

**CITY OF BAKER SCHOOL BOARD**

**BAKER, LOUISIANA**

**ANNUAL FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2018**

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

<b>BASIC FINANCIAL STATEMENTS</b>	<b>Page</b>
Independent Auditors’ Report	1
Management’s Discussion and Analysis	4
Basic Financial Statements	
Government-wide Financial Statements (GWFS):	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements (FFS):	
Governmental Funds:	
Balance Sheet	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balances	16
Reconciliation of the Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	17
Fiduciary Funds:	
Statement of Fiduciary Assets and Liabilities	18
Notes to the Basic Financial Statements	19
<b>REQUIRED SUPPLEMENTAL INFORMATION</b>	
Budgetary Comparison Schedules	
General Fund	54
Flood Recovery Fund	55
Title I	56
Notes to Budgetary Comparison Schedule	57
Schedule of Changes in Net OPEB Liability and Related Ratios for the Year Ended June 30,2018	58
Schedule of Contributions to each Retirement System for the Year Ended June 30, 2018	59
Schedule of the Proportionate Share of the Net Pension Liability for the Year Ended June 30, 2018	60
Notes to Required Supplementary Information	61

## **TABLE OF CONTENTS (Continued)**

<b>OTHER SUPPLEMENTAL INFORMATION</b>	<b>Page</b>
Non-Major Governmental Funds Descriptions	63
Nonmajor Governmental Funds	
Balance Sheet	64
Statement of Revenues, Expenditures and Changes in Fund Balance	65
 <b>SPECIAL INDEPENDENT AUDITORS' REPORT</b>	
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	66
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	68
Schedule of Expenditures of Federal Awards	70
Notes to Schedule of Expenditures of Federal Awards	71
Schedule of Findings and Questioned Costs	72
Schedule of Current and Prior Year Audit Findings and Management Corrective Action Plan	73
 <b>SCHEDULES REQUIRED BY STATE LAW</b>	
Independent Accountant's Report on Applying Agreed-Upon Procedures	77
R.S. 24:514 – Performance and Statistical Data	79
General Fund Instructional and Support Expenditures and Certain Local Revenue Sources	80
Class Size Characteristics	81
Corrective Action Plan	82

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

200 S. Main St. 1234 David Dr. Ste. 203  
Abbeville, LA 70510 Morgan City, LA 70380  
Phone (337) 893-7944 Phone (985) 384-2020

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

\* A Professional Accounting Corporation

WWW.KCSRPCAS.COM

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Baker School Board (the School Board), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board, as of June 30, 2018, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As described in Note 1 to the financial statements, the School Board adopted new accounting guidance, *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information on pages 4 through 11 and 54 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Board's basic financial statements. The other supplementary information on pages 63 through 65 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2018, on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control over financial reporting and compliance.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Abbeville, Louisiana  
December 18, 2018

**CITY OF BAKER SCHOOL BOARD  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2018**

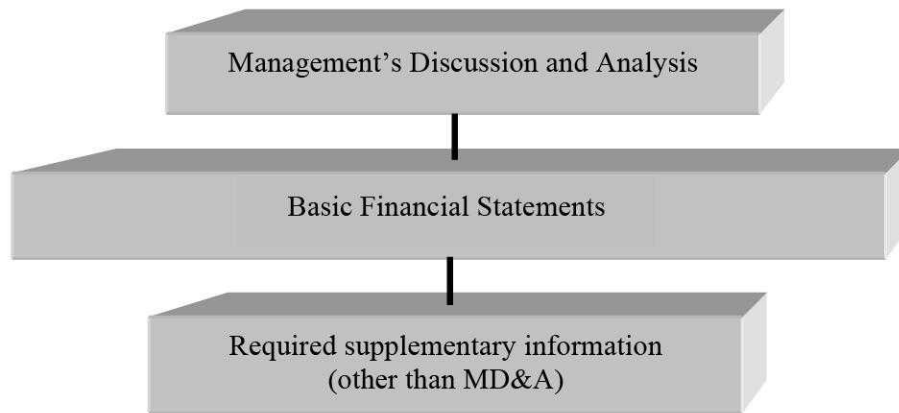
The Management’s Discussion and Analysis of the City of Baker School Board’s (the School Board) financial performance presents a narrative overview and analysis of the School Board’s financial activities for the year ended June 30, 2018. This document focuses on the current year’s activities, resulting changes, and currently known facts in comparison with the prior year’s information (where available).

**FINANCIAL HIGHLIGHTS**

- ★ The City of Baker School Board’s liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at the close of fiscal year 2018 by approximately \$11.3 million.
- ★ At June 30, 2018, the Net Deficit in the Statement of Net Position was primarily caused by the net pension liability and the net other post-employment benefits obligation that totaled approximately \$16.1 million and \$6.5 million, respectively.
- ★ Revenues exceeded expenses by approximately \$3.1 million on a full accrual basis for the 2018 fiscal year, representing a positive increase in the long-term financial condition of the School Board.
- ★ Sales and use tax and Minimum Foundation Program (MFP) revenues decreased over the prior year by approximately \$368,000 and \$340,000, respectively, in comparison to 2017.
- ★ Ad valorem tax revenue increased by approximately \$226,000 in comparison to 2017.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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



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

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

**CITY OF BAKER SCHOOL BOARD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2018**

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

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

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

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

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

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



**CITY OF BAKER SCHOOL BOARD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2018**

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

**FINANCIAL ANALYSIS OF THE ENTITY**

Statements of Net Position  
as of June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,896,418	\$ 2,808,907
Receivables	2,787,966	2,087,464
Inventory	14,128	15,913
Other assets	17,013	21,850
Capital assets, net of accumulated depreciation	<u>9,671,281</u>	<u>7,996,580</u>
Total assets	14,386,806	12,930,714
Deferred outflows of resources	<u>4,784,956</u>	<u>4,736,188</u>
Total assets and deferred outflows of resources	<u>\$ 19,171,762</u>	<u>\$ 17,666,902</u>
<b>Liabilities</b>		
Accounts payable	\$ 20,956	\$ 530,326
Salaries and benefits payable	856,937	670,722
Long-term liabilities:		
Due within one year	124,665	127,083
Due in more than one year	1,555,139	1,636,897
Other post-employment benefit obligation	6,542,319	4,674,352
Net pension liability	<u>16,125,547</u>	<u>16,564,831</u>
Total liabilities	25,225,563	24,204,211
Deferred inflows of resources	<u>5,288,005</u>	<u>5,965,503</u>
Total liabilities and deferred inflows of resources	<u>30,513,568</u>	<u>30,169,714</u>
<b>Net position</b>		
Net investment in capital assets	8,531,281	7,996,580
Restricted for flood recovery	2,101,734	1,085,532
Unrestricted	<u>(21,974,821)</u>	<u>(21,584,924)</u>
Total net position	<u>(11,341,806)</u>	<u>(12,502,812)</u>
Total liabilities, deferred inflows of resource, and net position	<u>\$ 19,171,762</u>	<u>\$ 17,666,902</u>

**CITY OF BAKER SCHOOL BOARD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2018**

**FINANCIAL ANALYSIS OF THE ENTITY (Continued)**

The net position of the School Board was restated for the year ended June 30, 2017 due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 75. The effect of this adjustment was to decrease beginning net position by approximately \$1.9 million. See Note 14 for more information.

- Cash and cash equivalents decreased by approximately \$913,000 over the prior fiscal year and overall total assets increased by approximately \$1.5 million over the prior year due to the School Board's investment in the repair and re-building property following the August 2016 floods.
- Capital assets (reported net of accumulated depreciation), which accounts for 67% of the total assets of the School Board, increased by approximately \$1.7 million, net of accumulated depreciation, due to construction in progress as a result of impacts of the August 2016 flood.
- Accounts payable decreased by approximately \$509,000 due to amounts owed at the prior year-end to several vendors for flood remediation at Baker High School.
- Salaries payable and accrued expenses experienced an increase of approximately \$186,000 or 28%.
- Unrestricted net position decreased by approximately \$400,000 or 2% as a result of the implementation of GASB Statement No. 75, an increase in net position restricted for flood recovery, and an increase in the net investment in capital assets.

**CITY OF BAKER SCHOOL BOARD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2018**

**FINANCIAL ANALYSIS OF THE ENTITY (Continued)**

Statements of Revenues and Expenses as of June 30, 2018 and 2017		
	2018	2017
Revenue		
Program revenues		
Charges for services	\$ 14,959	\$ 17,191
Operating grants	3,019,887	6,772,941
Capital grants	2,505,208	-
General revenues		
Taxes		
Ad valorem tax	2,127,493	1,901,275
Sales and use tax	3,399,115	3,766,543
State revenue sharing	42,968	47,994
Minimum foundation program	10,008,355	10,347,771
Other grants	225,084	178,159
Interest and investment earnings	2,400	1,882
Miscellaneous	233,287	130,477
Total revenue	21,578,756	23,164,233
Expenses		
Regular education programs	5,994,292	5,606,040
Special education programs	889,638	860,806
Other education programs	2,339,582	1,727,342
Pupil support services	654,898	762,630
Instructional staff services	702,067	704,686
General administrative services	970,797	817,096
School administrative services	1,033,051	1,168,522
Business and central services	656,368	614,742
Plant operation and maintenance	1,619,250	2,003,976
Transportation	578,352	579,253
Food services	945,936	987,943
Charter school appropriation	1,627,715	1,243,044
Facilities acquisition and constructions	457,994	4,458,372
Debt services	48,798	114,468
Total expenses	18,518,738	21,648,920
Change in net position	\$ 3,060,018	\$ 1,515,313

**CITY OF BAKER SCHOOL BOARD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2018**

**FINANCIAL ANALYSIS OF THE ENTITY (Continued)**

Revenue

- Operating and capital grant revenue, which accounts for approximately 25.6% of total revenues, decreased by approximately \$1.2 million mainly due to revenues recognized by the Federal Emergency Management Assistance (FEMA) disaster grant in the prior year.
- Local tax revenues consist of sales and property taxes and decreased approximately \$141,000 total compared to 2017. These local tax revenues are approximately 25.6% of total revenue in 2018. There have been very minimal increases in these tax resources over the past several fiscal years as the economy remained flat. However, the School Board did see an increase in sales tax revenues in the prior fiscal year as a result of the August 2016 flood.
- Minimum Foundation Program (MFP) revenue decreased by \$339,416, or 3.0% in comparison to fiscal 2017 as result of decreased enrollment. MFP revenues accounted for approximately 46% of total revenues in 2018.

