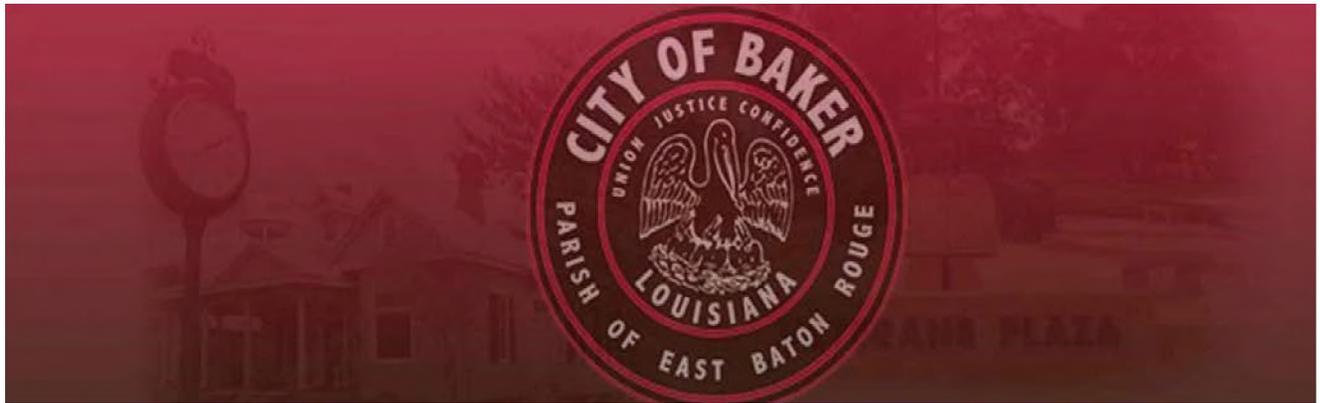


ANNUAL FINANCIAL REPORT



YEAR ENDED JUNE 30, 2023

Prepared by:
City of Baker Finance Department
Audited by:
Bruno & Tervalon, LLP

CITY OF BAKER, LOUISIANA

Table of Contents

	<u>Page(s)</u>
Letter of Transmittal	1
Mayor and City Council Members	5
List of Other Elected and Apointed Officials - Organizational Chart	6
Independent Auditors' Report	7
Management's Discussion and Analysis	11
Basic Financial Statements	
Basic Financial Statements:	
Government-Wide Financial Statements	
Statement of Net Position	21
Statement of Activities	23
Fund Financial Statements	
Governmental Funds:	
Balance Sheet - Governmental Fund	24
Reconciliation of the Governmental Funds Balance Sheet to the Governmental-wide Statement of Net Position	25
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Fund	26
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Governmental-wide of Activities	27
Fiduciary Funds:	
Statement of Net Position - Proprietary Funds	28
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	29
Statement of Cash Flows - Proprietary Funds	30
Notes to the Basic Financial Statements	31

CITY OF BAKER, LOUISIANA

Table of Contents

Required Supplementary Information

General Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	67
Street Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	68
City Court Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	69
Schedule of Proportionate Share of Net Position Liability	70
Schedule of Contributions to Each Retirement System	71
Schedule of Changes in Net OPEB Liability and Related Ratios	72
Notes to Proportionate Share of Net Position Liability and Schedule of Pension Contributions	73

Supplementary Information

Combining Balance Sheet - Non-Major Governmental Funds	74
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds	75
Schedule of Expenditures of Federal Awards	76
Schedule of Justice System Funding - Collecting/Disbursing Entity	77
Schedule of Compensation, Benefits and Other Payments to CEO	78
Schedule of Compensation Paid to Council Members	79

Independent Auditors' Report Required by Government Auditing Standards

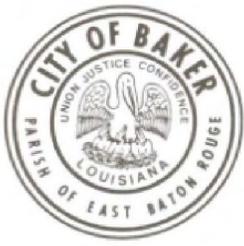
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	80
Independent Auditors' Report on Compliance for each Major Program Program and on Lateral Control over Compliance Required by Uniform Guidance	82

CITY OF BAKER, LOUISIANA

Table of Contents

Schedule of Findings and Questioned Costs

Section I - Financial Statement and Federal Award Findings	85
Section II - Current Year Findings	86
Section III - Summary of Prior Year Findings	86



LETTER OF TRANSMITTAL

December 21, 2023

To the Honorable Darnell Waites, Mayor
Members of the City Council
Citizens of the City of Baker, Louisiana

The Annual Financial Report, hereinafter referred to as the AFR, for the City of Baker, LA for the fiscal year ended June 30, 2023, is submitted herein in accordance with La R.S. 24:518 requiring publication of a complete set of audited financial statements.

The responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including disclosures, is that of management. Management assumes this responsibility based upon a comprehensive framework of internal control that it has established for this purpose. The concept of reasonable assurance recognizes that the cost of a control should not exceed its anticipated benefit thus supporting the objective to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The data presented in this financial report is believed to be accurate in all material respects; that its presentation has been designed to fairly state the financial position and results of operations as measured by the financial activity of its various funds; and that all disclosures necessary to enable readers to gain a comprehensive understanding of the City's financial activity has been included.

S

Bruno & Tervalon LLP, CPAs have issued an unmodified opinion on the City of Baker, LA's financial statements for the year ended June 30, 2023. Their independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

The Reporting Entity and Form of Government

The City of Baker, LA (hereafter referred to as the City), nestled close to the two largest cities in Louisiana, is situated in the northwest part of East Baton Rouge Parish. It is approximately 8.4 square miles in size with a population of approximately 13,000. Within the boundaries are

approximately 70 miles of roads maintained by the City. This report includes all funds that are controlled by or are dependent on the City.

The City was incorporated as a village in 1946 – W.H. Keyes served as the first mayor – but its name was established in 1888 recognizing the rural settlement that surrounded the post office and railroad station. Baker was a stop on the Illinois Central Railroad line connecting New Orleans with Memphis, TN. It is a progressive city that promotes harmony, invigorating activities, and many opportunities to contribute to excellence through neighborhood and community-wide involvement.

Originally governed by the provisions of the Lawrason Act, the electorate adopted a Home Rule Charter on May 16, 1970, that would become effective on July 1, 1972. The Charter provided for a mayor-council form of government. There are five council members elected by the citizens residing within their respective districts to serve a four-year term. Legislative authority is vested in the Council. The mayor, also elected for a four-year term, is responsible for the day-to-day operations of all departments of the City. An organizational chart follows that provides an overview of how all branches and departments work together.

The purpose of the municipality is to promote the general welfare and the safety, health, peace, good order, comfort, convenience, and morals of its inhabitants. To this regard, the City provides a full range of services, including (1) police and fire protection, (2) water, gas and sewer distribution services, (3) refuse collection; (4) building inspections, (5) licenses and permits, (6) construction and maintenance of streets and other infrastructure, (7) economic development, (8) full-service burials and (9) community, recreational and cultural activities. The City also is financially accountable for a legally separate court system and marshal, both of which are included in the following financial report as blended component units.

The City is required to adopt a budget for the fiscal year no later than June 15th to serve as the foundation for financial planning and control. A pay plan, operating and capital budget and a capital program are submitted by the Mayor to the Council for consideration and are adopted on a departmental level. The budget is legally enacted via passage of an ordinance by the City Council during a public hearing. Additional information regarding the budgeting process can be found in the note disclosures.

Economics and the Local Economy

The City is a suburb of Baton Rouge that serves as the seat of government within the State of Louisiana. Major industries located within or near the City's boundaries include a major airport, hospitals, construction, and manufacturing/industrial businesses. The City has rail service and its proximity to the Mississippi River and the interstate highway system provides businesses with manageable transportation costs. It is within 60 miles of five major universities and two community colleges. It is close enough to hear the tigers roar at the Greater Baton Rouge Zoo and houses acres of other parks for golf, tennis and other sporting events or just enjoying the green space. Its walking paths include state-of-the-art outdoor exercise equipment – the Energi Total Body Fitness and the Life Trails Advanced Wellness System. These were developed to deliver a synergistic workout for ages 13 and up as well as provide a tailored program for older

adults to perform daily tasks easily and independently. The Fitness Court, designed by the National Fitness Campaign will be installed in the spring of 2023, adding another dimension to fitness options. It will be in the Martin Luther King Memorial Park that is utilized by hundreds daily, young and old alike!

The unemployment rate for its citizens decreased by .4% to 4% at the close of the current year, which was slightly below that of the state and national rate. The crime rate continues to be one of the lowest of all municipalities in Louisiana and the safest in East Baton Rouge Parish. Median household incomes fell slightly to \$56,000 which could be a result of a lower median age to 33.5. The City is attracting younger individuals whose level of income has not reached that of older persons who possess greater seniority in their professions. Home ownership is afforded to approximately 70.6% of the population which is an increase of nearly 4% over the past few years. The average length of staying in Baker after moving here is significantly higher than the state average. This is a testament to the economic and community-oriented environment established by the City's government that continues to be an impetus for future development.

This Past Year

The City's plans for smart growth drives its efforts for economic and community development which includes expansion to allow for the construction of new homes, retail and industrial businesses and green space to complement both. Doing so increases the revenue sources available for government to continue providing quality services while expanding on those services and adding others that bring quality of place and being.

Management secured 8 acres of vacant land near its western borders on which a new well and elevated water tank are currently being constructed. Together with the extended water and gas lines already in place, the infrastructure will be in place for expansion towards the Mississippi River. This project is being funded almost entirely through a Community Development Block Grant administered through the Louisiana Office of Community Development. Architectural renderings have been obtained for the construction of a fire station on this site not only in preparation for growth but also to enhance fire protection and emergency services to citizens on the west side of the railroad tracks that run along Highway 19.

Utility distribution systems continue to branch out to the west via line extensions currently under construction. Expansion of services also went south down Highway 19 with the extension of gas lines to our newest utility customer – the Baton Rouge Zoo. This project was a cost-sharing partnership with BREC. Lines are also being extended down Highway 67 to the north following annexation of property along that corridor.

The 2021 Street Rehabilitation Program was completed during this year totaling more than \$1.1 million in street overlay, some of which were brought down to base and rebuilt. The City receives a ½ cent sales tax for the purpose of street maintenance, construction and beautification that was used to accomplish this. There was \$2.2 million realized from this “pothole” tax in FY2022.

Another major component of the master plan, and of great interest to many of our resident, involves the flow of water throughout the City to avoid flooding that impacts the safety of persons and property. Federal grant funding to mitigate the hazards associated with flooding following the 2016 Flood is still being utilized to address major waterways including (1) installation of emergency generators at lift stations and City Hall; (2) widen, stabilize, and further improve the flow of water through Bozeman Creek and Brushy Bayou. This same concept for ditches and canals throughout the City that typically flow into these waterways was started in the prior year. Canals and ditches in every district within the City were cleared with only one major waterway left to complete.

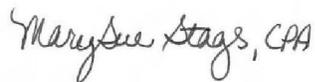
There are many other accomplishments that were realized this past year, but they cannot all be mentioned here. We hope you take the opportunity to read the annual financial report – it includes other projects that are in various stages of completion that will evidence the City’s efforts. We welcome your comments and certainly will respond to any inquiries about financial report.

Acknowledgments

The cooperation and diligence of the Finance Department staff – Ashley Batts, Ashley Lathan, Magen Bailey and Judy Davezac – in providing information to support the financial and non-financial data required to complete this report is greatly appreciated. The Council is credited with their support of the highest standards of professionalism in the management of the City. Mayor Waites is commended for his dedication to the success of all City initiatives, utilization of the City’s resources in the most effective manner and insistence on integrity and ethical reporting.

Acknowledgement is also given to our auditors – Bruno & Tervalon, LLP, CPAs – for the professional and diligent way they conducted their audit.

Respectfully Submitted,



Mary Sue Stages, CPA
Finance Director

CITY OF BAKER, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023

OTHER ELECTED AND APPOINTED OFFICIALS
ORGANIZATIONAL CHART



Mayor Darnell Waites



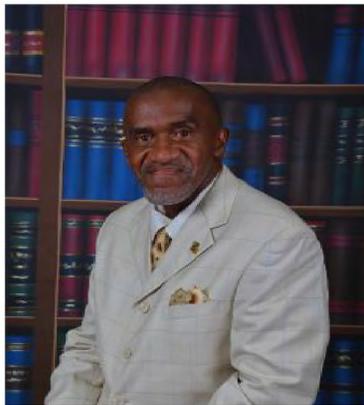
District 1
Dr. Charles Vincent



District 2
Rochelle Dunn



District 3
Glenda Bryant



District 4
Robert Young



District 5
Brenda G. Jackson

CITY OF BAKER, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023

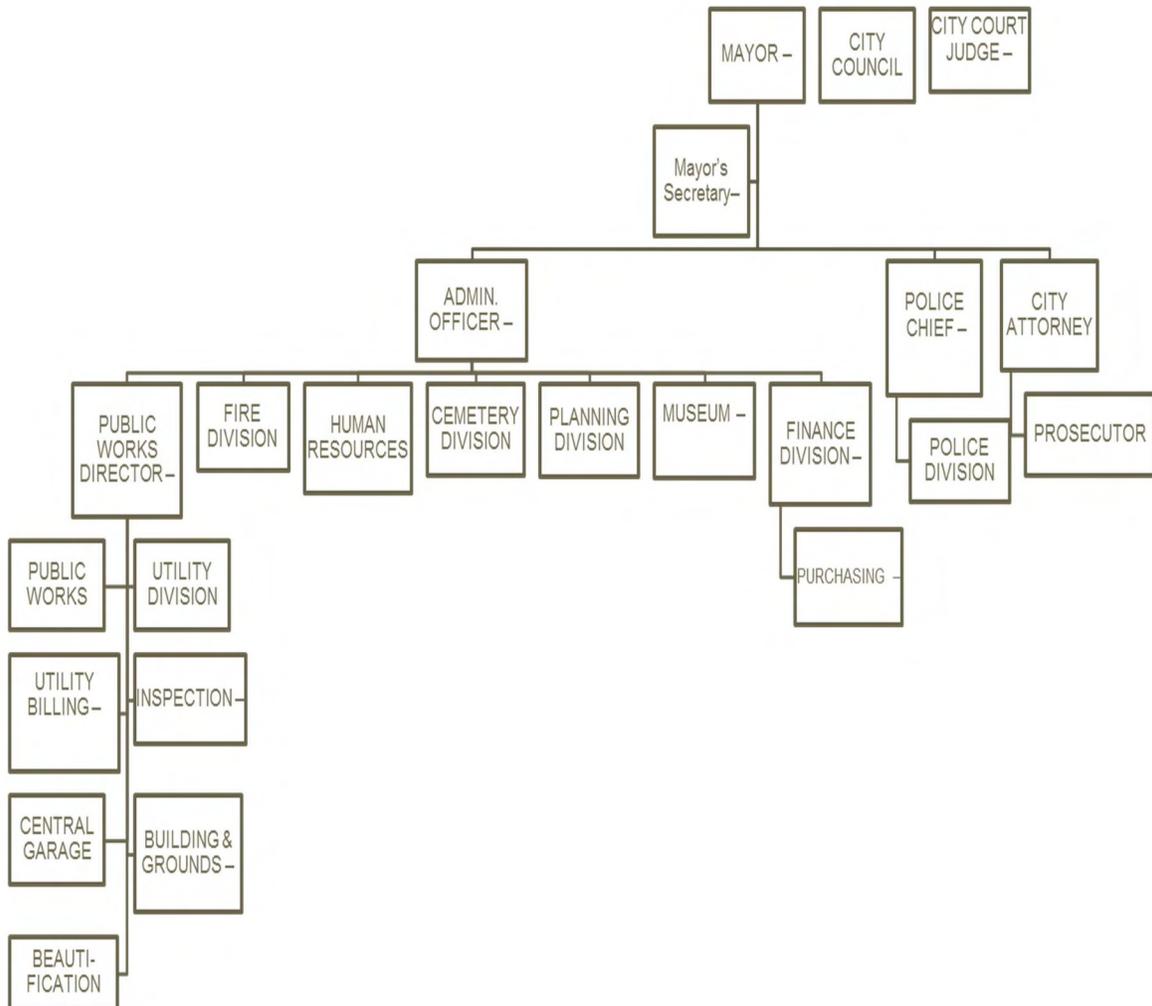
OTHER ELECTED AND APPOINTED OFFICIALS
ORGANIZATIONAL CHART

OTHER ELECTED OFFICIALS

City Court Judge	Kirk Williams
Chief of Police	Carl Dunn

APPOINTED OFFICIALS

City Attorney	Ken Fabre
Chief Administrative Officer	Dr. Angela Machen



INDEPENDENT AUDITORS' REPORT

To the Honorable Darnell Waites, Mayor
and the Members of the City Council
City of Baker, Louisiana

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Baker, Louisiana (the City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve (12) months beyond the financial statement

date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for

placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the combining and individual nonmajor fund financial statements, the Schedule of compensation, benefits and other payments to chief executive officer and the schedule of compensation paid to board members. are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, the combining and individual nonmajor fund financial statements, the schedule of compensation, benefits and other payments to chief executive officer and the schedule of compensation paid to board members are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Bruno & Tervalon LLP

New Orleans, Louisiana
December 21, 2023

CITY OF BAKER, LOUISIANA

MANAGEMENT'S DISCUSSION & ANALYSIS Year Ended June 30, 2023

The Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting change and currently known facts. Our analysis provides an overview of the City's financial activities for the fiscal year ended June 30, 2023. Readers are encouraged to consider this overview and analysis in conjunction with the basic financial statements and notes that follow.

