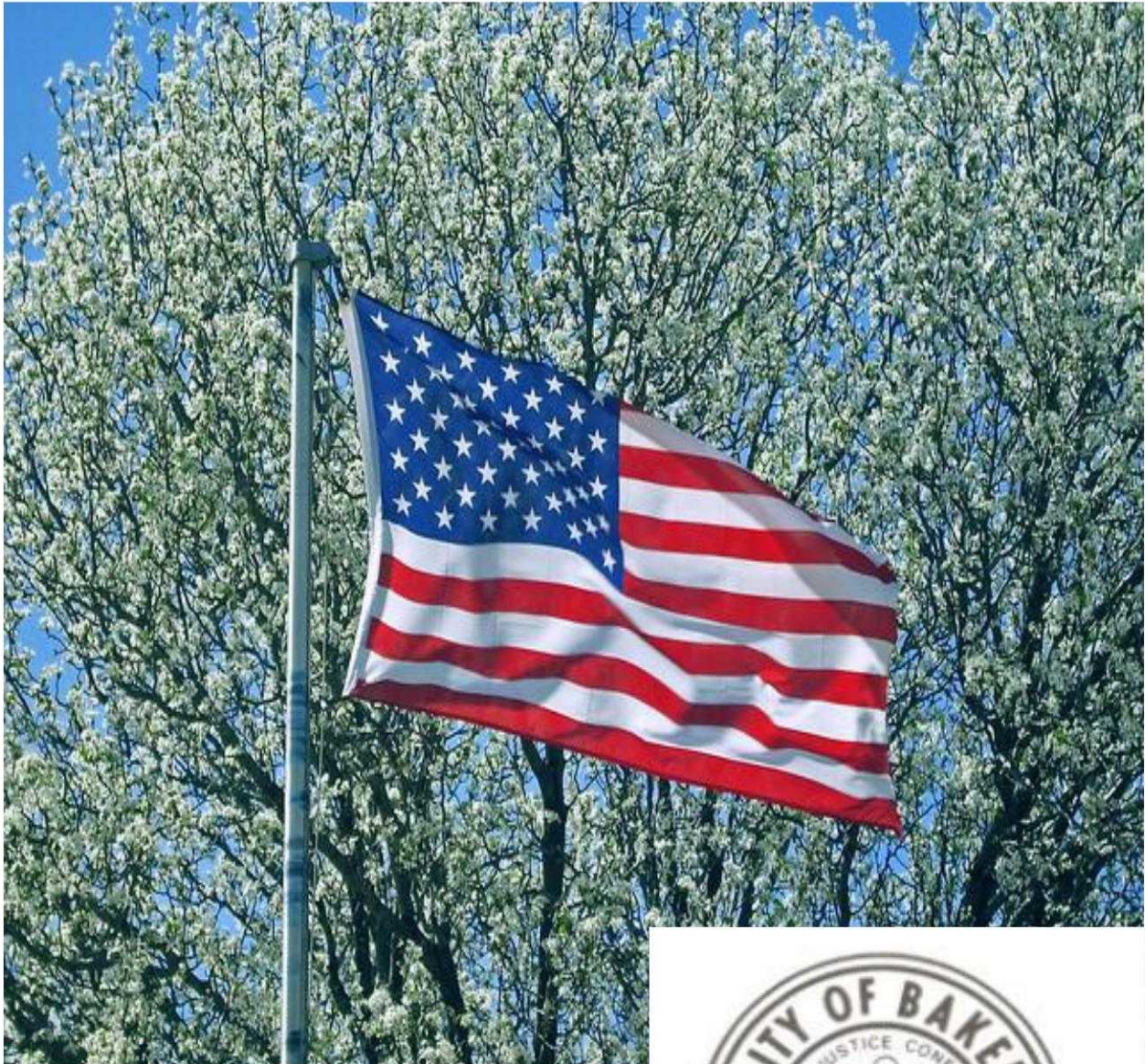


ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2021



Prepared by:
Finance Department
Audited by:
Bruno & Tervalon, LLP, CPAs

**CITY OF BAKER, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021**

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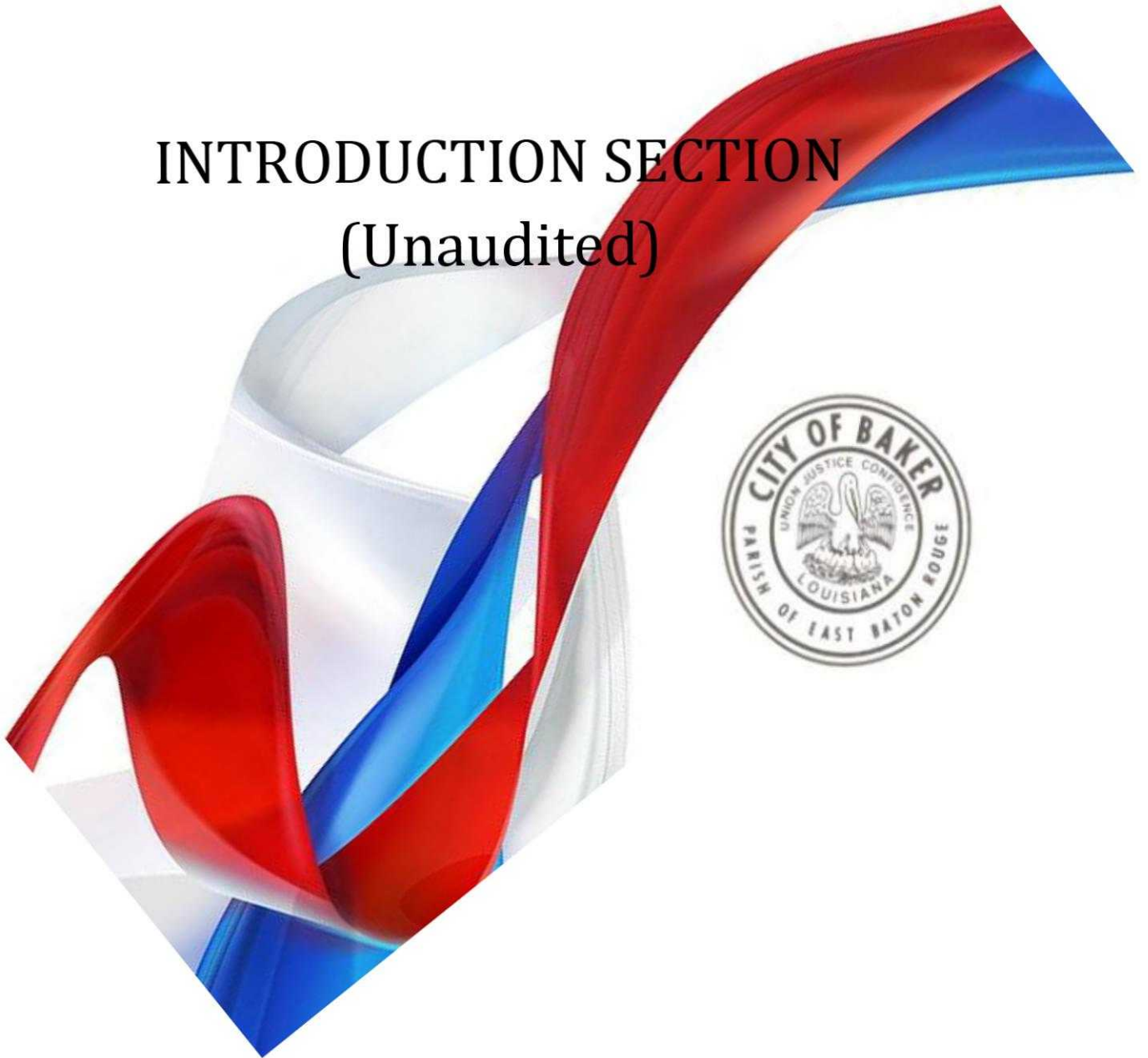
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INTRODUCTION SECTION (Unaudited)





City of Baker

DEPARTMENT OF FINANCE

LETTER OF TRANSMITTAL

March 28, 2022

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

The Annual Financial Report, hereinafter referred to as the AFR, for the City of Baker, LA for the fiscal year ended June 30, 2021, is submitted herein in accordance with La R.S. 24:518 requiring publication of a complete set of audited financial statements.