Expense

- Overall expenses decreased by approximately \$3.1 million or 14% from the prior year due to a large reduction in the necessary remediation costs for Baker High School due to the August 2016 flood. However, this reduction was offset by increases in instructional programs and appropriations for charter schools.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal 2018, the City of Baker School Board had approximately \$9.7 million invested in a broad range of capital assets, including land, building, and equipment. (See Table below). This amount represents a net increase (including additions and deductions) of \$1.7 million from last year due to capitalized construction in progress related to School renovations following the August 2016 flood.

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

	2018	2017
Land	\$ 149,536	\$ 149,536
Work in process	1,840,785	-
Buildings and improvements	7,499,931	7,703,694
Furniture, Fixtures, and Equipment	181,029	143,350
	\$ 9,671,281	\$ 7,996,580

**CITY OF BAKER SCHOOL BOARD  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2018**

**Long-term debt**

The School Board’s long-term debt consists of bonds payable, the liability for compensated absences, claims and judgements, an obligation for postemployment benefits (OPEB), and a net pension liability resulting from the implementation of GASB Standard No.68 (See table below).

Long-Term Debt at June 30,

	2018	2017
Bonds payable	\$ 1,140,000	\$ 1,200,000
Claims and judgements	11,872	11,872
Compensated absences	527,932	552,108
Net pension liability	16,125,547	16,564,831
Net other post-employment benefit obligations	6,542,319	4,674,352
	\$ 24,347,670	\$ 23,003,163

In May 2017, the School Board issued \$1,200,000 in revenue bonds to finance the demolition and reconstruction of Baker High School as a result of flood damage. The OPEB obligation increased due to the implementation of GASB Statement No. 75. The net pension liability decreased due to various actuarial assumptions used in calculating the respective pension plans’ net pension liability and the methodology used in allocating that liability to each respective employer.

**VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS**

Budget amendments were adopted during the year ended June 30, 2018 for the General Fund to better reflect actual operations as they evolved through the fiscal year. Amendments included increases in projected ad valorem tax revenues, decreases in MFP funding due a decrease in student enrollment, and a decrease in support service expenditures.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS**

For the fiscal year 2018-2019, the School Board anticipates a net increase to its General Fund due to a slight increase in revenues and a slight decrease in expenditures. The School Board decreased expenditures in fiscal year 2017-2018 from the prior year and, thus, has determined it can sustain this level of expenditures for the subsequent year.

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

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

**CITY OF BAKER SCHOOL BOARD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2018**

**CONTACTING THE SCHOOL BOARD'S MANAGEMENT**

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

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

**STATEMENT OF NET POSITION  
JUNE 30, 2018**

<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,896,418
Receivables:	
Taxes	551,150
Due from other governments	2,236,816
Prepaid expenses	17,013
Inventory	14,128
Noncurrent assets:	
Non-depreciable	1,990,321
Depreciable, net	7,680,960
	14,386,806
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred pension contributions	2,167,048
Deferred amounts related to net pension liability	2,617,908
	4,784,956
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	
	\$ 19,171,762
<b>LIABILITIES</b>	
Accounts payable	\$ 20,956
Salaries and benefits payable	856,937
Long-term liabilities:	
Due within one year	124,665
Due in more than one year	1,555,139
Other post-employment benefit obligation	6,542,319
Net pension liability	16,125,547
	25,225,563
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred amounts related to net pension liability	4,875,999
Deferred amounts related to other postemployment benefits	412,006
	5,288,005
<b>NET POSITION</b>	
Net investment in capital assets	8,531,281
Restricted for flood recovery	2,101,734
Unrestricted	(21,974,821)
	(11,341,806)
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	
	\$ 19,171,762

The accompanying notes are an integral part of this statement.

**CITY OF BAKER SCHOOL BOARD  
BAKER, LOUISIANA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
<u>Functions/Programs</u>					
Instruction:					
Regular education programs	\$ 4,385,093	\$ -	\$ 46,648	\$ -	\$ (4,338,445)
Special education programs	1,278,780	-	407,899	-	(870,881)
Other education programs	2,498,974	-	1,593,365	-	(905,609)
Support Services:					
Pupil support services	776,774	-	-	-	(776,774)
Instructional staff services	831,180	-	-	-	(831,180)
General administration services	1,184,338	11,480	70,509	-	(1,102,349)
School administration services	1,287,037	-	-	-	(1,287,037)
Business and central services	890,567	-	-	-	(890,567)
Plant operation and maintenance	1,619,250	-	-	-	(1,619,250)
Transportation	578,352	-	-	-	(578,352)
Food services	1,053,886	3,479	901,466	-	(148,941)
Appropriation to charter schools	1,627,715	-	-	-	(1,627,715)
Facilities acquisition and construction	457,994	-	-	2,505,208	2,047,214
Interest on long-term debt	48,798	-	-	-	(48,798)
<b>Total Governmental Activities</b>	<b>\$ 18,518,738</b>	<b>\$ 14,959</b>	<b>\$ 3,019,887</b>	<b>\$ 2,505,208</b>	<b>(12,978,684)</b>
General Revenues:					
Local sources:					
Ad valorem taxes					\$ 2,127,493
Sales and use taxes					3,399,115
State revenue sharing					42,968
Grants and contributions not restricted to specific purposes:					
Minimum foundation program (MFP)					10,008,355
Other grants					225,084
Earnings on investments					2,400
Other					233,287
					<b>16,038,702</b>
Change in Net Position					
					3,060,018
Net Position - beginning of year, as restated					
					(14,401,824)
Net Position - end of year					
					<b>\$ (11,341,806)</b>

The accompanying notes are an integral part of this statement.



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

**GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2018**

	General	Flood Recovery	Title I	Non-major Governmental	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 743,842	\$ 1,152,576	\$ -	\$ -	\$ 1,896,418
Receivables:					
Due from other governments	373,341	949,782	379,881	533,812	2,236,816
Taxes	551,150	-	-	-	551,150
Due from other funds	956,952	-	-	-	956,952
Prepaid expenses	16,598	-	-	415	17,013
Inventory	-	-	-	14,128	14,128
<b>TOTAL ASSETS</b>	<b>\$ 2,641,883</b>	<b>\$ 2,102,358</b>	<b>\$ 379,881</b>	<b>\$ 548,355</b>	<b>\$ 5,672,477</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 10,525	\$ 624	\$ 8,289	\$ 1,518	\$ 20,956
Salaries and benefits payable	856,937	-	-	-	856,937
Due to other funds	-	-	371,592	585,360	956,952
<b>TOTAL LIABILITIES</b>	<b>867,462</b>	<b>624</b>	<b>379,881</b>	<b>586,878</b>	<b>1,834,845</b>
Fund balances:					
Nonspendable	-	-	-	14,128	14,128
Restricted	-	2,101,734	-	-	2,101,734
Unassigned	1,774,421	-	-	(52,651)	1,721,770
<b>TOTAL FUND BALANCES</b>	<b>1,774,421</b>	<b>2,101,734</b>	<b>-</b>	<b>(38,523)</b>	<b>3,837,632</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,641,883</b>	<b>\$ 2,102,358</b>	<b>\$ 379,881</b>	<b>\$ 548,355</b>	<b>\$ 5,672,477</b>

The accompanying notes are an integral part of this statement.

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

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2018**

Total Fund Balances at June 30, 2018 - Governmental Funds		\$	3,837,632
Amounts reported for governmental activities in the statement of net position is different due to the following:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds			
Cost of capital assets at June 30, 2018	15,440,505		
Less: Accumulated depreciation as of June 30, 2018:	<u>(5,769,224)</u>		9,671,281
Long-term liabilities are not due and payable in the current period and therefore not reported in the governmental funds.			
Long-term liabilities at June 30, 2018:			
Bonds payable	(1,140,000)		
Claims payable	(11,872)		
Compensated absences payable	(527,932)		
Net other post-employment benefit obligation	(6,542,319)		
Net pension liability	<u>(16,125,547)</u>		(24,347,670)
Deferred inflows and outflows of resources are not reported in the governmental funds.			
Deferred outflows of resources - deferred pension contributions	2,167,048		
Deferred outflows of resources related to net pension liability	2,617,908		
Deferred inflows of resources related to net pension liability	(4,875,999)		
Deferred inflows of resources related to other postemployment benefits	<u>(412,006)</u>		(503,049)
Total Net Position at June 30, 2018 - Governmental Activities		<u>\$</u>	<u>(11,341,806)</u>

The accompanying notes are an integral part of this statement.