FINANCIAL HIGHLIGHTS

- Assets and deferred outflows of resources of the City's primary government exceeded its liabilities and deferred inflows of resources at the close of the year by \$17.9 million (net position). Of this amount, unrestricted net position is currently in a deficit of \$25.6 million of which 61.7% can be attributed to net pension liability and related deferred outflows/inflows of resources (\$9.7 million) and other post-employment benefits obligation and related deferred outflows/inflows (\$6.1 million).
- The primary government's total net position increased by \$1.7 million.
- Governmental activities' net position increased by \$346,272. Business-type activities' net position increased by \$1.4 million.
- The City utilized \$2.9 million of its financial resources on capital additions including, but not all-inclusive, miles of street asphalt overlays (\$1.1 million from dedicated sales tax) and infrastructure (\$1.7 million).
- The City realized \$3.6 million in grants and other contributions used primarily for infrastructure.

USING THIS ANNUAL REPORT

Under Accounting Standards Board Statement No. 34, a government's presentation of financial statements focuses on both the government as a whole and on major individual funds. Both perspectives allow the reader to address relevant questions, broaden a basis for comparison from year to year and should enhance the City's accountability.

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 21 and 22 and referred to as government-wide financial statements) provide information about the activities of the City as a whole and present a longer-term view of the City's finances.

Fund financial statements start on page 24. For governmental activities, these statements depict how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

CITY OF BAKER, LOUISIANA

MANAGEMENT'S DISCUSSION & ANALYSIS

Year Ended June 30, 2023

Our auditors have provided assurance in their independent auditors' report, located immediately preceding this MD&A, that the financial statements are fairly stated. Varying degrees of assurance are being provided by the auditors regarding the required supplementary information and the other supplementary information. A user of this report should read the independent auditors' report carefully to ascertain the level of assurance being provided for each part of this report.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements consolidate the governmental funds (governmental activities) and proprietary funds (business-type activities) into a total for the primary government. They use the accrual basis of accounting, which is like accounting methods used by most private-sector companies. Revenues and expenses are reported regardless of when cash is received or paid. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods. The two kinds of activities reported in the government-wide statements are described below followed by an analysis of net position and changes thereto.

Governmental activities - Most of the City's basic services are reported here, including public safety, streets and sanitation, culture and recreation, economic development, and general administration. Sales taxes, charges for services including sanitation, and state and federal grants finance most of these activities.

Business-type activities - The City charges a fee to customers to help it cover the cost of certain services it provides. In addition to a cemetery, the City operates a gas, water and wastewater treatment system which are reported herein.

CITY OF BAKER, LOUISIANA

MANAGEMENT'S DISCUSSION & ANALYSIS
Year Ended June 30, 2023

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 11,618	\$ 9,688	\$ 14,173	\$ 8,380	\$ 25,791	\$ 18,068
Capital assets	<u>16,150</u>	<u>15,420</u>	<u>8,273</u>	<u>7,148</u>	<u>24,423</u>	<u>22,568</u>
Total assets	27,768	25,108	22,446	15,528	50,214	40,636
Deferred outflows of resources	6,084	4,215	255	283	6,339	4,498
Current and other liabilities	4,318	3,008	3,357	2,819	7,675	4,110
Long-term liabilities	<u>16,861</u>	<u>16,014</u>	<u>7,776</u>	<u>2,936</u>	<u>24,637</u>	<u>18,950</u>
Total liabilities	21,179	19,022	11,133	5,755	32,312	24,777
Deferred inflows of resources	<u>5,958</u>	<u>4</u>	<u>365</u>	<u>219</u>	<u>6,323</u>	<u>4,150</u>
Net Position:						
Net investment in capital assets	14,642	13,702	8,273	7,147	22,915	20,849
Restricted	14,623	5,402	5,988	409	20,611	5,811
Unrestricted	<u>(22,550)</u>	<u>(12,734)</u>	<u>(3,058)</u>	<u>2,281</u>	<u>(25,608)</u>	<u>(10,453)</u>
Total net position	<u>\$ 6,715</u>	<u>\$ 6,370</u>	<u>\$ 11,203</u>	<u>\$ 9,837</u>	<u>\$ 17,918</u>	<u>\$ 16,207</u>

Governmental activities realized an increase of \$346 thousand which was a lesser increase than the prior year. The increase in revenues was met with a greater increase in expenditures, primarily due to infrastructure projects and a focus on public safety.

Business-type activities realized an increase of \$1.4 million in its net position representing a 28.3% increase over the prior year. These results evidence the additional businesses and homes developed within the City's boundaries as well as just outside of those boundaries. This trend is expected to be greater in the coming year.

CITY OF BAKER, LOUISIANA

MANAGEMENT'S DISCUSSION & ANALYSIS
Year Ended June 30, 2023

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Program revenues:						
Charges for services	\$ 2,423	\$ 2,367	\$ 4,843	\$ 4,154	\$ 7,266	\$ 6,521
Operating grants	2,670	454	-	-	2,670	454
Capital grants	124	4	802	-	926	4
General revenues:						
Ad valorem taxes	466	457	-	-	457	457
Sales taxes	8,528	9,052	-	-	8,528	9,052
Franchise taxes	755	686	-	-	755	686
Other taxes	739	510	-	-	739	510
Other general revenues/transfers	<u>1,693</u>	<u>1,475</u>	<u>(681)</u>	<u>(327)</u>	<u>1,012</u>	<u>1,148</u>
Total revenues	<u>17,398</u>	<u>15,005</u>	<u>4,964</u>	<u>3,827</u>	<u>22,362</u>	<u>18,832</u>
Functions/program:						
General government	2,887	2,291	-	-	2,887	2,291
Public safety	8,448	6,970	-	-	8,448	6,970
Public works	5,088	3,334	-	-	5,088	3,334
Economic/recreational	629	659	-	-	629	659
Utilities	-	-	3,122	2,530	3,122	2,530
Cemetery	-	-	431	191	431	191
Sewer revenue	-	-	45	42	45	42
Total expenses	<u>17,052</u>	<u>13,254</u>	<u>3,598</u>	<u>2,763</u>	<u>20,650</u>	<u>16,017</u>
Change in Net Position	<u>\$ 346</u>	<u>\$ 1,751</u>	<u>\$ 1,366</u>	<u>\$ 1,064</u>	<u>\$ 1,712</u>	<u>\$ 2,815</u>

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Traditional users of governmental financial statements will find the fund financial statement presentation more familiar. The focus is on major funds, rather than generic fund types.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

An analysis of the City's major funds begins on page 24 with the fund financial statements that provide detailed information about the most significant funds and not the City as a whole. The General fund is always considered a major fund. Special revenue funds are required to be established by state law or by bond covenants. Of the City's special revenue funds, both the Street and City Court Funds are considered major. All non-major governmental funds are presented in one column, titled other non-major governmental funds. Combining financial statements of these funds can be found in the combining financial statements section of this report following requirement supplementary information. The general and special revenue funds are referred to as governmental funds.

The other type of funds maintained by the City are referred to as proprietary funds including Utility, Cemetery and Sewer Revenue. Each is presented separately as significant funds.

CITY OF BAKER, LOUISIANA

MANAGEMENT'S DISCUSSION & ANALYSIS

Year Ended June 30, 2023

Governmental funds - Governmental funds are used to account for essentially the same functions reported 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 balances of spendable resources available at the end of the fiscal year. Most of the City's basic services are reported in these type funds. The modified accrual basis of accounting is utilized which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent soon to finance the City's programs. The relationship (or differences) between governmental activities reported in the Statement of Net Position and the Statement of Activities) and the governmental funds can be seen in the reconciliation to the financial statements (pages 25 and 27).

Proprietary funds - When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (Utility, Cemetery and City-Parish Sewer Funds) is the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. These statements begin on page 28.

Notes to the basic 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. The notes to the financial statements are a required part of the basic financial statements and begin on page 31.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning original and final budgetary comparisons to actual results for the City's major governmental funds and schedules required by GASB 68. This information is located directly after the notes to the basic financial statements.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

The government operations of the City are accounted for in the General, Street, Court and Other Non-Major Governmental Funds. The focus of this fund information, as noted earlier, is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. The following is a summary of general governmental operations for 2023 by fund type (in thousands):

CITY OF BAKER, LOUISIANA

MANAGEMENT'S DISCUSSION & ANALYSIS Year Ended June 30, 2023

	General Fund	Street Fund	City Court Fund	Other Non-Major Funds	Total
Revenues and other financing sources	\$ 14,323	\$ 2,194	\$ 154	\$ 1,589	\$ 18,260
Expenditures and other financing uses	(15,218)	(1,216)	(177)	(1,491)	(18,102)
Net Change	(895)	978	(23)	98	158
Fund Balances, beginning	10	4,798	1,394	687	6,889
Fund Balances, ending	<u>\$ (885)</u>	<u>\$ 5,776</u>	<u>\$ 1,371</u>	<u>\$ 785</u>	<u>\$ 7,047</u>

The City's governmental funds experienced an increase in fund balances of \$158 thousand during the fiscal year ended June 30, 2022, bringing total combined fund balances to \$7.0 million at year-end. This includes \$61,630 considered non-spendable as it has been utilized for assets that will be utilized in a future period. Restricted assets include \$6.6 million for streets and public safety/court. The court system committed assets of \$513,940 for expansion while management has assigned \$500 thousand as an operating reserve.

The General Fund is the chief operating fund of the City. At the end of the fiscal year, fund balances had decreased by \$895,511 representing primarily a reallocation of liquid assets to capital assets resulting from management's focus on infrastructure to ensure the continuation of quality services for the next 30-40 years including drainage.

The Street Fund, for which revenues are restricted by law to be utilized for street maintenance, construction, and beautification, experienced an increase in fund balances of nearing \$1 million leaving a fund balance of \$5.8 million at year-end. The 2021 Rehabilitation Program was completed during the year, and the 2022 Program is in the planning and prioritizing stage.

The City Court Fund reports the operations of the court system managed by the judge. It experienced a decrease in fund balances of \$23,044 resulting in an ending fund balance of \$1.37 million.

Sources of governmental revenues, excluding transfers, are summarized below (in thousands).

Source of Revenue:	2023		2022	
	Revenue	Percent	Revenue	Percent
Taxes	\$ 10,054	58%	\$ 10,706	73%
Intergovernmental	72	0%	58	0%
Licenses and permits	502	2%	31	0%
Charges for services	1,566	9%	1,620	11%
Fines	775	4%	690	5%
Other	4,465	27%	1,570	11%
Total	<u>\$ 17,434</u>	<u>100%</u>	<u>\$ 14,675</u>	<u>100%</u>

CITY OF BAKER, LOUISIANA

MANAGEMENT'S DISCUSSION & ANALYSIS Year Ended June 30, 2023

Revenues of general governmental fund types increased by \$2.76 million over the prior year or 18.9%. This is due in part to funding provided by the CARES Act through its American Rescue Plan. The City's activities, in the absence of grant funding, are largely supported by tax revenues of which sales, franchise and property are the most significant. Residential and commercial developments over the past year, expected to increase revenues in the preparation of the current year's budget were realized. Expansion of utility services for both water and gas at or near completed at the close of the year should have this same impact on the coming year.

Use of governmental revenues by major function are summarized below (in thousands):

	2023		2022	
	<u>Expenditure</u>	<u>Percent</u>	<u>Expenditure</u>	<u>Percent</u>
General government	\$ 2,554	15%	\$ 2,433	17%
Public safety	7,527	44%	7,234	49%
Public works	4,544	25%	3,277	22%
Economic/recreation	624	4%	657	4%
Debt service – capital leases	329	2%	273	2%
Capital outlay	<u>1,698</u>	<u>10%</u>	<u>870</u>	<u>6%</u>
Total	<u>\$ 17,276</u>	<u>100%</u>	<u>\$ 14,744</u>	<u>100%</u>

The expenditures of the primary government increased by \$2.5 million or 17.2%. The most significant areas include public works and capital outlay, both of saw and increase in infrastructure costs. The ARPA funding allowed for many projects to be initiated sooner than anticipated in the capital program. The COVID-19 pandemic continues to drive operating expenditures up including the purchase of masks, hand sanitizer and other items to safeguard both employees and citizens. These items, and technological mediums to allow public participation in meetings and events without a physical presence have now become routine operating expenses.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the current year, the City's governmental funds' budgeted amounts were amended to recognize the impact of actual results that either weren't previously anticipated or because of new projects implemented for the economic, community or recreational programs. There were movements within the budget units of budgeted expenditures to reallocate resources to areas of greater need to avoid the use of prior year fund balances to cover the costs of current year operations. The capital plan and associated budget is created as a priority listing of projects that is not implemented if the anticipated revenues are not realized.

CITY OF BAKER, LOUISIANA

**MANAGEMENT’S DISCUSSION & ANALYSIS
Year Ended June 30, 2023**

The General Fund realized \$244,103 more in revenues and expenditures were over budgeted amounts by \$4.1 million, due almost entirely to capital outlay. If the revenues fall short, certain capital projects will be pushed back in the capital program schedule. Public safety continues to realize expenditures more than the adopted budget. Fire and police have struggled with maintaining fully staffed shifts due in part to the depressed workforce but also from absences due to COVID that increased overtime and part-time salaries beyond what was originally anticipated.

The Street Fund realized \$219,253 more than budgeted revenues while expenditures were \$270,316 less.

The City Court Fund was shy of its anticipated revenues by \$12,700 or 7.63%. Expenditures were under budgeted amounts by \$4,039 resulting in a negative variance overall of \$16,739. Changes to budgeted amounts are at the judge’s discretion.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City had \$24.4 million invested in a broad range of capital assets, including vehicles, fire equipment, technological equipment, office furniture, land, buildings, park facilities, infrastructure such as roads and waterways, roads and sewer, water, and gas distribution systems. This amount represents an increase of \$1.9 million in overall capital investment balances of the prior year. The most significant additions include more than \$1.1 million in street overlay, some of which were taken to the base and rebuilt. The remaining change includes additions/major improvements to the City’s utility systems and drainage.

The following is a summary of governmental and business-type capital assets for the past two years (in thousands).

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2023	2022	2023	2022	2023	2022
Land	\$ 1,334	\$ 1,040	\$ 374	\$ 374	\$ 1,708	\$ 1,414
Buildings/improvements	3,425	3,591	56	61	3,481	3,652
Equipment and vehicles	3,327	3,502	101	75	3,428	3,577
Utility systems	-	-	7,743	6,637	7,743	6,637
Infrastructure	<u>8,064</u>	<u>7,287</u>	<u>-</u>	<u>-</u>	<u>8,064</u>	<u>7,287</u>
Total assets net of depreciation	<u>\$16,150</u>	<u>\$ 15,420</u>	<u>\$ 8,274</u>	<u>\$ 7,147</u>	<u>\$24,424</u>	<u>\$22,567</u>

Debt

At year-end, the City had \$29.2 million in bonds and other long-term obligations versus \$18.9 million last year, an increase of \$5.3 million, as shown below (in thousands).

CITY OF BAKER, LOUISIANA

MANAGEMENT'S DISCUSSION & ANALYSIS

Year Ended June 30, 2023

	Governmental Activities			Balance End of Year
	Balance Beginning of Year	Additions	Deletions	
Net post-employment benefits	\$ 5,331	\$ -	\$ 1,443	\$ 3,888
Compensated absences	773	-	-	773
Net pension liability	8,326	2,036	-	10,362
Capital lease	1,508	-	218	1,290
Claims and judgements	75	-	-	75
Total	\$16,013	\$ 2,036	\$ 1,661	\$16,388

Business-Type Activities

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Net post-employment benefits	\$ 1,209	\$ -	\$ 216	\$ 993
Compensated absences	52	-	19	33
Net pension liability	576	14	-	590
Bonds payable	1,099	6,160	1,099	6,160
Total	\$ 2,936	\$ 6,174	\$ 1,334	\$ 7,776

During the current year, the Series 2010A and 2010B bonds utilized to improvement the water distribution system in 2010, were paid off through a new offering of Series 2021 revenue and refunding bonds. The additional borrowing over the principal amount is being used to upgrade 3 of the City's four elevated tanks to current code standards, drill a new well to replace the oldest well and drill/build a new well on the western side of the railroad tracks. They City remained current on all bonds and notes outstanding during the year ended June 30, 2022.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The City's elected and appointed officials continue to place emphasis on economic development to bring both business and homes as these increase its sales tax base, the largest source of income that supports general government operations. The economic development district along the Plank Road corridor is set to identify potential growth sectors and begin marketing within its boundaries. A second district along Highway 19 was stalled but is still in the budget for development.