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

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

Bruno & Tervalon LLP, CPAs have issued an unmodified opinion on the City of Baker, LA's financial statements for the year ended June 30, 2021. Their independent auditor's report is located at the front of the financial section of this report.

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

The Reporting Entity and Form of Government

The City of Baker, LA (hereafter referred to as the City), nestled close to the two largest cities in Louisiana, is situated in the northwest part of East Baton Rouge Parish. It is approximately 8.4 square miles in size with a population of approximately 13,000. Within the boundaries are approximately 70 miles of roads maintained by the City. This report includes all funds that are controlled by or are dependent on the City.

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

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

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

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

Economics and the Local Economy

The City is a suburb of Baton Rouge that serves as the seat of government within the State of Louisiana. Major industries located within or in close proximity to the City's boundaries include a major airport, hospitals, construction, and manufacturing/industrial businesses. The City has rail

service and its proximity to the Mississippi River and the interstate highway system provides businesses with manageable transportation costs. It is within 60 miles of five major universities and two community colleges. It is close enough to hear the tigers roar at the Greater Baton Rouge Zoo and houses acres of other parks for golf, tennis and other sporting events or just enjoying the green space. Its walking paths include state-of-the-art outdoor exercise equipment – the Energi Total Body Fitness and the Life Trails Advanced Wellness System. These were developed to deliver a synergistic workout for ages 13 and up as well as provide a tailored program for older adults to perform daily tasks easily and independently.

The unemployment rate for its citizens decreased to 4.4% at the close of the current year, which was slightly below that of the state and national rate. The crime rate continues to be one of the lowest of all municipalities in Louisiana and the safest in East Baton Rouge Parish. Median household incomes fall between \$61,000 - \$82,000 which is higher than those of the state. Home ownership is afforded to approximately 70.6% of the population which is an increase of nearly 4% over the past few years. The average length of staying in Baker after moving here is significantly higher than the state average. This is a testament to the economic and community-oriented environment established by the City's government.

This Past Year

The City continues to focus on its master plan offering a long-term vision for economic growth and community development. Areas have been identified for annexation expanding the City's boundaries to stimulate business and residential interests. Traffic congestion is oftentimes one of the most significant concerns for residential and commercial growth which was one reason that the Park-&-Ride was initiated in conjunction with the Capital Area Transit System to encourage commuters to carpool and/or utilize the Parish's bus system. The City's financial responsibility towards this partnership was nearly 95% met with the purchase of land on Lavey Lane to be used as the site for this endeavor.

Another major component of the master plan involves the flow of water throughout the City to avoid flooding that impacts the safety of persons and property. The City was granted more than \$5 million in federal funding to mitigate the hazards associated with flooding. Projects at various stages of completion towards this goal include (1) installation of emergency generators at lift stations and City Hall; (2) widen, stabilize, and further improve the flow of water through Bozeman Creek, Brushy Bayou and North Canal. This same concept for ditches and canals throughout the City that typically flow into these waterways was started in the latter part of the year and will continue until all have been addressed.

The 2020 Street Rehabilitation Program is nearing completion, and management is working with its engineers to develop the 2021 Program. This plan considers the most effective use of sales tax funds dedicated for maintaining and constructing streets throughout the City. Also identified and prioritized are infrastructure needs that will be funded with the first tranche of funding (\$2.4M) from the

American Rescue Plan Act including drainage and gas and water line replacements. The second tranche, expected in the coming year, will focus on community and recreational development.

The City's main source of revenue is sales and use tax making up 48% of city-wide revenues and 62.8% of all governmental fund revenues. The second most single significant revenue is garbage collection at 10%. Despite the financial challenges presented by the COVID-19 pandemic during the year, these material revenue sources increased. There were no decreases among the top five revenues. Two revenue sources were materially less than anticipated – proceeds from asset disposition and interest income. The planned sales of obsolete or unneeded assets were delayed until the subsequent year, and interest rates declined significantly during the latter half of the fiscal year.

Acknowledgments

The cooperation and diligence of the Finance Department staff – Ashley Batts, Ashley Lathan, Magen Bailey and Judy Davezac – in providing information to support the financial and non-financial data required to complete this report is greatly appreciated. The Council is credited with their support of the highest standards of professionalism in the management of the City. Mayor Waites is commended for his dedication to the success of all City initiatives and utilization of the City's resources in the most effective manner. His vision and focus on the Master Plan keep the City of Baker progressing into a prosperous and desired destination.