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

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2018**

	General	Flood Recovery	Title I	Other Non-Major	Total
<b>REVENUES</b>					
Local sources:					
Ad valorem taxes	\$ 2,127,493	\$ -	\$ -	\$ -	\$ 2,127,493
Sales and use tax	3,399,115	-	-	-	3,399,115
Earnings on investments	2,400	-	-	-	2,400
Food sales	-	-	-	3,479	3,479
Other	244,767	-	-	-	244,767
State sources:					
Minimum foundation program (MFP)	9,994,905	-	-	13,450	10,008,355
Restricted grants-in-aid	132,519	-	-	139,213	271,732
Other	79,500	213,989	-	-	293,489
Federal grants	328,790	1,925,897	1,315,896	1,657,343	5,227,926
<b>TOTAL REVENUES</b>	<b>16,309,489</b>	<b>2,139,886</b>	<b>1,315,896</b>	<b>1,813,485</b>	<b>21,578,756</b>
<b>EXPENDITURES</b>					
Current:					
Instruction:					
Regular education programs	6,233,567	-	-	58,986	6,292,553
Special education programs	846,917	-	-	280,658	1,127,575
Other education programs	923,077	-	1,166,395	347,569	2,437,041
Support:					
Pupil support services	729,418	-	-	-	729,418
Instructional staff services	452,108	-	102,749	226,155	781,012
General administration services	943,644	-	-	-	943,644
School administration services	1,188,348	-	-	-	1,188,348
Business and central services	376,397	-	-	2,449	378,846
Plant operation and maintenance	1,294,329	119,657	-	-	1,413,986
Transportation	660,777	24,750	13	-	685,540
Food services	-	-	-	1,011,941	1,011,941
Central services	257,704	-	-	-	257,704
State appropriations to charter schools	1,627,715	-	-	-	1,627,715
Facility acquisition and construction	494,610	1,995,479	-	-	2,490,089
Debt service:					
Principal and interest	-	108,798	-	-	108,798
<b>TOTAL EXPENDITURES</b>	<b>16,028,611</b>	<b>2,248,684</b>	<b>1,269,157</b>	<b>1,927,758</b>	<b>21,474,210</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	280,878	(108,798)	46,739	(114,273)	104,546
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	1,125,000	-	28,695	1,153,695
Transfers out	(1,098,988)	-	(46,739)	(7,968)	(1,153,695)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,098,988)</b>	<b>1,125,000</b>	<b>(46,739)</b>	<b>20,727</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES</b>					
	(818,110)	1,016,202	-	(93,546)	104,546
FUND BALANCES - beginning of year	2,592,531	1,085,532	-	55,023	3,733,086
FUND BALANCES - end of year	\$ 1,774,421	\$ 2,101,734	\$ -	\$ (38,523)	\$ 3,837,632

The accompanying notes are an integral part of this statement.

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

**RECONCILIATION OF THE GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2018**

Excess of Revenues and Other Financing Sources over Expenditures and Other Uses - Total Governmental Funds		\$ 104,546
---	--	------------

Amounts reported for governmental activities in the statement of activities are different due to the following:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay and other expenditures capitalized	2,032,095	
Depreciation expense for year ended June 30, 2018	<u>(357,394)</u>	1,674,701

Principal payments on long-term debt represent the use of financial resources in governmental funds. However, these payments reduce the long-term liability in the statement of net position and are not considered expenses within the statement of activities.

Principal payments on debt	60,000
----------------------------	--------

Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in net pension liability and deferred inflows and outflows in accordance with GASB 68	1,577,556	
Other post-employment benefit expense	(380,961)	
Change in compensated absences payable	<u>24,176</u>	<u>1,220,771</u>

Change in Net Position - Governmental Activities	<u>\$ 3,060,018</u>
--	---------------------

The accompanying notes are an integral part of this statement.

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

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents - School Activity Accounts	<u>\$    50,293</u>
<b>LIABILITIES</b>	
Amounts held for others	<u>\$    50,293</u>

The accompanying notes are an integral part of this statement.

**CITY OF BAKER SCHOOL BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2018

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Reporting Entity**

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

The School Board operates five schools within the City of Baker, Louisiana, with a total enrollment of approximately 1,497 pupils. In conjunction with the regular educational programs, some of these schools offer special education and/or adult education programs. In addition, the School Board provides transportation and school food services for the students.

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

**Basis of Presentation and Accounting**

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

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **Recent Accounting Pronouncement**

The GASB recently issued GASB Statement No. 75, *Accounting for Postemployment Benefits*, 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. The School Board effect of the new standard on beginning net position for the year ended June 30, 2018 is discussed in Note 14 to the financial statements.

### **Government-Wide Financial Statements (GWFS)**

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

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

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

### **Fund Financial Statements (FFS)**

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

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **Fund Financial Statements (FFS) (Continued)**

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

#### **Governmental Funds**

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

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

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

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

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

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

#### **Revenues**

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

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



## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **Governmental Funds (Continued)**

#### **Revenues**

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

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

#### **Expenditures**

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

Vendor payments are recorded as the obligation is incurred.

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

#### **Fiduciary Funds**

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

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **Cash and Investments**

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

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

### **Short-term Interfund Receivables/Payable**

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

### **Elimination and Reclassification**

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

### **Inventory**

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

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **Capital Assets**

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

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

### **Compensated Absences**

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

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

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

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

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

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **Compensated Absences (Continued)**

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

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

### **Restricted Net Position**

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

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

### **Fund Balance of Fund Financial Statements**

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

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

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

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

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

Unassigned - represent balances for which there are no constraints.

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **Fund Balance of Fund Financial Statements (Continued)**

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

### **Interfund Activity**

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

### **Sales and Use Taxes**

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

The receipt and expenditure of the sales and use taxes are included in the operations of the General Fund.

### **Use of Estimates**

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

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **Pension Plans**

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

## **NOTE 2 - AD VALOREM TAXES**

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

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

Total net assessed value less homestead exemption was \$49,404,750 in calendar year 2017. Louisiana state law exempts the first \$75,000 of assessed value of a taxpayer's primary residence from parish property taxes.

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

**NOTE 2 - AD VALOREM TAXES (CONTINUED)**

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

A summary of the various taxes levied for 2018 is as follows:

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

**NOTE 3 - DEPOSITS AND INVESTMENTS**

**Deposits**

The carrying amount of the School Board's deposits with the financial institutions was \$1,875,318 which includes funds held in an agency capacity of \$48,419. In addition, \$1,152,576 of these deposits is restricted for use on flood recovery efforts.

Deposits in financial institutions can be exposed to custodial credit risk. Custodial credit risk for deposits is the risk that in the event of financial institution failure, the School Board's deposits may not be returned. The School Board does not have a policy for custodial credit risk. However, to mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. These deposits are stated at cost, which approximates fair value. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the School Board or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. As of June 30, 2018, the School Board's deposit balances (bank balances) are secured as follows:

Bank balances	<u>\$ 3,174,405</u>
Federal deposit insurance	1,548,824
Pledged securities	<u>1,625,581</u>
Total federal insurance and pledged securities	<u>\$ 3,174,405</u>

Deposits in the amount of \$1,625,581 were exposed to custodial credit risk that were collateralized with securities held by the pledging institution in the School Board's name.

**NOTE 4 - CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended June 30, 2018 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Capital assets not being depreciated:</b>				
Land	\$ 149,536	\$ -	\$ -	\$ 149,536
Construction in progress	<u>-</u>	<u>1,840,785</u>	<u>-</u>	<u>1,840,785</u>
Total	<u>149,536</u>	<u>1,840,785</u>	<u>-</u>	<u>1,990,321</u>
<b>Capital assets being depreciated:</b>				
Buildings and improvements	12,776,172	126,219	-	12,902,391
Furniture, fixtures, and equipment	<u>482,702</u>	<u>65,091</u>	<u>-</u>	<u>547,793</u>
Total	<u>13,258,874</u>	<u>191,310</u>	<u>-</u>	<u>13,450,184</u>
<b>Less accumulated depreciation for:</b>				
Buildings and improvements	(5,072,478)	(329,982)	-	(5,402,460)
Furniture, fixtures, and equipment	<u>(339,352)</u>	<u>(27,412)</u>	<u>-</u>	<u>(366,764)</u>
Total	<u>(5,411,830)</u>	<u>(357,394)</u>	<u>-</u>	<u>(5,769,224)</u>
Total capital assets, being depreciated, net	<u>7,847,044</u>	<u>(166,084)</u>	<u>-</u>	<u>7,680,960</u>
Total capital assets, net	<u>\$ 7,996,580</u>	<u>\$ 1,674,701</u>	<u>\$ -</u>	<u>\$ 9,671,281</u>

Depreciation expense of \$357,394 for the year ended June 30, 2018 was charged to the following governmental functions:

Regular education programs	\$ 43,428
Plant operation and maintenance	<u>313,966</u>
	<u>\$ 357,394</u>



## NOTE 5 - DEFINED BENEFIT PENSION PLANS

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

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

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

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

### **Plan Descriptions:**

#### **Teachers' Retirement System of Louisiana (TRSL)**

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

## **NOTE 5 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

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

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

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

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

### **Louisiana School Employees' Retirement System (LSERS)**

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

## **NOTE 5 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

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

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

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

## **NOTE 5 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

### **Louisiana State Employees' Retirement System (LASERS)**

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

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

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

**NOTE 5 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Funding Policy**

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

Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2018, for the School Board and covered employees were as follows:

