), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board, as of June 30, 2019, and the respective changes in financial position for the 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 and other required supplementary information on pages 4 through 11 and 53 through 61 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 sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Board's basic financial statements. The other supplementary information on pages 63 through 64 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2019, on our consideration of the School Board'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 the School Board's 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 the School Board's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
December 18, 2019

**CITY OF BAKER SCHOOL BOARD
MANAGEMENT’S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2019**

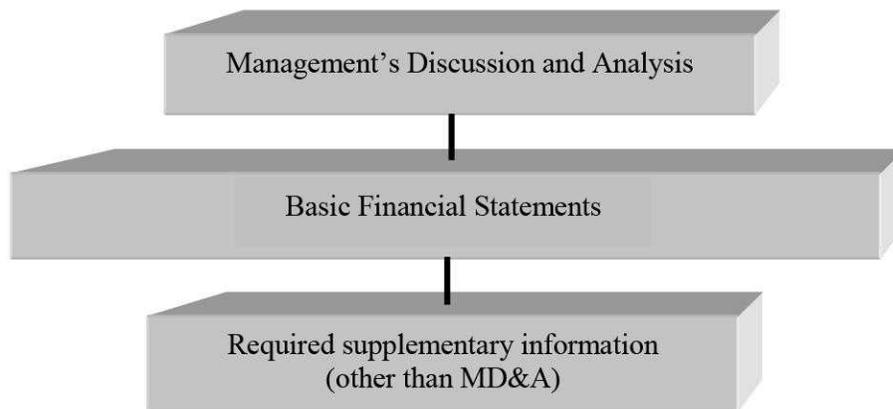
The Management’s Discussion and Analysis of the City of Baker School Board’s (the School Board) financial performance presents a narrative overview and analysis of the School Board’s financial activities for the year ended June 30, 2019. This document focuses on the current year’s activities, resulting changes, and currently known facts in comparison with the prior year’s information (where available).

FINANCIAL HIGHLIGHTS

- ★ The City of Baker School Board’s liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at the close of fiscal year 2019 by approximately \$7.1 million.
- ★ At June 30, 2019, the Net Deficit in the Statement of Net Position was primarily caused by the net pension liability and the net other post-employment benefits obligation that totaled approximately \$16.5 million and \$7.7 million, respectively.
- ★ Revenues exceeded expenses by approximately \$4.3 million on a full accrual basis for the 2019 fiscal year, representing a positive increase in the long-term financial condition of the School Board.
- ★ Ad valorem tax and Minimum Foundation Program (MFP) revenues decreased over the prior year by approximately \$120,000 and \$496,000, respectively, in comparison to 2018.
- ★ Sales and use tax revenue increased by approximately \$221,000 in comparison to 2018.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments established by Governmental Accounting Standards Board.



These financial statements consist of three sections - Management’s Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the School Board’s finances, in a manner similar to private sector business.

**CITY OF BAKER SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2019**

The *statement of net position* presents information on all of the School Board's assets, deferred outflows, liabilities and deferred inflows of resources, with the difference between the four reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School Board is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused sick leave).

Both government-wide financial statements present functions of the School Board that are principally supported by taxes and intergovernmental revenues (governmental activities). The School Board has no functions or activities which are business-like in nature, meaning that they are primarily supported by user fees and charges for services, such as a municipally owned utility system. The governmental activities of the School Board include regular and special education programs, support services, administration, maintenance, student transportation, and school food services. The School Board contains no other units of government (component units) nor is it contained as a component unit of any other level of local or state government.

Fund financial statements. A *fund* is a grouping of related accounts that are used to maintain control over the resources that have been segregated for specific activities or objectives. The School Board, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the School Board can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near term inflows and outflows of spendable resources*, as well as on *balances of spendable resources available* at the end of the fiscal year. Such information may be useful in evaluating a government's near term financial requirements. Because of the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School Board's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The School Board maintains several of individual governmental funds. Information is presented separately in the government fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Flood Recovery, and Title I, which are the School Board's major funds. The remaining funds are combined into a single, aggregated presentation under the label of non-major governmental funds, which contains all other governmental funds. Individual fund data for each of these non-major funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of outside parties such as students. Fiduciary funds are not reflected in the government-wide financial statements because of the resources of those funds are not available to support the School Board's programs. The sole fiduciary fund of the School Board is the School Activity Fund, which contains monies belonging to the schools, their students, and clubs and other activities.

**CITY OF BAKER SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2019**

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

FINANCIAL ANALYSIS OF THE ENTITY

Statements of Net Position
as of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents	\$ 1,688,838	\$ 1,896,418
Receivables	3,057,798	2,787,966
Inventory	11,766	14,128
Other assets	24,871	17,013
Capital assets, net of accumulated depreciation	<u>12,574,161</u>	<u>9,671,281</u>
Total assets	17,357,434	14,386,806
Deferred outflows of resources	<u>5,241,229</u>	<u>4,784,956</u>
Total assets and deferred outflows of resources	<u>\$ 22,598,663</u>	<u>\$ 19,171,762</u>
Liabilities		
Accounts payable	\$ 29,049	\$ 20,956
Salaries and benefits payable	807,325	856,937
Long-term liabilities:		
Due within one year	123,988	124,665
Due in more than one year	1,489,047	1,555,139
Other post-employment benefit obligation	7,683,284	6,542,319
Net pension liability	<u>16,466,336</u>	<u>16,125,547</u>
Total liabilities	26,599,029	25,225,563
Deferred inflows of resources	<u>3,084,002</u>	<u>5,288,005</u>
Total liabilities and deferred inflows of resources	<u>29,683,031</u>	<u>30,513,568</u>
Net position		
Net investment in capital assets	11,494,161	8,531,281
Restricted for flood recovery	2,019,979	2,101,734
Unrestricted	<u>(20,598,508)</u>	<u>(21,974,821)</u>
Total net position	<u>(7,084,368)</u>	<u>(11,341,806)</u>
Total liabilities, deferred inflows of resource, and net position	<u>\$ 22,598,663</u>	<u>\$ 19,171,762</u>

**CITY OF BAKER SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2019**

FINANCIAL ANALYSIS OF THE ENTITY (Continued)

- Cash and cash equivalents decreased by approximately \$208,000 over the prior fiscal year and overall total assets increased by approximately \$3.4 million over the prior year due to the School Board's investment in the repair and re-building property following the August 2016 floods.
- Capital assets (reported net of accumulated depreciation), which accounts for 56% of the total assets of the School Board, increased by approximately \$2.9 million, net of accumulated depreciation, due to construction in progress as a result of impacts of the August 2016 flood.
- Salaries payable and accrued expenses experienced a decrease of approximately \$50,000 or 5.8%.
- Unrestricted net position increased by approximately \$1.4 million or 6.3% as a result of a decrease in the deferred inflows of resources related to net pension liability.

**CITY OF BAKER SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2019**

FINANCIAL ANALYSIS OF THE ENTITY (Continued)

Statements of Revenues and Expenses
as of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenue		
Program revenues		
Charges for services	\$ 10,003	\$ 14,959
Operating grants	2,668,562	3,019,887
Capital grants	3,449,575	2,505,208
General revenues		
Taxes		
Ad valorem tax	2,007,274	2,127,493
Sales and use tax	3,620,196	3,399,115
State revenue sharing	43,248	42,968
Minimum foundation program	9,511,891	10,008,355
Other grants	232,245	225,084
Interest and investment earnings	46,983	2,400
Miscellaneous	<u>550,911</u>	<u>233,287</u>
Total revenue	<u>22,140,888</u>	<u>21,578,756</u>
Expenses		
Regular education programs	4,829,076	5,994,292
Special education programs	958,890	889,638
Other education programs	2,506,869	2,339,582
Pupil support services	683,640	654,898
Instructional staff services	814,947	702,067
General administrative services	1,382,255	970,797
School administrative services	1,026,975	1,033,051
Business and central services	555,798	656,368
Plant operation and maintenance	1,638,628	1,619,250
Transportation	778,138	578,352
Food services	972,993	945,936
Charter school appropriation	1,685,452	1,627,715
Facilities acquisition and constructions	-	457,994
Debt services	<u>49,789</u>	<u>48,798</u>
Total expenses	<u>17,883,450</u>	<u>18,518,738</u>
Change in net position	<u>\$ 4,257,438</u>	<u>\$ 3,060,018</u>

**CITY OF BAKER SCHOOL BOARD
MANAGEMENT’S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2019**

FINANCIAL ANALYSIS OF THE ENTITY (Continued)

Revenue

- Operating and capital grant revenue, which accounts for approximately 27.6% of total revenues, increased by approximately \$593,000 mainly due to a decrease in operating grants for educational programs and an increase in revenues related to by the Federal Emergency Management Assistance (FEMA) disaster grant.
- Local tax revenues consist of sales and property taxes and increased approximately \$101,000 total compared to 2018. These local tax revenues are approximately 25.4% of total revenue in 2019. There have been very minimal increases in these tax resources over the past several fiscal years as the economy remained flat. However, the School Board did see an increase in sales tax revenues in the current fiscal year and anticipates a slight increase in ad valorem taxes for the 2020 fiscal year.
- Minimum Foundation Program (MFP) revenue decreased by \$496,464, or 5% in comparison to fiscal 2018 as result of lower enrollment from the previous year. MFP revenues accounted for approximately 43% of total revenues in 2019.

Expense

- Overall expenses decreased by approximately \$635,000 or 3% from the prior year due to a large reduction in education and administrative expenses.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2019, the City of Baker School Board had approximately \$12.6 million invested in a broad range of capital assets, including land, building, and equipment. (See Table below). This amount represents a net increase (including additions and deductions) of \$2.9 million from last year due to capitalized construction in progress related to School renovations following the August 2016 flood.

Capital Assets at June 30,
(Net of Accumulated Depreciation)

	2019	2018
Land	\$ 149,536	\$ 149,536
Work in process	4,147,307	1,840,785
Buildings and improvements	8,140,990	7,499,931
Furniture, Fixtures, and Equipment	136,328	181,029
	\$ 12,574,161	\$ 9,671,281

**CITY OF BAKER SCHOOL BOARD
MANAGEMENT’S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2019**

Long-term debt

The School Board’s long-term debt consists of bonds payable, the liability for compensated absences, claims and judgements, an obligation for postemployment benefits (OPEB), and the School Board’s net pension liability.

Long-Term Debt at June 30,

	2019	2018
Bonds payable	\$ 1,080,000	\$ 1,140,000
Claims and judgements	11,872	11,872
Compensated absences	521,163	527,932
Net pension liability	16,466,336	16,125,547
Net other post-employment benefit obligations	7,683,284	6,542,319
	\$ 25,762,655	\$ 24,347,670

In May 2017, the School Board issued \$1,200,000 in revenue bonds to finance the demolition and reconstruction of Baker High School as a result of flood damage. The OPEB obligation and net pension liability increased due to various actuarial assumptions used in calculating the respective pension plans’ net pension liability and the methodology used in allocating that liability to each respective employer.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Budget amendments were adopted during the year ended June 30, 2019 for the General Fund to better reflect actual operations as they evolved through the fiscal year. Amendments included decreases in projected ad valorem tax revenues, increases in MFP funding due an increase in student enrollment, and a decrease in support service expenditures.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS

For the fiscal year 2019-2020, the School Board anticipates a net increase to its General Fund due to a slight increase in revenues and a slight decrease in expenditures. The School Board decreased expenditures in fiscal year 2018-2019 from the prior year and, thus, has determined it can sustain this level of expenditures for the subsequent year.

The City of Baker School Board’s elected and appointed officials considered the following factors and indicators when setting next year’s budget, rates, and fees. These factors and indicators include:

- Ad-valorem and sales tax revenues are expected to increase slightly.
- MFP revenue is projected to increase based on an anticipated increase in student enrollment.

**CITY OF BAKER SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2019**

CONTACTING THE SCHOOL BOARD'S MANAGEMENT

This financial report is designed to provide a general overview of the School Board's finances for those with an interest in the School Board's financial position and operations. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Dr. Herman Brister, Superintendent, City of Baker School Board, P.O Box 680, Baker, LA 70704-0680, 225-774-5795.