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

Respectfully Submitted,



Mary Sue Stages, CPA
Finance Director

**CITY OF BAKER, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021**

MAYOR AND CITY COUNCIL MEMBERS



Mayor
Darnell Waites



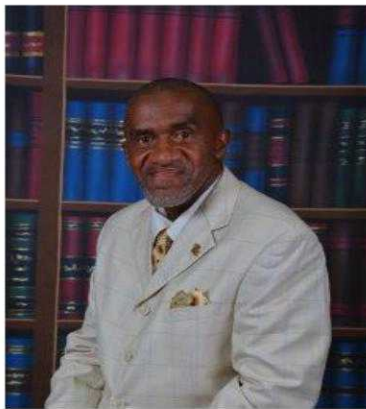
District 1
Dr. Charles Vincent



District 2
Rochelle Dunn



District 3
Glenda Bryant



District 4
Robert Young



District 5
Brenda G. Jackson

**CITY OF BAKER, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021**

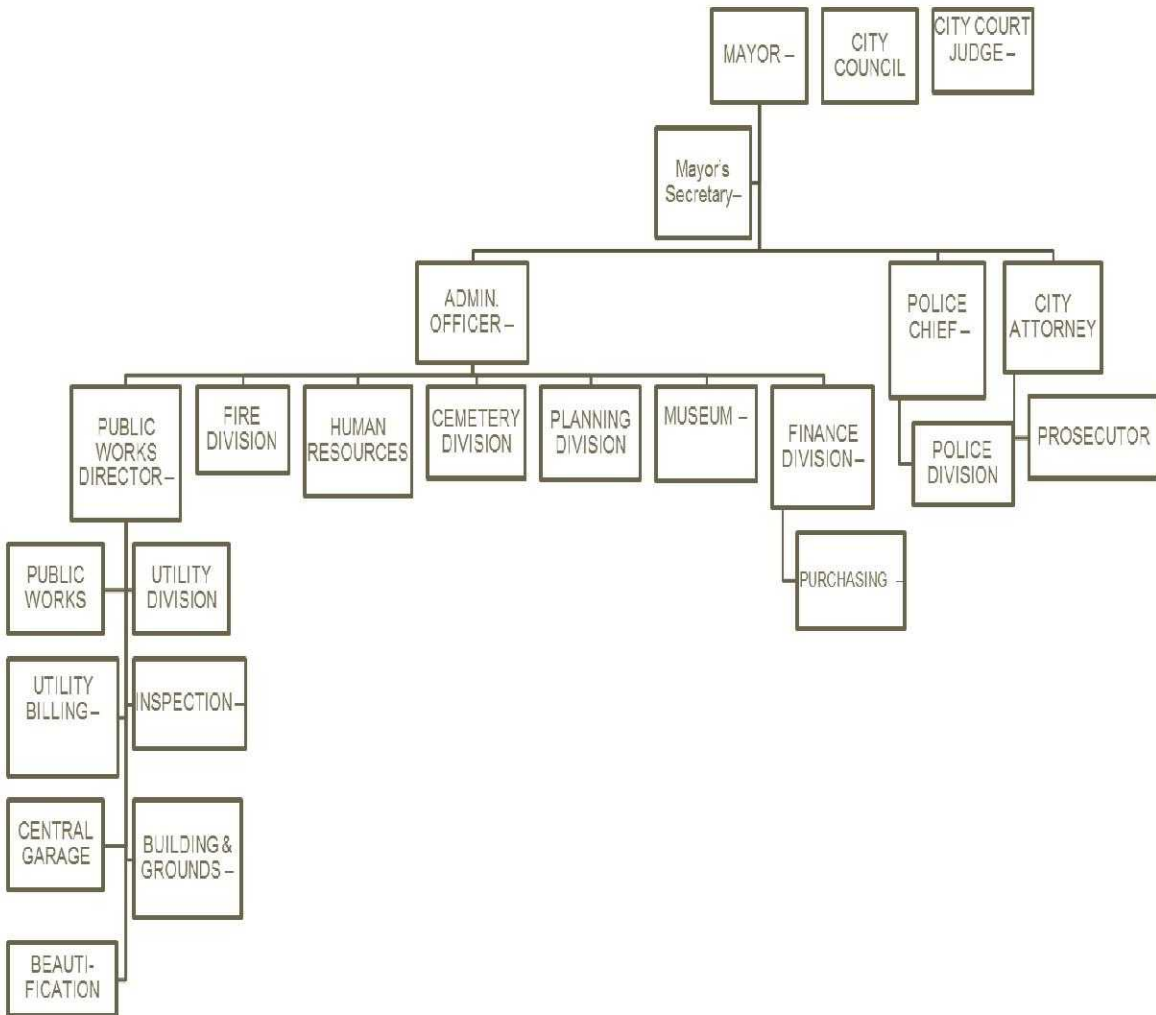
**OTHER ELECTED AND APPOINTED OFFICIALS
ORGANIZATIONAL CHART**

OTHER ELECTED OFFICIALS

| | |
|------------------|---------------|
| City Court Judge | Kirk Williams |
| Chief of Police | Carl Dunn |

APPOINTED OFFICIALS

| | |
|------------------------------|-------------------|
| City Attorney | Ken Fabre |
| Chief Administrative Officer | Dr. Angela Machen |



FINANCIAL SECTION





Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

(Retired)
Michael B. Bruno, CPA (2011)

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Baker (the City) as of and for the year then ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City'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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

INDEPENDENT AUDITORS' REPORT
(Continued)

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

Opinion

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 19 and budgetary comparison information on pages 65 and 66, the required OPEB information on page 67 and the required pension information on pages 68 through 70 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 City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, the schedule of compensation, benefits and other payments to chief executive officer and the schedule of compensation paid to board members are presented for purposes of additional analysis and are not a required part of the basic financial statements.

INDEPENDENT AUDITORS' REPORT
(Continued)

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

Other Matters, continued

Other Information, continued

The combining nonmajor fund financial statements, the schedule of compensation, benefits and other payment to chief executive officer and the schedule of compensation paid to board members are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the schedule of compensation paid to board members are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

March 28, 2022

**CITY OF BAKER, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
YEAR ENDED JUNE 30, 2021**

The Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting change and currently known facts. Our analysis provides an overview of the City's financial activities for the fiscal year ended June 30, 2021. Readers are encouraged to consider this overview and analysis in conjunction with the basic financial statements and notes that follow.

FINANCIAL HIGHLIGHTS

- Assets and deferred outflows of resources of the City's primary government exceeded its liabilities and deferred inflows of resources at the close of the year by \$16.2 million (net position). Of this amount, unrestricted net position is currently in a deficit of \$10.4 million, primarily related to net pension liability and related deferred outflows/inflows of resources (\$8.9 million) and other post-employment benefits obligation and related deferred outflows/inflows (\$6.2 million) of governmental activities.
- The primary government's total net position increased by \$2.8 million which includes expenses related to net pension and other post-employment benefits of more than \$2 million.
- Governmental activities' net position increased by \$1.8 million.
- Business-type activities' net position increased by \$1.1 million.
- The City utilized \$1.2 million of its financial resources on capital additions including, but not all-inclusive, miles of street asphalt overlays (\$546,914 from dedicated sales tax), public safety equipment (\$242,696) and utility infrastructure – water well (\$70,385).

USING THIS ANNUAL REPORT

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

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

Fund financial statements start on page 26. For governmental activities, these statements depict how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

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

**CITY OF BAKER, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
YEAR ENDED JUNE 30, 2021**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

Government-wide statements present two kinds of activities described below followed by an analysis of net position and changes thereto.

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

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

**Condensed Statement of Net Position
June 30, 2021 and 2020
(In thousands)**

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------------|-------------------------|-----------------|--------------------------|-----------------|------------------|------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Current and other assets | \$ 9,688 | \$ 7,665 | \$ 8,380 | \$ 7,810 | \$ 18,068 | \$ 15,475 |
| Capital assets | <u>15,420</u> | <u>15,447</u> | <u>7,148</u> | <u>7,401</u> | <u>22,568</u> | <u>22,848</u> |
| Total assets | 25,108 | 23,112 | 15,528 | 15,211 | 40,636 | 38,323 |
| Deferred outflows of resources | 4,215 | 2,900 | 283 | 342 | 4,498 | 3,242 |
| Current and other liabilities | 3,008 | 1,311 | 2,819 | 2,799 | 5,827 | 4,110 |
| Long-term liabilities | <u>16,014</u> | <u>19,348</u> | <u>2,936</u> | <u>3,893</u> | <u>18,950</u> | <u>23,241</u> |
| Total liabilities | 19,022 | 20,659 | 5,755 | 6,692 | 24,777 | 27,351 |
| Deferred inflows of resources | <u>3,931</u> | <u>735</u> | <u>219</u> | <u>88</u> | <u>4,150</u> | <u>823</u> |
| Net Position: | | | | | | |
| Net investment in capital assets | 13,702 | 13,526 | 7,147 | 7,400 | 20,849 | 20,926 |
| Restricted | 5,402 | 3,630 | 409 | 397 | 5,811 | 4,027 |
| Unrestricted | <u>(12,734)</u> | <u>(12,638)</u> | <u>2,281</u> | <u>976</u> | <u>(10,453)</u> | <u>(11,562)</u> |
| Total net position | <u>\$ 6,370</u> | <u>\$ 4,618</u> | <u>\$ 9,837</u> | <u>\$ 8,773</u> | <u>\$ 16,207</u> | <u>\$ 13,391</u> |

**CITY OF BAKER, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
YEAR ENDED JUNE 30, 2021**

On June 30, 2021, the City's net position was \$16.2 million. Restricted net position totaling \$5.8 million is reported separately to show legal constraints from debt covenants and enabling legislation that limits the ability to use that net position for day-to-day operations. Unrestricted net position represents that portion of resources that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements. Governmental activities realized an increase of \$1.8 million (37.9%) while business-type activities realized an increase of \$1.1 million (12.1%) increase in its net position.