Emphasis remains for a safe environment that allows families to enjoy activities together such as bike and walking paths as well as fitness trails. Partnerships have been established that will bring affordable housing, community gardens and recreational facilities. All of these things allow for better mind and spirit that has come to the forefront in planning for the future.

CITY OF BAKER, LOUISIANA

MANAGEMENT'S DISCUSSION & ANALYSIS Year Ended June 30, 2023

Next year's budgets include additional expenditures for public safety to ensure a safe environment as well infrastructure to improve the landscape for building and quality of place.

In addition to building a strong and consistent sales tax base through commercial and industrial expansion, the City's vision includes residential development through affordable housing, annexation and community-building events and facilities.

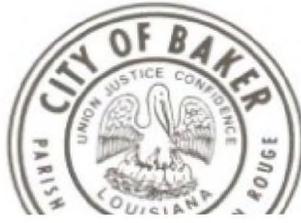
Revenues and other financial sources for the general fund are budgeted at \$14.2 million, with operating expenditures anticipated to be \$13.5 million. The capital budget is set at \$7.5 million while the capital program, projects to be completed over the next four years, is set at \$3.8 million. These amounts assume that all projects included in the City's strategic plan will come to fruition, but new endeavors will not be implemented without careful consideration of the City's financial health and stability at the time of anticipated implementation.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show accountability for the money it receives. If you have questions about this report, need additional financial information or wish to discuss the report, contact Mary Sue Stages, CPA with the City's Finance Department at (225) 778-1751, 3325 Groom Road, Baker Louisiana, 70714, mstages@cityofbakerla.com. Additional information about the City, including current and prior years' budgets and audited financials, can be found on the City's website – www.cityofbakerla.com.



FINANCIAL SECTION



BASIC FINANCIAL STATEMENTS

CITY OF BAKER, LOUISIANA

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

Year ended June 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 6,148,780	\$ 1,345,766	\$ 7,494,546
Inventory and prepaid expenses	73,857	215,141	288,998
Receivables:			
Accounts, net	678,304	1,315,155	1,993,459
Taxes	1,103,061	-	1,103,061
Leases	17,801	-	17,801
Grants and other contributions	654,390	-	654,390
Interest	603	-	603
Due from other govt agencies	-	159,067	159,067
Non-Current Assets:			
Investments	1,969,857	3,597,180	5,567,037
Right to use leased assets, net of amortization	384,746	-	384,746
Restricted Assets:			
Cash and cash equivalents	964,638	5,737,243	6,701,881
Investments	-	439,321	439,321
Receivables - taxes	210,846	-	210,846
Capital Assets:			
Non-depreciable	1,333,897	373,572	1,707,469
Construction in progress	-	3,182,731	3,182,731
Depreciable, net	<u>17,198,962</u>	<u>7,358,047</u>	<u>24,557,009</u>
Total Assets	<u>30,739,742</u>	<u>23,723,223</u>	<u>54,462,965</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to post employment benefits	352,949	39,216	392,165
Related to pension liability	<u>1,882,084</u>	<u>299,573</u>	<u>2,181,657</u>
Total Deferred Outflows of Resources	<u>2,235,033</u>	<u>338,789</u>	<u>2,573,822</u>
Total Assets and Deferred Outflows of Resources	<u>32,974,775</u>	<u>24,062,012</u>	<u>57,036,787</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	380,984	6,702	387,686
Cash overdraft	3,866,866	-	3,866,866
Accrued liabilities	385,026	319,743	704,769
Bonds held for future disposition	34,906	-	34,906
Due to litigants	246,257	-	246,257
Unearned revenue	8,265	1,327,547	1,335,812
Customer utility deposits	-	1,114,822	1,114,822
Lease payable, current portion	225,727	-	225,727
Right to use leased assets liability, current portion	113,999	-	113,999
Bonds payable, current portion	-	185,000	185,000
Due to other govt agencies	-	190,217	190,217
Non-Current Liabilities:			
Lease payable, less current portion	1,064,394	-	1,064,394
Right to use leased assets liability, less current portions	278,680	-	278,680
Bonds payable, less current portions	-	5,975,000	5,975,000
Compensated absences	732,177	29,683	761,860
Other post employment benefits	4,005,875	1,006,496	5,012,371
Claims reserve	75,000	-	75,000
Net pension liabilities	<u>10,450,819</u>	<u>1,029,221</u>	<u>11,480,040</u>
Total Liabilities	<u>21,868,975</u>	<u>11,184,431</u>	<u>33,053,406</u>

The accompanying notes are an integral part of the basic financial statement.

CITY OF BAKER, LOUISIANA

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

Year ended June 30, 2023

DEFERRED INFLOWS OF RESOURCES

Related to leases	17,651	-	17,651
Related to post-employment benefits	1,344,650	149,405	1,494,055
Related to pension liability	982,065	210,071	1,192,136
Total Deferred Inflows of Resources	<u>2,344,366</u>	<u>359,476</u>	<u>2,703,842</u>
Total Liabilities and Deferred Inflows of Resources	<u>24,213,341</u>	<u>11,543,907</u>	<u>35,757,248</u>

NET POSITION

Net investment in capital assets, net of related debt	17,242,738	4,754,350	21,997,088
Restricted	7,231,647	6,176,564	13,408,211
Unrestricted	(15,712,951)	1,587,191	(14,125,760)
Total Net Position	<u>\$ 8,761,434</u>	<u>\$ 12,518,105</u>	<u>\$ 21,279,539</u>

The accompanying notes are an integral part of the basic financial statement.

CITY OF BAKER, LOUISIANA

**GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
Year ended June 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expenses) and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Primary Government							
Governmental Activities:							
Intergovernmental	\$ 64,238	\$ 64,238	\$ -	\$ -	\$ -	\$ -	\$ -
General government	3,251,521	1,235,181	663,694	1,919,066	566,420	-	566,420
Public safety	8,732,859	1,146,395	44,272	343,162	(7,199,031)	-	(7,199,031)
Public works	4,311,219	-	-	-	(4,311,219)	-	(4,311,219)
Economic/recreational development	563,440	14,204	10,380	-	(538,856)	-	(538,856)
Total Governmental Activities	16,923,277	2,460,017	718,346	2,262,228	(11,482,686)	-	(11,482,686)
Business-Type Activities:							
Enterprise - Utilities	4,041,931	4,374,800	-	2,151,823	-	2,484,692	2,484,692
Enterprise - Cemetery	466,928	324,213	-	-	-	(142,715)	(142,715)
Enterprise - City Parish Sewer	51,857	75,306	-	-	-	23,449	23,449
Total Business-Type Activities	4,560,716	4,774,319	-	2,151,823	-	2,365,426	2,365,426
Total Primary Government	\$ 21,483,993	\$ 7,234,336	\$ 718,346	\$ 4,414,051	(11,482,686)	2,365,426	(9,117,260)
General Revenues and Transfers							
Taxes:							
Sales					8,965,531	-	8,965,531
Franchise					921,892	-	921,892
Other					696,213	-	696,213
Licenses and permits					575,581	-	575,581
Interest earnings					217,079	141,564	358,643
Other revenues					1,039,038	65,967	1,105,005
Interest and bond admin fees					-	(154,169)	(154,169)
Net gain/loss on capital asset disposal					10,071	-	10,071
Transfers, net					1,103,782	(1,103,782)	-
					13,529,187	(1,050,420)	12,478,767
Change in Net Position					2,046,501	1,315,006	3,361,507
Net Position, beginning of year					6,714,933	11,203,099	17,918,032
Net Position, end of year					\$ 8,761,434	\$ 12,518,105	\$ 21,279,539

The accompanying notes are an integral part of the basic financial statement.



FUND FINANCIAL STATEMENTS



CITY OF BAKER, LOUISIANA

**BALANCE SHEET
GOVERNMENTAL FUNDS
Year Ended June 30, 2023**

	<u>General</u>	<u>Special Revenue Funds</u>		<u>Other Non-Major Governmental</u>	<u>Total Governmental</u>
		<u>Street</u>	<u>City Court</u>		
ASSETS					
Cash and cash equivalents	\$ -	\$ 4,523,227	\$ 1,599,332	\$ 26,221	\$ 6,148,780
Inventory and prepaid expenses	73,857	-	-	-	73,857
Receivables:					
Accounts, net	678,304	-	-	-	678,304
Grants and other contributions	654,390	-	-	-	654,390
Interest	603	-	-	-	603
Taxes	785,633	317,428	-	-	1,103,061
Due from other funds	564,769	1,284,815	120,273	-	1,969,857
Investments					
Restricted assets:	-	-	-	964,638	964,638
Cash and cash equivalents	-	-	-	210,846	210,846
Total Assets	<u>\$ 2,757,556</u>	<u>\$ 6,125,470</u>	<u>\$ 1,719,605</u>	<u>\$ 1,201,705</u>	<u>\$ 11,804,336</u>
LIABILITIES					
Accounts payable	326,852	-	-	54,132	380,984
Cash overdraft	3,866,866	-	-	-	3,866,866
Accrued liabilities	341,545	-	28,145	15,336	385,026
Deferred revenues	8,265	-	-	-	8,265
Due to other funds	-	-	34,906	-	34,906
Bonds held for future disposition	-	-	246,257	-	246,257
Total Liabilities	4,543,528	-	309,308	69,468	4,922,304
FUND BALANCE					
Non-spendable	73,857	-	-	-	73,857
Restricted	-	6,125,470	-	1,106,177	7,231,647
Committed	-	-	526,446	-	526,446
Assigned	-	-	883,851	26,060	909,911
Unassigned	(1,859,829)	-	-	-	(1,859,829)
Total Fund Balance	<u>(1,785,972)</u>	<u>6,125,470</u>	<u>1,410,297</u>	<u>1,132,237</u>	<u>6,882,032</u>
Total Liabilities and Fund Balance	<u>\$ 2,757,556</u>	<u>\$ 6,125,470</u>	<u>\$ 1,719,605</u>	<u>\$ 1,201,705</u>	<u>\$ 11,804,336</u>

The accompanying notes are an integral part of the basic financial statement.

CITY OF BAKER, LOUISIANA

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
Year Ended June 30, 2023

Total Fund Balances - Governmental Funds		\$ 6,882,032
Amounts reported for governmental activities in the Statement of Net Position are different because of the following:		
Right to use leased assets used in governmental activities are not financial resources and, therefore, not reported in governmental funds		
Cost of leased assets, net of accumulated amortization	384,746	
Long-term debt issued for lease liabilities, net of principal payments	<u>(392,679)</u>	(7,933)
Leases extending beyond year-end for governmental assets are not financial resources and, therefore, not reported in governmental funds		
Lease receivable	17,801	
Deferred inflows of resources, related to leases	<u>(17,651)</u>	150
Capital assets used in governmental activities are not financial resources and, therefore, not reported in governmental funds		
Capital assets, net of accumulated depreciation		18,532,859
Capital leases allow for the acquisition of fixed assets over a long-term period requiring the use of current financial resources for only the current year's lease payment. The remaining principal balance is not due and payable until a future date and, therefore, is not reported on the fund level.		
Principal balance of capital lease		(1,290,121)
Long-term liabilities are not due and payable from current financial resources and are, therefore, not reported in the governmental funds balance sheet:		
Deferred outflows related to post employment benefits	352,949	
Deferred outflows related to pension liability	1,882,084	
Compensated absences payable	(732,177)	
Other post employment benefit obligation	(4,005,875)	
Claims reserve	(75,000)	
Net pension liabilities	(10,450,819)	
Deferred inflows related to post employment benefits	(1,344,650)	
Deferred inflows related to pension liability	<u>(982,065)</u>	<u>(15,355,553)</u>
Net Position of Governmental Activities		<u>\$ 8,761,434</u>

The accompanying notes are an integral part of the basic financial statement.

CITY OF BAKER, LOUISIANA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
Year Ended June 30, 2023**

	General Fund	Special Revenue Funds		Other Non-Major Governmental Funds	Total Governmental Funds
		Street Fund	City Court Fund		
REVENUES					
Intergovernmental	\$ 64,238	\$ -	\$ -	\$ -	\$ 64,238
Taxes:					
Sales	5,238,423	2,416,328	-	1,310,780	8,965,531
Franchise	921,892	-	-	-	921,892
Property	463,830	-	-	-	463,830
Hotel/Motel	60,259	-	-	-	60,259
Other	172,124	-	-	-	172,124
Charges for services	1,302,103	-	82,535	355,090	1,739,728
License and permits	575,581	-	-	-	575,581
Fines and forfeitures	479,841	-	120,519	41,487	641,847
Grants and other contributions	2,974,394	-	-	6,180	2,980,574
Investment income	203,296	8,512	788	4,483	217,079
Other revenue	794,269	-	660	1,175	796,104
Total Revenues	<u>13,250,250</u>	<u>2,424,840</u>	<u>204,502</u>	<u>1,719,195</u>	<u>17,598,787</u>
EXPENDITURES					
Current function:					
General government	2,707,872	-	-	13,038	2,720,910
Public safety	7,462,682	-	164,775	723,457	8,350,914
Public works	3,531,490	208,844	-	-	3,740,334
Economic/recreational development	559,221	-	-	1,007	560,228
Debt service:					
Principal	210,070	-	-	-	210,070
Interest	62,867	-	-	-	62,867
Capital outlay	<u>1,622,272</u>	<u>1,866,951</u>	<u>-</u>	<u>-</u>	<u>3,489,223</u>
Total Expenditures	<u>16,156,474</u>	<u>2,075,795</u>	<u>164,775</u>	<u>737,502</u>	<u>19,134,546</u>
Excess (Deficiency) of Revenues over Expenditures	(2,906,224)	349,045	39,727	981,693	(1,535,759)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	10,071	-	-	-	10,071
Proceeds from insurance recoveries and other	257,138	-	-	-	257,138
Transfers, net	<u>1,738,410</u>	<u>-</u>	<u>-</u>	<u>(634,628)</u>	<u>1,103,782</u>
Net Other Financing Sources (Uses)	<u>2,005,619</u>	<u>-</u>	<u>-</u>	<u>(634,628)</u>	<u>1,370,991</u>
Net Change in Fund Balance	(900,605)	349,045	39,727	347,065	(164,768)
FUND BALANCE					
Beginning of year	<u>(885,367)</u>	<u>5,776,425</u>	<u>1,370,570</u>	<u>785,172</u>	<u>7,046,800</u>
End of year	<u>\$ (1,785,972)</u>	<u>\$ 6,125,470</u>	<u>\$ 1,410,297</u>	<u>\$ 1,132,237</u>	<u>\$ 6,882,032</u>

The accompanying notes are an integral part of the basic financial statement.