	<u>School</u>	<u>Employees</u>
<b>School Employees' Retirement System (LSERS)</b>		
Members hired prior to 07/01/2010	27.30%	7.50%
Members hired on or after 07/01/2010	27.30%	8.00%
<b>Teachers' Retirement System (TRSL)</b>		
K-12 Regular Plan	26.60%	4.31%
Higher Ed Regular Plan	25.40%	3.23%
Plan A	26.60%	9.50%
Plan B	26.60%	6.97%
<b>State Employees' Retirement System (LASERS)</b>		
Regular Employees hired before 7/01/06	37.90%	7.50%
Regular Employees hired on or after 7/01/06	37.90%	8.00%
Regular Employees hired on or after 1/01/11	37.90%	8.00%
Regular Employees hired on or after 7/01/15	37.90%	8.00%

(Continued)

**NOTE 5 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

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

The following schedule lists the School Board's proportionate share of the Net Pension Liability allocated by each of the pension plans for based on the June 30, 2017 measurement date. The School Board uses this measurement to record its Net Pension Liability and associated amounts as of June 30, 2018 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2017 along with the change compared to the June 30, 2016 rate. The School Board's proportion of the Net Pension Liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Net Pension Liability at June 30, 2018	Current Measurement Rate	Previous Measurement Rate	Increase (Decrease)
LSERS	\$ 881,218	0.14%	0.16%	-0.02%
TRSL	14,794,689	0.14%	0.13%	0.01%
LASERS	<u>449,640</u>	0.01%	0.00%	0.01%
Total	<u>\$ 16,125,547</u>			

The following schedule list each pension plan's recognized pension expense plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions by the School Board for the year ended June 30, 2018:

	<u>Pension Expense</u>
School Employees' Retirement System	\$ (91,503)
Teachers' Retirement System	562,341
State Employees' Retirement System	<u>174,594</u>
Total	<u>\$ 470,838</u>

(Continued)

**NOTE 5 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

The School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (515,124)
Changes of assumptions	176,263	(13,728)
Net difference between projected and actual earnings on pension plan investments	14,621	(395,899)
Changes in proportion and differences between Employer contributions and proportionate share of contributions	2,427,024	(3,951,248)
Employer contributions subsequent to the measurement date	<u>2,167,048</u>	<u>-</u>
	<u>\$ 4,784,956</u>	<u>\$ (4,875,999)</u>

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
School Employees' Retirement System	\$ 142,864	\$ (323,464)
Teachers' Retirement System	4,295,384	(4,515,514)
State Employees' Retirement System	<u>346,708</u>	<u>(37,021)</u>
	<u>\$ 4,784,956</u>	<u>\$ (4,875,999)</u>

The School Board reported a total of \$2,167,048 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2017 which will be recognized as a reduction in Net Pension Liability in the year ended June 30, 2018. The following schedule list the pension contributions made subsequent to the measurement period for each pension plan:

	Subsequent Contributions
Teachers' Retirement System	\$ 2,008,020
School Employees' Retirement System (LSERS)	124,387
La. State Employees' Retirement System (LASERS)	<u>34,641</u>
	<u>\$ 2,167,048</u>

**NOTE 5 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

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

Year	TRSL	LSERS	LASERS	Total
2019	\$ (941,272)	\$ (254,682)	\$ 131,645	\$ (1,064,309)
2020	(671,790)	(24,052)	146,604	(549,238)
2021	(624,073)	5,808	5,851	(612,414)
2022	8,985	(32,061)	(9,054)	(32,130)
	\$ (2,228,150)	\$ (304,987)	\$ 275,045	\$ (2,258,091)

**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, 2017 are as follows:

	Measurement/ Valuation Date	Expected Remaining Service Lives	Investment Rate of Return
<b>LSERS</b>	June 30, 2017	3 years	7.125% per annum, net of plan investment expenses, including inflation
<b>TRSL</b>	June 30, 2017	5 years	7.70% net of investment expenses
<b>LASERS</b>	June 30, 2017	3 years	7.70% per annum, net of investment expenses



**NOTE 5 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

	LSERS	TRSL	LASERS
<b>Actuarial Cost Method</b>	Entry Age Normal	Entry Age Normal	Entry Age Normal
<b>Actuarial Assumptions:</b>			
<b>Inflation Rate</b>	2.625% per annum	2.5% per annum	2.75% per annum
<b>Mortality</b>	Mortality rates were projected based on RP-2000 Sex District Mortality Table and RP-2000 Disabled Lives Mortality Table.	Mortality rates were projected based on the RP-2000 Mortality Table with projection to 2025 using Scale AA.	Non-disabled members - Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015. Disabled members - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
<b>Termination, Disability, and Retirement</b>		Termination, disability, and retirement assumptions were projected based on a five year (2008-2012) experience study of the System's members.	Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System's members.
<b>Salary Increases</b>	2008-2012 experience study, ranging from 3.075% to 5.375%.	3.50% - 10.0% varies depending on duration of service	Salary increases were projected based on a 2009-2013 experience study of the System's members. The salary increase range for regular members is 3.8% - 12.8%.
<b>Cost of Living Adjustments</b>	The present value of future retirement benefits is based on benefits currently being paid by the system and includes previously granted cost of living increases. The present values and accrued liabilities do not include provisions for potential future increases not yet authorized by the Board of Trustees, but do not include a recognition of the existing balance in the Experience Account together with the present value of future contributions to the Account up to the maximum permissible value of the Account based upon current account limitations.	None	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

**NOTE 5 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Actuarial Assumptions (Continued)**

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

<u>TRSL</u>	<u>LSERS</u>	<u>LASERS</u>
The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5% and an adjustment for the effect of rebalancing/diversification.	The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.	The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by adding expected inflation of 3.25% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.69% for 2017.

## NOTE 5 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

### Actuarial Assumptions (Continued)

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the Retirement Systems target asset allocations as of June 30, 2017:

Asset Class	Target Allocation			Long - Term Expected Real Rate of Return		
	LSERS	TRSL	LASERS	LSERS	TRSL	LASERS
Domestic Equity		27%			4.28%	
International Equity		19%			4.96%	
Equity	51%		57%	7.33%		9.66%
Private Equity		25.5%			8.47%	
Domestic Fixed Income		13%			1.98%	
Fixed Income	30%		14%	2.25%		4.22%
International Fixed Income		5.5%			2.75%	
Alternatives	13%		22%	6.82%		0.74%
Other	6%	10%	7%	7.49%	3.51%	2.60%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>5.75%</u>	<u>5.50%</u>	<u>5.34%</u>
Inflation				<u>2.625%</u>	<u>2.75%</u>	<u>3.00%</u>
Expected Arithmetic Nominal Return				<u>8.375%</u>	<u>8.25%</u>	<u>8.34%</u>

### Discount Rate

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

**NOTE 5 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

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

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

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
<b>LSERS</b>			
Discount Rates	6.125%	7.125%	8.125%
Shares of Net Pension Liability	\$ 1,208,046	\$ 881,218	\$ 600,549
<b>TRSL</b>			
Discount Rates	6.7%	7.7%	8.7%
Shares of Net Pension Liability	\$ 19,063,294	\$ 14,794,689	\$ 11,163,489
<b>LASERS</b>			
Discount Rates	6.7%	7.7%	8.7%
Shares of Net Pension Liability	\$ 564,473	\$ 449,640	\$ 352,006

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

**Plan description**

The School Board provides certain continuing health care and life insurance benefits for its retired employees. The City of Baker School Board's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the School Board. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the School Board. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

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

### **Benefits provided**

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

### **Data used**

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

### **Method of determining value of benefits**

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

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

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

### Actuarial Assumptions and Basis

The total OPEB liability in the June 30, 2018 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	4.0%, including inflation
Discount rate	3.58% annually (Beginning of Year to Determine ADC) 3.87% annually (As of End of Year Measurement Date)
Healthcare cost trend rates	Flat 5.5% annually

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2018.

### Actuarial cost method (ARC)

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

### Actuarial value of plan assets

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

### Mortality

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

### Discount rate

This plan is a defined benefit OPEB plan which does not meet the requirements of paragraph 4 of the GASB Statement No. 75. We have therefore used a discount rate of 3.87%, which was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of June 30, 2018, the end of the applicable measurement period and 3.58% as of June 30, 2017, the measurement date at the end of the immediately preceding measurement period.

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

**Post-retirement benefit increases**

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

**Expected time of commencement of benefits**

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

**Turnover**

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

**Employees covered by benefit terms**

At June 30, 2018, the following employees were covered by the benefit terms:

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

**Total OPEB Liability**

The School Board’s total OPEB liability of \$6,542,319 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

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

**Changes in the total OPEB liability**

	<u>Amount</u>
Balance at June 30, 2017	<u>\$ 6,573,364</u>
Changes for the year:	
Service cost	292,310
Interest	233,230
Differences between expected and actual experience	(137,905)
Changes in assumption	(301,568)
Benefit payments and net transfers	<u>(117,112)</u>
Net change	<u>(31,045)</u>
Balance at June 30, 2018	<u>\$ 6,542,319</u>
Covered-employee payroll	5,334,677
Net OPEB liability as a percentage of covered-employee payroll	122.64%

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

The following presents the total OPEB liability of the School Board, as well as what the School Board's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

	1.0% Decrease (2.87%)	Current Discount Rate (3.87%)	1.0% Increase (4.87%)
Total OPEB liability	\$ 7,717,619	\$ 6,542,319	\$ 5,602,495

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

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

	1.0% Decrease (4.5%)	Current Trend (5.5%)	1.0% Increase (6.5%)
Total OPEB liability	\$ 5,574,583	\$ 6,542,319	\$ 7,740,511