The results of this year's operations for the primary government as reported in the Statement of Activities, are as follows:

**Changes in Net Position
Years ended June 30, 2021 and 2020
(In thousands)**

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------------|----------------------------|-------------------|-----------------------------|---------------|-----------------|-------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Program revenues: | | | | | | |
| Charges for services | \$ 2,367 | \$ 1,478 | \$ 4,154 | \$ 4,359 | \$ 6,521 | \$ 5,837 |
| Operating grants | 454 | 511 | - | 33 | 454 | 544 |
| Capital grants | 4 | - | - | - | 4 | - |
| General revenues: | | | | | | |
| Ad valorem taxes | 457 | 440 | - | - | 457 | 440 |
| Sales taxes | 9,052 | 6,480 | - | - | 9,052 | 6,480 |
| Franchise taxes | 686 | 660 | - | - | 686 | 660 |
| Other taxes | 510 | 554 | - | - | 510 | 554 |
| Other general revenues/transfers | <u>1,475</u> | <u>2,026</u> | <u>(327)</u> | <u>(774)</u> | <u>1,148</u> | <u>1,252</u> |
| Total revenues | <u>15,005</u> | <u>12,149</u> | <u>3,827</u> | <u>3,618</u> | <u>18,832</u> | <u>15,767</u> |
| Functions/program: | | | | | | |
| General government | 2,291 | 3,614 | - | - | 2,291 | 3,614 |
| Public safety | 6,970 | 7,695 | - | - | 6,970 | 7,695 |
| Public works | 3,334 | 3,637 | - | - | 3,334 | 3,637 |
| Economic/recreational | 659 | 518 | - | - | 659 | 518 |
| Utilities | - | - | 2,530 | 2,786 | 2,530 | 2,786 |
| Cemetery | - | - | 191 | 473 | 191 | 473 |
| Sewer revenue | <u>-</u> | <u>-</u> | <u>42</u> | <u>72</u> | <u>42</u> | <u>72</u> |
| Total expenses | <u>13,254</u> | <u>15,464</u> | <u>2,763</u> | <u>3,331</u> | <u>16,017</u> | <u>18,795</u> |
| Change in Net Position | <u>\$ 1,751</u> | <u>\$ (3,315)</u> | <u>\$ 1,064</u> | <u>\$ 287</u> | <u>\$ 2,815</u> | <u>\$ (3,028)</u> |

**CITY OF BAKER, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
YEAR ENDED JUNE 30, 2021**

FUND FINANCIAL STATEMENTS

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

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

An analysis of the City's major funds begins on page 23 with the fund financial statements that provide detailed information about the most significant funds and not the City as a whole. The General fund is always considered a major fund. Special revenue funds are required to be established by state law or by bond covenants. Of the City's special revenue funds, both the Street and City Court Funds are considered major. All non-major governmental funds are presented in one column, titled other non-major governmental funds. Combining financial statements of these funds can be found in the combining financial statements section of this report following requirement supplementary information. The general and special revenue funds are referred to as governmental funds.

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

Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Most of the City's basic services are reported in these type funds. The modified accrual basis of accounting is utilized which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds can be seen in the reconciliation to the financial statements (pages 24 and 26).

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

Notes to the basic financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements and begin on page 32.

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

**CITY OF BAKER, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
YEAR ENDED JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

The government operations of the City are accounted for in the General, Street and Other Non-Major Governmental Funds. The focus of this fund information, as noted earlier, is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. The following is a summary of general governmental operations for 2021 by fund type (in thousands):

| | General Fund | Street Fund | City Court Fund | Other Non-Major Funds | Total |
|--|-----------------|----------------|--------------------|-----------------------------|-----------|
| Revenues and other financing sources | \$ 11,802 | \$ 2,339 | \$ 170 | \$ 1,724 | \$ 16,035 |
| Expenditures other and financing uses | (13,095) | (618) | (157) | (1,833) | (15,703) |
| Net Change | (1,293) | 1,721 | 13 | (109) | 332 |
| Fund Balance, June 30, 2020, restated | 1,303 | 3,077 | 1,381 | 796 | 6,557 |
| Fund Balance, June 30, 2021 | \$ 10 | \$ 4,798 | \$ 1,394 | \$ 687 | \$ 6,889 |

The City's governmental funds experienced an increase in fund balances of \$332 thousand during the fiscal year ended June 30, 2021, bringing total combined fund balances to \$6.9 million at year-end. This includes \$61,141 considered non-spendable as it has been utilized for assets that will be utilized in a future period. Restricted assets include \$5.4 million for streets and public safety/court. The court system committed assets of \$497 thousand for expansion while management has assigned \$500 thousand as an operating reserve.

The General Fund is the chief operating fund of the City. At the end of the fiscal year, fund balances totaled \$10,144 thousand as compared to \$1.3 million at the end of the prior year. This decrease is primarily a reallocation of liquid assets to capital assets.

The Street Fund, for which revenues are restricted by law to be utilized for street maintenance, construction, and beautification, experienced an increase in fund balances of \$1.7 million leaving a fund balance of \$4.8 million at year-end. The 2020 Rehabilitation Program was nearing completion at the close of the year, and the 2021 Program is in the planning and prioritizing stage.

The City Court Fund reports the operations of the court system managed by the judge. It experienced an increase in fund balances of \$13 thousand resulting in an ending fund balance of \$1.4 million.

**CITY OF BAKER, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
YEAR ENDED JUNE 30, 2021**

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

| Source of Revenue: | 2021 | | 2020 | |
|----------------------|------------------|-------------|------------------|-------------|
| | Revenue | Percent | Revenue | Percent |
| Taxes | \$ 10,706 | 73% | \$ 8,134 | 69% |
| Intergovernmental | 58 | 0% | 58 | 1% |
| Licenses and permits | 31 | 0% | 21 | 0% |
| Charges for services | 1,620 | 11% | 1,420 | 12% |
| Fines | 690 | 5% | 640 | 5% |
| Other | 1,570 | 11% | 1,587 | 13% |
| Total | \$ 14,675 | 100% | \$ 11,860 | 100% |

Revenues of general governmental fund types increased by \$2.8 million over the prior year or 23.7%. This is due almost entirely to greater sales tax realized, but this same type of growth is not expected in the subsequent period. The City's activities are largely supported by tax revenues of which sales, property and franchise are the most significant. However, residential, and commercial developments at or near completion are expected to increase revenues in both the governmental and proprietary funds but the potential impact cannot be determined as this time.

The COVID-19 pandemic continues to present unprecedented challenges in both how the City operates on a day-to-day basis and how it secures strong and consistent revenue streams. Despite these challenges, the City was able to end the year with strong sales tax revenue which is the most material of all sources.

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

| | 2021 | | 2020 | |
|-------------------------------|------------------|-------------|------------------|-------------|
| | Expenditure | Percent | Expenditure | Percent |
| General government | \$ 2,433 | 17% | \$ 2,277 | 15% |
| Public safety | 7,234 | 49% | 6,697 | 44% |
| Public works | 3,277 | 22% | 2,878 | 19% |
| Economic/recreation | 657 | 4% | 518 | 3% |
| Debt service – capital leases | 273 | 2% | 273 | 2% |
| Capital outlay | 870 | 6% | 2,680 | 17% |
| Total | \$ 14,744 | 100% | \$ 15,323 | 100% |

The expenditures of the primary government decreased by \$579 thousand or 3.8%. The most noticeable change was in capital outlay. The current year has been one of transition regarding capital additions in that several projects were at or near completion while new projects were in their infancy.

**CITY OF BAKER, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
YEAR ENDED JUNE 30, 2021**

GENERAL FUND BUDGETARY HIGHLIGHTS

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

The General Fund realized \$1.6 million more in revenues and expenditures were under budgeted amounts. Public safety and public works expenditures were more than budget. Fire and police have struggled with maintaining fully staffed shifts due in part to the depressed workforce but also from absences due to COVID that increased overtime and part-time salaries beyond what was originally anticipated. Preparation for emergencies as well as preventive measures to protect persons and property resulted in higher expenditures in public works.