CITY OF BAKER, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds		\$ (164,768)
Amounts reported for governmental activities in the Statement of Activities are different because of the following:		
Governmental funds report operating leases as expenditures. However, in the statement of activities, the lease is recognized as a non-current asset and amortized over the lease term. This is the amount of amortization charged in the current period.		
		(109,106)
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation charged differed from capital outlay in the current period.		
Capital outlay	3,499,997	
Depreciation	<u>(1,116,943)</u>	2,383,054
Certain long-term assets are not recognized at the fund level because they do not represent a current financial resource. Revenues at the government-wide level are realized when these assets become measureable, while revenues are realized at the fund level when cash is received. The amounts below include the net change in long-term assets and related inflows.		
Lease receivable	17,801	
Deferred inflows of resources, related to leases	<u>(17,651)</u>	150
Certain long-term liabilities are not recognized at the fund level because they do not represent a claim on current financial resources. Expenses at the government-wide level are recognized when these liabilities are incurred, while expenditures are recognized at the fund level when cash payments are made. The amounts below include the net change in long-term liabilities.		
Lease payable	217,758	
Right to use leased assets liability	103,394	
Compensated absences	40,323	
Other post employment benefits and related outflows/inflows of resources	(14,231)	
Net pension liability and related outflows/inflows of resources	<u>(410,073)</u>	<u>(62,829)</u>
Change in Net Position of Governmental Activities		\$ <u>2,046,501</u>

CITY OF BAKER, LOUISIANA

STATEMENTS OF NET POSITION
 PROPRIETARY FUNDS
 Year Ended June 30, 2023

	Utility	Cemetery	City Parish Sewer Revenue	Total Proprietary Funds
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 1,042,068	\$ 94,904	\$ 208,794	\$ 1,345,766
Inventory and prepaid expenses	11,111	204,030	-	215,141
Accounts receivable, net	1,035,589	100,961	-	1,136,550
Unbilled receivables	178,605	-	-	178,605
Due from other govt agencies	146,044	-	13,023	159,067
Total Current Assets	2,413,417	399,895	221,817	3,035,129
Non-Current Assets:				
Investments	3,597,180	-	-	3,597,180
Restricted Assets:				
Cash and cash equivalents	5,728,894	8,349	-	5,737,243
Investments	-	439,321	-	439,321
Total Restricted Assets	5,728,894	447,670	-	6,176,564
Capital Assets:				
Non-depreciable	243,572	130,000	-	373,572
Construction in progress	3,182,731	-	-	3,182,731
Depreciable, net	7,300,974	57,073	-	7,358,047
Total Capital Assets, Net	10,727,277	187,073	-	10,914,350
Total Assets	22,466,768	1,034,638	221,817	23,723,223
DEFERRED OUTFLOW OF RESOURCES				
Related to other post-employment benefits	30,782	8,434	-	39,216
Related to pension liability	252,985	46,588	-	299,573
Total Deferred Outflow of Resources	283,767	55,022	-	338,789
Total Assets and Deferred Outflows of Resources	22,669,430	1,087,753	221,817	23,979,000
LIABILITIES				
Current Liabilities:				
Accounts payable	1,460	5,242	-	6,702
Accrued liabilities	305,674	14,069	-	319,743
Unearned revenue	36,589	1,290,958	-	1,327,547
Customer utility deposits	1,114,822	-	-	1,114,822
Bonds payable, current portion	185,000	-	-	185,000
Due to other governmental agencies	15,488	-	174,729	190,217
Total Current Liabilities	1,659,033	1,310,269	174,729	3,144,031
Non-Current Liabilities:				
Bonds payable	5,975,000	-	-	5,975,000
Compensated absences	29,102	468	113	29,683
Other post employment benefits	734,922	216,470	55,104	1,006,496
Net pension liabilities	869,162	160,059	-	1,029,221
Total Non-Current Liabilities	7,608,186	376,997	55,217	8,040,400
Total Liabilities	9,267,219	1,687,266	229,946	11,184,431
DEFERRED INFLOWS OF RESOURCES				
Related to other post-employment benefits	117,272	32,133	-	149,405
Related to pension liability	177,402	32,669	-	210,071
Total Deferred Inflows of Resources	294,674	64,802	-	359,476
Total Liabilities and Deferred Inflows of Resources	9,561,893	1,752,068	229,946	11,543,907
NET POSITION				
Investment in capital assets, net of related debt	4,567,277	187,073	-	4,754,350
Restricted	5,728,894	447,670	-	6,176,564
Unrestricted	2,892,471	(1,297,151)	(8,129)	1,587,191
Total Net Position	13,188,642	(662,408)	(8,129)	12,518,105
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 22,750,535	\$ 1,089,660	\$ 221,817	\$ 24,062,012

The accompanying notes are an integral part of the basic financial statement.

CITY OF BAKER, LOUISIANA

STATEMENTS OF REVENUE
 PROPRIETARY FUNDS
 Year Ended June 30, 2023

	<u>Utility</u>	<u>Cemetery</u>	<u>City Parish Sewer Revenue</u>	<u>Total Proprietary Funds</u>
OPERATING REVENUES				
Charges for Services:				
Water	\$ 1,153,346	\$ -	\$ -	\$ 1,153,346
Natural gas	2,161,966	-	-	2,161,966
Sewer	851,229	-	75,306	926,535
Late/reconnection fees	208,259	-	-	208,259
Other	56,118	9,849	-	65,967
Sales	-	324,213	-	324,213
Total Operating Revenues	<u>4,430,918</u>	<u>334,062</u>	<u>75,306</u>	<u>4,840,286</u>
OPERATING EXPENSES				
Cost of goods sold	1,239,557	191,158	-	1,430,715
Auto expense	122,625	3,824	-	126,449
Contractual services	216,961	5,600	1,000	223,561
Depreciation	406,971	4,066	-	411,037
Insurance	94,333	5,572	1,412	101,317
Payroll and employee-related expenses	1,083,008	222,277	17,445	1,322,730
Rent expense	360,000	6,000	20,000	386,000
Repairs and maintenance	55,565	4,494	-	60,059
Supplies	70,004	937	12,000	82,941
Utilities	122,959	12,813	-	135,772
Bad debt	98,346	-	-	98,346
Other operating expense	171,602	10,187	-	181,789
Total Operating Expenses	<u>4,041,931</u>	<u>466,928</u>	<u>51,857</u>	<u>4,560,716</u>
Operating Income (Loss)	388,987	(132,866)	23,449	279,570
NON-OPERATING REVENUE (EXPENSE)				
Grants and contributions	2,151,823	-	-	2,151,823
Interest income	134,593	6,971	-	141,564
Interest expense	(142,275)	-	-	(142,275)
Bond administration fees	(11,894)	-	-	(11,894)
Transfers, net	(1,053,782)	-	(50,000)	(1,103,782)
Net Non-Operating Revenue (Expense)	<u>1,078,465</u>	<u>6,971</u>	<u>(50,000)</u>	<u>1,035,436</u>
Change in Net Position	1,467,452	(125,895)	(26,551)	1,315,006
NET POSITION				
Beginning of year	<u>11,721,190</u>	<u>(536,513)</u>	<u>18,422</u>	<u>11,203,099</u>
End of year	<u>\$ 13,188,642</u>	<u>\$ (662,408)</u>	<u>\$ (8,129)</u>	<u>\$ 12,518,105</u>

The accompanying notes are an integral part of the basic financial statement.

CITY OF BAKER, LOUISIANA

STATEMENT OF CASH FLOW
 PROPRIETARY FUNDS
 Year Ended June 30, 2023

	Utility	Cemetery	City Parish Sewer Revenue	Total Proprietary Funds
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 3,754,380	\$ 358,325	\$ (107,089)	\$ 4,005,616
Payments to suppliers	(2,550,542)	(252,393)	(34,412)	(2,837,347)
Payments to employees	(743,288)	(187,713)	(18,117)	(949,118)
Net Cash Provided by Operating Activities	460,550	(81,781)	(159,618)	219,151
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Increase in customer deposits	288	-	-	288
Grants and other contributions	2,151,823	-	-	2,151,823
Operating transfers to/from other funds	(1,053,782)	-	(50,000)	(1,103,782)
Net Cash Provided by (Used for) for Noncapital and Related Financing Activities	1,098,329	-	(50,000)	1,048,329
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(3,050,140)	(2,250)	-	(3,052,390)
Proceeds from debt issuance	(180,000)	-	-	(180,000)
Principal payment on bonds payable	725	-	-	725
Net Cash Provided by Capital and Related Financing Activities	(3,229,415)	(2,250)	-	(3,231,665)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase/redemption of investments	1,038,739	(20,989)	-	1,017,750
Interest on investments	(20,301)	6,971	-	(13,330)
Net Cash Provided by (Used for) Investing Activities	1,018,438	(14,018)	-	1,004,420
Net Increase in Cash and Cash Equivalents	(652,098)	(98,049)	(209,618)	(959,765)
Cash and cash equivalents, beginning of year	7,423,060	201,302	418,411	8,042,773
Cash and cash equivalents, end of year	6,770,962	103,253	208,793	7,083,008
PRESENTATION ON STATEMENT OF NET POSITION:				
Current Assets - cash and cash equivalents	1,042,068	94,904	208,794	1,345,766
Restricted Assets - cash and cash equivalents	5,728,894	8,349	-	5,737,243
Total Cash and Cash Equivalents	6,770,962	103,253	208,794	7,083,009
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (Loss)	388,987	(132,866)	23,449	279,570
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	406,971	4,066	-	411,037
Change in operating assets and liabilities:				
Accounts receivable and other assets	(673,930)	8,664	51,701	(613,565)
Accounts payable and other accrued liabilities	(8,956)	5,689	(234,768)	(238,035)
Deferred revenues	9,771	6,676	-	16,447
Post-employment benefits and related deferred outflows (inflows)	2,979	(1,398)	-	1,581
Net pension liability and related deferred outflows (inflows)	334,728	27,388	-	362,116
Net Cash Provided by Operating Activities	\$ 460,550	\$ (81,781)	\$ (159,618)	\$ 219,151

The accompanying notes are an integral part of the basic financial statement.



**NOTES TO THE
BASIC FINANCIAL STATEMENTS**



CITY OF BAKER, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS Year Ended June 30, 2023

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The City of Baker, Louisiana (hereafter referred to as the City) was originally governed by the provisions of the Lawarson Act, Louisiana Revised Statute 33:321-481. The electorate adopted a Home Rule Charter on May 16, 1970, that would become effective on July 1, 1972. The Charter provided for a mayor-council form of government. The Council is elected to member districts. There are five council members, and they are compensated for their services. The purpose of the municipality is to promote the general welfare and the safety, health, peace, good order, comfort, convenience, and moral of its inhabitants.

The accounting policies of the City conform to generally accepted accounting principles (GAAP) as applicable to governments and promulgated by the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*. The following is a summary of the more significant policies:

Basis of Presentation

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Private Sector Standards of Accounting issued on or prior to November 30, 1989, generally are followed in both the government-wide financial statements and the proprietary fund type financial statements as made applicable through GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Certain significant components include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations,
- Financial statements prepared using accrual basis accounting for all City activities, including infrastructure (roads, bridges, etc.), and
- Financial statements focusing on major funds utilizing the basis of accounting applicable to each fund type.

Reporting Entity

The financial reporting entity presents all activities of the City's primary government and its component units. It consists of the government-wide and fund financial statements.

CITY OF BAKER, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2023

Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities that report information on all non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Government activities generally are financed through taxes, intergovernmental revenues, fines, charges for services, and other nonexchange revenues.

Business-type activities are financed in whole or part by fees charged to external parties for utility services provided. The City's natural gas, sewer, and water services are classified as business-type services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Financial Statements

Fund financial reporting is on the major fund level in either the governmental or business-type categories. Major funds are presented alone in a separate column, while non-major funds are summarized into a single column in the basic financial statements. The following are the City's primary governmental funds:

General Fund - the primary operating fund of the City that account for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to City policy. The General Fund is always a major fund.

CITY OF BAKER, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) Year Ended June 30, 2023

Special Revenue Funds - account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes or designated by the City to be accounted for separately. The following special revenue funds are reported as major funds in the financial statements:

Street Fund - accounts for the ½-cent sales tax dedicated to road construction, maintenance, and beautification along the roadways within the City's boundaries.

City Court Fund - accounts for the operation of the City's court system.

Enterprise Funds – account for business-type activities to include:

Utility Fund - accounts for all financial resources related to the water, sewer and gas distribution systems managed and operated by the City

Cemetery Fund - accounts for the operations of the Hillcrest Memorial Gardens Cemetery.

City Parish Sewer Revenue Fund - accounts for the activities associated with providing billing and collection services for the Parish of East Baton Rouge sewer and refuse customers located within or just outside of the City's boundaries.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and/or delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the proprietary funds are user fees. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All not meeting this definition are reported as non-operating revenues and expenses.

Blended Component Units

Governmental accounting standards through the Governmental Accounting Standards Board Statement No. 14, as amended through Statement No. 61, *The Financial Reporting Entity*, establishes the criteria for determining which component units should be considered part of the consolidated government for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit
2. Financial accountability
 - a. The primary government appoints a voting majority of the potential component unit's governing body, and the primary government can impose its will on the potential component unit or

CITY OF BAKER, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) Year Ended June 30, 2023

- b. When a potential component unit is fiscally dependent on the primary government regardless of whether the organization has separately elected officials or boards
3. Financial benefit/burden relationship between the City and the potential component unit
4. Exclusion due to the nature and significance of their relationship with the primary government would cause the reporting entity's financial statements to be misleading.

Even though the Baker City Court and the Marshal Fund are both separate legal entities and governed by their own elected official, they are so intertwined with the City that they are, in substance, the same as the City and considered blended component units. The City Court and Marshal Fund have been reported in the special revenue funds in the accompanying financial statements, City Court Fund as a major and Marshal Fund as non-major governmental funds. The Marshal Fund includes other police activities managed by the police chief such as asset forfeiture and certain operations.

Basis of Accounting and Measurement Focus

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, other post-employment benefits, compensated absences, claims and judgments, and pension costs are recorded only when payment is due.

Those revenues susceptible to accrual are property taxes, franchise taxes, beer taxes, and video poker monies. Sales taxes collected and held by intermediary collecting governments at year-end on behalf of the City also are recognized as revenue. Fines and permits are not susceptible to accrual because generally they are not measurable until received in cash. Other receipts and taxes become measurable and available when cash is received and are recognized as revenue at that time.

CITY OF BAKER, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2023

Short-Term Interfund Receivables/Payables

During operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

Elimination and Reclassifications

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 payable are typically eliminated to minimize the “grossing up” effect on assets and liabilities related to governmental activities. Because these amounts in the current year are immaterial, they have not been eliminated.

Inventories

All inventories are valued at cost using the first-in/first out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, bridges, sidewalks, utility system infrastructure, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financials. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Generally, the City maintains a threshold level of \$5,000 or more for capitalizing capital assets.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

CITY OF BAKER, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2023

<u>Description</u>	<u>Estimated Lives</u>
Buildings	10-40 years
Equipment	4-10 years
Office Furniture	5-10 years
Vehicles	3-20 years
Infrastructure	40-50 years

Compensated Absences

The City allows annual leave to regular full-time employees based on length of continuous service. No leave is earned, however, while on suspension or leave without pay status. Annual leave may be carried over to the next calendar year, and there is no limit on the amount an employee may accumulate. Because employees are encouraged to take time away, no more than 400 hours of unused annual leave will be paid upon retirement or separation. Employees are not paid for their annual leave at year-end, but are paid for accumulated, unused leave upon termination.

Sick leave is earned by regular employees at the rate of one day per month, and it may be accumulated up to 360 working days. Employees are not paid for unused sick leave upon termination.

In the government-wide financial statements and the proprietary fund type fund statements, the total compensated absences liability is recorded as an expense and a long-term obligation and allocated on a

functional basis. In accordance with GASB Interpretation No.6 *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, (issued in March

2000), no compensated absences liability is recorded on June 30, 2022, in the governmental fund financial statements. The liquidation of the compensated absence liabilities will be paid proportional to funds in which the compensation was paid, primarily the general and utility funds.

Restricted Net Position

In the government-wide statement of net position, net position is reported as restricted when constraints placed on net position use are either:

1. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
2. Imposed by law through constitutional provisions or enabling legislation.

CITY OF BAKER, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2023

The City adopted GASB No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* during the year ended June 30, 2011. GASB No. 54 requires the fund balance amounts to be reported within the following fund balance classifications:

1. *Non-spendable*: Fund balance amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact
2. *Restricted*: Fund balance amounts with constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation
3. *Committed*: Fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts
4. *Assigned*: Fund balance amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. Intent should be expressed by (a) the government body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes
5. *Unassigned*: Fund balance that is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

When expenditures are incurred for the purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When expenditures are incurred for which other fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City has provided otherwise in its commitment or assignment actions.

CITY OF BAKER, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) Year Ended June 30, 2023

Stewardship, Compliance and Accountability

After presentation of the proposed budget in a public meeting, a public hearing date is advertised. At least ten days prior to the public hearing, the proposed budget is published in the official journal, and it is made available for inspection at City Hall. Following the public hearing, it is legally enacted through passage of an ordinance, no later than the thirtieth day of the last month of the fiscal year. Budgetary amendments require adoption of an ordinance.

Every appropriation, except an appropriation for a capital expenditure, lapses at the close of the fiscal year to the extent that it has not been expended. Budgets for the General and Special Revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended from time to time by the Council.

Interfund Transfers

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transactions are reported as transfers.

Estimates

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

Levied Taxes

Ad Valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in September or October and are billed to the taxpayer in November. Billed taxes become delinquent on January 1 of the following year. The East Baton Rouge Parish Sheriff bills and collects property taxes on behalf of the City using the assessed values determined by the East Baton Rouge Tax Assessor. When the City receives the tax roll, a receivable is set up and revenue is recognized based on the assessed values to the extent available.

CITY OF BAKER, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2023

The following is a summary of authorized and levied ad valorem taxes:

<u>Fund Type</u>	<u>Purpose</u>	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General	General purpose	6.22	5.76	Indefinite

Historically, virtually all ad valorem taxes receivable are collected since they are secured by property; therefore, there is no allowance for uncollectible taxes.

Sales taxes are recognized as revenue in the month of the underlying sale transaction. The City-Parish of East Baton Rouge has been contracted to collect and remit this tax to the City for which a fee is charged.