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

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

For the year ended June 30, 2018, the School Board recognized OPEB expense of \$498,073. At June 30, 2018, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (129,286)
Changes of assumptions	-	(282,720)
Total	<u>\$ -</u>	<u>\$ (412,006)</u>

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

Year	Amount
2019	\$ (27,467)
2020	(27,467)
2021	(27,467)
2022	(27,467)
2023	(27,467)
2023 and thereafter	<u>(274,671)</u>
Total	<u>\$ (412,006)</u>

**NOTE 7 - AGENCY FUND DEPOSITS DUE OTHERS**

A summary of changes in school activities agency fund deposits due others for the year ended June 30, 2018, is as follows:

	Balance, Beginning	Additions	Deductions	Balance, Ending
Agency Funds:				
School Activities Accounts	<u>\$ 44,550</u>	<u>\$361,298</u>	<u>\$(355,555)</u>	<u>\$ 50,293</u>

## NOTE 8 - LONG-TERM LIABILITIES

The following is a summary of the changes in general long-term obligations for the year ended June 30, 2018:

	July 1, 2017	Additions	Deductions	June 30, 2018	Amount due in one year
Claims & Judgments	\$ 11,872	\$ -	-	\$ 11,872	\$ 11,872
Bonds Payable	1,200,000	-	(60,000)	1,140,000	60,000
Compensated Absences	<u>552,108</u>	<u>257,683</u>	<u>(281,859)</u>	<u>527,932</u>	<u>52,793</u>
Total	<u>\$ 1,763,980</u>	<u>\$ 257,683</u>	<u>\$ (341,859)</u>	<u>\$ 1,679,804</u>	<u>\$ 124,665</u>

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

The Series 2017A Bonds are draw-down Bonds, not exceeding \$10,800,000. The Series 2017A Bonds will be dated the date of delivery, mature on May 1, 2019, and principal shall be due and payable at maturity. The Series 2017A Bonds shall bear interest from the date thereof, payable on May 1 and November 1 of each year, commencing November 1, 2017, at the Wall Street Journal Prime Rate plus 0.70% not to exceed the maximum rate. As of the date of the report, no bonds were issued under Series 2017A.

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

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

In accordance with LSA-R.S. 39:562(L), the School Board is legally restricted from incurring long-term bonded debt in excess of 35 percent of the assessed value of taxable property (including homestead exempt and nonexempt property) within the parish. At June 30, 2018, the statutory limit is \$17,291,663.

**NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)**

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

Year Ending June 30	Principal	Interest	Total
2019	\$ 60,000	\$ 49,818	\$ 109,818
2020	60,000	47,325	107,325
2021	60,000	44,574	104,574
2022	60,000	41,952	101,952
2023	60,000	39,330	99,330
2024-2028	300,000	157,493	457,493
2029-2033	300,000	91,813	391,813
2034-2037	240,000	26,234	266,234
	<u>\$ 1,140,000</u>	<u>\$ 498,539</u>	<u>\$ 1,638,539</u>

**NOTE 9 - INTERFUND TRANSACTIONS**

The primary purpose of interfund advances is to cover expenditures on cost reimbursement grant programs until reimbursements are received from the granting agencies. Interfund balances as of June 30, 2018 are as follows:

Interfund Receivable		Interfund Payable	
General	\$ 956,952	General	\$ -
Title I	-	Title I	371,592
Non-Major	-	Non-Major	585,360
	<u>\$ 956,952</u>		<u>\$ 956,952</u>

The purpose of interfund transfers is to cover operating expenditures of the general fund through indirect cost recoveries charged to grant programs and to transfer general fund surplus to the capital projects fund to be used for capital improvements. Transfers during 2018 were as follows:

Transfers In		Transfers Out	
General	\$ -	General	\$ 1,098,988
Flood Recovery	1,125,000	Flood Recovery	-
Title I	-	Title I	46,739
Non-Major	28,695	Non-Major	7,968
	<u>\$ 1,153,695</u>		<u>\$ 1,153,695</u>

## NOTE 10 - COMMITMENTS AND CONTINGENCIES

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

### Litigation

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

### Grant Disallowances

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

## NOTE 11 - OPERATING LEASES

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

Management has estimated that the minimum future lease payments under non-cancellable lease agreements in effect at June 30, 2018 are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2019	\$ 67,000
2020	<u>33,000</u>
	<u>\$ 100,000</u>

Lease payments made during 2018 totaled approximately \$215,000 for the school bus lease arrangement. Additionally, the School Board entered into a new bus lease as of July 1, 2018 for \$150,500 per year for five years.

**NOTE 12 - ON-BEHALF PAYMENTS**

The accompanying financial statements include on-behalf payments made by the Parish Tax Collector for \$52,538 to the Teacher’s Retirement System of Louisiana for employee retirement benefits.

**NOTE 13 - APPROPRIATIONS TO CHARTER SCHOOLS AND OTHER AGENCIES**

Appropriations to Charter Schools and other agencies during the year ended June 30, 2018, were as follows:

	<u>General Fund</u>
Office of Juvenile Justice	\$ 4,289
Madison Prep	27,873
Louisiana Key Academy	22,005
Baton Rouge Charter Academy	32,274
Impact Charter	471,115
Advantage Charter Academy	957,639
GEO Academies EBR	38,142
Apex Collegiate Academy	24,939
Collegiate	16,137
Baton Rouge University Prep	2,934
Louisiana Virtual Charter Academy	15,844
University View Academy	14,524
Total Appropriations	<u>\$1,627,715</u>

**NOTE 14 - TAX REVENUES ABATED**

The Louisiana Industrial Ad Valorem Tax Exemption program (Louisiana Administrative Code, Title 13, Chapter 5) is a state incentive program which abates, up to ten years, local ad valorem taxes on a manufacturer's new investment and annual capitalized additions related to the manufacturing site. Applications to exempt qualified property for five years are approved by the Board of Commerce and Industry. The exemption may be renewed for an additional five years. For the fiscal year ending June 30, 2018, approximately \$56,000 in City of Baker School Board ad valorem tax revenues were abated by the state of Louisiana through the Louisiana Industrial Ad Valorem Tax Exemption program.

**NOTE 15 - RESTATEMENT OF PRIOR YEAR NET POSITION AND FUND BALANACE**

Net position and fund balance of the School Board was restated for June 30, 2017, for the following reasons:

As discussed in Note 1, the School Board implemented GASB Statement No. 75 during 2018 and, as a result, was required to restate the net other postemployment benefit (OPEB) obligation to record the entire liability on the government-wide statement of net position. The effect of this adoption was to increase the beginning net OPEB obligation and decrease beginning net position by \$1,899,012. The adoption of this standard had no effect on beginning fund balance.

The net effect to the Statement of Net Position and governmental fund balance for the prior period is as follows:

	<u>Net Position</u>
Balance at June 30, 2017, as previously reported	\$ (12,502,812)
Effect of adoption of GASB Statement No. 75	<u>(1,899,012)</u>
Balance at June 30, 2017, as restated	<u>\$ (14,401,824)</u>

**NOTE 16 - COMPENSATION OF BOARD MEMBERS**

A detail of the compensation paid to individual board members for the year ended June 30, 2018 follows:

	<u>Amount</u>
Shona Boxie	\$ 6,000
Dana Carpenter	6,600
Elaine Davis	6,000
Calvin Dees	6,000
Rosatina Johnson	6,600
	<u>\$ 31,200</u>

**NOTE 17 - SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD**

The schedule of compensation, benefits, and other payments to Dr. Herman Brister, Superintendent, as of June 30, 2018 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 149,813
Benefits - Retirement	51,835
Benefits - Medicare	2,172
Benefits - Life Insurance	450
Benefits - Workers' Comp.	1,051
Travel Allowance	7,200
Technology Allowance	6,000
Travel Reimbursements	5,284
	<u>\$ 223,805</u>

**NOTE 18 - FUND BALANCE DEFICIT**

At June 30, 2018, the School Food Service Fund had a deficit fund balance of \$38,523. This fund deficit will be reimbursed by a transfer from the General Fund in 2019.

**NOTE 19 - SUBSEQUENT EVENTS**

Management has evaluated events and transactions for potential recognition or disclosure through December 18, 2018, which was the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**



**CITY OF BAKER SCHOOL BOARD  
BAKER, LOUISIANA  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Local sources:				
Taxes:				
Ad-valorem	\$ 1,845,850	\$ 2,039,400	\$ 2,127,493	\$ 88,093
Sales and use	3,295,770	3,295,770	3,399,115	103,345
1% Collections by Sherriff and Pension Fund	45,000	52,965	-	(52,965)
Earnings on investments	1,500	1,845	2,400	555
Other	21,000	201,000	244,767	43,767
State sources:				
Minimum foundation program	9,170,046	9,664,691	9,994,905	330,214
Revenue Sharing	42,265	42,265	79,500	37,235
Other restricted revenues	68,288	112,936	132,519	19,583
Federal grants	65,000	60,000	328,790	268,790
Indirect Costs	-	59,000	-	(59,000)
<b>TOTAL REVENUES</b>	<u>14,554,719</u>	<u>15,529,872</u>	<u>16,309,489</u>	<u>779,617</u>
<b>EXPENDITURES</b>				
Current:				
Instruction:				
Regular education programs	5,015,552	5,889,645	6,233,567	(343,922)
Special education programs	1,335,349	829,402	846,917	(17,515)
Vocational Programs	419,434	260,595	272,718	(12,123)
Other instructional programs	491,945	525,175	550,176	(25,001)
Special programs	155,535	95,750	100,183	(4,433)
Support services:				
Pupil support services	1,036,689	711,153	729,418	(18,265)
Instructional staff services	621,903	435,950	452,108	(16,158)
General administration services	871,484	1,029,199	943,644	85,555
School administration services	1,298,876	1,164,295	1,188,348	(24,053)
Business administration services	435,587	362,377	376,397	(14,020)
Plant services	1,480,953	1,388,955	1,294,329	94,626
Student transportation services	601,757	630,250	660,777	(30,527)
Central services	384,252	250,500	257,704	(7,204)
State appropriation to charter schools	-	1,627,715	1,627,715	-
Facility acquisition & construction	-	-	494,610	(494,610)
<b>TOTAL EXPENDITURES</b>	<u>14,149,316</u>	<u>15,200,961</u>	<u>16,028,611</u>	<u>(827,650)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	405,403	328,911	280,878	(48,033)
<b>OTHER FINANCING USES</b>				
Transfers out	(200,000)	(325,000)	(1,098,988)	(773,988)
<b>EXCESS (DEFICIENCY) OF REVENUES AND     OTHER FINANCING SOURCES OVER     EXPENDITURES AND OTHER USES</b>	205,403	3,911	(818,110)	(822,021)
FUND BALANCES - beginning of year	-	2,470,281	2,592,531	122,250
FUND BALANCES - end of year	<u>\$ 205,403</u>	<u>\$ 2,474,192</u>	<u>\$ 1,774,421</u>	<u>\$ (699,771)</u>