**CITY OF BAKER SCHOOL BOARD
BAKER, LOUISIANA**

**STATEMENT OF NET POSITION
JUNE 30, 2019**

ASSETS

Cash and cash equivalents	S	1,688,838
Receivables:		
Taxes		572,774
Due from other governments		2,485,024
Prepaid expenses		24,871
Inventory		11,766
Noncurrent assets:		
Non-depreciable		4,296,843
Depreciable, net		8,277,318
TOTAL ASSETS		17,357,434

DEFERRED OUTFLOWS OF RESOURCES

Deferred pension contributions		2,222,112
Deferred amounts related to other post employment benefits		308,364
Deferred amounts related to net pension liability		2,710,753
TOTAL DEFERRED OUTFLOWS OF RESOURCES		5,241,229
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	S	22,598,663

LIABILITIES

Accounts payable	S	29,049
Salaries and benefits payable		807,325
Long-term liabilities:		
Due within one year		123,988
Due in more than one year		1,489,047
Other post-employment benefit obligation		7,683,284
Net pension liability		16,466,336
TOTAL LIABILITIES		26,599,029

DEFERRED INFLOWS OF RESOURCES

Deferred amounts related to net pension liability		3,084,002
		3,084,002

NET POSITION

Net investment in capital assets		11,494,161
Restricted for flood recovery		2,019,979
Unrestricted		(20,598,508)
TOTAL NET POSITION		(7,084,368)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	S	22,598,663

The accompanying notes are an integral part of this statement.

**CITY OF BAKER SCHOOL BOARD
BAKER, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Instruction:					
Regular education programs	\$ 4,829,076	\$ -	\$ 30,139	\$ -	\$ (4,798,937)
Special education programs	958,890	-	589,581	-	(369,309)
Other education programs	2,506,869	-	1,161,350	-	(1,345,519)
Support Services:					
Pupil support services	683,640	-	-	-	(683,640)
Instructional staff services	814,947	-	-	-	(814,947)
General administration services	1,382,255	6,810	67,327	-	(1,308,118)
School administration services	1,026,975	-	-	-	(1,026,975)
Business and central services	555,798	-	-	-	(555,798)
Plant operation and maintenance	1,638,628	-	-	-	(1,638,628)
Transportation	778,138	-	-	-	(778,138)
Food services	972,993	3,193	820,165	-	(149,635)
Appropriation to charter schools	1,685,452	-	-	-	(1,685,452)
Facilities acquisition and construction	-	-	-	3,449,575	3,449,575
Interest on long-term debt	49,789	-	-	-	(49,789)
Total Governmental Activities	\$ 17,883,450	\$ 10,003	\$ 2,668,562	\$ 3,449,575	(11,755,310)
General Revenues:					
Local sources:					
Ad valorem taxes					\$ 2,007,274
Sales and use taxes					3,620,196
State revenue sharing					43,248
Grants and contributions not restricted to specific purposes:					
Minimum foundation program (MFP)					9,511,891
Other grants					232,245
Earnings on investments					46,983
Other					550,911
					Total general revenues
					16,012,748
Change in Net Position					
					4,257,438
Net Position - beginning of year					
					(11,341,806)
Net Position - end of year					
					\$ (7,084,368)

The accompanying notes are an integral part of this statement.

**CITY OF BAKER SCHOOL BOARD
BAKER, LOUISIANA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019**

	General	Flood Recovery	Title I	Non-major Governmental	Total
ASSETS					
Cash and cash equivalents	\$ 639,469	\$ 1,020,053	\$ -	\$ 29,316	\$ 1,688,838
Receivables:					
Due from other governments	456,850	1,308,042	179,488	540,644	2,485,024
Taxes	572,774	-	-	-	572,774
Due from other funds	1,285,675	-	-	-	1,285,675
Prepaid expenses	23,968	-	-	903	24,871
Inventory	-	-	-	11,766	11,766
TOTAL ASSETS	\$ 2,978,736	\$ 2,328,095	\$ 179,488	\$ 582,629	\$ 6,068,948
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 29,049	\$ -	\$ -	\$ -	\$ 29,049
Salaries and benefits payable	807,325	-	-	-	807,325
Due to other funds	-	308,116	179,488	798,071	1,285,675
TOTAL LIABILITIES	836,374	308,116	179,488	798,071	2,122,049
Fund balances:					
Nonspendable	-	-	-	11,766	11,766
Restricted	-	2,019,979	-	-	2,019,979
Unassigned	2,142,362	-	-	(227,208)	1,915,154
TOTAL FUND BALANCES	2,142,362	2,019,979	-	(215,442)	3,946,899
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,978,736	\$ 2,328,095	\$ 179,488	\$ 582,629	\$ 6,068,948

The accompanying notes are an integral part of this statement.

**CITY OF BAKER SCHOOL BOARD
BAKER, LOUISIANA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

Total Fund Balances at June 30, 2019 - Governmental Funds		\$ 3,946,899
Amounts reported for governmental activities in the statement of net position is different due to the following:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds		
Cost of capital assets at June 30, 2019	18,729,929	
Less: Accumulated depreciation as of June 30, 2019	(6,155,768)	12,574,161
Long-term liabilities are not due and payable in the current period and therefore not reported in the governmental funds.		
Long-term liabilities at June 30, 2019:		
Bonds payable	(1,080,000)	
Claims payable	(11,872)	
Compensated absences payable	(521,163)	
Net other post-employment benefit obligation	(7,683,284)	
Net pension liability	(16,466,336)	(25,762,655)
Deferred inflows and outflows of resources are not reported in the governmental funds.		
Deferred outflows of resources - deferred pension contributions	2,222,112	
Deferred outflows of resources related to net pension liability	2,710,753	
Deferred outflows of resources related to other postemployment benefits	308,364	
Deferred inflows of resources related to net pension liability	(3,084,002)	2,157,227
Total Net Position at June 30, 2019 - Governmental Activities		\$ (7,084,368)

The accompanying notes are an integral part of this statement.

**CITY OF BAKER SCHOOL BOARD
BAKER, LOUISIANA**

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019**

	General	Flood Recovery	Title I	Other Non-Major	Total
REVENUES					
Local sources:					
Ad valorem taxes	\$ 2,007,274	\$ -	\$ -	\$ -	\$ 2,007,274
Sales and use tax	3,620,196	-	-	-	3,620,196
Earnings on investments	44,573	2,410	-	-	46,983
Food sales	-	-	-	3,193	3,193
Other	381,671	-	-	-	381,671
State sources:					
Minimum foundation program (MFP)	9,497,315	-	-	14,576	9,511,891
Restricted grants-in-aid	112,153	-	-	150,231	262,384
Other	52,259	31,188	-	-	83,447
Federal grants	81,099	3,319,821	925,129	1,897,800	6,223,849
TOTAL REVENUES	15,796,540	3,353,419	925,129	2,065,800	22,140,888
EXPENDITURES					
Current:					
Instruction:					
Regular education programs	5,800,625	-	-	76,775	5,877,400
Special education programs	842,633	-	-	221,089	1,063,722
Other education programs	1,056,115	-	747,482	740,380	2,543,977
Support:					
Pupil support services	708,529	-	-	-	708,529
Instructional staff services	521,002	-	125,668	209,103	855,773
General administration services	1,096,708	163,856	-	-	1,260,564
School administration services	1,085,675	-	-	-	1,085,675
Business and central services	370,326	-	-	-	370,326
Plant operation and maintenance	1,219,784	25,984	-	-	1,245,768
Transportation	730,838	-	47	-	730,885
Food services	-	-	-	1,001,790	1,001,790
Central services	202,547	-	-	-	202,547
State appropriations to charter schools	1,685,452	-	-	-	1,685,452
Facility construction and capital outlay	128,879	3,160,545	-	-	3,289,424
Debt service:					
Principal and interest	-	109,789	-	-	109,789
TOTAL EXPENDITURES	15,449,113	3,460,174	873,197	2,249,137	22,031,621
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	347,427	(106,755)	51,932	(183,337)	109,267
OTHER FINANCING SOURCES (USES)					
Transfers in	72,567	25,000	-	27,053	124,620
Transfers out	(52,053)	-	(51,932)	(20,635)	(124,620)
TOTAL OTHER FINANCING SOURCES (USES)	20,514	25,000	(51,932)	6,418	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	367,941	(81,755)	-	(176,919)	109,267
FUND BALANCES - beginning of year	1,774,421	2,101,734	-	(38,523)	3,837,632
FUND BALANCES - end of year	<u>\$ 2,142,362</u>	<u>\$ 2,019,979</u>	<u>\$ -</u>	<u>\$ (215,442)</u>	<u>\$ 3,946,899</u>

The accompanying notes are an integral part of this statement.

**CITY OF BAKER SCHOOL BOARD
BAKER, LOUISIANA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2019**

Excess of Revenues and Other Financing Sources over Expenditures and Other Uses - Total Governmental Funds		\$ 109,267
Amounts reported for governmental activities in the statement of activities are different due to the following:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay and other expenditures capitalized	3,289,424	
Depreciation expense for year ended June 30, 2019	<u>(386,544)</u>	2,902,880
Principal payments on long-term debt represent the use of financial resources in governmental funds. However, these payments reduce the long-term liability in the statement of net position and are not considered expenses within the statement of activities.		
Principal payments on debt		60,000
Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in net pension liability and deferred inflows and outflows in accordance with GASB 68	1,599,117	
Other post-employment benefit expense	(420,595)	
Change in compensated absences payable	<u>6,769</u>	<u>1,185,291</u>
Change in Net Position - Governmental Activities		<u>\$ 4,257,438</u>

The accompanying notes are an integral part of this statement.

**CITY OF BAKER SCHOOL BOARD
BAKER, LOUISIANA**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents - School Activity Accounts	<u>\$ 29,626</u>
LIABILITIES	
Amounts held for others	<u>\$ 29,626</u>

The accompanying notes are an integral part of this statement.

CITY OF BAKER SCHOOL BOARD
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the City of Baker School Board (School System) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting.

Reporting Entity

The City of Baker School Board was created by Louisiana Revised Statute LSA-R.S. 17:51 to provide public education within the boundaries of the City of Baker. The School Board is authorized by LSA-R.S 17:51 to establish policies and regulations for its own government consistent with the laws of the state of Louisiana and the regulations of the Louisiana Board of Elementary and Secondary Education. The School Board is comprised of five members who are elected from five districts for terms of four years.

The School Board operates five schools within the City of Baker, Louisiana, with a total enrollment of approximately 1,250 pupils. In conjunction with the regular educational programs, some of these schools offer special education and/or adult education programs. In addition, the School Board provides transportation and school food services for the students.

The Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the School Board is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Fiscally independent means that the School Board may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The School Board also has no component units, defined by GASB as other legally separate organizations for which the elected School Board members are financially accountable. There are no other primary governments with which the School Board has a significant relationship.

Basis of Presentation and Accounting

The School Board's Basic Financial Statements consist of the government-wide statements (on all of the non-fiduciary activities) and the fund financial statements (individual major fund, combined non-major funds, and the combined fiduciary funds.) The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental entities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide Financial Statements (GWFS)

The Government-Wide Financial Statements present all of the non-fiduciary fund activity of the School Board and were prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability has been incurred, regardless of the timing of the related cash flows. Sales taxes are recognized when the underlying sales transactions occur and property taxes are recognized when a legally enforceable claim arises. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. This statement demonstrates the degree to which direct expenses of a given function are offset by program revenues. Program revenues include 1) charges for services provided, 2) operating grants and contributions, and 3) capital grants and contributions; program revenues reduce the cost of the function to be financed from the School Board's general revenues. Charges for services are primarily derived from cafeteria sales. Operating grants and contributions consist of the many educational grants received from the federal and state government. Capital grants and contributions consist of public assistance grants from the federal and state government.

The School Board reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function.

Fund Financial Statements (FFS)

The accounts of the School Board are organized and operated on, the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. Funds are maintained consistent with legal and managerial requirements.