The following is a summary of authorized sales taxes:

Fund Type	Purpose	Percent	Expiration Date
General	General Purpose	2	None
Special Revenue	Salaries of firefighters, police and other personnel and acquisition of public safety equipment	0.5	None
Special Revenue	Street maintenance and construction	0.5	12/31/2030

Note 2 – CASH AND INVESTMENTS

Deposits and Cash Equivalent

On June 30, 2023, the City had cash (book balances) totaling \$14.2 million (inclusive of restricted cash of \$6.7 million) consisting primarily of demand deposit accounts, interest-bearing demand deposits and short-term certificates of deposits at local banks. These deposits were stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance, or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must always equal the amount on deposit with the fiscal agent.

Governmental Accounting Standards Board (GASB) Statement No. 40, “*Deposit and Investment Risk Disclosures*” requires disclosure of custodial credit risk for bank deposits. Custodial risk is

CITY OF BAKER, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2023

the risk that in the event of bank failure, the government’s deposits may not be returned. Under state law, all deposits are required to be secured by federal depository insurance or the pledge of securities held by the pledging banks agent in the City’s name. On June 30, 2023, bank balances amounted to \$3.3 million at Hancock Whitney Bank and \$1.6 million at Chase Bank. Of these bank balances, \$1,500,000 was covered by federal depository insurance and the remaining balance was protected against custodial credit risk by collateral held by the pledging banks’ trust department or agent in the City’s name.

Investments

Investments are limited by LA Revised Statue 33:2955. If the original maturities of investments exceed 90 days, including certificates of deposit, they are classified as investments. Otherwise, they are classified as cash and cash equivalents. In accordance with GASB No. 31, *Accounting and Financial*

Reporting for Certain Investments and External Investment Pools, investments are recorded at quoted market value with the corresponding increase or decrease reported in investment earnings.

Investments of the City consists of long-term certificates of deposit and securities managed under an Investment Management Agreement with Hancock Whitney Trust Division.

The goals of the city in relation to its investments are 1) safety of principal, 2) liquidity and 3) yield.

Category 1 investments are those insured or registered in the name of the government, securities held by the government or by its agent in the government’s name. Category 2 includes investments that are neither insured nor registered.

The city had the following investments on June 30, 2023:

	<u>Category 1</u>	<u>Value</u>	<u>Cost</u>	<u>Date</u>	<u>Interest Rate</u>
Certificates of Deposit – various banks	\$ 182,711	\$ 182,711	\$ 182,711	7-10/2023	.15% - .80%
Investments Not Subject to Categorization:					
FNMA – mortgage backed		295,086	333,406	2036	2.50%
FHLMC – mortgage backed		245,871	284,790	2036-2040	2.50% - 3.00%
Fixed Income		2,223,572	2,286,443	2023-2025	.62% - 3.06%
U.S. Treasury bonds		<u>3,059,118</u>	<u>2,583,524</u>	2021-2026	2.13% - 4.00%
Total Investments		<u>\$ 6,006,358</u>	<u>\$ 5,670,874</u>		

Based on fair market measurement methods, investments are classified by level based on their degree of difficulty to obtain quote market prices. All investments of the city can be classified as level 1 assets.

CITY OF BAKER, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) **Year Ended June 30, 2023**

Note 3 - CONCENTRATION OF CREDIT RISK

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City has no policy limiting concentration of credit risk, but it adheres to state law regarding allowable investments that minimizes loss.

The City's investments include certificates of deposit in financial institutions chartered or having principal offices in Louisiana and Treasury-backed securities. The certificates of deposit are secured by the pledge of securities owned by the financial institution issuing the certificate of deposit and are not subject to credit risk disclosure. The U. S. Treasury and U.S. Agency securities are rated AAA by Standard and Poor's.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be used to recover the value of investment or collateral securities that are in the possession of an outside party. Exposure to custodial credit risk arises when securities are insured or are not registered in the name of the City and are held by either the counterparty or the counterparty's trust department or agent, but not in the City's name. The City was not exposed to custodial credit risk as of June 30, 2023. The City's policy provides for periodic review of pledged collateral to minimize custodial credit risk.

Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates in the general market will adversely affect the fair value of an investment. The holding period of an investment security can be an indicator of interest rate risk exposure.

As of June 30, 2023, the City's investments reported on the governmental-wide statement of net position totaled \$6.01 million which included \$5.8 million fixed-income and mortgage-backed securities managed by Hancock Whitney Trust Division and \$182,711 in certificates of deposit with maturities greater than 90 days. The City has no formal policy regarding interest rate risk but periodically seeks counsel from its trustees.

CITY OF BAKER, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2023

Note 4 - ACCOUNTS RECEIVABLE

Accounts receivable consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts are based upon historical trends, period aging and prior write-offs of similar accounts receivable.

Accounts receivable on June 30, 2023, were as follows:

	Governmental Funds:			
	General Fund	Street Fund	Non-Major Governmental Funds	Total
Accounts	\$ 678,304	\$ -	\$ -	\$ 678,304
Sales tax	542,425	317,428	210,846	1,070,699
Franchise tax	149,701	-	-	149,701
Other	<u>885,339</u>	<u>-</u>	<u>-</u>	<u>885,339</u>
Total receivables	2,255,769	317,428	210,846	2,784,043
Less: Allowance for un-collectible:	<u>(136,839)</u>	<u>-</u>	<u>-</u>	<u>(136,839)</u>
Receivables, net	<u>\$ 2,118,930</u>	<u>\$ 317,428</u>	<u>\$ 210,846</u>	<u>\$ 2,647,204</u>

Proprietary Funds:

	Utility	Cemetery	City Parish Sewer Revenue	Total
Accounts receivable	\$ 1,448,440	\$ 100,961	\$ -	\$ 1,549,401
Unbilled receivables	178,605	-	-	178,605
Less: Allowance for un-collectibles	<u>(412,851)</u>	<u>-</u>	<u>-</u>	<u>(412,851)</u>
Receivables, net	<u>\$ 1,214,194</u>	<u>\$ 100,961</u>	<u>\$ -</u>	<u>\$ 1,315,155</u>

Note 5 - INTERFUND BALANCES AND TRANSFERS

There were no other interfund balances between funds on June 30, 2023.

During the year ended June 30, 2023, interfund transfers, for the purpose of cash flow and operations, consisted of the follows:

CITY OF BAKER, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2023

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ 1,738,410	\$ -
½ Cent Tax Fire Fund	-	438,282
½ Cent Tax Police Fund	-	545,303
911 Communications Fund	348,947	-
Proprietary Funds:		
Utility	-	1,053,782
Sewer Revenue	-	50,000
Total	<u>\$2,087,357</u>	<u>\$ 2,087,367</u>

Note 6 - CAPITAL ASSETS

Governmental Activities

The following is a summary of changes in capital assets for the year ended June 30, 2023:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2023</u>
Governmental activities:				
Not being depreciated:				
Land	\$ 1,333,897	\$ -	\$ -	\$ 1,333,897
Total capital assets, not being depreciated	<u>1,333,897</u>	<u>-</u>	<u>-</u>	<u>1,333,897</u>
Depreciated:				
Buildings	6,688,559	70,180	-	6,758,739
Improvements	3,179,333	893,284	-	4,072,617
Streets/Bridges	10,705,240	1,866,951	-	12,572,191
Equipment	2,851,115	495,797	-	3,346,912
Vehicles	2,028,257	173,785	-	2,202,042
Furniture and equipment	581,246	-	-	581,246
Leased vehicles under capital lease	2,103,064	-	-	2,103,064
Total capital assets, being depreciated	<u>28,136,814</u>	<u>3,499,997</u>	<u>-</u>	<u>31,636,811</u>
Total capital assets	<u>\$ 29,470,711</u>	<u>\$ 3,499,997</u>	<u>\$ -</u>	<u>\$32,970,708</u>
Less accumulated depreciation for:				
Buildings	3,608,877	167,082	-	3,775,959
Improvements	2,833,964	69,033	-	2,902,997
Streets/Bridges	2,641,629	420,036	-	3,061,665
Equipment	2,105,566	308,810	-	2,414,376
Vehicles	1,672,077	117,301	-	1,789,378
Furniture and equipment	458,791	34,681	-	493,472
Total accumulated depreciation	<u>13,320,906</u>	<u>1,116,943</u>	<u>-</u>	<u>14,437,847</u>
Total capital assets, being depreciated, net	<u>14,815,908</u>	<u>2,383,054</u>	<u>-</u>	<u>17,198,962</u>
Governmental activities capital assets, net	<u>\$ 16,149,805</u>	<u>\$ 2,383,054</u>	<u>\$ -</u>	<u>\$18,532,859</u>

CITY OF BAKER, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2023

Depreciation expense totaling \$923,493 for the year ended June 30, 2023, was charged to governmental functions in the statement of activities as follows:

General government	\$ 240,685
Public safety	425,207
Public works	<u>451,051</u>
Total	<u><u>\$ 1,116,943</u></u>

Depreciation expense totaling \$923,493 for the year ended June 30, 2023, was charged to governmental functions in the statement of activities as follows:

Business-Type Activities

The following is a summary of changes in capital assets for the year ended June 30, 2023:

	Balance 1-Jul-22	Additions	Deletions	Balance 30-Jun-23
Business-type activities:				
Not being depreciated:				
Land	\$ 373,572	\$ -	\$ -	\$ 373,572
Total capital assets, not being depreciated	<u>373,572</u>	<u>-</u>	<u>-</u>	<u>373,572</u>
Depreciated:				
Buildings	282,365	2,250	650	283,965
Utility systems	16,245,341	3,050,140	-	19,295,481
Streets	50,000	-	-	50,000
Equipment	714,019	-	30,082	683,937
Vehicles	307,397	-	-	307,397
Furniture and equipment	<u>106,595</u>	<u>-</u>	<u>-</u>	<u>106,595</u>
Total capital assets, being depreciated	<u>17,705,717</u>	<u>3,052,390</u>	<u>30,732</u>	<u>20,727,375</u>
Total capital assets	\$ 18,079,286	\$ 3,052,390	\$ 30,732	\$ 21,100,944
Less accumulated depreciation for:				
Buildings	226,786	5,990	650	232,126
Utility systems	8,502,839	378,046	-	8,880,885
Streets	50,000	-	-	50,000
Equipment	631,800	21,863	30,082	623,581
Vehicles	288,267	5,138	-	293,405
Furniture and equipment	<u>106,597</u>	<u>-</u>	<u>-</u>	<u>106,597</u>
Total accumulated depreciation	<u>9,806,289</u>	<u>411,037</u>	<u>30,732</u>	<u>10,186,594</u>
Total capital assets, being depreciated, net	<u>7,899,425</u>	<u>2,641,353</u>	<u>-</u>	<u>10,540,778</u>
Business-type activities capital assets, net	<u>\$ 8,272,997</u>	<u>\$ 2,641,353</u>	<u>\$ -</u>	<u>\$ 10,914,350</u>

CITY OF BAKER, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2023

Note 7 - PENSION PLAN

The city is a participating employer in several cost-sharing defined benefit pension plans. These plans are administered by four public employee retirement systems, the Municipal Employees' Retirement

System of Louisiana (MERS), the Municipal Police Employees' Retirement System (MPERS), the Firefighters' Retirement System (FRS), 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.

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:

MERS

7937 Office Park Boulevard
Baton Rouge, LA 70809
(225) 925-4810
www.mersla.com

MPERS

7937 Office Park Boulevard, Suite 2000
Baton Rouge, LA 70809
(225) 929-7411
www.lampers.org

FRS

3100 Brentwood Drive
Baton Rouge, LA 70809
(225) 925-4060
www.lafirefightersret.com

LASERS

8401 United Plaza Boulevard, 1st Floor
Baton Rouge, LA 70809
(225) 922-0600
www.lasersonline.org

Plan Descriptions

The following descriptions of the plans and their benefits are provided for general information purposes only. Detailed information regarding eligibility, membership, retirement and survivor benefits, and other information should be found in the Plans' individual reports referenced above.

CITY OF BAKER, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued) Year Ended June 30, 2023

Municipal Employees' Retirement System of Louisiana (MERS)

The Municipal Employees' Retirement System of Louisiana (MERS) is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The System was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. The System provides retirement benefits to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system, and which elect to become members of the System. The City of Baker is a participant in Plan A only.

Municipal Police Employees' Retirement System (MPERS)

The Municipal Police Employees' Retirement System (MPERS) is the administrator of a cost-sharing multiple-employer plan. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections 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 benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211- 11:2233.

Firefighters' Retirement System (FRS)

The Firefighters' Retirement System (FRS) is the administrator of a cost-sharing multiple-employer plan. Membership in the System is a condition of employment for any full-time firefighters who earn more than \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the Firefighters' Retirement System. The System provides retirement benefits for their members. The projections 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 benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Benefit provisions are authorized within Act 434 of 1979 and amended by LRS 11:2251-11:2272. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

CITY OF BAKER, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2023

Louisiana State Employees' Retirement System (LASERS)

One employee of the city is provided with pension through a cost-sharing multiple-employer defined benefit plan administered by the Louisiana State Employees' Retirement System (LASERS). Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to LASERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. LASERS issues a publicly available financial report that can be obtained at www.lasersonline.org.

Contributions

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) in accordance with LRS 11:127.

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, 2022, for the city and covered employees were as follows:

	City	Employees
Municipal Employees' Retirement System Plan A		
Members hired prior to 01/01/2013	29.50%	10.00%
Members hired after 01/01/2013	29.50%	10.00%
Municipal Police Employees' Retirement System		
All employees hired prior to 01/01/2013 and all		
Hazardous Duty employees hired after 01/01/2013	29.75%	10.00%
Non-Hazardous Duty (hired after 01/01/2013)	29.75%	8.00%
Employees receiving compensation below poverty guidelines of US Department of Health	32.25%	7.50%
Firefighters' Retirement System		
Employees receiving compensation above poverty guidelines of US Department of Health	32.25%	10.00%
Employees receiving compensation below poverty guidelines of US Department of Health	34.25%	8.00%
Louisiana State Employees' Retirement System		
Judges hired before 01/01/11	43.00%	13.00%

CITY OF BAKER, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2023

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

The following schedule lists the City’s proportionate share of the Net Pension Liability allocated by each of the pension plans based on the June 30, 2021, measurement date. The City uses this measurement to record its Net Pension Liability and associated amounts as of June 30, 2022, in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used on June 30, 2021, along with the change compared to the June 30, 2020, rate. The City’s proportion of the Net Pension Liability was based on a projection of the City’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, 2023	Current Measurement Rate	Previous Measurement Rate	Increase (Decrease)
MERS	\$ 4,132,897	1.4859%	1.4859%	-0.0001%
MPERS	4,960,992	0.5009%	0.5020%	-0.0011%
FRS	2,043,316	0.5009%	0.0038%	0.4971%
LASERS	<u>342,834</u>	0.0045%	0.0044%	0.0001%
Total	<u>\$ 11,480,039</u>			

The following schedule list each pension plan’s recognized pension expense (benefit) of the city for the year ended June 30, 2023:

MERS	\$ 687,385
MPERS	858,578
FRS	1,383,010
LASERS	<u>29,679</u>
Total	<u>\$ 2,958,652</u>

On June 30, 2023, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF BAKER, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,879	\$ (133,454)
Changes of assumptions	(31,558)	(25,455)
Net difference between projected and actual earnings on pension plan investments	565,528	(1,623,512)
Changes in proportion and differences between Employers' contributions and proportionate share of contributions	290,854	169,744
Differences between allocated and actual contributions	234	51,864
Employer contributions subsequent to the measurement date	548,891	-
Total	\$ 1,390,827	\$ (1,560,815)

For that portion related to governmental activities, the reconciliation from fund to government-wide level reporting is as follows:

Change in...	
Net pension liability	\$ (88,937)
Deferred outflows of resources	(3,771,165)
Deferred inflows of resources	3,450,029
	\$ (410,073)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
MERS	\$ 1,202,953	\$ (843,554)
MPERS	868,078	8,132
FRS	71,464	(388,197)
LASERS	39,162	31,483
Total	\$ 2,181,657	\$ (1,192,136)

CITY OF BAKER, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2023

The City reported a total of \$2,181,657 as deferred outflows of resources related to pension contributions made subsequent to the measurement period of June 30, 2022 which will be recognized as a reduction in Net Pension Liability in the subsequent year. The following schedule lists the pension contributions made after the measurement period for each pension plan:

	<u>Subsequent Contributions</u>
MERS	\$ 848,840
MPERS	427,520
FRS	510,080
LASERS	<u>38,811</u>
Total	<u>\$ 1,825,251</u>

The amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as a reduction of pension expense as follows:

Year	MERS	MPERS	FRS	LASERS	Total
2024	\$ (189,616)	\$ 161,313	\$ (72,455)	\$ (8,768)	\$ (109,526)
2025	(300,204)	52,393	(122,973)	(12,927)	(383,711)
2026	(394,169)	39,745	(194,328)	(25,330)	(574,082)
2027	(157,344)	6,177	126,796	702	(23,669)
2028	26,394	267,008	(76,014)	28,007	245,395
2029	<u>-</u>	<u>(77,946)</u>	<u>(487,839)</u>	<u>50,149</u>	<u>(515,636)</u>
	<u>\$ (1,014,939)</u>	<u>\$ 526,636</u>	<u>\$ (338,974)</u>	<u>\$ (18,316)</u>	<u>\$ (1,361,229)</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, 2023, are as follows:

CITY OF BAKER, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2023

	Measurement/ Valuation	Expected Remaining Service Lives	Investment Rate of Return
MERS	June 30, 2022	3 years	6.85% net of investment expenses
MPERS	June 30, 2022	4 years	6.75% net of investment expenses
FRS	June 30, 2022	7 years	6.90% net of investment expenses
LASERS	June 30, 2022	2 years	7.25% net of investment expenses

Mortality:

MERS - Employee mortality rates based on PubG-2010(B) Employee Table set rates equal to 120% for males and females, each adjusted using their respective male and female Mp2018 scales.