The Street Fund realized \$1.2 million more than budgeted revenues while expenditures were \$1.4 million less.

The City Court Fund was shy of its anticipated revenues by \$8 thousand or 4.3%. Expenditures were under budgeted amounts by \$2 thousand resulting in a negative variance overall of \$6 thousand.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City had \$22.6 million invested in a broad range of capital assets, including vehicles, fire equipment, technological equipment, office furniture, land, buildings, park facilities, roads and sewer, water, and gas distribution systems. This amount represents an increase of \$5.3 million in overall capital investment balances of the prior year. A physical review of city-wide assets recognized the need for replacement of aging equipment and vehicles which increases service costs and subsequently down time.

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

| | Governmental Activities | | Business-Type Activities | | Total | |
|-------------------------------------|----------------------------|------------------|-----------------------------|-----------------|------------------|------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Land | \$ 1,040 | \$ 1,040 | \$ 374 | \$ 374 | \$ 1,414 | \$ 1,414 |
| Buildings/improvements | 3,591 | 3,702 | 61 | 67 | 3,652 | 3,769 |
| Equipment and vehicles | 3,502 | 3,699 | 75 | 62 | 3,577 | 3,761 |
| Utility systems | - | - | 6,637 | 6,897 | 6,637 | 6,897 |
| Infrastructure | 7,287 | 7,005 | - | - | 7,287 | 7,005 |
| Total assets net of depreciation | <u>\$ 15,420</u> | <u>\$ 15,446</u> | <u>\$ 7,147</u> | <u>\$ 7,400</u> | <u>\$ 22,567</u> | <u>\$ 22,846</u> |

Capital assets, net of depreciation, decreased overall by \$279 thousand. This is a result of depreciation realized at a rate higher than that of long-lived asset additions.

**CITY OF BAKER, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
YEAR ENDED JUNE 30, 2021**

Debt

At year-end, the City had \$20.7 million in bonds and other long-term obligations versus \$15.2 million last year, an increase of \$5.5 million, as shown below (in thousands).

| | Governmental Activities | | | Balance End of Year |
|------------------------------|---------------------------------|-----------|-----------|---------------------------|
| | Balance Beginning of Year | Additions | Deletions | |
| Net post-employment benefits | \$ 5,294 | \$ 37 | \$ - | \$ 5,331 |
| Compensated absences | 735 | 38 | - | 773 |
| Net pension liability | 11,527 | - | 3,201 | 8,326 |
| Capital lease | 1,718 | - | 210 | 1,508 |
| Claims and judgements | 75 | - | - | 75 |
| Total | \$ 19,349 | \$ 75 | \$ 3,411 | \$ 16,013 |
| | Business-Type Activities | | | |
| | Balance Beginning of Year | Additions | Deletions | Balance End of Year |
| Net post-employment benefits | \$ 1,255 | \$ - | \$ 46 | \$ 1,209 |
| Compensated absences | 161 | - | 109 | 52 |
| Net pension liability | 1,270 | - | 694 | 576 |
| Bonds payable | 1,207 | - | 108 | 1,099 |
| Total | \$ 3,893 | \$ - | \$ 957 | \$ 2,936 |

The City remained current on all bonds and notes outstanding during the year ended June 30, 2021.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The City's elected and appointed officials continue to place emphasis on economic development to bring businesses that increase its sales tax base as this is the largest source of income to support the general government operations of the City. The economic development district along the Plank Road corridor began operating during the year, and plans are underway for a second district along Highway 19. In addition to building a strong and consistent sales tax base through commercial and industrial expansion, the City's vision includes residential development through affordable housing, annexation and community-building events and facilities. Several residential subdivisions were completed or initiated during the current year.

**CITY OF BAKER, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
YEAR ENDED JUNE 30, 2021**

This same vision can be seen in next year's budget including the construction of a new water well as well as replacement of the City's oldest well, continued efforts in multi-million-dollar drainage projects, utility system infrastructure and annexations. The City has utilized resources to build its customer base for utilities which, in turn, helps subsidize general government.

Revenues and other financial sources for the general fund are budgeted at \$16.8 million, with operating expenditures anticipated to be \$17.3 million. This expectation of utilizing prior year fund balances for the current year assumes that all projects included in the City's strategic plan will come to fruition, but new endeavors will not be implemented without careful consideration of the City's financial health and stability. The City's governmental capital program includes \$6 million in capital related projects. This includes capital projects anticipated over the next five years according to the Master Plan. Grant funding will be utilized as much as possible, but the use of prior years' fund balance is anticipated.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS



CITY OF BAKER, LOUISIANA
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
JUNE 30, 2021

| | Primary Government | | |
|---|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS | | | |
| Current Assets: | | | |
| Cash and cash equivalents | \$ 4,434,797 | \$ 2,201,827 | \$ 6,636,624 |
| Inventory and prepaid expenses | 61,141 | 223,882 | 285,023 |
| Receivables: | | | |
| Accounts .net | 489,868 | 670,757 | 1,160,625 |
| Taxes | 2,434,556 | - | 2,434,556 |
| Other | 200,231 | - | 200,231 |
| Due from other govt agencies | - | 114,881 | 114,881 |
| Non-Current Assets: | | | |
| Investments | 1,978,581 | 3,651,189 | 5,629,770 |
| Restricted Assets: | | | |
| Cash and cash equivalents | 88,665 | 5,388 | 94,053 |
| Investments | - | 1,512,758 | 1,512,758 |
| Capital Assets: | | | |
| Non-depreciable | 1,039,918 | 373,572 | 1,413,490 |
| Depreciable, net | <u>14,380,319</u> | <u>6,773,856</u> | <u>21,154,175</u> |
| Total Assets | <u>25,108,076</u> | <u>15,528,110</u> | <u>40,636,186</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Related to post employment benefits | 452,553 | 113,138 | 565,691 |
| Related to pension liability | <u>3,762,865</u> | <u>170,307</u> | <u>3,933,172</u> |
| Total Deferred Outflows of Resources | <u>4,215,418</u> | <u>283,445</u> | <u>4,498,863</u> |
| Total Assets and Deferred Outflows of Resources | <u>29,323,494</u> | <u>15,811,555</u> | <u>45,135,049</u> |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts payable | 266,183 | 3,968 | 270,151 |
| Cash overdraft | 2,064,775 | - | 2,064,775 |
| Accrued liabilities | 207,730 | 41,259 | 248,989 |
| Bonds held for future disposition | 30,985 | - | 30,985 |
| Due to litigants | 229,572 | - | 229,572 |
| Unearned revenue | - | 1,331,457 | 1,331,457 |
| Customer utility deposits | - | 1,109,730 | 1,109,730 |
| Lease payable, current portion | 210,071 | - | 210,071 |
| Bonds payable, current portion | - | 108,000 | 108,000 |
| Due to other govt agencies | - | 225,574 | 225,574 |
| Non-Current Liabilities: | | | |
| Lease payable, less current portion | 1,507,879 | - | 1,507,879 |
| Bonds payable, less current portions | - | 1,099,000 | 1,099,000 |
| Compensated absences | 773,802 | 51,734 | 825,536 |
| Other post employment benefits | 5,331,472 | 1,208,889 | 6,540,361 |
| Claims reserve | 75,000 | - | 75,000 |
| Net pension liabilities | <u>8,326,106</u> | <u>575,696</u> | <u>8,901,802</u> |
| Total Liabilities | <u>19,023,575</u> | <u>5,755,307</u> | <u>24,778,882</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Related to post-employment benefits | 181,212 | 45,303 | 226,515 |
| Related to pension liability | <u>3,750,046</u> | <u>174,134</u> | <u>3,924,180</u> |
| Total Deferred Inflows of Resources | <u>3,931,258</u> | <u>219,437</u> | <u>4,150,695</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>22,954,833</u> | <u>5,974,744</u> | <u>28,929,577</u> |
| NET POSITION | | | |
| Net investment in capital assets, net of related debt | 13,702,287 | 7,147,428 | 20,849,715 |
| Restricted | 5,402,320 | 408,416 | 5,810,736 |
| Unrestricted | <u>(12,735,946)</u> | <u>2,280,967</u> | <u>(10,454,979)</u> |
| Total Net Position | <u>\$ 6,368,661</u> | <u>\$ 9,836,811</u> | <u>\$ 16,205,472</u> |