The funds of the School Board are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund classification and a description of each existing fund type follow:

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds

Governmental Funds are used to account for the School Board's activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of fixed assets, and the servicing of long-term debt. The School Board reports the following major governmental funds:

General Fund is the primary operating fund of the School System. It accounts for all financial resources of the School System, except those required to be accounted for in another fund.

Flood Recovery Fund is used to account for the proceeds of funds received from FEMA and associated debt as part of a plan to rebuild school facilities damaged in the Flood of 2016.

Title I Fund is used to account for funds received and expended related to the Title I program, which is administered by the State to provide supplementary instruction for at-risk students.

Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School Board considers all revenues available within 60 days after year-end for property taxes. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in current net position. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes are recognized when a legally enforceable claim arises (generally when levied) and the resources are available.

Sales and use taxes are recognized when the underlying exchange transaction occurs and the resources are available.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds (Continued)

Revenues

Entitlements and shared revenues (which include the state Minimum Foundation Program revenue, state revenue sharing, and federal and state grants) are recorded as unrestricted grants in-aid at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Other receipts become measurable and available when cash is received by the School Board and are recognized as revenue at that time.

Expenditures

Salaries and benefits are recorded as earned. Salaries for nine-month employees are accrued at June 30.

Vendor payments are recorded as the obligation is incurred.

Other Financing Sources (Uses) consist of transfers between funds that are not expected to be repaid, capital lease transactions, sales of fixed assets, debt extinguishments, and long-term debt proceeds, and are recognized at the time the underlying events occur.

Fiduciary Funds

An Agency Fund is a Fiduciary Fund which is custodial in nature (assets equal liabilities) and does not present results of operations or have a measurement focus. The agency fund consists of the school activity accounts which accounts for assets held by the School Board as an agent for the individual schools and school organizations. Agency funds are accounted for on the accrual basis of accounting.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Investments

Cash consists of demand deposits. Time deposits and those investments with original maturities of 90 days or less are categorized as cash.

Under state law, the School Board may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Investments are generally restricted to debt securities backed by the U.S. Government or its agencies.

Short-term Interfund Receivables/Payable

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as interfund receivables/payables on the governmental funds balance sheet.

Elimination and Reclassification

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Inventory

Inventory of the school food service special revenue fund consists of food purchased by the School Board and commodities granted by the United States Department of Agriculture through the Louisiana Department of Agriculture and Forestry. The commodities are recorded as revenues when consumed; however, all inventory items are recorded as expenditures when used. All purchased inventory items are valued at cost using first-in, first-out (FIFO) method, and commodities are assigned values based on information provided by the U. S. Department of Agriculture.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

All capital assets are capitalized at historical cost or estimated historical costs for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The School Board maintains a \$5,000 threshold level for capitalizing assets.

Capital assets are recorded in the GWFS but are not reported in the FFS. All depreciable capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the School System, no salvage value is taken into consideration for depreciation purposes. Useful lives are approximately 5 to 10 years for furniture and equipment; and 40 years for buildings and improvements.

Compensated Absences

All 12-month employees earn up to twenty days of vacation leave each year, depending on their length of service with the School System. Vacation leave can be accumulated up to 50 days. Upon separation, all unused vacation is paid to the employee.

All School Board employees earn up to twelve days of sick leave each year, depending upon the length of service and employment status. Sick leave can be accumulated without limitation. Upon retirement or death, unused accumulated sick leave of up to 25 days is paid to the employee or to the employee's estate at the employee's current rate of pay. Under the Louisiana Teachers' Retirement System, and the Louisiana School Employees' Retirement System, all unpaid sick leave is used in the retirement computation as earned service.

The School Board's recognition and measurement criteria for compensated absences follows:

Accounting standards provide that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

- a. The employees' rights to receive compensation are attributable to services already rendered.
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

Accounting standards further provide that a liability for sick leave should be accrued using one of the following termination approaches:

- a. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
- b. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments. The School Board uses this approach.

Restricted Net Position

For the government-wide statement of net position, net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as debt covenants), grantors, contributors, laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

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

Fund Balance of Fund Financial Statements

Accounting standards require governmental fund balances to be reported in as many as five classifications as listed below:

Nonspendable - represent balances that are not expected to be converted to cash.

Restricted - represent balances where constraints have been established by parties outside of the School Board or by enabling legislation.

Committed - represent balances where constraints have been established by formal action of the Board of the School System. A simple majority vote in a public meeting is required to establish, modify, or rescind a fund balance commitment.

Assigned - represent balances where informal constraints have been established by the School Board or committee or delegate thereof, but are not restricted nor committed.

Unassigned - represent balances for which there are no constraints.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance of Fund Financial Statements (Continued)

When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, the School Board reduces restricted amounts first, followed by unrestricted amounts. When expenditures are incurred for purposes for which committed, assigned, and unassigned amounts are available, the School Board reduces committed amounts first, followed by assigned amounts and then unassigned amounts.

Interfund Activity

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. (Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement.) All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Sales and Use Taxes

The voters of the City of Baker School Board authorized the School Board to levy and collect a permanent sales and use tax for 2% of all taxable activity within the geographical confines of the school district. Revenues generated by the tax must be used to supplement other revenues available to the School System, to pay for salary and benefits of school personnel, and to maintain and operate the school system. The receipt and expenditure of the sales and use taxes are included in the operations of the General Fund.

Use of 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 statement and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Pension Plans

The City of Baker School Board is a participating employer in three defined benefit pension plans as described in Note 5. 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 each of the plans, and additions to/deductions from each plans' fiduciary net position have been determined on the same basis as they are reported by each of the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within each plan.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Postemployment Benefits

The total OPEB liability is reported in compliance with GASB Statement No. 75 because the School Board does not pre-fund the OPEB plan in a trust that meets the criteria in the GASB standards. The total OPEB liability represents the actuarial present value of projected OPEB benefit payments attributable to employees' past service as of June 30, 2019.

NOTE 2 - AD VALOREM TAXES

The School Board levies taxes on real and business personal property located within the City of Baker's boundaries. Property taxes are levied by the School Board on property values assessed by the East Baton Rouge Parish Tax Assessor, except for public utility property which is assessed by the Louisiana Tax Commission. Assessed values are approved by the Louisiana Tax Commission. The East Baton Rouge Parish Sheriff's Office bills and collects property taxes for the School System. Collections are remitted to the School Board monthly.

Ad valorem taxes are assessed and levied on a calendar year basis by the East Baton Rouge Parish Assessor's Office, based on the assessed value on January 1 of the assessment year. However, before taxes can be levied, the tax rolls must be submitted to the State Tax Commission for approval. Taxes are billed on November 30, and are due by December 31. An enforceable lien attaches on the property as of January 1. After December 31, taxes become delinquent and interest and penalty accrue. Taxes are generally collected in January, February and March of the following fiscal year.

Total net assessed value less homestead exemption was \$45,470,556 in calendar year 2018. Louisiana state law exempts the first \$75,000 of assessed value of a taxpayer's primary residence from parish property taxes.

State law requires the sheriff to collect property taxes in the calendar year in which the assessment is made. Property taxes become delinquent January 1 of the following year. If taxes are not paid by the due date, taxes bear interest at the rate of 1.25% per month until the taxes are paid. After notice is given to the delinquent taxpayers, the sheriff is required by the Constitution of the State of Louisiana to sell the least amount of property necessary to settle the taxes and interest owed.

NOTE 2 - AD VALOREM TAXES (CONTINUED)

Property taxes are recorded in the general fund on the basis explained in Note 1. Revenues in such funds are recognized in the accounting period in which an enforceable legal claim arises to the extent available. All taxes are considered fully collectible; therefore, no allowance for uncollectible taxes is provided.

A summary of the various taxes levied for 2019 is as follows:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
City-wide taxes			
Constitutional tax	5.00	5.00	N/A
Special school maintenance tax	38.20	38.20	12/31/2022

NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits

The carrying amount of the School Board's deposits with the financial institutions was \$1,688,838, with \$1,020,053 of this amount restricted for use on flood recovery efforts. Additionally, the School holds funds of \$29,626 as of June 30, 2019 in an agency capacity.

Deposits in financial institutions can be exposed to custodial credit risk. Custodial credit risk for deposits is the risk that in the event of financial institution failure, the School Board's deposits may not be returned. The School Board does not have a policy for custodial credit risk. However, to mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. These deposits are stated at cost, which approximates fair value. 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 School Board or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. As of June 30, 2019, the School Board's deposit balances (bank balances) are secured as follows:

Bank balances	<u>\$ 2,510,081</u>
Federal deposit insurance	1,476,923
Pledged securities	<u>1,033,158</u>
Total federal insurance and pledged securities	<u>\$ 2,510,081</u>

Deposits in the amount of \$1,011,567 were exposed to custodial credit risk that were collateralized with securities held by the pledging institution in the School Board's name.

NOTE 4 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2019 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 149,536	\$ -	\$ -	\$ 149,536
Construction in progress	<u>1,840,785</u>	<u>3,129,240</u>	<u>822,718</u>	<u>4,147,307</u>
Total	<u>1,990,321</u>	<u>3,129,240</u>	<u>822,718</u>	<u>4,296,843</u>
Capital assets being depreciated:				
Buildings and improvements	12,902,391	980,633	-	13,883,024
Furniture, fixtures, and equipment	<u>547,793</u>	<u>2,269</u>	<u>-</u>	<u>550,062</u>
Total	<u>13,450,184</u>	<u>982,902</u>	<u>-</u>	<u>14,433,086</u>
Less accumulated depreciation for:				
Buildings and improvements	(5,402,460)	(339,574)	-	(5,742,034)
Furniture, fixtures, and equipment	<u>(366,764)</u>	<u>(46,970)</u>	<u>-</u>	<u>(413,734)</u>
Total	<u>(5,769,224)</u>	<u>(386,544)</u>	<u>-</u>	<u>(6,155,768)</u>
Total capital assets, being depreciated, net	<u>7,680,960</u>	<u>596,358</u>	<u>-</u>	<u>8,277,318</u>
Total capital assets, net	<u>\$ 9,671,281</u>	<u>\$ 3,725,598</u>	<u>\$ 822,718</u>	<u>\$ 12,574,161</u>

Depreciation expense of \$386,544 for the year ended June 30, 2019 was charged to the following governmental functions:

Regular education programs	\$ 46,970
Plant operation and maintenance	<u>339,574</u>
	<u>\$ 386,544</u>

NOTE 5 - DEFINED BENEFIT PENSION PLANS

The City of Baker School Board (the School System) is a participating employer in multiple cost-sharing defined benefit pension plans. These plans are administered by three public employee retirement systems, the Teachers' Retirement System of Louisiana (TRSL), the Louisiana School Employees' Retirement System (LSERS), and the Louisiana State Employees' Retirement System (LASERS). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of these plans to the State Legislature. Each system is administered by a separate board of trustees and all Systems are component units of the State of Louisiana.

Each of the Systems issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. These reports may be obtained by writing, calling or downloading the reports as follows:

TRSL:	LSERS:	LASERS:
8401 United Plaza Blvd.	8660 United Plaza Blvd.	8401 United Plaza Blvd.
P.O. Box 94123	Baton Rouge, Louisiana 70804	1 st Floor
Baton Rouge, Louisiana	(225) 925-6484	Baton Rouge, Louisiana
70804-9123	www.lasers.net	70809
(225) 925-6446		(225) 922-0600
www.trsl.org		www.lasersonline.org

The School Board implemented Government Accounting Standards Board (GASB) Statement 68 on Accounting and Financial Reporting for Pensions and Statement 71 on Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB 68. These standards require the School Board to record its proportional share of each of the pension plans Net Pension Liability and report the following disclosures:

Plan Descriptions:

Teachers' Retirement System of Louisiana (TRSL)

The Teachers' Retirement System of Louisiana (TRSL) is the administrator of a cost-sharing multiple employer defined benefit plan. The plan provides retirement, disability, and survivor benefits to employees who meet the legal definition of a "teacher" as provided for in LRS 11:701. The School Board has participants in TRSL's Regular Plan and in Plan A. Eligibility for retirement benefits for these plans and the calculation of retirement benefits are provided for in LRS 11:761. Most members are eligible to receive retirement benefits 1) at the age of 60 with 5 years of creditable service, 2) at the age of 55 with at least 25 years of creditable service, or 3) at any age with at least 30 years of creditable service. Retirement benefits are calculated by applying a percentage ranging from 2% to 3% of final average salary multiplied by years of service. Final average salary is based upon the member's highest successive 36 months (highest successive 60 months for members employed after January 1, 2011).