**CITY OF BAKER SCHOOL BOARD  
BAKER, LOUISIANA  
FLOOD RECOVERY FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Federal grants	\$ 3,077,307	\$ 2,987,307	\$ 1,925,897	\$ (1,061,410)
State grants	-	331,923	213,989	(117,934)
TOTAL REVENUES	<u>3,077,307</u>	<u>3,319,230</u>	<u>2,139,886</u>	<u>(1,179,344)</u>
<b>EXPENDITURES</b>				
Current:				
Support services:				
Plant operation and maintenance	257,263	257,263	119,657	137,606
Transportation	-	-	24,750	(24,750)
Facility acquisition and construction	3,061,967	3,061,967	1,995,479	1,066,488
Debt service	-	-	108,798	(108,798)
TOTAL EXPENDITURES	<u>3,319,230</u>	<u>3,319,230</u>	<u>2,248,684</u>	<u>957,690</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(241,923)	-	(108,798)	(221,654)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>50,000</u>	<u>50,000</u>	<u>1,125,000</u>	<u>1,075,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	(191,923)	50,000	1,016,202	853,346
FUND BALANCES - beginning of year	<u>-</u>	<u>-</u>	<u>1,085,532</u>	<u>-</u>
FUND BALANCES - end of year	<u>\$ (191,923)</u>	<u>\$ 50,000</u>	<u>\$ 2,101,734</u>	<u>\$ 853,346</u>

**CITY OF BAKER SCHOOL BOARD  
 BAKER, LOUISIANA  
 TITLE I FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Federal grants	\$ 1,173,886	\$ 1,180,478	\$ 1,315,896	\$ 135,418
<b>EXPENDITURES</b>				
Current:				
Instruction:				
Other education programs	1,035,817	1,035,817	1,166,395	(130,578)
Support services:				
Instructional staff services	93,198	93,198	102,749	(9,551)
Transportation	-	-	13	(13)
TOTAL EXPENDITURES	1,129,015	1,129,015	1,269,157	(140,142)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	44,871	51,463	46,739	(4,724)
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers out	(44,871)	(51,463)	(46,739)	4,724
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	-	-	-	-
FUND BALANCES - beginning of year	-	-	-	-
FUND BALANCES - end of year	\$ -	\$ -	\$ -	\$ -

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

**BUDGETS**

**General Budget Practices**

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

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

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

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

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

**Encumbrances**

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

**Budget Basis of Accounting**

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

For 2018, expenditures exceeded the budgeted appropriations in the General Fund and Title I Fund.

**CITY OF BAKER SCHOOL SYSTEM**

**Schedule of Changes in Net OPEB Liability and Related Ratios  
For the Year Ended June 30, 2018**

<b>Total OPEB Liability</b>	
Service cost	\$ 292,310
Interest	233,230
Changes of benefit terms	-
Differences between expected and actual experience	(137,905)
Changes of assumptions	(301,568)
Benefit payments	(117,112)
<b>Net change in total OPEB liability</b>	<b>(31,045)</b>
<b>Total OPEB liability - beginning</b>	<b>6,573,364</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 6,542,319</b>
 Covered-employee payroll	 \$ 5,334,677
 Net OPEB liability as a percentage of covered-employee payroll	  122.64%

**Notes to Schedule:**

*Benefit Changes.* There were no changes of benefit terms for the year ended June 30, 2018.

*Changes of Assumptions.* There were no changes of assumptions for the year ended June 30, 2018.

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

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

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

**FOR THE YEAR ENDED JUNE 30, 2018**

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

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

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

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

**FOR THE YEAR ENDED JUNE 30, 2018 (\*)**

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 - Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<b>Teachers Retirement System of Louisiana</b>						
	2018	0.1443%	14,794,689	8,402,745	176.0697%	65.60%
	2017	0.1309%	15,361,134	7,277,202	211.0857%	59.90%
	2016	0.1756%	18,878,956	10,152,168	185.9598%	62.50%
	2015	0.1939%	19,814,863	9,617,165	206.0364%	63.70%
<b>Louisiana School Employees Retirement System</b>						
	2018	0.1377%	881,218	387,985	227.1268%	75.03%
	2017	0.1596%	1,203,697	449,581	267.7375%	70.09%
	2016	0.2368%	1,501,689	657,982	228.2265%	74.49%
	2015	0.2152%	1,247,389	596,600	209.0830%	76.18%
<b>Louisiana State Employees Retirement System</b>						
	2018	0.0064%	449,640	119,098	377.5378%	62.50%

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

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

**CITY OF BAKER SCHOOL SYSTEM**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2018**

**Change of Benefit Terms Include:**

Teachers Retirement System of Louisiana

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

Louisiana School Employees Retirement System

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

Louisiana State Employees Retirement System

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

**Change of Assumptions**

Teachers Retirement System of Louisiana

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

Louisiana School Employees Retirement System

- There were no changes of benefit assumptions for the year ended June 30, 2018.

Louisiana State Employees Retirement System

- There were no changes of benefit assumptions for the year ended June 30, 2018.



**OTHER SUPPLEMENTAL INFORMATION**

**CITY OF BAKER SCHOOL SYSTEM**  
**NON-MAJOR GOVERNMENTAL FUNDS DESCRIPTIONS**

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

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

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

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

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

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

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

CITY OF BAKER SCHOOL BOARD  
 BAKER, LOUISIANA  
 NONMAJOR GOVERNMENTAL FUNDS  
 BALANCE SHEET  
 JUNE 30, 2018

	Vocational Education	Title II	School Food Service	LA 4 (Pre-K)	State Grants	TANF	Special Education	Total
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables:								
Due from other governments	10,417	97,108	159,259	45,370	35,499	44,854	141,305	533,812
Prepaid expenses	415	-	-	-	-	-	-	415
Inventory	-	-	14,128	-	-	-	-	14,128
<b>TOTAL ASSETS</b>	<b>\$ 10,832</b>	<b>\$ 97,108</b>	<b>\$ 173,387</b>	<b>\$ 45,370</b>	<b>\$ 35,499</b>	<b>\$ 44,854</b>	<b>\$ 141,305</b>	<b>\$ 548,355</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	\$ -	\$ 202	\$ 185	\$ -	\$ -	\$ -	\$ 1,131	\$ 1,518
Due to other funds	10,832	96,906	211,725	45,370	35,499	44,854	140,174	585,360
<b>TOTAL LIABILITIES</b>	<b>10,832</b>	<b>97,108</b>	<b>211,910</b>	<b>45,370</b>	<b>35,499</b>	<b>44,854</b>	<b>141,305</b>	<b>586,878</b>
Fund balances:								
Nonspendable	-	-	14,128	-	-	-	-	14,128
Unassigned	-	-	(52,651)	-	-	-	-	(52,651)
<b>TOTAL FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>(38,523)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(38,523)</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 10,832</b>	<b>\$ 97,108</b>	<b>\$ 173,387</b>	<b>\$ 45,370</b>	<b>\$ 35,499</b>	<b>\$ 44,854</b>	<b>\$ 141,305</b>	<b>\$ 548,355</b>

The accompanying notes are an integral part of this statement.