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

CITY OF BAKER, LOUISIANA
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

| Functions/Programs | Expenses | Program Revenues | | | Net Revenue (Expenses) and Changes in Net Position | | Total |
|---------------------------------------|---------------|-------------------------|--|--|---|-----------------------------|----------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | |
| Primary Government | | | | | | | |
| Governmental Activities: | | | | | | | |
| Intergovernmental | \$ 57,648 | \$ 57,648 | \$ - | \$ - | \$ - | \$ - | \$ - |
| General government | 2,233,734 | 1,243,942 | 12,340 | - | (977,452) | - | (977,452) |
| Public safety | 6,969,572 | 1,065,454 | 69,007 | 4,320 | (5,830,791) | - | (5,830,791) |
| Public works | 3,334,133 | - | 372,782 | - | (2,961,351) | - | (2,961,351) |
| Economic/recreational development | 658,863 | - | - | - | (658,863) | - | (658,863) |
| Total Governmental Activities | 13,253,950 | 2,367,044 | 454,129 | 4,320 | (10,428,457) | - | (10,428,457) |
| Business-Type Activities: | | | | | | | |
| Enterprise - Utilities | 2,530,044 | 3,799,623 | - | - | - | 1,269,579 | 1,269,579 |
| Enterprise - Cemetery | 190,850 | 354,609 | - | - | - | 163,759 | 163,759 |
| Enterprise - City Parish Sewer | 41,739 | - | - | - | - | (41,739) | (41,739) |
| Total Business-Type Activities | 2,762,633 | 4,154,232 | - | - | - | 1,391,599 | 1,391,599 |
| Total Primary Government | \$ 16,016,583 | \$ 6,521,276 | \$ 454,129 | \$ 4,320 | \$ (10,428,457) | \$ 1,391,599 | \$ (9,036,858) |
| General Revenues and Transfers | | | | | | | |
| Taxes: | | | | | | | |
| Sales | | | | | 9,052,273 | - | 9,052,273 |
| Franchise | | | | | 686,131 | - | 686,131 |
| Property | | | | | 457,233 | - | 457,233 |
| Other | | | | | 510,469 | - | 510,469 |
| Licenses and permits | | | | | 31,258 | - | 31,258 |
| Interest earnings, net of expense | | | | | 94,361 | (23,440) | 70,921 |
| Other revenues | | | | | 947,866 | 96,181 | 1,044,047 |
| Transfers, net | | | | | 400,424 | (400,424) | - |
| | | | | | 12,180,015 | (327,683) | 11,852,332 |
| Change in Net Position | | | | | 1,751,558 | 1,063,916 | 2,815,474 |
| Net Position, beginning of year | | | | | 4,617,103 | 8,772,895 | 13,389,998 |
| Net Position, end of year | | | | | \$ 6,368,661 | \$ 9,836,811 | \$ 16,205,472 |

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

FUND FINANCIAL STATEMENTS



CITY OF BAKER, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

| | General Fund | Special Revenue Funds | | Other Non-Major Governmental Funds | Total Governmental Funds |
|------------------------------------|---------------------|-----------------------|---------------------|---|--------------------------------|
| | | Street Fund | City Court Fund | | |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ - | \$ 2,632,351 | \$ 1,566,405 | \$ 236,041 | \$ 4,434,797 |
| Inventory and prepaid expenses | 61,141 | - | - | - | 61,141 |
| Receivables: | | | | | |
| Accounts, net | 489,868 | - | - | - | 489,868 |
| Grants | 198,515 | - | - | - | 198,515 |
| Interest | 1,716 | - | - | - | 1,716 |
| Taxes | 1,192,173 | 817,559 | - | 424,824 | 2,434,556 |
| Investments | 510,406 | 1,348,437 | 119,738 | - | 1,978,581 |
| Restricted assets: | | | | | |
| Cash and cash equivalents | - | - | - | 88,665 | 88,665 |
| Total Assets | <u>\$ 2,453,819</u> | <u>\$ 4,798,347</u> | <u>\$ 1,686,143</u> | <u>\$ 749,530</u> | <u>\$ 9,687,839</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ 209,264 | \$ - | \$ 2,621 | \$ 54,298 | \$ 266,183 |
| Cash overdraft | 2,064,775 | - | - | - | 2,064,775 |
| Accrued liabilities | 169,636 | 441 | 29,351 | 8,302 | 207,730 |
| Bonds held for future disposition | - | - | 30,985 | - | 30,985 |
| Due to litigants | - | - | 229,572 | - | 229,572 |
| Total Liabilities | 2,443,675 | 441 | 292,529 | 62,600 | 2,799,245 |
| FUND BALANCE | | | | | |
| Non-spendable | 61,141 | - | - | - | 61,141 |
| Restricted | - | 4,797,906 | - | 604,414 | 5,402,320 |
| Committed | - | - | 499,626 | - | 499,626 |
| Assigned | 500,000 | - | 893,988.00 | 82,516 | 1,476,504 |
| Unassigned | (550,997) | - | - | - | (550,997) |
| Total Fund Balance | <u>10,144</u> | <u>4,797,906</u> | <u>1,393,614</u> | <u>686,930</u> | <u>6,888,594</u> |
| Total Liabilities and Fund Balance | <u>\$ 2,453,819</u> | <u>\$ 4,798,347</u> | <u>\$ 1,686,143</u> | <u>\$ 749,530</u> | <u>\$ 9,687,839</u> |

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

CITY OF BAKER, LOUISIANA
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2021

Total Fund Balances - Governmental Funds \$ 6,888,594

Amounts reported for governmental activities in the Statement of Net Position are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, not reported in the governmental funds balance sheet:

| | | | |
|--|--------------------------|---------------------|------------|
| | Capital assets | \$ 29,084,094 | |
| | Accumulated depreciation | <u>(13,663,857)</u> | 15,420,237 |

Capital leases allow for the acquisition of fixed assets over a long-term period requiring the use of current financial resources for only the current year's lease payment. The remaining principal balance is not due and payable until a future date and, therefore is not reported on the fund level.

| | |
|------------------------------------|-------------|
| Principal balance of capital lease | (1,717,950) |
|------------------------------------|-------------|

Long-term liabilities are not due and payable from current financial resources and are, therefore, not reported in the governmental funds balance sheet:

| | | |
|---|--------------------|---------------------|
| Deferred outflows related to post employment benefits | 452,553 | |
| Deferred outflows related to pension liability | 3,762,865 | |
| Compensated absences payable | (773,802) | |
| Net other post employment benefit obligation | (5,331,472) | |
| Claims reserve | (75,000) | |
| Net pension liability | (8,326,106) | |
| Deferred inflows related to post employment benefits | (181,212) | |
| Deferred inflows related to pension liability | <u>(3,750,046)</u> | <u>(14,222,220)</u> |

| | |
|---|---------------------|
| Net Position of Governmental Activities | <u>\$ 6,368,661</u> |
|---|---------------------|