NOTE 5 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Teachers' Retirement System of Louisiana (TRSL) (continued)

In lieu of terminating employment and accepting a service retirement, an eligible member can begin participation in the Deferred Retirement Option Program (DROP) on the first retirement eligibility date for a period not to exceed the 3rd anniversary of retirement eligibility. Delayed participation reduces the three-year participation period. During participation, benefits otherwise payable are fixed, and deposited in an individual DROP account. Upon termination of DROP, the member can continue employment and earn additional accruals to be added to the fixed pre-DROP benefit. Upon termination of employment, the member is entitled to the fixed benefit, an additional benefit based on post-DROP service (if any), and the individual DROP account balance which can be paid in a lump sum or an additional annuity based upon the account balance.

Under LRS 11:778, members who have suffered a qualified disability are eligible for disability benefits if employed prior to January 1, 2011 and have five or more years creditable service, or if employed on or after January 1, 2011 and attained at least 10 years of creditable service. Members employed prior to January 1, 2011 receive disability benefits equal to 2 ½% of his average compensation multiplied by his years of creditable service, but not more than 50% of his average compensation subject to statutory minimums. Members employed on or after January 1, 2011 receive disability benefits equal to the regular retirement formula without reduction by reason of age.

Survivor benefits are provided for in LRS 11:762. In order for survivor benefits to be paid, the deceased member must have been in state service at the time of death and must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or must have had a minimum of twenty years of service credit regardless of when earned. Survivor benefits are equal to 50% of the benefit to which the member would have been entitled if he had retired on the date of his death using a factor of 2 ½% regardless of years of service or age, or \$600 per month, whichever is greater.

Louisiana School Employees' Retirement System (LSERS)

The Louisiana School Employees' Retirement System (LSERS) is the administrator of a cost-sharing multiple employer defined benefit pension plan. The plan provides retirement, disability, and survivor benefits to school employees as defined in LRS 11:1002. Eligibility for retirement benefits and the calculation of retirement benefits are provided for in LRS 11:1141. Members who joined the system on or before June 30, 2010 are eligible for regular retirement benefits upon attaining 30 years of service at any age, 25 years of service and aged 55 years, 20 years of service regardless of age with an actuarially reduced benefit, or 10 years of service and aged 60 years. Members who joined the system after June 30, 2010 are eligible for regular retirement upon attaining at least 5 years of service and aged 60 years or 20 years of service regardless of age with an actuarially reduced benefit. Limitation, multiplied by the number of years of service limited to 100% of final average compensation plus a supplementary allowance of \$2 per month for each year of service.

NOTE 5 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Louisiana School Employees' Retirement System (LSERS) (continued)

For members employed prior to July 1, 2010, the maximum retirement benefit is equal to 3 1/3% of the average compensation for the three highest consecutive years of service (five highest consecutive years for members employed between July 1, 2006 and June 30, 2010), subject to a 10% salary limitation. For members employed on or after July 1, 2010, the maximum retirement benefit is equal to 2 1/2% of the average compensation for the five highest consecutive years of service, subject to a 15% salary limitation, multiplied by the number of years of service limited to 100% of final average compensation plus a supplementary allowance of \$2 per month for each year of service. Members of the System may elect to participate in the Deferred Retirement Option Plan, (DROP) and defer the receipt of benefits. The election may be made only one time and the duration is limited to three years. Once an option has been selected, no change is permitted. Upon the effective date of the commencement of participation in the DROP Plan, active membership in the regular retirement plan of the System terminates. Average compensation and creditable service remain as they existed on the effective date of commencement of participation in the System. The monthly retirement benefits, that would have been payable had the person elected to cease employment and receive a service retirement allowance, are paid into the Deferred Retirement Option Plan Fund Account. The System maintains subaccounts within this account reflecting the credits attributed to each participant in the DROP program. Interest credited and payments from the DROP account are made in accordance with Louisiana Revised Statutes 11:152(F)(3). Upon termination of participation in both the DROP program and employment, a participant may receive his DROP monies either in a lump sum payment from the account or systematic disbursements.

The System also provides for deferred benefits for vested members who terminate before being eligible for retirement once the member reaches the appropriate age for retirement, benefits become payable. LRS 11:1147 provides that members are eligible to retire and receive disability benefits if the member has attained at least 5 years of creditable service (10 years of creditable service if employed on or after July 1, 2006), if the member is not eligible for regular retirement and has become totally and permanently disabled. Disability benefits are equal to 2 1/2% of his average compensation multiplied by his years of creditable service, but not less than 33 1/3% of his average compensation for members employed prior to July 1, 2006 and 3% of his average compensation multiplied by his years of creditable service for members employed between July 1, 2006 and June 30, 2010. For those employed on or after July 1, 2010 disability benefits are equivalent to the regular retirement formula without reduction by reason of age. Pursuant to LRS 11:1151, survivor benefits of up to 75% of the members salary are available for surviving spouses and minor children of members with at least five years of service.

NOTE 5 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Louisiana State Employees' Retirement System (LASERS)

The System was established for the purpose of providing retirement allowances and other benefits as stated under the provisions of La. R.S. 11:401, as amended, for eligible state officers, employees and their beneficiaries. The projection of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with the benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Rank and file members hired prior to July 1, 2006, may either retire with full benefits at any age upon completing 30 years of creditable service and at age 60 upon completing ten years of creditable service depending on their plan. Those members hired between July 1, 2006 and June 30, 2015, may retire at age 60 upon completing five years of creditable service and those hired on or after July 1, 2015 may retire at age 62 upon completing five years of creditable service. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased regular member hired before January 1, 2011 who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

NOTE 5 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Funding Policy

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee (PRSAC).

Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2019, for the School Board and covered employees were as follows:

	<u>School</u>	<u>Employees</u>
School Employees' Retirement System (LSERS)		
Members hired prior to 07/01/2010	28.00%	7.50%
Members hired on or after 07/01/2010	28.00%	8.00%
Teachers' Retirement System (TRSL)		
K-12 Regular Plan	26.70%	4.45%
Higher Ed Regular Plan	25.50%	3.22%
Plan A	26.70%	4.45%
Plan B	26.70%	4.45%
State Employees' Retirement System (LASERS)		
Regular Employees hired before 7/01/06	40.70%	7.50%
Regular Employees hired on or after 7/01/06	40.70%	8.00%
Regular Employees hired on or after 1/01/11	40.70%	8.00%
Regular Employees hired on or after 7/01/15	40.70%	8.00%

(Continued)

NOTE 5 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

The following schedule lists the School Board's proportionate share of the Net Pension Liability allocated by each of the pension plans for based on the June 30, 2018 measurement date. The School Board uses this measurement to record its Net Pension Liability and associated amounts as of June 30, 2019 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2018 along with the change compared to the June 30, 2017 rate. The School Board's proportion of the Net Pension Liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Net Pension Liability at June 30, 2019	Current Measurement Rate	Previous Measurement Rate	Increase (Decrease)
LSERS	\$ 1,082,329	0.16%	0.14%	0.02%
TRSL	15,032,644	0.15%	0.14%	0.01%
LASERS	<u>351,363</u>	0.01%	0.01%	0.00%
Total	<u>\$ 16,466,336</u>			

The following schedule list each pension plan's recognized pension expense plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions by the School Board for the year ended June 30, 2019:

School Employees' Retirement System	\$ 100,655
Teachers' Retirement System	634,969
State Employees' Retirement System	<u>141,509</u>
Total	<u>\$ 877,133</u>

(Continued)

NOTE 5 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

The School Board 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	\$ -	\$ (529,013)
Changes of assumptions	1,015,069	-
Net difference between projected and actual earnings on pension plan investments	26,049	(968,826)
Changes in proportion and differences between Employer contributions and proportionate share of contributions	1,669,635	(1,586,163)
Employer contributions subsequent to the measurement date	<u>2,222,112</u>	<u>-</u>
	<u>\$ 4,932,865</u>	<u>\$ (3,084,002)</u>

Summary totals of deferred outflows of resources and deferred inflows of resources by pension plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
School Employees' Retirement System	\$ 295,506	\$ (83,429)
Teachers' Retirement System	4,521,327	(2,980,148)
State Employees' Retirement System	<u>116,031</u>	<u>(20,425)</u>
	<u>\$ 4,932,865</u>	<u>\$ (3,084,002)</u>

The School Board reported a total of \$2,222,112 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2018 which will be recognized as a reduction in Net Pension Liability in the subsequent period. The following schedule list the pension contributions made subsequent to the measurement period for each pension plan:

	Subsequent Contributions
School Employees' Retirement System	\$ 121,329
Teachers' Retirement System	2,083,769
State Employees' Retirement System	<u>17,014</u>
	<u>\$ 2,222,112</u>

NOTE 5 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>LSERS</u>	<u>TRSL</u>	<u>LASERS</u>	<u>Total</u>
2020	\$ 46,089	\$ (471,719)	\$ 113,903	\$ (311,727)
2021	72,308	(438,934)	(25,437)	(392,063)
2022	(32,683)	176,715	(8,587)	135,445
2023	<u>5,034</u>	<u>191,348</u>	<u>(1,286)</u>	<u>195,096</u>
	<u>\$ 90,748</u>	<u>\$ (542,590)</u>	<u>\$ 78,593</u>	<u>\$ (373,249)</u>

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of June 30, 2018 are as follows:

	<u>Measurement/ Valuation Date</u>	<u>Expected Remaining Service Lives</u>	<u>Investment Rate of Return</u>
LSERS	June 30, 2018	3 years	7.0625% per annum; net of plan investment expenses, including inflation
TRSL	June 30, 2018	5 years	7.65% net of investment expenses
LASERS	June 30, 2018	3 years	7.65% per annum, net of investment expenses

NOTE 5 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	LSERS	TRSL	LASERS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:			
Inflation Rate	2.50% per annum	2.5% per annum	2.75% per annum
Mortality	Mortality rates were projected based on RP-2014 Healthy Annuitant Mortality Table, RP-2014 Sex Distinct Mortality Table and RP-2014 Sex Distinct Disabled Mortality Table.	Active members - RP-2014 White Collar Employee tables, adjusted by 1.010 for males and by 0.997 for females. Non-Disabled retiree/inactive members - RP-2014 White Collar Healthy Annuitant tables, adjusted by 1.366 for males and by 1.189 for females. Disability retiree mortality - RP-2014 Disability tables, adjust by 1.111 for males and by 1.134 for females.	Non-disabled members - Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015. Disabled members - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
Termination, Disability, and Retirement		Termination, disability, and retirement assumptions were projected based on a five year (July 1, 2012 - June 30, 2017) experience study of the System's members.	Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System's members.
Salary Increases	2013-2017 experience study, 3.25%.	3.30% - 4.80% varies depending on duration of service	Salary increases were projected based on a 2009-2013 experience study of the System's members. The salary increase ranges for regular members is 3.8% - 12.8%.
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 and accrued liabilities include one future COLA, though not yet authorized by the legislature by including the recognition of the existing balance in the Experience Account together with the present value of future contributions to the Account up to the maximum permissible value of the Account based upon current amount limitations.	None	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 projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

NOTE 5 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Actuarial Assumptions (Continued)

The following schedule list the methods used by each of the retirement systems in determining the long-term rate of return on pension plan investments:

<u>TRSL</u>	<u>LSERS</u>	<u>LASERS</u>
The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5% and an adjustment for the effect of rebalancing/diversification.	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-estimates 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.	The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges 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 ranges are combined to produce the long-term expected rate of return by adding expected inflation of 3.25% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.83% for 2018.