CITY OF BAKER SCHOOL BOARD  
 BAKER, LOUISIANA  
 GOVERNMENTAL FUNDS  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 FISCAL YEAR ENDED JUNE 30, 2018

	Vocational Education	Title II	School Food Service	LA 4 (Pre-K)	State Grants	TANF	Special Education	Total
<b>REVENUES</b>								
Local sources:								
Food sales	\$ -	\$ -	\$ 3,479	\$ -	\$ -	\$ -	\$ -	\$ 3,479
State sources:								
Unrestricted grants-in, MFP	-	-	13,450	-	-	-	-	13,450
Restricted grants-in-aid	-	-	-	75,177	64,036	-	-	139,213
Federal grants	17,767	259,702	901,466	-	-	70,509	407,899	1,657,343
<b>TOTAL REVENUES</b>	<b>17,767</b>	<b>259,702</b>	<b>918,395</b>	<b>75,177</b>	<b>64,036</b>	<b>70,509</b>	<b>407,899</b>	<b>1,813,485</b>
<b>EXPENDITURES</b>								
Current:								
Instruction:								
Regular education programs	-	-	-	-	-	-	58,986	58,986
Special education programs	-	-	-	-	-	-	280,658	280,658
Other education programs	20,311	113,824	-	76,120	64,036	69,381	3,897	347,569
Support:								
Instructional staff services	-	139,038	-	-	-	-	87,117	226,155
Business and central services	-	-	-	-	-	-	2,449	2,449
Food services	-	-	1,011,941	-	-	-	-	1,011,941
<b>TOTAL EXPENDITURES</b>	<b>20,311</b>	<b>252,862</b>	<b>1,011,941</b>	<b>76,120</b>	<b>64,036</b>	<b>69,381</b>	<b>433,107</b>	<b>1,927,758</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,544)	6,840	(93,546)	(943)	-	1,128	(25,208)	(114,273)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	2,544	-	-	943	-	-	25,208	28,695
Transfers out	-	(6,840)	-	-	-	(1,128)	-	(7,968)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>2,544</b>	<b>(6,840)</b>	<b>-</b>	<b>943</b>	<b>-</b>	<b>(1,128)</b>	<b>25,208</b>	<b>20,727</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>-</b>	<b>-</b>	<b>(93,546)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(93,546)</b>
FUND BALANCES - beginning of year	-	-	55,023	-	-	-	-	55,023
FUND BALANCES - end of year	\$ -	\$ -	\$ (38,523)	\$ -	\$ -	\$ -	\$ -	\$ (38,523)

The accompanying notes are an integral part of this statement.

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

183 S. Beadle Rd.  
Lafayette, LA 70508  
Phone (337) 232-4141

11929 Bricksome Ave.  
Baton Rouge, LA 70816  
Phone (225) 293-8300

1428 Metro Dr.  
Alexandria, LA 71301  
Phone (318) 442-4421

450 E. Main St.  
New Iberia, LA 70560  
Phone (337) 367-9204

200 S. Main St.  
Abbeville, LA 70510  
Phone (337) 893-7944

1234 David Dr. Ste. 203  
Morgan City, LA 70380  
Phone (985) 384-2020

434 E. Main St.  
Ville Platte, LA 70586  
Phone (337) 363-2792

332 W. Sixth Ave.  
Oberlin, LA 70655  
Phone (337) 639-4737

\* A Professional Accounting Corporation

WWW.KCSRPCAS.COM

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Baker School Board, (the School Board) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements and have issued our report thereon dated December 18, 2018.

### Internal Control over Financial Reporting

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

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2018-001.

### **City of Baker School Board's Response to Findings**

The School Board's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The School Board's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Abbeville, Louisiana  
December 18, 2018

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

200 S. Main St. 1234 David Dr. Ste. 203  
Abbeville, LA 70510 Morgan City, LA 70380  
Phone (337) 893-7944 Phone (985) 384-2020

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

\* A Professional Accounting Corporation

WWW.KCSRPCAS.COM

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

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

### Report on Compliance for Each Major Federal Program

We have audited City of Baker School Board's (the School Board) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School Board's major federal programs for the year ended June 30, 2018. The School Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### *Management's Responsibility*

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

### *Auditors' Responsibility*

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

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

## Opinion on Each Major Federal Program

In our opinion, the School Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

## Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing and internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Abbeville, Louisiana  
December 18, 2018



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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018**

Federal Grantor/ Pass-Through Grantor/ Program Name	Grantor Project Number	CFDA Number	Expenditures 2018
<b><u>UNITED STATES DEPARTMENT OF AGRICULTURE</u></b>			
Pass-through program from Louisiana Department of Agriculture and Forestry:			
Food Distribution - Commodities		10.555	\$ 70,422
Pass-through program from Louisiana Department of Education:			
School Lunch Program		10.555	826,350
Summer Feeding		10.559	4,694
<b>Total Department of Agriculture and Forestry</b>			<b>901,466</b>
<b><u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
Pass-through program from Louisiana Department of Education			
LA - 4 Federal TANF	28-18-36-68	93.558	70,509
<b><u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u></b>			
Pass-through program from Louisiana Governor's Office of Homeland Security & Emergency Preparedness			
Disaster Recovery	LA-4277	97.036	2,254,687
<b><u>UNITED STATES DEPARTMENT OF EDUCATION</u></b>			
Passed through Louisiana Department of Education:			
Aim High	N/A	84.027A	58,988
High Cost Services Rnd 1 IDEA	28-18-RH-68	84.027A	34,671
IDEA Special Education Regular Project	28-18-B1-68	84.027A	310,739
<b>Subtotal CFDA No. 84.027A</b>			<b>404,398</b>
Title I Regular Project	28-18-T1-68	84.010A	1,223,305
School Redesign Planning	28-16-RD1	84.010A	35,000
<b>Subtotal CFDA No. 84.010A</b>			<b>1,258,305</b>
Vocational Education - Carl Perkins	28-18-02-68	84.048A	17,767
Title II Regular Project	28-18-50-68	84.367A	259,702
Title IV Student Support & Academic Enrichment	28-18-71-68	84.424A	3,501
Title ISIG 1003G Round 6 Believe and Succeed	28-16-BE-68	84.377A	57,591
			<b>3,663,967</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 5,227,926</b>
Child Nutrition Cluster			\$ 901,466
Special Education Cluster			\$ 404,398

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

**CITY OF BAKER SCHOOL SYSTEM**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE A - BASIS OF PRESENTATION**

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

**NOTE B - NON-MONETARY ASSISTANCE**

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2018, the School System had food commodities totaling \$14,128 in inventory. Commodities received, which are noncash revenues, are valued using pricing provided by the United States Department of Agriculture.

**NOTE C - DE MINIMUS COST RATE**

During the year ended June 30, 2018, the City of Baker School System did not elect to use the 10% de minimus cost rate as covered in §200.414 of the Uniform Guidance.

**NOTE D - AMOUNTS PASSED THROUGH TO SUB-RECIPIENTS**

During the year ended June 30, 2018, the City of Baker School System did not pass through any federal funding to sub-recipients.

CITY OF BAKER SCHOOL BOARD  
Baker, Louisiana

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018

Part I. Summary of Auditor's Results:

1. The auditor's report expresses an unmodified opinion on whether the financial statements of City of Baker School Board were prepared in accordance with GAAP.
2. No significant deficiencies were disclosed during the audit of the financial statements. No material weaknesses are reported.
3. One instance of noncompliance material to the financial statements of City of Baker School Board, which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.
4. No significant deficiencies in internal control over the major federal award programs were disclosed during the audit. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs for City of Baker School Board expresses an unmodified opinion on all major federal programs.
6. The audit disclosed no findings required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance.
7. The programs tested as major were:
  - U.S. Department of Education/State Department of Education  
Title I Grants to Local Education Agencies, CFDA 84.010
  - U.S. Department of Homeland Security  
Disaster Recovery, CFDA 97.036
8. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
9. The auditee did not qualify as a low-risk auditee.

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

A. Internal Control Findings –

There were no internal control findings.

B. Compliance Findings –

See compliance finding 2018-001 on the schedule of current and prior year audit findings and management's corrective action plan.

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

There are no findings to be reported under this section.

CITY OF BAKER SCHOOL BOARD  
Baker, Louisiana

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended June 30, 2018

Part I. Current Year Findings and Management's Corrective Action Plan:

A. Internal Control Over Financial Reporting

There are no internal control findings to be reported.

B. Compliance

2018-001 Budget Variance

Fiscal year finding initially occurred: 2018

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

CRITERIA: LSA-RS 39:1311 et seq, Budgetary Authority and Control, provides for amending the budget when total revenue plus projected revenue are failing to meet total budgeted revenues by 5% or more, or when total expenditures plus projected expenditures exceed budgeted expenditures by 5% or more.

CAUSE: The condition is a result of not adjusting budget amounts for various changes in financial activity.

EFFECT: Failure to properly amend the budget could result in overspending available resources.

RECOMMENDATION: Management should monitor the budget and adjust amounts for known variances greater than 5%.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Budget variances will be more closely monitored in order to comply with LSA-RS 39:1311.

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2017 - 001 Reconciliation of Accounts and Financial Statement Preparation

CONDITION: The auditor assisted management in drafting the year-end financial statements, related note disclosures, and the schedule of federal awards required for the year-end financial reporting and the recording of the transactions to reconcile certain asset and liability accounts at year-end. A working trial balance and general ledger support were provided to assist in this preparation. However, during our audit we noted that several balance sheet accounts required adjustment in order for them to properly reflect end of year balances. This included the following accounts: cash, accounts receivable, inventory, accounts payable, salaries payable, due to and from other funds, and fund balance. The fact that our role is a key part of the preparation of the

financial statements in accordance with generally accepted accounting principles (GAAP) is an indication that the internal control over year-end GAAP financial statements by the School Board's personnel is not sufficient.

RECOMMENDATION: The School System should ensure properly trained staffing is maintained to complete year-end close out procedures on a timely basis to allow sufficient time for the auditor to complete their procedures in accordance with Governmental Auditing Standards.

CURRENT STATUS: Resolved

2017 - 002 School Activity Funds

CONDITION: While testing internal controls over the school activity funds maintained at Park Ridge Academic Magnet School, we noted that in a sample of 19 cash deposits totaling \$26,636, the school was unable to provide the pre-numbered receipts to agree to the amount deposited. The use of the pre-numbered receipt book was not required to be used and a reconciliation of the deposits to the teacher collection log not performed. In addition, in a sample of 17 cash disbursements totaling \$12,353, the school had no approved purchase requisitions and check request forms were incomplete. The established internal controls over the collection and use of these funds were not being followed by school personnel.