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

CITY OF BAKER, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

| | General Fund | Special Revenue Funds | | Other Non-Major Governmental Funds | Total Governmental Funds |
|--|--------------|-----------------------|-----------------|------------------------------------|--------------------------|
| | | Street Fund | City Court Fund | | |
| REVENUES | | | | | |
| Intergovernmental | \$ 57,648 | \$ - | \$ - | \$ - | \$ 57,648 |
| Taxes: | | | | | |
| Sales | 5,287,354 | 2,328,781 | - | 1,357,231 | 8,973,366 |
| Franchise | 686,131 | - | - | - | 686,131 |
| Property | 457,233 | - | - | - | 457,233 |
| Hotel/Motel | 78,907 | - | - | - | 78,907 |
| Other | 510,469 | - | - | - | 510,469 |
| Charges for services | 1,274,348 | - | 41,200 | 304,265 | 1,619,813 |
| License and permits | 31,258 | - | - | - | 31,258 |
| Fines and forfeitures | 509,702 | - | 126,436 | 53,445 | 689,583 |
| Grants and other contributions | 458,449 | - | - | - | 458,449 |
| Investment income | 143,784 | 10,496 | 2,121 | 8,242 | 164,643 |
| Other revenue | 947,096 | - | 570 | 200 | 947,866 |
| Total Revenues | 10,442,379 | 2,339,277 | 170,327 | 1,723,383 | 14,675,366 |
| EXPENDITURES | | | | | |
| Current function: | | | | | |
| General government | 2,401,328 | - | - | 31,582 | 2,432,910 |
| Public safety | 6,235,005 | - | 157,405 | 841,464 | 7,233,874 |
| Public works | 3,205,584 | 71,820 | - | - | 3,277,404 |
| Economic/recreational development | 656,819 | - | - | - | 656,819 |
| Debt service: | | | | | |
| Principal | 202,655 | - | - | - | 202,655 |
| Interest | 70,282 | - | - | - | 70,282 |
| Capital outlay | 323,370 | 546,914 | - | - | 870,284 |
| Total Expenditures | 13,095,043 | 618,734 | 157,405 | 873,046 | 14,744,228 |
| Excess (Deficiency) of Revenues over Expenditures | (2,652,664) | 1,720,543 | 12,922 | 850,337 | (68,862) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers, net | 1,360,121 | - | - | (959,697) | 400,424 |
| Net Change in Fund Balance | (1,292,543) | 1,720,543 | 12,922 | (109,360) | 331,562 |
| FUND BALANCE | | | | | |
| Beginning of year | 1,439,942 | 3,077,363 | 1,380,692 | 659,035 | 6,557,032 |
| Adjustment to prior periods | (137,255) | - | - | 137,255 | - |
| End of year | \$ 10,144 | \$ 4,797,906 | \$ 1,393,614 | \$ 686,930 | \$ 6,888,594 |

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

CITY OF BAKER, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

Net Change in Fund Balances - Total Governmental Funds \$ 331,562

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation differed from capital outlay.

| | | |
|----------------------|------------------|----------|
| Capital outlay | \$ 870,284 | |
| Depreciation expense | <u>(896,700)</u> | (26,416) |

Certain long-term liabilities are not recognized at the fund level because they do not represent a claim on current financial resources. Expenses at the government-wide level are recognized when these liabilities are incurred, while expenditures are recognized at the fund level when cash payments are made. The amounts below are the net change in long-term liabilities.

| | | |
|--|------------------|---------------------|
| Lease payable | 202,655 | |
| Compensated absences | (38,678) | |
| Other post employment benefits and related outflows/inflows of resources | (79,282) | |
| Net pension liability and related outflows/inflows of resources | <u>1,361,717</u> | <u>1,446,412</u> |
| Change in Net Position of Governmental Activities | | <u>\$ 1,751,558</u> |

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

CITY OF BAKER, LOUISIANA
STATEMENTS OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

| | Utility | Cemetery | City Parish Sewer Revenue | Total Proprietary Funds |
|---|---------------|--------------|---------------------------------|-------------------------------|
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and cash equivalents | \$ 1,861,272 | \$ 182,409 | \$ 158,146 | \$ 2,201,827 |
| Inventory and prepaid expenses | 24,194 | 199,688 | - | 223,882 |
| Accounts receivable, net | 370,491 | 114,470 | 11,365 | 496,326 |
| Unbilled receivables | 174,431 | - | - | 174,431 |
| Due from other govt agencies | - | - | 114,881 | 114,881 |
| Total Current Assets | 2,430,388 | 496,567 | 284,392 | 3,211,347 |
| Non-Current Assets: | | | | |
| Investments | 3,651,189 | - | - | 3,651,189 |
| Restricted Assets: | | | | |
| Cash and cash equivalents | - | 5,388 | - | 5,388 |
| Investments | 1,109,730 | 403,028 | - | 1,512,758 |
| Total Restricted Assets | 1,109,730 | 408,416 | - | 1,518,146 |
| Capital Assets: | | | | |
| Non-depreciable | 243,572 | 130,000 | - | 373,572 |
| Depreciable, net | 6,710,586 | 63,270 | - | 6,773,856 |
| Net Capital Assets | 6,954,158 | 193,270 | - | 7,147,428 |
| Total Assets | 14,145,465 | 1,098,253 | 284,392 | 15,528,110 |
| DEFERRED OUTFLOW OF RESOURCES | | | | |
| Related to other post-employment benefits | 93,497 | 19,641 | - | 113,138 |
| Related to pension liability | 145,418 | 24,889 | - | 170,307 |
| Total Deferred Outflow of Resources | 238,915 | 44,530 | - | 283,445 |
| Total Assets and Deferred Outflows of Resources | \$ 14,384,380 | \$ 1,142,783 | \$ 284,392 | \$ 15,811,555 |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Accounts payable | \$ 1,187 | \$ 2,781 | \$ - | \$ 3,968 |
| Accrued liabilities | 34,819 | 5,640 | 800 | 41,259 |
| Unearned revenue | 37,216 | 1,294,241 | - | 1,331,457 |
| Customer utility deposits | 1,109,730 | - | - | 1,109,730 |
| Bonds payable | 108,000 | - | - | 108,000 |
| Due to other govt agencies | 15,307 | - | 210,267 | 225,574 |
| Total Current Liabilities | 1,306,259 | 1,302,662 | 211,067 | 2,819,988 |
| Non-Current Liabilities: | | | | |
| Bonds payable | 1,099,000 | - | - | 1,099,000 |
| Compensated absences | 50,012 | 1,456 | 266 | 51,734 |
| Other post employment benefits | 943,921 | 209,864 | 55,104 | 1,208,889 |
| Net pension liabilities | 491,563 | 84,133 | - | 575,696 |
| Total Non-Current Liabilities | 2,584,496 | 295,453 | 55,370 | 2,935,319 |
| Total Liabilities | 3,890,755 | 1,598,115 | 266,437 | 5,755,307 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Related to other post-employment benefits | 37,438 | 7,865 | - | 45,303 |
| Related to pension liability | 148,686 | 25,448 | - | 174,134 |
| Total Liabilities and Deferred Inflows of Resources | 186,124 | 33,313 | - | 219,437 |
| Total Liabilities and Deferred Inflows of Resources | 4,076,879 | 1,631,428 | 266,437 | 5,974,744 |
| NET POSITION | | | | |
| Investment in capital assets, net of related debt | 6,954,158 | 193,270 | - | 7,147,428 |
| Restricted | - | 408,416 | - | 408,416 |
| Unrestricted | 3,353,343 | (1,090,331) | 17,955 | 2,280,967 |
| Total Net Position | 10,307,501 | (488,645) | 17,955 | 9,836,811 |
| Total Liabilities, Deferred Inflows of Resources and Net Position | \$ 14,384,380 | \$ 1,142,783 | \$ 284,392 | \$ 15,811,555 |