NOTE 5 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Actuarial Assumptions (Continued)

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the Retirement Systems target asset allocations as of June 30, 2018:

Asset Class	Target Allocation			Long - Term Expected Real Rate of Return		
	LSERS	TRSL	LASERS	LSERS	TRSL	LASERS
Domestic Equity		27%			4.01%	
International Equity		19%			4.90%	
Equity	51%		57%	7.11%		9.57%
Private Equity		25.5%			8.39%	
Domestic Fixed Income		13%			1.36%	
Fixed Income	30%		14%	2.97%		3.72%
International Fixed Income		5.5%			2.35%	
Alternatives	13%		22%	6.37%		7.67%
Other	6%	10%	7%	7.50%	3.57%	5.40%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>5.99%</u>	<u>4.10%</u>	<u>5.40%</u>
Inflation				<u>2.50%</u>	<u>2.50%</u>	<u>2.75%</u>
Expected Arithmetic Nominal Return				<u>8.49%</u>	<u>6.60%</u>	<u>8.15%</u>

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for LSERS, TRSL, and LASERS changed to 7.0625%, 7.65%, and 7.65%, respectively for the year ended June 30, 2018 (measurement date). Previously, the discount rate used to measure the total pension liability for LSERS, TRSL, and LASERS was 7.125%, 7.7%, and 7.7%, respectively for the year ended June 30, 2017 (measurement date).

NOTE 5 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

The following table presents the School Board's proportionate share of the Net Pension Liability (NPL) using the discount rate of each Retirement System as well as what the School Board's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by each of the Retirement Systems:

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
LSERS			
Discount Rates	6.063%	7.063%	8.063%
Shares of Net Pension Liability	\$ 1,485,781	\$ 1,082,329	\$ 737,458
TRSL			
Discount Rates	6.65%	7.65%	8.65%
Shares of Net Pension Liability	\$ 19,914,615	\$ 15,032,644	\$ 10,914,448
LASERS			
Discount Rates	6.65%	7.65%	8.65%
Shares of Net Pension Liability	\$ 443,443	\$ 351,363	\$ 272,059

NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan description

The School Board provides certain continuing health care and life insurance benefits for its retired employees. The City of Baker School Board's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the School Board. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the School Board. 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*.

NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Benefits provided

Medical benefits are provided to employees upon actual retirement. Most employees are covered by the Teachers' Retirement System of Louisiana (TRSL), the Louisiana State Employees' Retirement System (LASERS) or the Louisiana School Employees' Retirement System (LSRS). We have assumed a composite retirement (D.R.O.P. entry) eligibility provision are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or age 65 and 5 years of service. Employees hired on or after January 1, 2011 must have attained at least age 60 at retirement (or D.R.O.P. entry) to avoid actuarial reduction in the retirement benefit. Former employees of the East Baton Rouge Parish School Board who were over age 30 in 2003 have been assumed to have been hired at age 30 for purposes of determining retirement (D.R.O.P. entry) eligibility. Complete plan provisions are contained in the official plan documents.

Data used

Active employee and retiree census data were provided by the administrative staff of the School System. Data for active and retired employees included date of birth, date of hire and/or retirement, medical coverage type (single, employee/child, family, etc.) and the current total portion of the premiums paid by the employer and employee/retiree. The valuation used the "Closed Group" method; i.e., the employees and retirees as of the valuation date were used and employees to be hired in the future were not considered. Employees were assumed to continue the same types of coverage into retirement, except that employee and employee/spouse were substituted for employee/child and family, respectively, after age 65.

Method of determining value of benefits

The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays varying percentages of the retiree premium according to a schedule based on service, but the service is only up to ten years, for which 100% is paid by the employer. The rates provided are "blended" rates for active and retired. Since GASB 74/75 requires the use of "unblended" rates, we have used estimated "unblended" rates as follows.

The pre-Medicare employer provided rates were determined by adding 30% to the currently prevailing blended rates. The post-Medicare employer provided rates were determined by subtracting 20% from the currently prevailing blended rates.

NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Actuarial Assumptions and Basis

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	4.0%, including inflation
Discount rate	3.87% annually (Beginning of Year to Determine ADC) 3.50% annually (As of End of Year Measurement Date)
Healthcare cost trend rates	Flat 5.50% annually

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2019.

Actuarial cost method (ARC)

The ARC is determined using the Individual Entry Age Normal cost Method. Each employee's service costs are calculated as a level percentage of that employee's projected pay. The attribution period extends from the first period for which the employee provides service under the benefit terms through the assumed commencement of benefit payments for that employee. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), morality, and turnover.

Actuarial value of plan assets

Since the OPEB obligation is not being funded, the actuarial value of assets is zero.

Mortality

Mortality rates were based on the RP-2000 Table without projection with 50%/50% unisex blend. Projected future mortality improvement has not been used since it is our opinion that this table contains a substantial conservative margin for the population involved in this valuation.

Discount rate

This plan is a defined benefit OPEB plan which does not meet the requirements of paragraph 4 of the GASB Statement No. 75. We have therefore used a discount rate of 3.50%, which was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of June 30, 2019, the end of the applicable measurement period and 3.87% as of June 30, 2018, the measurement date at the end of the immediately preceding measurement period.

NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Post-retirement benefit increases

The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

Expected time of commencement of benefits

It is assumed that entitlement to benefits will commence for years after the assumed earliest eligibility to retire as described previously in "benefits provided". The four year period covers three years in D.R.O.P. plus one additional year.

Turnover

An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 10%.

Employees covered by benefit terms

At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	20
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>133</u>
Total	<u>153</u>

Total OPEB Liability

The School Board's total OPEB liability of \$7,683,284 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Changes in the total OPEB liability

	<u>Amount</u>
Balance at June 30, 2018	\$ 6,542,319
Changes for the year:	
Service cost	274,625
Interest	250,797
Differences between expected and actual experience	293,279
Changes in assumption	445,817
Benefit payments and net transfers	<u>(123,553)</u>
Net change	<u>1,140,965</u>
Balance at June 30, 2019	<u>\$ 7,683,284</u>
Covered-employee payroll	5,548,064
Net OPEB liability as a percentage of covered-employee payroll	138.49%

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the School Board, as well as what the School Board's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

	1.0% Decrease (2.50%)	Current Discount Rate (3.50%)	1.0% Increase (4.50%)
Total OPEB liability	\$ 9,073,958	\$ 7,683,284	\$ 6,569,208

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the School Board, as well as what the School Board's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

	1.0% Decrease (4.5%)	Current Trend (5.5%)	1.0% Increase (6.5%)
Total OPEB liability	\$ 6,546,158	\$ 7,683,284	\$ 9,112,375

NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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

For the year ended June 30, 2019, the School Board recognized OPEB expense of \$667,701. At June 30, 2019, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 154,282	\$ -
Changes of assumptions	154,082	-
Total	<u>\$ 308,364</u>	<u>\$ -</u>

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

Year	Amount
2020	\$ 18,726
2021	18,726
2022	18,726
2023	18,726
2024	18,726
2025 and thereafter	<u>214,734</u>
Total	<u>\$ 308,364</u>

Funding Policy

The School Board recognizes the cost of providing post-employment medical benefits (School Board's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. The other postemployment benefits liability is typically liquidated through the General Fund.

NOTE 7 - AGENCY FUND DEPOSITS DUE OTHERS

A summary of changes in school activities agency fund deposits due others for the year ended June 30, 2019, is as follows:

	<u>Balance, Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, Ending</u>
Agency Funds:				
School Activities Accounts	<u>\$ 50,293</u>	<u>\$366,486</u>	<u>\$(387,153)</u>	<u>\$ 29,626</u>

NOTE 8 - LONG-TERM LIABILITIES

The following is a summary of the changes in general long-term obligations for the year ended June 30, 2019:

	<u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2019</u>	<u>Amount due in one year</u>
Claims & Judgments	\$ 11,872	\$ -	-	\$ 11,872	\$ 11,872
Bonds Payable	1,140,000	-	(60,000)	1,080,000	60,000
Compensated Absences	<u>527,932</u>	<u>249,477</u>	<u>(256,246)</u>	<u>521,163</u>	<u>52,116</u>
Total	<u>\$ 1,679,804</u>	<u>\$ 249,477</u>	<u>\$ (316,246)</u>	<u>\$ 1,613,035</u>	<u>\$ 123,988</u>

The State Bond Commission approved Louisiana Community Development Authority revenue bonds not exceeding \$12,000,000 to finance the demolition, construction, reconstruction, renovation, and improvement of the flood damaged schools within the District, including all furnishings, fixtures and facilities. The revenue bonds were issued as Series 2017A and 2017B.

The Series 2017A Bonds were draw-down Bonds, not exceeding \$10,800,000. The Series matured on May 1, 2019. No bonds were issued under Series 2017A.

The Series 2017B Bonds were issued in May 2017 in the amount of \$1,200,000, with a maturity date of May 1, 2037 and bear interest at a rate of 4.37% payable on May 1 and November 1 of each year, commencing November 1, 2017. The principal is due upon surrender of the 2017 Bonds.

The majority of the long-term liabilities will be liquidated through the General Fund.

In accordance with LSA-R.S. 39:562(L), the School Board is legally restricted from incurring long-term bonded debt in excess of 35 percent of the assessed value of taxable property (including homestead exempt and nonexempt property) within the parish. At June 30, 2019, the statutory limit is \$23,254,284.

NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)

The debt service requirements for the School Board's bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2020	\$ 60,000	\$ 47,325	\$ 107,325
2021	60,000	44,574	104,574
2022	60,000	41,952	101,952
2023	60,000	39,330	99,330
2024	60,000	36,809	96,809
2025-2029	300,000	144,282	444,282
2030-2034	300,000	78,703	378,703
2035-2037	180,000	15,746	195,746
	<u>\$ 1,080,000</u>	<u>\$ 448,721</u>	<u>\$ 1,528,721</u>

NOTE 9 - INTERFUND TRANSACTIONS

The primary purpose of interfund advances is to cover expenditures on cost reimbursement grant programs until reimbursements are received from the granting agencies. Interfund balances as of June 30, 2019 are as follows:

Interfund Receivable		Interfund Payable	
General	\$ 1,285,675	General	\$ -
Flood Recovery	-	Flood Recovery	308,116
Title I	-	Title I	179,488
Non-Major	-	Non-Major	798,071
	<u>\$ 1,285,675</u>		<u>\$ 1,285,675</u>

The purpose of interfund transfers is to cover operating expenditures of the general fund through indirect cost recoveries charged to grant programs and to transfer general fund surplus to the capital projects fund to be used for capital improvements. Transfers during 2019 were as follows:

Transfers In		Transfers Out	
General	\$ 72,567	General	\$ 52,053
Flood Recovery	25,000	Flood Recovery	-
Title I	-	Title I	51,932
Non-Major	27,053	Non-Major	20,635
	<u>\$ 124,620</u>		<u>\$ 124,620</u>

NOTE 10 - COMMITMENTS AND CONTINGENCIES

The School Board manages its exposure under general liability, fleet, workers' compensation, and errors and omissions through the purchase of commercial insurance. There have been no significant reductions in the insurance coverage during the year.

Litigation

The School Board is a defendant in several lawsuits. Management and legal counsel for the School Board believe that the potential claims against the School Board not covered by insurance would not materially affect the School Board's financial position. An accrual of \$11,872 has been made within the statement of net position to cover any potential exposure.

Grant Disallowances

The School Board participates in several state and federally assisted grant programs. The programs are subject to compliance audits under the single audit approach as well as audits conducted by the Louisiana and U.S. Departments of Education. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants.

NOTE 11 - OPERATING LEASES

The School Board leases school buses through various lease arrangements which qualify as operating leases. The pricing for the agreements are based on the quantity of buses needed. The lease payments are to be made on a monthly basis. The leases range from a period of one year to five years.

Management has estimated that the minimum future lease payments under non-cancellable lease agreements in effect at June 30, 2019 are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2020	\$ 332,361
2021	274,214
2022	180,407
2023	180,407
2024	29,907
2025-2027	<u>89,721</u>
	<u>\$ 1,087,018</u>

Lease payments made during 2019 totaled approximately \$217,500 for the school bus lease arrangement.