MPERS - Mortality assumptions were based on the RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Mortality Table projected to 2029 by Scall AA (setback 1 year for females) for healthy annuitants and beneficiaries. The RP- 2000 Disabled Lives Mortality Table was selected for disabled annuitants (setback 5 and 3 years for males and females, respectively).

FRS – Mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Medium Employees for active members. The same Pub-2010 was utilized but for annuitants and beneficiaries the table for Healthy Retirees was used and for disabled retirees the table for Safety Disabled Retirees was used. In all cases, the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP-2019 scale.

LASERS - non-disabled members - Mortality rates are based on the RP-2014 Blue Collar (males/females) and White Collar (females) Healthy Mortality Tables projected on a fully generational basis by Mortality Improvement Scale MP-2018. **Disabled members** - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.

CITY OF BAKER, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2023

Salary Increases:

MERS – 6.4% and 4.5% for years of service totaling 1-4 years and 5+ years, respectively, assuming 2.5% Inflation

<u>Years of Service</u>	<u>Salary Growth Rate</u>
1-2	12.30%
3-23	4.70%
Over 23	4.70%

FRS – Varies depending on years of service starting at 14.10% in the first two years of service, decreasing to 5.20% for years 3 – 24 and to 5.20% after 25 years, including inflation and merit increases

LASERS - Salary increases were projected based on a 2014-2018 experience study of the System's members. The salary increase ranges for specific types of members are:

<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>
Regular	3.00%	12.80%
Judges	2.60%	5.10%
Corrections	3.60%	13.80%
Hazardous Duty	3.60%	13.80%
Wildlife	3.60%	13.80%

Cost of Living Adjustments:

MERS - The System is authorized under state law to grant a cost-of-living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income more than normal requirements. State law allows the System to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

MPERS – The present value of future retirement benefits is based on benefits currently being paid by the System. Act 360 of 2022 removed MPERS from R.S. 11:243, R.S. 11:246, R.S. 11:107.2 and repealed R.S. 11:2225(A)(7) and enacted R.S. 11:2225.5 which created a Funding Deposit Account. The account, for the accumulation of additional employer contributions, is dedicated to the funding of future cost-of-living increases only after sufficient funds are available to fully offset the present value of the additional benefits offered. It shall earn interest and may be credited with up to .85% of plan payroll in any year in which the Board of Trustees elects to

CITY OF BAKER, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2023

require that employers contribute an amount more than the rate determined under R.S. 11:103. Its balance shall not be considered for the purpose of computing the employer contribution rate.

FRS - COLAs were deemed not to be substantively automatic and only for those previously granted.

LASERS - The present value of future 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.

Rate of Return:

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

MERS - 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 weighting 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 resulting expected long-term rate of return is 6.85% for the year ended June 30, 2022.

MPERS - The long-term expected rate of return utilized was 6.75%. The projection of cash flows used to determine this rate assumes contributions from plan members will be made at the current rates and contributions from participating employers and non-employer contributing entities will be made at actuarially determined contribution rates calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. It was projected that the plans' fiduciary net position would be available to make all projected future benefit payments of current plan members. Therefore, the long-term rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

FRS - The estimated 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 are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5%. The long-term geometric expected rate of return was 6.90% as of June 30, 2023.

CITY OF BAKER, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2023

LASERS - 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 expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.3% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.25% as of June 30, 2023.

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 system's target asset allocations as of June 30, 2021:

Asset Class	Target Allocation			Long-Term Expected Real Rate of Return		
	MERS	MPERS	FRS	MERS	MPERS	FRS
Public equity	53.00%	0.00%	0.00%	2.31%	0.00%	0.00%
Equity	0.00%	55.50%	55.00%	0.00%	3.47%	6.44%
Public fixed income	38.00%	0.00%	0.00%	1.65%	0.00%	0.00%
Fixed income	0.00%	30.50%	27.00%	0.00%	0.59%	3.08%
Alternatives	9.00%	14.00%	18.00%	0.39%	1.02%	9.53%
Other	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>4.35%</u>	<u>5.08%</u>	<u>19.02%</u>
Inflation				<u>2.50%</u>	<u>2.50%</u>	<u>2.50%</u>
Expected Arithmetic Nominal Return				<u>6.85%</u>	<u>4.80%</u>	<u>6.90%</u>

For **LASERS**, the target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023, are summarized in the following table:

CITY OF BAKER, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2023

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	0%	-0.59%
Domestic equity	18%	4.79%
International equity	22%	5.83%
Domestic Fixed Income	7%	1.76%
International Fixed Income	10%	3.98%
Alternative Investments	31%	6.69%
Global Asset Allocation	12%	4.20%
Total	100%	5.81%

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 MERS, MPERS, FRS, and LASERS was 6.85%, 4.80%, 6.90% and 7.25%, respectively for the year ended June 30, 2023.

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

The following table presents the City’s proportionate share of the Net Pension Liability (NPL) using the discount rate of each Retirement System as well as what the City’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:

CITY OF BAKER, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2023

	1% Decrease	Current Rate	1% Increase
MERS			
Discount Rates	5.850%	6.850%	7.850%
Share of Net Pension Liability	6,121,031	4,132,897	2,453,642
MPERS			
Discount Rates	5.75%	6.750%	7.75%
Share of Net Pension Liability	6,718,884	4,799,859	3,196,839
FRS			
Discount Rates	5.90%	6.90%	7.90%
Share of Net Pension Liability	3,405,530	2,043,316	415,465
LASERS			
Discount Rates	6.25%	7.25%	8.25%
Share of Net Pension Liability	295,547	342,834	390,121

Note 8 - OTHER POST-EMPLOYMENT BENEFITS PLAN

In accordance with state statutes, the City of Baker provides certain post-employment health care and life insurance benefits to its retired employees. Substantially all City of Baker employees may become eligible for such benefits upon reaching normal retirement age while working for the City. These benefits for retirees and similar benefits for active employees are provided through a state-operated group insurance program and various insurance companies whose monthly premiums are paid jointly by the employee and the city. 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*.

Plan Description: The City’s medical and dental benefits are provided through an insured medical plan and are made available to employees upon actual retirement. The city pays approximately 60-70% of the medical premium while the retiree pays the balance for individual coverage that varies depending on the plan elected and dental premiums. Pre-65 medical benefits are provided through Blue Cross Blue Shield of Louisiana offering three different plants. Medicare eligible retirees and spouses, if applicable, have medical coverage through AARP/United Healthcare. All active employees who retire directly from the City and meet the eligibility criteria may participate. Criteria is based on the retirement system whose eligibility provisions are the earlier of (a) age 60 and 10 years of service, or (b) 25 years of service without regard to age. Post-employment coverage is provided for the life of the retiree and his/her spouse if the spouse was eligible on the date of separation.

CITY OF BAKER, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2023

Funding Policy: Until 2011, the City recognized the cost of providing post-employment medical benefits (the City of Baker’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.

Effective July 1, 2017, the City implemented Government Accounting Standards Board Statement No. 75, *Accounting for Post-employment Benefits* (GASB 75), which supersedes accounting standards that currently exist regarding retiree benefits. Under the new standard, governments recognize a liability for the full amount of actuarially determined accrued benefits less amounts funded into a trust rather than recognizing the liability based upon the difference between funding recommendations and actual contributions, as was previously required. Additionally, the liability is now measured based on more prescriptive standards. The standard became effective for annual reporting periods beginning after June 15, 2017.

Actuarial Methods and Assumptions: Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post-employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the City and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the City and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the City and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

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

Inflation	2.5%
Salary increases	3.5%
Discount rate	3.54% annually (1.04% real rate of return plus 2.50% inflation)
Healthcare cost trend rates	Level 4.50% for medical and level 2.50% for dental

CITY OF BAKER, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2023

Actuarial Cost Method: Where the Governmental Accounting Standards Board (GASB) Statements 43 and 45 allowed for one of six different actuarial cost methods, GASB 74 and 75 require the Entry Age Normal cost method based on a level percentage of projected salary.

Service Cost: The service cost is determined for each employee as the Actuarial Present Value of Benefits allocated to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit earned during the year in accordance with the Plan's benefit formula. This allocation is based on each participant's service between date of hire and date of expected termination.

Actuarial value of plan assets: Since the OPEB obligation is not being funded, the actuarial value of assets is zero. The pay-as-you-go method is utilized by the City where required payments are made as they come due.

Turnover Rate: Termination rates from the Louisiana Municipal Employees Retirement System (MERS) actuarial valuation report were used for non-public safety employees; the Louisiana Municipal Police Employees Retirement System (MPERS) actuarial valuation report for police employees; and the Louisiana Fireman Retirement System (FRS) actuarial valuation report for fire employees.

Discount rate: The discount rate was selected by reviewing the recent published Bond Buyers' 20 Year General Obligation municipal bond index, which is one of the indices acceptable under GASB 75. A discount rate of 2.21% with a -0.29% real rate of return plus 2.5% inflations was selected for this valuation.

Mortality Rate: The RPH-2014 Total Table with Projection MP-2019 table was used.

Post-retirement Benefit Coverage: It has been assumed 100% of all retirees who currently have healthcare coverage will continue with the same coverage. Additionally, it is assumed that 100% of all active employees will continue with individual coverage upon retirement. For those with family coverage, it is assumed 30% will elect to continue with the spouse coverage and the remainder will elect individual coverage.

Employees Covered by Benefit Terms

As of June 30, 2023, the following summarizes active and retiree participants covered by the benefit terms:

Status	Employee	Dependents
Active (=100)	73	27
Retired (=36)	29	7
Total (= 136)	102	34

CITY OF BAKER, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2023

Total OPEB Liability

The City's total OPEB liability of \$5,012,371 was measured as of June 30, 2023 and was determined by an actuarial valuation as of that date.

	<u>Amount</u>
Balance on June 30, 2022	<u>\$ 4,881,546</u>
Changes for the year:	
Service cost	188,596
Interest	177,272
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments and net transfers	<u>(235,043)</u>
Net change	<u>130,825</u>
Balance on June 30, 2023	<u>\$ 5,012,371</u>
Covered-employee payroll	<u>\$ 4,302,807</u>
Net OPEB liability as a percentage of covered-employee payroll	<u>117.77%</u>

For that portion related to governmental activities, the reconciliation from fund to government-wide level reporting is as follows:

Change in...		
Net OPEB liability	\$	117,824
Deferred outflows of resources		78,086
Deferred inflows of resources		181,679
	<u>\$</u>	<u>(14,231)</u>

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower - percentage-point higher than the current discount rate:

	1.0% Decrease -3.50%	Current Discount Rate (4.50%)	1.0% Increase -5.50%
Total OPEB liability	<u>\$4,425,037</u>	<u>\$5,012,371</u>	<u>\$5,870,797</u>

CITY OF BAKER, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2023

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

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

	1.0% Decrease	Current Trend	1.0% Increase
	-3.50%	-4.50%	-5.50%
Total OPEB liability	<u>\$4,347,807</u>	<u>\$5,012,371</u>	<u>\$6,000,965</u>

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

The OPEB expense reported in the accompanying financial statements was computed as follows:

	<u>Amount</u>
Service cost as of 7/1/2022	\$ 188,596
Interest cost, including interest on service cost	177,272
Current Recognized Deferred Outflows (Inflows):	
Difference between expected and actual experience	(86,973)
Changes in assumptions or other inputs	<u>(28,129)</u>
Total OPEB Expense as of 6/30/2023	<u>\$ 250,366</u>

Changes in the OPEB liability each year results in deferred outflows and inflows of resources which are summarized in the following table:

	Schedule of Deferred Outflows/(Inflows)	
	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows of</u>	<u>Outflows of</u>
	<u>Resources</u>	<u>Resources</u>
Differences between expected and actual experience	\$ -	\$ (574,914)
Changes of assumptions/inputs	<u>392,165</u>	<u>(919,141)</u>
Totals	<u>392,165</u>	<u>1,494,055</u>

CITY OF BAKER, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2023

Note 9 – LEASES AND RIGHT TO USE ASSETS

Short-Term Leases – The City has software leases that do not extend beyond June 30, 2023. These are expensed in the year in which the payment is made.

Capital Leases - The City leases three pumpers and one aerial ladder under a lease-purchase agreement treated as a capital lease due to the option to transfer ownership at the end of the lease term. The equipment cost of \$2,103,064 includes a lease term of five years at an interest rate of 3.66%. The term began upon delivery of the fire engines in May of 2020 and terminates upon the earlier of (1) expiration of the original lease term; (2) exercise of purchase option before expiration; (3) default by either party; or (4) payment by Lessee of all payments authorized or required to be paid through the full lease term.

The payment schedule related to the full lease term is as follows:

<u>Year Ending June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Debt Service</u>
2024	\$ 225,727	\$ 47,210	\$ 272,937
2025	<u>1,064,394</u>	<u>32,890</u>	<u>1,097,284</u>
	<u>\$1,290,121</u>	<u>\$ 80,100</u>	<u>\$1,370,221</u>

At the government-wide level, the equipment cost is reported as a depreciable capital asset and the short and long-term portion of the lease obligation is recognized.

Capital Assets - depreciable	\$ 2,103,064
Lease payable :	
Current portion	225,727
Non-current portion	<u>1,064,394</u>
	<u>\$ 1,290,121</u>

At the fund level, lease payments are reported as debt service including only the payment made during the current year.

Debt Service :	
Principal	\$ 217,758
Interest	<u>55,179</u>
	<u>\$ 272,937</u>

CITY OF BAKER, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2023

Right to Use Assets – The City entered into agreements to lease copiers and vehicles that qualify as other than short-term leases under GASB Statement No. 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date of the leases. They are amortized systematically over the shorter period of the lease term or the useful life of the asset. Activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Right to Use Assets				
Leased equipment	\$ 115,108	\$ -	\$ -	\$ 115,108
Leased vehicles	430,454	-	-	430,454
Less: Accumulated Amortization for:				
Leased equipment	23,016	23,016	-	46,032
Leased vehicles	28,696	86,088	-	114,784
Right to Use Assets, Net	\$ 493,850	\$ (109,104)	\$ -	\$ 384,746

Lease Receivables – The City executed a lease agreement for office space through June of 2024. Rent revenues of \$1,500 per month are expected. This lease falls under the auspices of GASB Statement No. 87, and therefore, has been recorded at the present value of future lease payments expected to be received during the lease term. A corresponding deferred inflow of resources has also been reported and will be systematically amortized over the lease term. Activity reported on the government-wide financial statements for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decrease	Ending Balance
Lease Receivable	\$ -	\$ 35,303	\$ 17,502	\$ 17,801
Deferred Inflows of Resources, Related to Leases	\$ -	\$ 35,303	\$ 17,652	\$ 17,651

At the fund level, the rental payments received are reported as revenue which for the year ended June 30, 2023, was \$18,000.

Note 10 - LONG-TERM DEBT

Leases – The City entered into agreements to lease copiers and vehicles that qualify as other than short-term leases under GASB Statement No. 87. They have been entered as a non-current asset, net of amortization, on the government-wide statement of net position. Additionally, a lease liability has been recorded distinguishing between the current and long-term portion of the lease obligation.

CITY OF BAKER, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2023

The copier lease was executed on July 1, 2021, requiring 60 monthly payments of \$2,085. Variable components include excess copy fees. The lease liability is measured at a discount rate of 3.33%, the stated APR. As a result of this lease, the City recorded a liability of \$115,108.

The vehicles lease was executed on 3/1/2022, requiring 60 monthly payments of \$7,775. There are no variable components of this lease. The lease liability is measured at a discount rate of 3.33% as well. As a result of this lease, the City recorded a liability of \$430,454.