RECOMMENDATION: The School System should ensure school personnel are adequately trained. In addition, it is recommended that procedures be established to ensure timely oversight by central office personnel, findings, if identified by administration, communicated and recommendations addressed by school administrative staff timely. The School System should also review its current policies and procedures to address accountability and consequences for lack of adherence to established policies.

CURRENT STATUS: Resolved

2017 - 003 Compensated Absences

CONDITION: The compensated absence liability is calculated manually on an annual basis by an individual in the accounting department with a limited review by the business manager. While testing the employee balances which comprise this liability, we noted that there was an individual employee who was duplicated and for another employee the hours used in the calculation was the actual hours earned.

RECOMMENDATION: The School System should designate an individual from the accounting department to perform a detailed review of the compensated absences liability schedule to ensure each employee's data is accurately calculated.

CURRENT STATUS: Resolved

B. Compliance

2017 - 004 Non-compliance with State Audit Law

CONDITION: The School System was required to have an audit completed by the filing of December 31, 2017 (six months after its fiscal year end) and the School System did not meet this filing deadline.

RECOMMENDATION: The School System should ensure proper trained staffing is maintained to complete year-end close out procedures in accordance with *Government Auditing Standards* and meet future deadlines.

CURRENT STATUS: Resolved

2017 – 005 Special Tests and Provisions – Private School Participation

*CFDA # 84.010A – Title I Grants to Local Educational Agencies*

CONDITION: Per review of communications between the School System and the private schools, the date of notification to the private schools was not done in a timely manner and did not allow the private school a reasonable amount of time to respond which resulted in a denial in their request for participation in the program.

RECOMMENDATION: The School System should establish internal controls to ensure that the private school notifications are sent out timely and appropriately train staff in these procedures to avoid future noncompliance.

CURRENT STATUS: Resolved

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

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

200 S. Main St. 1234 David Dr. Ste. 203  
Abbeville, LA 70510 Morgan City, LA 70380  
Phone (337) 893-7944 Phone (985) 384-2020

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

\* A Professional Accounting Corporation

## Independent Accountant's Report on Applying Agreed-Upon Procedures

WWW.KCSRPCAS.COM

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

We have performed the procedures enumerated below, which were agreed to by the City of Baker School Board; the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of the City of Baker School Board for the fiscal year ended June 30, 2018; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin, in compliance with Louisiana Revised Statute 24:514. Management of the City of Baker School Board is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

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

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

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

No exceptions noted

### **Class Size Characteristics (Schedule 2)**

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

No exceptions noted



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

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

No exceptions were noted.

**Public School Staff Data: Average Salaries (NO SCHEDULE)**

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

For four (4) individuals tested, the salary amount was not properly included on the PEP data.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the performance and statistical data. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of the City of Baker School Board, as required by Louisiana Revised Statute 24:514, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Abbeville, Louisiana  
December 18, 2018

**CITY OF BAKER SCHOOL BOARD**  
**Baker, Louisiana**  
**Schedules Required by State Law (R.S. 24:514 - Performance and Statistical Data)**  
**As of and for the Year Ended June 30, 2018**

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

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

**Schedule 2 (Formerly Schedule 6) Class Size Characteristics**

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

CITY OF BAKER SCHOOL BOARD  
Baker, Louisiana  
Schedule 1

General Fund Instructional and Support Expenditures  
and Certain Local Revenue Sources  
For the Year Ended June 30, 2018

**General Fund Instructional and Equipment Expenditures**

General fund instructional expenditures:		
Teacher and student interaction activities:		
Classroom teacher salaries	\$ 4,123,842	
Other instructional staff salaries	928,470	
Instructional staff employee benefits	2,036,346	
Purchased professional and technical services	75,464	
Instructional materials and supplies	497,564	
Instructional equipment	-	
Total teacher and student interaction activities	\$ 7,661,686	
Other instructional activities:		
Pupil support activities	729,418	
Less: Equipment for pupil support activities	-	
Net pupil support activities	729,418	
Instructional staff services	452,108	
Less: Equipment for instructional staff services	-	
Net instructional staff services	452,108	
School Administration	1,188,349	
Less: Equipment for school administration	-	
Net school administration	1,188,349	
Total general fund instructional expenditures	\$ 10,305,880	
Total general fund equipment expenditures (Object 730; Function series 1000-4000)	\$ 132,937	

**Certain Local Revenue Sources**

Local taxation revenue:		
Constitutional ad valorem taxes	\$ 239,132	
Renewable ad valorem tax	1,826,269	
Debt service ad valorem tax	-	
Up to 1% of collections by the Sheriff on taxes other than school taxes	52,538	
Sales and use taxes	3,388,428	
Total local taxation revenue	\$ 5,506,367	
Local earnings on investment in real property:		
Earnings from 16th section property	\$ -	
Earnings from other real property	-	
Total local earnings on investment in real property	\$ -	
State revenue in lieu of taxes:		
Revenue sharing - constitutional tax	\$ 42,968	
Revenue sharing - other taxes	-	
Revenue sharing - excess portion	-	
Other revenue in lieu of taxes	-	
Total state revenue in lieu of taxes	\$ 42,968	
Nonpublic textbook revenue	\$ -	
Nonpublic transportation revenue	\$ -	

CITY OF BAKER SCHOOL BOARD  
Baker, Louisiana  
Schedule 2

Class Size Characteristics  
As of October 1, 2017

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	75%	152	20%	41	3%	7	2%	4
Elementary Activity Classes	74%	32	21%	9	5%	2	0%	-
Middle/Jr. High	65%	48	28%	21	7%	5	0%	-
Middle/Jr. High Activity Classes	100%	28	0%	-	0%	-	0%	-
High	54%	108	27%	54	17%	34	2%	3
High Activity Classes	56%	13	9%	2	9%	2	26%	6
Combination	0%	-	0%	-	0%	-	0%	-
Combination Activity Classes	0%	-	0%	-	0%	-	0%	-

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



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

**CITY OF BAKER SCHOOL SYSTEM**

[www.bakerschools.org](http://www.bakerschools.org)

*Herman Brister, Ed.D., Superintendent*

Board Members

*Elaine G. Davis*  
Vice President  
District 1

*Dana Carpenter, Ph.D.*  
President  
District 2

*Rosatina Johnson*  
District 3

*Shona P. Boxie*  
District 4

*Calvin Dees, Sr.*  
District 5

City of Baker School Board respectfully submits the following corrective action plan for the year ended June 30, 2018.

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

Audit Period: Fiscal year ended June 30, 2018

The finding from the June 30, 2018 schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the number assigned in the schedule.

FINDING – FINANCIAL AUDIT

Non-Compliance

2018-001

RECOMMENDATION: Management should monitor the budget and adjust amounts for known variances greater than 5%.

CORRECTIVE ACTION PLAN: Budget variances will be more closely monitored in order to comply with LSA-RS 39:1311.

If there are questions regarding the plan, please call Sidney Stewart, Business Manager, at 225-774-5795.

Sincerely,  
Sidney Stewart  
Business Manager

**CITY OF BAKER SCHOOL BOARD**  
Baker, Louisiana

Agreed-Upon Procedures Report

Period Ended June 30, 2018

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

200 S. Main St. 1234 David Dr. Ste. 203  
Abbeville, LA 70510 Morgan City, LA 70380  
Phone (337) 893-7944 Phone (985) 384-2020

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

\* A Professional Accounting Corporation

WWW.KCSRPCAS.COM

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the City of Baker School Board (the School Board) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The School Board's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

### ***Written Policies and Procedures***

---

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

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

***Board or Finance Committee***

---

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



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

### ***Bank Reconciliations***

---

- 3. Obtain a listing of client 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 selected each account, and observe that:
  - a) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - b) Bank reconciliations included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

### ***Collections***

---

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

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
  7. Randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits are made on the same day). Alternately, we used a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtained supporting documentation for each of the 10 deposits and:
    - a) Observed that receipts are sequentially pre-numbered.
    - b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
    - c) Traced the deposit slip total to the actual deposit per the bank statement.
    - d) Observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
    - e) Traced the actual deposit per the bank statement to the general ledger.

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

---

8. Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly selected 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquired of employees about their job duties), and observed that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. Randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:
- a) Observed that the disbursement matched the related original invoice/billing statement.
  - b) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

---

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

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

---

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

***Contracts***

---

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

## *Payroll and Personnel*

---

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

## *Ethics*

---

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

### *Debt Service*

---

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

### *Other*

---

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

### **Findings:**

---

In accordance with the Statewide Agreed-Upon Procedures, certain categories may be excluded from testing. Therefore, the following categories were not tested this year: Travel and Expense Reimbursement, Ethics, Debt Service, and Other.

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

#### **Board (or Finance Committee, if applicable):**

For 11 meetings, the School Board's minutes did not reference or include monthly budget-to-actual comparisons.

#### **Collections:**

For 4 of the 5 locations tested, the employee responsible for collecting cash is also responsible for posting collection entries to the general ledger or subsidiary ledgers.

For 4 of the 5 locations tested, the employee responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers is also responsible for collecting cash.

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

For 4 of the 5 locations tested, the individual responsible for processing payments is also able to add vendors to the School Board's purchasing/disbursement systems.

For 1 of the 25 disbursements tested, the disbursement did not match the related original invoice.

For 5 of the 25 disbursements tested, the disbursement documentation did not include evidence of segregation of duties.

**Management's Response:**

---

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

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

***Kolder, Slaven & Company, LLC***

Certified Public Accountants

Abbeville, Louisiana  
December 18, 2018