NOTE 12 - ON-BEHALF PAYMENTS

The accompanying financial statements include on-behalf payments made by the Parish Tax Collector for \$48,249 to the Teacher’s Retirement System of Louisiana for employee retirement benefits.

NOTE 13 - APPROPRIATIONS TO CHARTER SCHOOLS AND OTHER AGENCIES

Appropriations to Charter Schools and other agencies during the year ended June 30, 2019, were as follows:

	<u>General Fund</u>
Office of Juvenile Justice	\$ 1,326
Madison Prep	53,082
Louisiana Key Academy	25,067
Baton Rouge Charter Academy	23,592
Impact Charter	473,113
Advantage Charter Academy	959,020
GEO Academies EBR	58,980
Apex Collegiate Academy	23,592
Collegiate	17,694
Baton Rouge University Prep	8,847
Louisiana Virtual Charter Academy	17,252
University View Academy	23,887
Total Appropriations	<u>\$ 1,685,452</u>

NOTE 14 - TAX REVENUES ABATED

The Louisiana Industrial Ad Valorem Tax Exemption program (Louisiana Administrative Code, Title 13, Chapter 5) is a state incentive program which abates, up to ten years, local ad valorem taxes on a manufacturer's new investment and annual capitalized additions related to the manufacturing site. Applications to exempt qualified property for five years are approved by the Board of Commerce and Industry. The exemption may be renewed for an additional five years. For the fiscal year ending June 30, 2019, approximately \$49,000 in City of Baker School Board ad valorem tax revenues were abated by the state of Louisiana through the Louisiana Industrial Ad Valorem Tax Exemption program.

NOTE 15 - COMPENSATION OF BOARD MEMBERS

A detail of the compensation paid to individual board members for the year ended June 30, 2019 follows:

	<u>Amount</u>
Shona Boxie	\$ 6,600
Dana Carpenter	3,600
Elaine Davis	6,000
Calvin Dees	3,000
Rosatina Johnson	3,000
Sharlous Booker	3,000
Joyce Burgess	3,000
Vaness Parker	<u>3,000</u>
	<u>\$ 31,200</u>

NOTE 16 - SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD

The schedule of compensation, benefits, and other payments to Dr. Herman Brister, Superintendent, as of June 30, 2019 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 153,263
Benefits - Retirement	53,029
Benefits - Medicare	2,222
Benefits - Life Insurance	450
Benefits - Workers' Comp.	1,095
Travel Allowance	7,200
Technology Allowance	6,000
Travel Reimbursements	<u>5,064</u>
	<u>\$ 228,323</u>

NOTE 17 - FUND BALANCE DEFICIT

At June 30, 2019, the School Food Service Fund and SRCL Fund had deficit fund balances of \$193,923 and \$21,519, respectively. These fund deficits will be reimbursed by a transfer from the General Fund in 2020.

NOTE 18 - SUBSEQUENT EVENTS

Management has evaluated events and transactions for potential recognition or disclosure through December 18, 2019, which was the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF BAKER SCHOOL BOARD
BAKER, LOUISIANA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources:				
Taxes:				
Ad-valorem	\$ 2,085,150	\$ 1,781,740	\$ 2,007,274	\$ 225,534
Sales and use	3,328,728	3,403,315	3,620,196	216,881
Earnings on investments	5,850	5,850	44,573	38,723
Contributions and donations	12,000	10,500	-	(10,500)
Other	19,000	273,090	381,671	108,581
State sources:				
Minimum foundation program	8,754,131	9,537,600	9,497,315	(40,285)
Revenue Sharing	42,265	42,265	52,259	9,994
Other restricted revenues	779,277	148,287	112,153	(36,134)
Federal grants	6,815,000	521,100	81,099	(440,001)
TOTAL REVENUES	<u>21,841,401</u>	<u>15,723,747</u>	<u>15,796,540</u>	<u>72,793</u>
EXPENDITURES				
Current:				
Instruction:				
Regular education programs	5,495,675	5,752,374	5,800,625	(48,251)
Special education programs	1,060,046	852,700	842,633	10,067
Vocational Programs	347,786	315,705	341,393	(25,688)
Other instructional programs	516,546	504,025	482,745	21,280
Special programs	288,799	145,965	231,977	(86,012)
Support services:				
Pupil support services	845,472	738,645	708,529	30,116
Instructional staff services	540,702	485,412	521,002	(35,590)
General administration services	901,484	1,117,935	1,096,708	21,227
School administration services	1,077,678	1,035,955	1,085,675	(49,720)
Business administration services	364,458	354,458	370,326	(15,868)
Plant services	1,465,953	1,108,045	1,219,784	(111,739)
Student transportation services	629,275	792,482	730,838	61,644
Central services	388,655	210,950	202,547	8,403
State appropriation to charter schools	-	1,685,452	1,685,452	-
Facility acquisition & construction	19,395,800	482,110	128,879	353,231
TOTAL EXPENDITURES	<u>33,318,329</u>	<u>15,582,213</u>	<u>15,449,113</u>	<u>133,100</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(11,476,928)	141,534	347,427	205,893
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of long-term debt	12,000,000	-	-	-
Transfers out	(75,000)	(75,000)	(52,053)	22,947
Transfers in	52,000	45,000	72,567	27,567
TOTAL OTHER FINANCING SOURCES (USES)	<u>11,977,000</u>	<u>(30,000)</u>	<u>20,514</u>	<u>50,514</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	500,072	111,534	367,941	256,407
FUND BALANCES - beginning of year	1,774,421	1,774,421	1,774,421	-
FUND BALANCES - end of year	<u>\$ 2,274,493</u>	<u>\$ 1,885,955</u>	<u>\$ 2,142,362</u>	<u>\$ 256,407</u>

**CITY OF BAKER SCHOOL BOARD
BAKER, LOUISIANA
FLOOD RECOVERY FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal grants	\$ 3,015,000	\$ 2,907,310	\$ 3,319,821	\$ 412,511
State grants	335,000	323,035	31,188	(291,847)
Earnings on investments	-	-	2,410	2,410
TOTAL REVENUES	<u>3,350,000</u>	<u>3,230,345</u>	<u>3,353,419</u>	<u>123,074</u>
EXPENDITURES				
Current:				
Support services:				
General administration services	-	-	163,856	(163,856)
Plant operation and maintenance	-	-	25,984	(25,984)
Transportation	-	-	-	-
Facility acquisition and construction	3,350,000	3,230,345	3,160,545	69,800
Debt service	451,990	110,540	109,789	751
TOTAL EXPENDITURES	<u>3,801,990</u>	<u>3,340,885</u>	<u>3,460,174</u>	<u>(119,289)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(451,990)	(110,540)	(106,755)	3,785
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>75,000</u>	<u>75,000</u>	<u>25,000</u>	<u>(50,000)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	(376,990)	(35,540)	(81,755)	(46,215)
FUND BALANCES - beginning of year	<u>2,101,734</u>	<u>2,101,734</u>	<u>2,101,734</u>	<u>-</u>
FUND BALANCES - end of year	<u><u>\$ 1,724,744</u></u>	<u><u>\$ 2,066,194</u></u>	<u><u>\$ 2,019,979</u></u>	<u><u>\$ (46,215)</u></u>

**CITY OF BAKER SCHOOL BOARD
BAKER, LOUISIANA
TITLE I FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal grants	\$ 1,084,678	\$ 1,391,312	\$ 925,129	\$ (466,183)
EXPENDITURES				
Current:				
Instruction:				
Other education programs	988,021	1,391,312	747,482	643,830
Support services:				
Instructional staff services	96,657	-	125,668	(125,668)
Transportation	-	-	47	(47)
TOTAL EXPENDITURES	1,084,678	1,391,312	873,197	518,115
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	51,932	51,932
OTHER FINANCING SOURCES (USES)				
Operating transfers out	-	-	(51,932)	(51,932)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	-	-	-	-
FUND BALANCES - beginning of year	-	-	-	-
FUND BALANCES - end of year	\$ -	\$ -	\$ -	\$ -

CITY OF BAKER SCHOOL SYSTEM
NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018

BUDGETS

General Budget Practices

The School System follows these procedures in establishing the budgetary data reflected in the financial statements.

State statute requires budgets to be adopted for the general fund and all special revenue funds.

Each year, prior to September, the Superintendent submits to the System proposed annual budgets for the general fund and special revenue funds. Public hearings are conducted, prior to the System's approval, to obtain taxpayer comments. The operating budgets include proposed expenditures and the means of financing them.

Appropriations (unexpended budget balances) lapse at year-end.

Formal Budget integration (within the accounting records) is employed as a management control device. All budgets are controlled at the function level. Budget amounts included in the accompanying financial statements consist of those presented in the original budget adopted by the System and as amended by the System.

Encumbrances

Encumbrance accounting, under which purchase orders are recorded to reserve that portion of the applicable appropriation, is not employed.

Budget Basis of Accounting

All governmental funds' budgets are prepared on the modified accrual basis of accounting, a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgeted amounts are originally adopted or amended by the System. Legally, the System must adopt a balanced budget; that is, total budgeted revenues and other financing sources including fund balance must equal or exceed total budgeted expenditures and other financing uses. State statutes require the System to amend its budget when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more and/or expenditures within a fund are expected to exceed budgeted expenditures by five percent or more. The School System approves budgets at the functional level and management can transfer amounts between line items within a function.

CITY OF BAKER SCHOOL SYSTEM

**Schedule of Changes in Net OPEB Liability and Related Ratios for the
For the Year Ended June 30, 2019**

Total OPEB Liability	2019	2018
Service cost	\$ 274,625	\$ 292,310
Interest	250,797	233,230
Differences between expected and actual experience	293,279	(137,905)
Changes of assumptions	445,817	(301,568)
Benefit payments	(123,553)	(117,112)
Net change in total OPEB liability	1,140,965	(31,045)
Total OPEB liability - beginning	6,542,319	6,573,364
Total OPEB liability - ending	\$ 7,683,284	\$ 6,542,319
Covered-employee payroll	\$ 5,548,064	\$ 5,334,677
Net OPEB liability as a percentage of covered-employee payroll	138.49%	122.64%

Notes to Schedule:

Benefit Changes. There were no changes of benefit terms for the year ended June 30, 2019.

Changes of Assumptions. The discount rate used decreased from 3.87% to 3.50%

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

There are no assets accumulated in a trust.

**CITY OF BAKER SCHOOL SYSTEM
BAKER, LOUISIANA**

**SCHEDULE OF CONTRIBUTIONS TO EACH RETIREMENT SYSTEM
COST SHARING PLANS ONLY**

FOR THE YEAR ENDED JUNE 30, 2019

Pension Plan	Year	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Employee Payroll
Teachers Retirement System of Louisiana						
	2019	2,083,769	2,083,769	-	7,834,408	26.5977%
	2018	2,008,020	2,008,020	-	7,592,328	26.4480%
	2017	2,142,700	2,142,700	-	8,402,745	25.5000%
	2016	1,914,774	1,914,774	-	7,277,202	26.3120%
	2015	2,842,607	2,842,607	-	10,152,168	28.0000%
Louisiana School Employees Retirement System						
	2019	121,329	121,329	-	431,926	28.0902%
	2018	124,387	124,387	-	451,016	27.5793%
	2017	105,920	105,920	-	387,985	27.3000%
	2016	135,773	135,773	-	449,581	30.1999%
	2015	218,864	218,864	-	657,982	33.2629%
Louisiana State Employees Retirement System						
	2019	17,014	17,014	-	42,164	40.3520%
	2018	34,641	34,641	-	91,400	37.9004%

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

**CITY OF BAKER SCHOOL SYSTEM
BAKER, LOUISIANA**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COST SHARING PLANS ONLY**

FOR THE YEAR ENDED JUNE 30, 2019 (*)

Pension Plan:	Year	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Teachers Retirement System of Louisiana						
	2019	0.1530%	15,032,644	7,592,328	197.9978%	68.17%
	2018	0.1443%	14,794,689	8,402,745	176.0697%	65.60%
	2017	0.1309%	15,361,134	7,277,202	211.0857%	59.90%
	2016	0.1756%	18,878,956	10,152,168	185.9598%	62.50%
	2015	0.1939%	19,814,863	9,617,165	206.0364%	63.70%
Louisiana School Employees Retirement System						
	2019	0.1620%	1,082,329	451,016	239.9757%	74.44%
	2018	0.1377%	881,218	387,985	227.1268%	75.03%
	2017	0.1596%	1,203,697	449,581	267.7375%	70.09%
	2016	0.2368%	1,501,689	657,982	228.2265%	74.49%
	2015	0.2152%	1,247,389	596,600	209.0830%	76.18%
Louisiana State Employees Retirement System						
	2019	0.0052%	351,363	91,400	384.4234%	64.30%
	2018	0.0064%	449,640	119,098	377.5378%	62.50%

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

(*) The amounts presented have a measurement date of the previous fiscal year end.