In the current year, principal payments of \$103,394 were made leaving a balance of \$392,679 due on June 30, 2022, maturing in June of 2026 and February of 2027. The long-term portion of the right to use leased assets liability totals \$278,680.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023, are as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total
2024	\$ 113,999	\$ 12,096	\$ 126,095
2025	103,374	7,171	110,545
2026	117,149	4,096	121,245
2027	<u>58,157</u>	<u>769</u>	<u>58,926</u>
	<u>\$ 392,679</u>	<u>\$ 24,132</u>	<u>\$ 416,811</u>

Other long-term obligations are summarized below for the year ended June 30, 2023:

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CITY OF BAKER, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2023

Governmental Activities:

	Beginning July 1, 2022	Additions	Reductions	Balance June 30, 2023	Amount Due Within One Year
Claims/judgments	\$ 75,000	\$ -	\$ -	\$ 75,000	\$ -
Compensated absences	772,500	61,866	102,189	732,177	-
Capital lease	1,507,879	-	217,758	1,290,121	225,727
Net OPEB	3,888,051	117,824	-	4,005,875	-
Net pension liability	<u>10,361,882</u>	<u>88,937</u>	<u>-</u>	<u>10,450,819</u>	<u>-</u>
Totals	<u>\$16,605,312</u>	<u>\$ 268,627</u>	<u>\$ 319,947</u>	<u>\$16,553,992</u>	<u>\$225,727</u>

Business-Type Activities:

	Beginning July 1, 2021	Additions	Reductions	Balance	Amount Due Within One Year
Compensated absences	\$ 32,937	\$ -	\$ 3,254	\$ 29,683	\$ -
Revenue Bonds 2021	6,340,000	-	180,000	6,160,000	185,000
Net OPEB	993,405	13,091	-	1,006,496	-
Net pension liability	<u>590,034</u>	<u>439,187</u>	<u>-</u>	<u>1,029,221</u>	<u>-</u>
Totals	<u>\$ 7,956,376</u>	<u>\$ 452,278</u>	<u>\$ 183,254</u>	<u>\$ 8,225,400</u>	<u>\$185,000</u>

The individual bond issues and loan agreements are as follows:

Bond Issue/ Loan Agreement	Original Issue Amount	Interest Rate	Principal Outstanding June 30, 2023	Interest to Maturity	Maturity Date
Revenue Bonds Series 2021	\$ 6,340,000	2% - 3%	\$ 6,160,000	\$ 2,138,434	7/2046

The payments due under the terms of this obligation as of June 30, 2023, are scheduled to occur as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total
2024	\$ 185,000	\$ 60,150	\$ 245,150
2025	190,000	154,600	344,600
2026	195,000	148,900	343,900
2027	200,000	143,050	343,050
2028	210,000	133,000	343,000
2029-2046	<u>5,180,000</u>	<u>1,381,437</u>	<u>6,561,437</u>
	<u>\$6,160,000</u>	<u>\$2,021,137</u>	<u>\$8,181,137</u>

CITY OF BAKER, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2023

Note 11 - RISK MANAGEMENT

Claims and Judgements

The city is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It attempts to minimize risk from significant losses by binding insurance coverage through a public entity risk pool of Louisiana local governments and private insurance companies. Premiums paid are expensed when paid. Losses in excess of coverage or uninsured claims are not expected to materially impact the city.

Paragraph 110 of Section C50 GASB *Codification of Governmental Accounting and Financial Reporting Standards*, requires the accrual of a loss contingency if it is probable that an asset has been impaired or a liability incurred, whether it has been reported or not, and that the amount of the loss can be reasonably estimated. Claims have been made against the City that expose it to losses that could be material to its financial position if an unfavorable outcome were to occur and insurance coverage is insufficient. However, no estimate can be made of such losses as of the date these financial statements are issued. An amount of \$75,000 has been recorded as long-term obligation on the Government-wide Statement of Net Position for estimated deductibles on claims and judgements for risk management purposes.

Note 12 - CONTINGENCIES

The city is the recipient of both federal and state grants and awards. These grants and awards are governed by various requirements, guidelines, regulations, and contractual agreements. The administration of the programs and activities funded by these grants and awards is under the control of the City and is subject to audit and review by the applicable funding sources. Any grant or award found not to be properly spent in accordance with the requirements, guidelines, regulations, and contractual agreements of the funding sources may be subject to recapture.

Note 13 - DEFICIT FUND BALANCES

The General Fund had a deficit fund balance on June 30, 2023, of \$885,367. This is a result of capital projects initiated or completed during the year and is expected to reverse itself over the next two years.

The 911 Communications Fund had a deficit fund balance on June 30, 2023, of \$57,289. The EMS fees received from East Baton Rouge Parish are not sufficient to cover the staff required to operate an efficient communications center. Future budgets will require the use of governmental revenues to operate. As a result, operational transfers will be budgeted.

CITY OF BAKER, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2023

The Cemetery Fund had a deficit net position of \$536,513 on June 30, 2023. Of this amount, \$360,319 or 67.16% is attributable to reporting post-employment benefits and net pension liabilities based on actuarial assumptions. The remaining cause is the sale of pre-need vaults, markers and interments that are recognized as unearned revenue on the statement of net position as opposed to revenue on the statement of activities. To absolve the deficit net position reference above, management plans to transfer funds from the general fund as the need arises for employee related obligations. In addition, management will continue to deposit 70% of all pre-need sales into a trust to be utilized towards the expense of future obligations related to burials.

NOTE 14 – ACCOUNTING PRONOUNCEMENTS

Accounting Pronouncement Implemented - GASB Statement No. 96, *Subscription-Based Technology Arrangements (SBITA)*: This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end-users. A SBITA is defined as a contract that conveys control of the right to use another party’s information technology software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a certain period in an exchange or exchange-like transaction. A subscription-based technology asset and a subscription obligation is recognized. The lease liability is reduced by principal payments and subscription-based technology assets are amortized over the life of the subscription. This Statement was implemented as of July 1, 2022.

Accounting Pronouncements Not Yet Implemented – The Governmental Accounting Standards Board has issued statements that will become effective in future years. These address the following:

GASB Statement No. 100 Accounting Changes and Error Corrections – An amendment of GASB Statement No. 62, this Statement requires that changes in accounting principles and error corrections be reported retroactively by restating prior periods, changes to or within the reporting entity be reported by adjusting current period beginning balances, and changes in accounting estimated be reported prospectively by recognizing the change in the current period. It also requires that quantitative effects on beginning balances be disclosed in a tabular format. This Statement is effective for fiscal years beginning after June 15, 2023, and the City will include the requirements, as applicable, in its June 30, 2024, financial statements.

GASB Statement No. 101 Compensated Absences – This Statement requires that liabilities for compensated absences be recognized for leave that has not been used and for leave that has been used but not yet paid. The liability should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid or settled. This Statement also establishes guidance for measuring the liability for leave that has been used, generally using an employee’s pay rate as of the date of the financial statements. This Statement is effective for fiscal years beginning after June 15, 2023, and the City will include the requirements, as applicable, in its June 30, 2024, financial statements.



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BAKER

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET (GAAP BASIS TO ACTUAL)

Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance - positive (Negative)
REVENUES				
Intergovernmental	\$ 59,230	\$ 59,230	\$ 64,238	\$ 5,008
Taxes:				
Sales	4,860,000	4,860,000	5,238,423	378,423
Franchise	710,000	710,000	921,892	211,892
Property	460,000	460,000	463,830	3,830
Hotel/Motel	100,000	60,000	60,259	259
Other	150,050	150,050	172,124	22,074
Charges for services	1,791,700	1,275,700	1,302,103	26,403
License and permits	499,000	499,000	575,581	76,581
Fines and forfeitures	575,000	475,000	479,841	4,841
Grants and other contributions	2,768,505	2,768,505	2,974,394	205,889
Investment income	30,000	170,000	203,296	33,296
Other revenue	<u>442,200</u>	<u>758,200</u>	<u>794,269</u>	<u>36,069</u>
Total Revenues	12,445,685	12,245,685	13,250,250	1,004,565
EXPENDITURES				
Current function:				
General government	3,426,565	3,426,565	2,708,607	717,958
Public safety	6,735,055	7,422,055	7,464,767	(42,712)
Public works	2,654,850	3,423,050	3,524,651	(101,601)
Economic/recreational development	362,965	562,965	552,466	10,499
Debt service:		-		
Principal	217,750	217,750	217,758	(8)
Interest	55,000	55,000	55,179	(179)
Capital outlay	<u>5,805,700</u>	<u>4,150,500</u>	<u>1,633,046</u>	<u>2,517,454</u>
Total Expenditures	<u>19,257,885</u>	<u>19,257,885</u>	<u>16,156,473</u>	<u>3,101,411</u>
Deficiency of Revenues over Expenditures	(6,812,200)	(7,012,200)	(2,906,224)	4,105,976
OTHER FINANCING SOURCES (USES)				
Proceeds from sales, recoveries and other	-	-	10,071	10,071
Proceeds from insurance recoveries and other	-	-	257,138	257,138
Transfers, net	<u>1,725,675</u>	<u>1,725,675</u>	<u>1,738,410</u>	<u>12,735</u>
Net Other Financing Sources (Uses)	<u>1,725,675</u>	<u>1,725,675</u>	<u>2,005,619</u>	<u>22,806</u>
Net Change in Fund Balance	(5,086,525)	(5,286,525)	(900,605)	4,128,782
FUND BALANCE				
Beginning of year	<u>(885,367)</u>	<u>(885,367)</u>	<u>(885,367)</u>	<u>-</u>
End of year	<u>\$ (5,971,892)</u>	<u>\$ (6,171,892)</u>	<u>\$ (1,785,972)</u>	<u>\$ 4,385,919</u>

See accompanying independent auditors' report and note to budgetary comparison schedule.

CITY OF BAKER

STREET FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET (GAAP BASIS TO ACTUAL)
 Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - positive (negative)</u>
REVENUES				
Taxes:				
Sales	\$ 2,400,000	\$ 2,400,000	\$ 2,416,328	\$ 16,328
Interest earned	<u>5,000</u>	<u>5,000</u>	<u>8,512</u>	<u>3,512</u>
Total Revenues	2,405,000	2,405,000	2,424,840	19,840
EXPENDITURES				
Current function:				
Public works	363,360	363,360	208,844	154,516
Capital outlay	<u>1,825,000</u>	<u>1,825,000</u>	<u>1,866,951</u>	<u>(41,951)</u>
Total Expenditures	<u>2,188,360</u>	<u>2,188,360</u>	<u>2,075,795</u>	<u>112,565</u>
Net Change in Fund Balance	216,640	216,640	349,045	132,405
FUND BALANCE				
Beginning of year	<u>5,776,425</u>	<u>5,776,425</u>	<u>5,776,425</u>	<u>3,109,264</u>
End of year	<u>\$ 5,993,065</u>	<u>\$ 5,993,065</u>	<u>\$ 6,125,470</u>	<u>\$ 3,241,669</u>

See accompanying independent auditors' report and note to budgetary comparison schedule.

CITY OF BAKER

CITY COURT FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET (GAAP BASIS TO ACTUAL)
 Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance - positive (negative)
REVENUES				
Charges for services	\$ 47,640	\$ 47,640	\$ 82,535	\$ 34,895
Fines and forfeitures	124,350	124,350	120,519	(3,831)
Interest earned	-	-	788	788
Other revenues	500	500	660	160
Total Revenues	172,490	172,490	204,502	32,012
EXPENDITURES				
Current function:				
Public safety	186,325	186,325	164,775	21,550
Total Expenses	186,325	186,325	164,775	21,550
Net Change in Fund Balance	(13,835)	(13,835)	39,727	10,462
FUND BALANCE				
Beginning of year	1,370,570	1,370,570	1,370,570	-
End of year	\$ 1,356,735	\$ 1,356,735	\$ 1,410,297	\$ 10,462

See accompanying independent auditors' report and note to budgetary comparison schedule.

CITY OF BAKER, LOUISIANA

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
COST SHARING PLANS ONLY
Year Ended June 30, 2023

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	Plan Fiduciary Net
					Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Position as a Percentage of the Total Pension Liability
Municipal Employees' Retirement System of Louisiana						
	2023					
	2022	1.4859%	\$ 4,133,036	\$ 3,486,621	118.5399%	77.82%
	2021	1.4859%	4,133,036	2,573,367	160.6081%	77.82%
	2020	1.4680%	6,347,162	2,661,452	238.4849%	64.52%
	2019	1.2524%	5,185,818	1,912,812	271.1097%	63.94%
	2018	1.2002%	5,020,738	2,179,327	230.3802%	62.49%
	2017	1.1928%	4,889,113	2,130,577	229.4737%	63.34%
	2016	1.1890%	4,247,287	2,007,317	211.5902%	66.18%
	2015	1.1392%	2,923,588	2,068,064	141.3684%	73.99%
Municipal Police Employees' Retirement System						
	2023					
	2022	0.4696%	4,800,146	1,808,999	265.3482%	70.80%
	2021	0.5020%	2,675,934	1,394,187	191.9351%	84.08%
	2020	0.4084%	3,709,210	1,330,065	278.8743%	71.01%
	2019	0.4196%	3,547,180	1,131,477	313.5000%	71.89%
	2018	0.3519%	3,072,201	1,127,457	272.4894%	70.08%
	2017	0.4622%	4,331,732	1,307,803	331.2221%	66.04%
	2016	0.4507%	3,530,395	1,221,242	289.0823%	70.73%
	2015	0.4996%	312,595	1,060,968	29.4632%	75.10%
Firefighters' Retirement System						
	2023					
	2022	0.5009%	1,775,115	1,544,226	114.9518%	86.78%
	2021	0.5009%	1,775,115	1,305,876	135.9329%	86.78%
	2020	0.3890%	2,436,102	1,071,357	227.3847%	73.96%
	2019	0.3628%	2,086,641	919,893	226.8352%	74.76%
	2018	0.3657%	2,096,172	860,440	243.6163%	73.55%
	2017	0.3744%	2,449,039	851,681	287.5536%	68.16%
	2016	0.3589%	1,936,899	775,444	249.7794%	72.45%
	2015	0.3640%	1,619,831	702,846	230.4674%	76.02%
Louisiana State Employees' Retirement System						
	2023					
	2022	0.0044%	243,826	107,520	226.7723%	72.80%
	2021	0.0038%	314,285	107,520	292.3035%	58.01%
	2020	0.1310%	303,924	105,412	288.3204%	62.90%
	2019	0.4190%	379,119	103,345	366.8479%	64.30%
	2018	0.0042%	397,553	97,325	408.4798%	62.50%
	2017	0.0042%	439,194	99,076	443.2900%	57.70%
	2016	0.0032%	305,659	86,670	352.6699%	62.70%
	2015	0.0038%	343,846	83,875	409.9505%	65.00%

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

(2) The amounts presented have a measurement date of June 30th of the previous fiscal year.

CITY OF BAKER, LOUISIANA

SCHEDULE OF CONTRIBUTIONS TO EACH RETIREMENT SYSTEM
COST SHARING PLANS ONLY
Year Ended June 30, 2023

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
Municipal Employees' Retirement System of Louisiana					
2023					
2022	\$ 878,594	\$ 878,594	\$ -	\$ 3,486,621	25.1990%
2021	868,512	868,512	-	2,573,367	33.7500%
2020	778,664	778,664	-	2,661,452	29.2571%
2019	671,326	671,326	-	2,582,023	26.0000%
2018	473,421	473,421	-	1,912,812	24.7500%
2017	495,797	495,797	-	2,179,327	22.7500%
2016	420,789	420,789	-	2,130,577	19.7500%
2015	376,372	376,372	-	2,007,317	18.7500%
Municipal Police Employees' Retirement System					
2023					
2022	431,867	431,867	-	1,808,999	23.8733%
2021	470,538	470,538	-	1,394,187	33.7500%
2020	411,342	411,342	-	1,330,065	30.9265%
2019	375,683	375,683	-	1,164,909	32.2500%
2018	359,244	359,244	-	1,131,477	31.7500%
2017	357,968	357,968	-	1,127,457	31.7500%
2016	385,802	385,802	-	1,307,803	29.5000%
2015	378,585	378,585	-	1,221,242	31.0000%
Firefighters' Retirement System					
2023					
2022	405,201	405,201	-	1,544,226	26.2397%
2021	421,145	421,145	-	1,305,876	32.2500%
2020	249,783	249,783	-	1,071,357	23.3146%
2019	260,378	260,378	-	982,558	26.5000%
2018	232,273	232,273	-	919,893	25.2500%
2017	217,261	217,261	-	860,440	25.2500%
2016	232,083	232,083	-	851,681	27.2500%
2015	219,063	219,063	-	775,444	28.2500%
Louisiana State Employees' Retirement System					
2023					
2022	37,823	37,823	-	107,520	35.1776%
2021	36,172	36,172	-	107,520	33.6421%
2020	33,932	33,932	-	105,412	32.1899%
2019	44,724	44,724	-	112,939	39.6000%
2018	40,408	40,408	-	103,345	39.1001%
2017	38,054	38,054	-	97,325	39.0999%
2016	37,748	37,748	-	99,076	38.1000%
2015	35,967	35,967	-	86,670	41.4988%

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

See Independent Auditors' Report on Required Supplementary Information and Accompanying
Notes to Required Supplementary Information Related to Net Pension Liability

CITY OF BAKER, LOUISIANA

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
Year Ended June 30, 2023

Total OPEB Liability	2023	2022	2021	2020	2019	2018
Service cost	\$ 188,596	\$ 273,796	\$ 273,796	\$ 143,559	\$ 143,559	\$ 138,197
Interest	177,272	146,572	145,440	232,172	225,208	229,266
Differences between expected and actual experience	-	(511,345)	(55,104)	(240,891)	-	-
Changes of assumptions	-	(1,203,940)	-	739,217	-	-
Benefit payments and net transfers	(235,043)	(363,898)	(372,145)	(331,865)	(333,845)	(333,845)
Net Change in Total OPEB Liability	130,825	(1,658,815)	(8,013)	542,192	34,922	33,618
Total OPEB liability - beginning	<u>4,881,546</u>	<u>6,540,361</u>	<u>6,548,374</u>	<u>6,006,182</u>	<u>5,971,260</u>	<u>5,937,642</u>
Total OPEB liability - ending (a)	<u>5,012,371</u>	<u>4,881,546</u>	<u>6,540,361</u>	<u>6,548,374</u>	<u>6,006,182</u>	<u>5,971,260</u>
Covered-employee payroll	<u>4,302,807</u>	<u>3,723,219</u>	<u>3,723,219</u>	<u>3,723,219</u>	<u>2,856,794</u>	<u>2,856,794</u>
Net OPEB liability as a percentage of covered-employee payroll	117.77%	114.73%	175.66%	175.88%	210.24%	209.02%

NOTES TO SCHEDULE:

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

Changes of Assumptions. There were no changes of assumptions for the year ended June 30, 2023.