CITY OF BAKER SCHOOL SYSTEM
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019

Change of Benefit Terms Include:

Teachers Retirement System of Louisiana

- There were no changes of benefit terms for the years ended June 30, 2019, and June 30, 2018.

Louisiana School Employees Retirement System

- There were no changes of benefit terms for the years ended June 30, 2019, and June 30, 2018.

Louisiana State Employees Retirement System

- There were no changes of benefit terms for the years ended June 30, 2019, and June 30, 2018.

Change of Assumptions

Teachers Retirement System of Louisiana

- In 2019 (valuation date June 30, 2018), the discount rate used to measure total pension liability changed from 7.70% to 7.65%.
- In 2018 (valuation date June 30, 2017), the discount rate used to measure total pension liability changed from 7.75% to 7.70%

Louisiana School Employees Retirement System

- In 2019 (valuation date June 30, 2018), the following changes of assumptions were incorporated:
 - The discount rate used to measure total pension liability decreased from 7.125% to 7.0625%,
 - The inflation rate decreased from 2.625% to 2.50%,
 - The mortality assumption was updated to reflect the results of the new experience study and was based on the RP-2014 Healthy Annuitant, Sex Distinct Employee, and Sex Distinct Disabled Lives mortality tables with generational projections using the full generational scale MP2017. The previous valuation set mortality from the RP-2000 Combined Healthy Sex Distinct and Disabled Lives mortality tables with no projection scale.

- The salary increase assumption was updated to 3.25% to reflect the results of the new experience study and change to the inflation rate. The previous valuation included a range of 3.075% to 5.375%.
- There were no changes of benefit assumptions for the year ended June 30, 2018.

Louisiana State Employees Retirement System

- In 2019 (valuation date June 30, 2018), the discount rate used to measure total pension liability changed from 7.70% to 7.65%.
- There were no changes of benefit assumptions for the year ended June 30, 2018.

OTHER SUPPLEMENTARY INFORMATION

CITY OF BAKER SCHOOL SYSTEM

NON-MAJOR GOVERNMENTAL FUNDS DESCRIPTIONS

Vocational Education – This fund accounts for a federal grant, the goal of which is to provide salaries, supplies, and equipment to be used in vocational education programs.

Title II – This fund accounts for the federal grants which combine the Eisenhower Professional Development State Grants and Class-Size Reduction programs into one program that focuses on preparing, training and recruiting high quality teachers.

State Grants – This fund is used to account for special non-federal grants received from various departments of the State of Louisiana.

Louisiana Pre-K 4 – This fund accounts for a grant, the goal of which is to promote the school readiness of low-income preschool children by enhancing their cognitive social and emotional development in learning environments.

School Food Service – This fund is used to account for activities of the School System's food service program.

Special Education – This fund accounts for amounts received under The Individuals with Disabilities Education Act (IDEA), which is a federally financed program providing free appropriate education for all identified handicapped children from 3 to 21 years of age in the least restrictive environment.

Temporary Assistance for Needy Families – This fund is for a pre-GED/Skills Option Program which is a counseling and guidance program with components for pre-GED academic, workplace readiness and skills instructions for students who are at risk of dropping out of high school.

**CITY OF BAKER SCHOOL BOARD
BAKER, LOUISIANA
NONMAJOR GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019**

	Vocational Education	Title II	School Food Service	LA 4 (Pre-K)	State Grants	TANF	Direct Student Services	School Redesign	SRCL	Special Education	Total
ASSETS											
Cash and cash equivalents	\$ -	\$ -	\$ 29,316	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,316
Receivables:											
Due from other governments	16,572	56,140	19,432	17,965	43,708	43,430	12,600	50,397	-	280,400	540,644
Prepaid expenses	415	-	-	-	-	-	-	488	-	-	903
Inventory	-	-	11,766	-	-	-	-	-	-	-	11,766
TOTAL ASSETS	\$ 16,987	\$ 56,140	\$ 60,514	\$ 17,965	\$ 43,708	\$ 43,430	\$ 12,600	\$ 50,885	\$ -	\$ 280,400	\$ 582,629
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	16,987	56,140	254,437	17,965	43,708	43,430	12,600	50,885	21,519	280,400	798,071
TOTAL LIABILITIES	16,987	56,140	254,437	17,965	43,708	43,430	12,600	50,885	21,519	280,400	798,071
Fund balances:											
Nonspendable	-	-	11,766	-	-	-	-	-	-	-	11,766
Unassigned	-	-	(205,689)	-	-	-	-	-	(21,519)	-	(227,208)
TOTAL FUND BALANCES	-	-	(193,923)	-	-	-	-	-	(21,519)	-	(215,442)
TOTAL LIABILITIES AND FUND BALANCES	\$ 16,987	\$ 56,140	\$ 60,514	\$ 17,965	\$ 43,708	\$ 43,430	\$ 12,600	\$ 50,885	\$ -	\$ 280,400	\$ 582,629

The accompanying notes are an integral part of this statement.

CITY OF BAKER SCHOOL BOARD
BAKER, LOUISIANA
NONMAJOR GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED JUNE 30, 2019

	Vocational Education	Title II	School Food Service	LA 4 (Pre-K)	State Grants	TANF	Direct Student Services	School Redesign	SRCL	Special Education	Total
REVENUES											
Local sources:											
Food sales	\$ -	\$ -	\$ 3,193	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,193
State sources:											
Unrestricted grants-in, MFP	-	-	14,576	-	-	-	-	-	-	-	14,576
Restricted grants-in-aid	-	-	-	83,353	66,878	-	-	-	-	-	150,231
Federal grants	18,461	205,160	828,621	-	-	67,327	12,600	176,050	130,291	459,290	1,897,800
TOTAL REVENUES	18,461	205,160	846,390	83,353	66,878	67,327	12,600	176,050	130,291	459,290	2,065,800
EXPENDITURES											
Current:											
Instruction:											
Regular education programs	-	-	-	-	-	-	-	-	-	76,775	76,775
Special education programs	-	-	-	-	-	-	-	-	-	221,089	221,089
Other education programs	18,539	92,576	-	83,309	66,878	67,327	12,600	174,227	151,810	73,114	740,380
Support:											
Instructional staff services	-	104,098	-	-	-	-	-	1,823	-	103,182	209,103
Food services	-	-	1,001,790	-	-	-	-	-	-	-	1,001,790
TOTAL EXPENDITURES	18,539	196,674	1,001,790	83,309	66,878	67,327	12,600	176,050	151,810	474,160	2,249,137
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(78)	8,486	(155,400)	44	-	-	-	-	(21,519)	(14,870)	(183,337)
OTHER FINANCING SOURCES (USES)											
Transfers in	78	-	-	-	-	-	-	-	-	26,975	27,053
Transfers out	-	(8,486)	-	(44)	-	-	-	-	-	(12,105)	(20,635)
TOTAL OTHER FINANCING SOURCES (USES)	78	(8,486)	-	(44)	-	-	-	-	-	14,870	6,418
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	-	-	(155,400)	-	-	-	-	-	(21,519)	-	(176,919)
FUND BALANCES - beginning of year	-	-	(38,523)	-	-	-	-	-	-	-	(38,523)
FUND BALANCES - end of year	\$ -	\$ -	\$ (193,923)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (21,519)	\$ -	\$ (215,442)

The accompanying notes are an integral part of this statement.

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Brad E. Kolder, CPA, JD*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

* A Professional Accounting Corporation

WWW.KCSRPCAS.COM

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

To the Members of the
City of Baker School Board
Baker, 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 governmental activities, each major fund, and the aggregate remaining fund information of the City of Baker School Board, (the School Board) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements and have issued our report thereon dated December 18, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School Board'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Board'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 that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Board'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.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
December 18, 2019

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Brad E. Kolder, CPA, JD*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

* A Professional Accounting Corporation

WWW.KCSRPCAS.COM

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Members of the
City of Baker School Board
Baker, Louisiana

Report on Compliance for Each Major Federal Program

We have audited City of Baker School Board's (the School Board) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School Board's major federal programs for the year ended June 30, 2019. The School Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Board's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School Board's compliance.

Opinion on Each Major Federal Program

In our opinion, the School Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the School Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Board's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Board's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report 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.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
December 18, 2019

**CITY OF BAKER SCHOOL BOARD
BAKER, LOUISIANA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

Federal Grantor/ Pass-Through Grantor/ Program Name	Grantor Project Number	CFDA Number	Expenditures 2019
<u>UNITED STATES DEPARTMENT OF AGRICULTURE</u>			
Pass-through program from Louisiana Department of Agriculture and Forestry:			
Food Distribution - Commodities		10.555	\$ 48,714
Pass-through program from Louisiana Department of Education:			
School Lunch Program		10.555	769,396
Summer Feeding		10.559	10,511
Total Department of Agriculture and Forestry			828,621
<u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-through program from Louisiana Department of Education:			
LA - 4 Federal TANF	28-18-36-68	93.558	67,327
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>			
Pass-through program from Louisiana Governor's Office of Homeland Security & Emergency Preparedness			
Disaster Recovery	LA-4277	97.036	3,400,920
<u>UNITED STATES DEPARTMENT OF EDUCATION</u>			
Passed through Louisiana Department of Education:			
Aim High	N/A	84.027A	120,000
High Cost Services Rnd 1 IDEA	28-18-RH-68	84.027A	19,802
IDEA Special Education Regular Project	28-18-B1-68	84.027A	285,326
Subtotal CFDA No. 84.027A			425,128
Direct Student Services	28-19-DS-68	84.010A	12,600
Title I Regular Project	28-18-T1-68	84.010A	925,129
School Redesign Planning	28-16-RD1	84.010A	176,050
Subtotal CFDA No. 84.010A			1,113,779
IDEA Special Education Preschool Project	28-13-P1-68	84.173A	5,270
Vocational Education - Carl Perkins	28-18-02-68	84.048A	18,461
Striving Readers Comprehensive Literacy		84.371C	130,291
Title II Regular Project	28-18-50-68	84.367A	205,160
Title IV Student Support & Academic Enrichment	28-18-71-68	84.424A	28,892
			1,926,981
Total Expenditures of Federal Awards			\$ 6,223,849
Child Nutrition Cluster			\$ 828,621
Special Education Cluster			\$ 425,128
TANF Cluster			\$ 67,327

See the accompanying notes to the schedule of expenditures of federal awards.

CITY OF BAKER SCHOOL SYSTEM
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Baker School System and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

NOTE B - NON-MONETARY ASSISTANCE

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2019, the School System had food commodities totaling \$11,766 in inventory. Commodities received, which are non-cash revenues, are valued using pricing provided by the United States Department of Agriculture.

NOTE C - DE MINIMUS COST RATE

During the year ended June 30, 2019, the City of Baker School System did not elect to use the 10% de minimus cost rate as covered in §200.414 of the Uniform Guidance.

NOTE D - AMOUNTS PASSED THROUGH TO SUB-RECIPIENTS

During the year ended June 30, 2019, the City of Baker School System did not pass through any federal funding to sub-recipients.