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

CITY OF BAKER, LOUISIANA

**NOTES TO PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF PENSION CONTRIBUTIONS
Year Ended June 30, 2023**

NOTE 1 - NET PENSION LIABILITY

Changes of Benefit Terms

Municipal Employees' Retirement System

No Changes.

Municipal Police Employees' Retirement System

No Changes.

Louisiana Firefighters' Retirement System

No Changes.

Louisiana State Employees' Retirement System

No Changes.

Changes of Assumptions

Municipal Employees' Retirement System

The investment rate of return remained at 6.85%. The inflation rate remained the same at 2.5%.

Municipal Police Employees' Retirement System

The investment rate of return decreased to 4.805%. The inflation rate remained the same at 2.5%.

Louisiana Firefighters' Retirement System

The investment rate of return remained at 6.9%. The inflation rate remained the same at 2.5%.

Louisiana State Employees' Retirement System

The investment rate of return decreased from 7.40% to 7.25%. The inflation rate remained the same at 2.3%.

See Independent Auditors' Report on Required Supplementary Information and Accompanying Notes to Required Supplementary Information Related to Net Pension Liability.

CITY OF BAKER, LOUISIANA

**COMBINING BALANCE SHEET -
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2023**

	1/2 Cent Special Tax Police	1/2 Cent Special Tax Fire	911 Communications	Marshal/ Police Operations	Total Non-Major Governmental Funds
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 26,221	\$ 26,221
Receivables - taxes					
Restricted assets:	412,175	481,439	-	71,024	964,638
Cash and cash equivalents	<u>105,423</u>	<u>105,423</u>	<u>-</u>	<u>-</u>	<u>210,846</u>
Total Assets	<u><u>517,598</u></u>	<u><u>586,862</u></u>	<u><u>-</u></u>	<u><u>97,245</u></u>	<u><u>1,201,705</u></u>
LIABILITIES					
Accounts payable	-	-	-	54,132	54,132
Accrued liabilities	-	-	15,336	-	15,336
Total Liabilities	<u>-</u>	<u>-</u>	<u>15,336</u>	<u>54,132</u>	<u>69,468</u>
FUND BALANCE					
Restricted	517,598	586,862	(15,336)	17,053	1,106,177
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,060</u>	<u>26,060</u>
Total Fund Balance	<u><u>517,598</u></u>	<u><u>586,862</u></u>	<u><u>(15,336)</u></u>	<u><u>43,113</u></u>	<u><u>1,132,237</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 517,598</u></u>	<u><u>\$ 586,862</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 97,245</u></u>	<u><u>\$ 1,201,705</u></u>

See accompanying independent auditors' report.

CITY OF BAKER, LOUISIANA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS**

Year Ended June 30, 2023

	1/2 Cent Special Tax Police	1/2 Cent Special Tax Fire	911 Communications	Marshal/ Police Operations	Total Non-Major Governmental Funds
REVENUES					
Taxes - sales	\$ 715,390	\$ 595,390	\$ -	\$ -	\$ 1,310,780
Charges for services	-	-	134,326	220,764	355,090
Criminal fees and fines	-	-	-	41,487	41,487
Contributions	-	-	-	6,180	6,180
Other revenues	-	-	-	1,175	1,175
Investment income	2,390	1,917	-	176	4,483
Total Revenues	<u>717,780</u>	<u>597,307</u>	<u>134,326</u>	<u>269,782</u>	<u>1,719,195</u>
EXPENDITURES					
General government	-	-	-	13,038	13,038
Donations	-	-	-	1,007	1,007
Public safety	6,063	5,080	441,330	270,984	723,457
Total Expenditures	<u>6,063</u>	<u>5,080</u>	<u>441,330</u>	<u>285,029</u>	<u>737,502</u>
Excess (Deficiency) of Revenues over Expenditures	711,717	592,227	(307,004)	(15,247)	981,693
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	348,957	-	348,957
Transfers out	<u>(545,303)</u>	<u>(438,282)</u>	<u>-</u>	<u>-</u>	<u>(983,585)</u>
Net Other Financing Sources (Uses)	<u>(545,303)</u>	<u>(438,282)</u>	<u>348,957</u>	<u>-</u>	<u>(634,628)</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	166,414	153,945	41,953	(15,247)	347,065
FUND BALANCE					
Beginning of year	<u>351,184</u>	<u>432,917</u>	<u>(57,289)</u>	<u>58,360</u>	<u>785,172</u>
End of year	<u>\$ 517,598</u>	<u>\$ 586,862</u>	<u>\$ (15,336)</u>	<u>\$ 43,113</u>	<u>\$ 1,132,237</u>

See accompanying independent auditors' report.

CITY OF BAKER, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Awarded Amount	Federal Expenditures
<i>U.S. Dept of the Treasury</i>			
<u>Passed Through</u>			
Louisiana Office of Community Development American Rescue Plan Act of 2021 Coronavirus Relief Fund	21.027 21.019	\$3,147,661 27,876	\$ 1,751,647 <u>9,950</u>
Total U.S. Dept of the Treasury			<u>1,761,597</u>
 <i>U.S. Dept of Homeland Security - Federal Emergency Management Agency</i>			
<u>Passed Through</u>			
Governor's Office of Homeland Security and Emergency Preparedness Hazard Mitigation Grant Program (HMGP)	97.039	5,125,000	146,466
 <i>U.S. Department of Housing and Urban Development</i>			
<u>Passed Through</u>			
Louisiana Office of Community Development HOME Investment Partnerships Act CDBG/CV - HVAC Program CDBG/CV - Public Facilities/Potable Water	14.239 14.228 14.228	15,250 934,111 1,835,000	2,665 70,148 <u>1,286,486</u>
Total U.S. Dept of Housing and Urban Development			<u>1,359,299</u>
 Total Expenditure of Federal Awards			 <u>\$ 3,267,362</u>

**Notes to Schedules of Expenditures of Federal Awards
Year Ended June 30, 2023**

Basis of Presentation

This schedule of expenditures of federal awards includes the federal grant activity of the City of Baker and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of 2 CFR Part 200, subpart F.

CITY OF BAKER, LOUISIANA

SCHEDULE OF JUSTICE SYSTEM FUNDING SCHEDULE - COLLECTING/DISBURSEMENT ENTITY

As required by Act 87 as of 2020 Regular Legislative Session

Year Ended June 30, 2023

	First Six Month Period Ended 12/31/22	Second Six Month Period Ended 06/30/23
Cash Basis Presentation		
Beginning Balance of Amounts Collected (i.e. cash on hand)	\$ 336,099	\$ 361,304
Add: Collections		
Civil Fees (including refundable amounts such as garnishments or advance deposits)	79,487	81,168
Interest Earnings on Collected Balances	-	-
Subtotal Collections	<u>79,487</u>	<u>81,168</u>
Less: Disbursements To Governments & Nonprofits: (Must include one agency name and one collection type on each line and may require multiple lines for the same agency if more than one collection type is applicable. Additional rows may be added as necessary.)		
Entity, Fee	-	-
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Civil Fee Refunds	-	-
Bond Fee Refunds	-	-
Restitution Payments to Individuals (additional detail is not required)	-	29
Other Disbursements to Individuals (additional detail is not required)	-	-
Payments to 3rd Party Collection/Processing Agencies	54,282	52,932
Subtotal Disbursements/Retainage	<u>54,282</u>	<u>52,961</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	<u>\$ 361,304</u>	<u>\$ 389,511</u>

See independent auditors' report.

CITY OF BAKER, LOUISIANA

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO THE CEO
Year Ended June 30, 2023**

Agency Head Name: Darnell Waites, Mayor

Purpose	Amount
Salary	\$ 78,591
Benefits - retirement	30,906
Insurance – dental	683
Expense account	<u>2,100</u>
Total	<u>\$ 112,280</u>

See accompanying independent auditors' report.

CITY OF BAKER, LOUISIANA

SCHEDULE OF COMPENSATION PAID TO THE COUNCIL MEMBERS
Year Ended June 30, 2023

Council Members:	Amount
District 1 - Charles Vincent	\$ 15,000
District 2 – Rochelle Dunn	15,000
District 3 - Glenda Bryant	15,000
District 4 – Robert Young	15,000
District 5 - Brenda Jackson	<u>12,600</u>
Total	<u>\$ 72,600</u>

See accompanying 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***

To the Honorable Darnell Waites, Mayor
and the Members of the City Council
City of 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, business activities, and the major funds and the remaining fund information of the City of Baker (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 21, 2023.

Internal Control Over Financial Reporting

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

Internal Control Over Financial Reporting, Continued

Our consideration of 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 instance of noncompliance that is 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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the members of the City Council, management, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

New Orleans, Louisiana

December 21, 2023

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

To the Honorable Darnell Waites, Mayor
and the Members of the City Council
City of Baker, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the **City of Baker** (the City)'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City 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, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the City's requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

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 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.

Bruno & Tervalon LLP

New Orleans, Louisiana
December 21, 2023

CITY OF BAKER, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2023

I. Summary of Auditors' Report

a. Financial Statements

1. The auditors' report expresses an unmodified opinion on the financial statements of City of Baker, Louisiana
2. There were no control deficiencies disclosed during the audit of the financial statements and reported in the *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*.
3. There was no instances of noncompliance material to the financial statements of City of Baker reported in the *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*.

b. Federal Awards

1. There were no deficiencies relating to the audit of the major federal award programs.
2. The *Independent Auditors' Report on Compliance for each Major Program and on Internal Control Over Compliance Required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* dated June 27, 2023, expressed an unmodified opinion.
3. There were no instances of noncompliance relating to major federal programs disclosed that are required to be reported in accordance with 2 CFR 200.516 (a).
4. The following programs were considered major programs for the year ended June 30, 2023:

CITY OF BAKER, LOUISIANA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023**

Identification of major programs:

Federal Assistance Listing Number

Program

Name of Federal Agency

14.228

CDBG/CV – Public
Facilities/Potable Water

21.027

American Rescue Plan Act
of 2021

97.036

Disaster Grants –
Public Assistance

97.039

Hazard Mitigation
Grant Program (HMGP)

Dollar threshold used to distinguish between type A and type B programs was \$750,000.

Audit was not qualified as a low-risk audit.

II. Current Year Findings

No current year findings.

III. Summary of Prior Year Findings

There were no prior year findings.

**INDEPENDENT ACCOUNTANTS’
REPORT ON APPLYING AGREED-
UPON PROCEDURES**

To the Governing Board of the City of Baker the
Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor’s (LLA’s) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022, through June 30, 2023. City of Baker’s management is responsible for those C/C areas identified in the SAUPs.

The City of Baker has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA’s SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1.) Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

a. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

We performed the procedures above and noted no exceptions.

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.

We performed the procedures above and noted no exceptions.

c. ***Disbursements***, including processing, reviewing, and approving.

We performed the procedures above and noted no exceptions.

d. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation.)

We performed the procedures above and noted no exceptions.

- e. **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

We performed the procedures above and noted no exceptions.

- 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.
We performed the procedures above and noted no exceptions.

- 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).

We performed the procedures above and noted no exceptions.

- h. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

We performed the procedures above and noted no exceptions.

- 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) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

We performed the procedures above and noted no exceptions.

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

We performed the procedures above and noted no exceptions.

- k. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available systems and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

We performed the procedures above and noted no exceptions.

- l. **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

We performed the procedures above and noted no exceptions.

Board or Finance Committee

2.) Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

We performed the procedures above and noted no exceptions.

- b. For those entities reporting on the governmental accounting model, observe whether the minutes reference or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes 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.

We performed the procedures above and noted no exceptions.

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

We performed the procedures above and noted no exceptions.

- d. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved

We performed the procedures above and noted no exceptions.

Bank Reconciliations

3.) Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- a. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
- b. ***We performed the procedures above and noted no exceptions.***

- c. Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged): and ***We performed the procedures above and noted no exceptions.***
- d. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

We performed the procedures above and noted no exceptions.

Collections

- 4.) Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

We performed the above procedures and noted no exceptions.

- 5.) For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are segregated at each collection location such that:

- a. Employees that are responsible for cash collections do not share cash drawers/registers.

We performed the procedures above and noted no exceptions.

- b. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

We performed the procedures above and noted no exceptions.

- c. Each employee responsible for collecting cash is not responsible for posting collection entries to general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposits.

We performed the procedures above and noted no exceptions.

- d. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

We performed the procedures above and noted no exceptions.

- 6.) Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

We performed the above procedures and noted no exceptions.

7.) Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

a. Observe that receipts are sequentially pre-numbered.

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

d. Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

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

8.) Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

We performed the above procedures and noted no exceptions.

9.) For each location selected under #8 above, obtain a listing of those employees involved with non- payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

a. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

- c. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

We performed the procedure above and noted no exceptions.

- d. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

We performed the procedure above and noted no exceptions.

10.) For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a. Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

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

11.) Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P- cards (card) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

We performed the procedure above and noted no exceptions.

12.) Using the listing prepared by management randomly select 5 cards (or all cards if less than 5 that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

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

We performed the procedure above and noted no exceptions.

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

We performed the procedures above and noted no exceptions.

13.) Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

We performed the procedure above and noted no exceptions.

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

14.) Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a. If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration.

We performed the procedure above and noted no exceptions

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

We performed the procedure above and noted no exceptions.

- b. Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the name of those individuals participating and other documentation required by written policy (procedure #1h)).

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

Contracts

15.) Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

We performed the procedures above and noted no exceptions.

- b. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

We performed the procedure above and noted no exceptions.

- c. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented). *We performed the procedure above and noted no exceptions.*

- d. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

We performed the procedure above and noted no exceptions.

Payroll and Personnel

- 16.) Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

We performed the procedure above and noted no exceptions.

- 17.) Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

18.) Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

We performed the procedure above and noted no exceptions.

19.) Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

We performed the procedure above and noted no exceptions.

Ethics

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

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

We performed the procedures above and no exceptions noted.

- b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

We performed the procedures above and no exceptions noted.

Debt Service

21.) Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

We performed the procedure above and noted no exceptions.

22.) Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

We performed the procedure above and noted no exceptions.

Fraud Notice

- 23.) Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

We performed the procedure above and noted no exceptions.

- 24.) Observe 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.

We performed the procedure above and noted no exceptions.

Information Technology Disaster Recovery/Business Continuity

- 25.) Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."

- a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

We performed the procedures above and noted no exceptions.

- b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the above procedures and noted no exceptions.

- c. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure above and noted no exceptions.

Sexual Harassment

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

We performed the procedures above and noted no exceptions.

27.) Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

We performed the procedures above and noted no exceptions.

28.) Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

We performed the procedures above and noted no exceptions.

a. Number and percentage of public servants in the agency who have completed the training requirements;

All

b. Number of sexual harassment complaints received by the agency;

None

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

None

d. Amount of time it took to resolve each complaint.

None

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

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

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

Bruno & Tervalon LLP

Lake Charles, Louisiana
November 29, 2023