CITY OF BAKER SCHOOL BOARD
Baker, Louisiana

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

Part I. Summary of Auditor's Results:

1. The auditor's report expresses an unmodified opinion on whether the financial statements of City of Baker School Board were prepared in accordance with GAAP.
2. No significant deficiencies were disclosed during the audit of the financial statements. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of City of Baker School Board, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over the major federal award programs were disclosed during the audit. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs for City of Baker School Board expresses an unmodified opinion on all major federal programs.
6. The audit disclosed no findings required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance.
7. The programs tested as major were:
 - Child Nutrition Cluster:
 - National School Lunch Program – CFDA 10.555
 - Food Distribution – CFDA 10.555
 - Summer Food Service Program for Children – CFDA 10.559
 - U.S. Department of Homeland Security
 - Disaster Recovery, CFDA 97.036
8. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
9. The auditee did not qualify as a low-risk auditee.

Part II. Findings which are required to be reported in accordance with generally accepted *Governmental Auditing Standards*:

- A. Internal Control Findings –

There are no findings to be reported under this section.

CITY OF BAKER SCHOOL BOARD
Baker, Louisiana

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2019

B. Compliance Findings –

There are no findings to be reported under this section.

Part III. Findings and questioned costs for Federal awards which include audit findings as defined in 2 CFR section 200 of the Uniform Guidance:

There are no findings to be reported under this section.



14750 Plank Road, Baker, Louisiana 70714
P.O. Box 680, Baker, Louisiana 70704-0680
Phone (225) 774-5795, Fax (225) 774-5797

CITY OF BAKER SCHOOL SYSTEM

www.bakerschools.org

Herman Brister, Ed.D., Superintendent

Board Members

Elaine G. Davis
District 1

.Sharlous Booker
Vice President
District 2

Joyce Burges
District 3

Shona P. Boxie
President
District 4

Vanessa Parker
District 5

The City of Baker School Board respectfully submits the following schedule of prior audit findings for the year ended June 30, 2019.

Audit conducted by:
Kolder, Slaven & Company, LLC
200 South Main Street
Abbeville, LA 70510

Compliance

2018-001 Budget Variance

Fiscal Year Finding Initially Occurred: 2018

CONDITION: Budget variance in excess of 5% was incurred in the General Fund, Flood Recovery Fund, and Title I Fund.

CORRECTIVE ACTION TAKEN: We monitored our revenues and expenses in the General Fund, Flood Recovery Fund and Title I Fund throughout the year and adjusted the budget when variances in excess of the amounts permitted by State law were noted.

CURRENT STATUS: Resolved.

SCHEDULES REQUIRED BY STATE LAW
(R.S. 24:514 - PERFORMANCE AND STATISTICAL DATA)

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Brad E. Kolder, CPA, JD*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

* A Professional Accounting Corporation

Independent Accountant's Report on Applying Agreed-Upon Procedures

WWW.KCSRPCAS.COM

To the City of Baker School Board,
the Louisiana Department of Education,
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the City of Baker School Board; the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of the City of Baker School Board for the fiscal year ended June 30, 2019; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin, in compliance with Louisiana Revised Statute 24:514. Management of the City of Baker School Board is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule 1)

1. We selected a sample of 25 transactions and reviewed supporting documentation to determine and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on the schedule:

- Total General Fund Instructional Expenditures
- Total General Fund Equipment Expenditures
- Total Local Taxation Revenue
- Total Local Earnings on Investment in Real Property
- Total State Revenue in Lieu of Taxes
- Nonpublic Textbook Revenue
- Nonpublic Transportation Revenue

No exceptions noted

Class Size Characteristics (Schedule 2)

2. We obtained a list of classes by school, school type, and class size as reported on the schedule. We then traced a sample of 10 classes to the October 1 roll books for those classes and determined if the class was properly classified on the schedule.

No exceptions noted

Education Levels/Experience of Public School Staff (NO SCHEDULE)

3. We obtained October 1st PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management’s representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual’s personnel file, and observed that each individual’s education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

For one (1) individual tested, the education level and experience was not properly included on the PEP data.

Public School Staff Data: Average Salaries (NO SCHEDULE)

4. We obtained June 30th PEP data submitted to the Department of Education (or equivalent listing provided by management) of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtained management’s representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual’s personnel file, and observed that each individual’s salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

For one (1) individual tested, the salary amount was not properly included on the PEP data.

Management’s Response:

Management of the City of Baker School Board concurs with the exceptions and is working to address the exceptions identified.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the performance and statistical data. 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.

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of the City of Baker School Board, as required by Louisiana Revised Statute 24:514, 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 Louisiana Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
December 18, 2019

CITY OF BAKER SCHOOL BOARD
Baker, Louisiana
Schedules Required by State Law (R.S. 24:514 - Performance and Statistical Data)
As of and for the Year Ended June 30, 2019

Schedule 1 - General Fund Instructional and Support Expenditures and Certain Local Revenue Sources

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

Schedule 2 (Formerly Schedule 6) Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students.

CITY OF BAKER SCHOOL BOARD
Baker, Louisiana
Schedule 1

General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2019

General Fund Instructional and Equipment Expenditures

General fund instructional expenditures:

Teacher and student interaction activities:

Classroom teacher salaries	\$ 4,192,074	
Other instructional staff salaries	707,600	
Instructional staff employee benefits	2,009,876	
Purchased professional and technical services	101,774	
Instructional materials and supplies	368,469	
Instructional equipment	-	
Total teacher and student interaction activities		\$ 7,379,793

Other instructional activities:

Pupil support activities	708,532	
Less: Equipment for pupil support activities	-	
Net pupil support activities		708,532
Instructional staff services	521,003	
Less: Equipment for instructional staff services	-	
Net instructional staff services		521,003

School Administration	1,085,780	
Less: Equipment for school administration	-	
Net school administration		1,085,780

Total general fund instructional expenditures \$ 9,917,158

Total general fund equipment expenditures (Object 730; Function series 1000-4000) \$ 68,676

Certain Local Revenue Sources

Local taxation revenue:

Constitutional ad valorem taxes	\$ 225,344
Renewable ad valorem tax	1,721,628
Debt service ad valorem tax	-
Up to 1% of collections by the Sheriff on taxes other than school taxes	48,249
Sales and use taxes	3,604,781
Total local taxation revenue	\$ 5,600,002

Local earnings on investment in real property:

Earnings from 16th section property	\$ -
Earnings from other real property	-
Total local earnings on investment in real property	\$ -

State revenue in lieu of taxes:

Revenue sharing - constitutional tax	\$ 43,248
Revenue sharing - other taxes	-
Revenue sharing - excess portion	-
Other revenue in lieu of taxes	-
Total state revenue in lieu of taxes	\$ 43,248

Nonpublic textbook revenue \$ -

Nonpublic transportation revenue \$ -

CITY OF BAKER SCHOOL BOARD
 Baker, Louisiana
 Schedule 2

Class Size Characteristics
 As of October 1, 2018

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	63%	106	25%	42	12%	20	0%	-
Elementary Activity Classes	56%	16	24%	7	17%	5	3%	1
Middle/Jr. High	75%	77	20%	20	5%	5	0%	-
Middle/Jr. High Activity Classes	95%	53	5%	3	0%	-	0%	-
High	66%	118	23%	42	11%	19	0%	-
High Activity Classes	74%	20	15%	4	7%	2	4%	1
Combination	0%	-	0%	-	0%	-	0%	-
Combination Activity Classes	0%	-	0%	-	0%	-	0%	-

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

CITY OF BAKER SCHOOL BOARD
Baker, Louisiana

Statewide Agreed-Upon Procedures Report

Fiscal period July 1, 2018 through June 30, 2019

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Brad E. Kolder, CPA, JD*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

* A Professional Accounting Corporation

WWW.KCSRPCAS.COM

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Management of
the City of Baker School Board, and
the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the City of Baker School Board (the School Board) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The School Board's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. We obtained and inspected the entity's written policies and procedures and observed that they address each of the following categories and subcategories:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, 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.

Board or Finance Committee

2. We obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) We observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, we observed that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

- c) For governmental entities, we obtained the prior year audit report and we observed the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, we observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Bank Reconciliations

- 3. We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. We asked management to identify the entity's main operating account. We selected the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). We randomly selected one month from the fiscal period, we obtained and inspected the corresponding bank statement and reconciliation for selected each account, and observed that:
 - a) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Collections

- 4. We obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly selected 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, we obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), we obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and we observed that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

6. We inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. We randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits are made on the same day). Alternately, we used a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. We obtained supporting documentation for each of the 10 deposits and:
 - a) Observed that receipts are sequentially pre-numbered.
 - b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Traced the deposit slip total to the actual deposit per the bank statement.
 - d) Observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Traced the actual deposit per the bank statement to the general ledger.

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

8. We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly selected 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, we obtained a listing of those employees involved with non-payroll purchasing and payment functions. We obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquired of employees about their job duties), and we observed that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, we obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and we obtained management's representation that the population is complete. We randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:
 - a) Observed that the disbursement matched the related original invoice/billing statement.

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

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

- 11. We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete.
- 12. Using the listing prepared by management, we randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. We randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtained supporting documentation, and:
 - a) Observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.
 - b) Observed that finance charges and late fees were not assessed on the selected statements.
- 13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, we randomly selected 10 transactions (or all transactions if less than 10) from each statement, and we obtained supporting documentation for the transactions. For each transaction, we observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

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

- 14. We obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. We randomly selected 5 reimbursements, obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a) If reimbursed using a per diem, agreed the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observed that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

15. We obtained from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. We obtained management's representation that the listing is complete. We randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observed that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observed that the original contract terms provided for such an amendment.
 - d) Randomly selected one payment from the fiscal period for each of the 5 contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

16. We obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. We randomly selected 5 employees/officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
17. We randomly selected one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, we obtained attendance records and leave documentation for the pay period, and:
- a) Observed that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - b) Observed that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. We obtained a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. We randomly selected two employees/officials, obtained related documentation of the hours and pay rates used in management's termination payment calculations, agreed the hours to the employee/officials' cumulate leave records, and agreed the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. We obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above we obtained ethics documentation from management, and:
 - a) Observed that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b) Observed that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity’s ethics policy during the fiscal period.

Debt Service

21. We obtained a listing of bonds/notes issued during the fiscal period and management’s representation that the listing is complete. We selected all bonds/notes on the listing, obtained supporting documentation, and observed that State Bond Commission approval was obtained for each bond/note issued.
22. We obtained a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. We randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants.

Other

23. We obtained a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. We selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. We observed that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Findings:

In accordance with the Statewide Agreed-Upon Procedures, certain categories may be excluded from testing. Therefore, the following categories were not tested this year: Written Policies and Procedures, Bank Reconciliations, Credit/Debit/Fuel Cards, Travel and Travel Related Expense Reimbursements, Contracts, Payroll and Personnel, Ethics, Debt Service, and Other.

No exceptions were found as a result of applying procedures listed above except:

Board (or Finance Committee)

1 of 12 meetings did not make reference to monthly financial statements or budget-to-actual comparisons.

Collections:

At 4 of 5 locations tested, the employee responsible for collecting cash is also responsible for preparing/making bank deposits, posting collection entries to the general ledger or subsidiary ledgers, and reconciling cash collections to the general ledger or subsidiary ledgers.

1 of 73 receipts tested did not have a receipt number, therefore we were unable to test if receipts are pre-numbered and we were unable to trace a receipt to the deposit slip.

2 of 73 receipts tested were deposited 18 days late.

3 of 73 receipts tested were deposited 16 days late.

1 of 73 receipts tested was deposited 15 days late.

2 of 73 receipts tested were deposited 13 days late.

1 of 73 receipts tested was deposited 12 days late.

3 of 73 receipts tested were deposited 9 days late.

5 of 73 receipts tested were deposited 8 days late.

5 of 73 receipts tested were deposited 5 days late.

3 of 73 receipts tested were deposited 4 days late.

6 of 73 receipts tested were deposited 2 days late.

16 of 73 receipts tested did not have the collection date marked, therefore we were unable to test the timing of the deposit.

Non-Payroll Disbursements:

At 4 of 5 locations tested, the individuals responsible for processing payments are also able to add vendors to the School System's purchasing/disbursement system.

Management's Response:

Management of the City of Baker School Board concurs with the exceptions and is working to address the deficiencies identified.

We were not engaged to and did not conduct an examination or review, 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.

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.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
December 18, 2019