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

CITY OF BAKER, LOUISIANA
STATEMENTS OF REVENUE, EXPENSE AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021

| | Utility | Cemetery | City Parish Sewer Revenue | Total Proprietary Funds |
|--|---------------|--------------|---------------------------------|-------------------------------|
| OPERATING REVENUES | | | | |
| Charges for Services: | | | | |
| Water | \$ 1,114,794 | \$ - | \$ - | \$ 1,114,794 |
| Natural gas | 1,629,841 | - | - | 1,629,841 |
| Sewer | 837,320 | - | - | 837,320 |
| Late/reconnection fees | 217,668 | - | - | 217,668 |
| Other | 21,688 | 7,847 | 66,646 | 96,181 |
| Sales | - | 354,609 | - | 354,609 |
| Total Operating Revenues | 3,821,311 | 362,456 | 66,646 | 4,250,413 |
| OPERATING EXPENSES | | | | |
| Cost of goods sold | 907,854 | 116,581 | - | 1,024,435 |
| Auto expense | 61,139 | 1,147 | - | 62,286 |
| Contractual services | 188,769 | 12,449 | - | 201,218 |
| Depreciation | 350,035 | 7,661 | - | 357,696 |
| Insurance | 81,940 | 4,927 | 1,085 | 87,952 |
| Payroll and employee-related expenses | 159,062 | 18,050 | 16,966 | 194,078 |
| Rent expense | 360,000 | 6,000 | - | 366,000 |
| Repairs and maintenance | 27,750 | 9,498 | - | 37,248 |
| Supplies | 62,817 | 1,228 | 3,688 | 67,733 |
| Utilities | 95,910 | 10,973 | - | 106,883 |
| Bad debt | 113,592 | - | - | 113,592 |
| Other operating expense | 121,176 | 2,336 | 20,000 | 143,512 |
| Total Operating Expenses | 2,530,044 | 190,850 | 41,739 | 2,762,633 |
| Operating Income (Loss) | 1,291,267 | 171,606 | 24,907 | 1,487,780 |
| NON-OPERATING REVENUE (EXPENSE) | | | | |
| Interest income | 4,491 | 12,242 | - | 16,733 |
| Interest expense | (40,173) | - | - | (40,173) |
| Transfers. net | (400,424) | - | - | (400,424) |
| Net Non-Operating Revenue (Expense) | (436,106) | 12,242 | - | (423,864) |
| Change in Net Position | 855,161 | 183,848 | 24,907 | 1,063,916 |
| NET POSITION | | | | |
| Beginning of year | 9,452,340 | (672,493) | (6,952) | 8,772,895 |
| End of year | \$ 10,307,501 | \$ (488,645) | \$ 17,955 | \$ 9,836,811 |

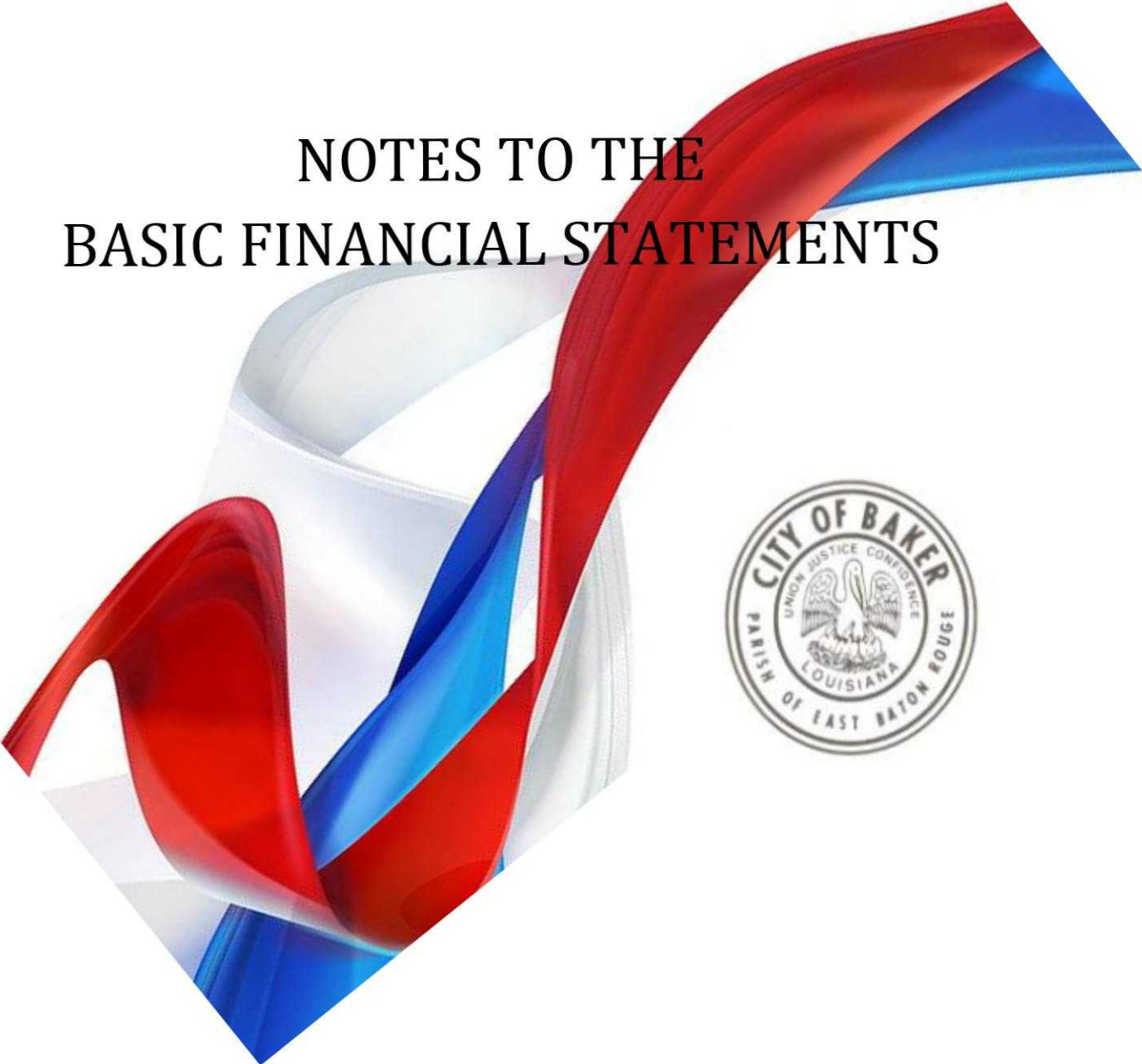
The accompanying notes are an integral part of the basic financial statement.

CITY OF BAKER, LOUISIANA
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021

| | Utility | Cemetery | City Parish Sewer Revenue | Total Proprietary Funds |
|---|---------------------|-------------------|---------------------------------|-------------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers | \$ 3,916,264 | \$ 360,819 | \$ 53,445 | \$ 4,330,528 |
| Payments to suppliers | (2,013,111) | (159,074) | 26,219 | (2,145,966) |
| Payments to employees | (677,442) | (133,106) | (18,114) | (828,662) |
| Net Cash Provided by Operating Activities | 1,225,711 | 68,639 | 61,550 | 1,355,900 |
| CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Increase in customer deposits | 6,135 | - | - | 6,135 |
| Operating transfers to/from other funds | (400,424) | - | - | (400,424) |
| Net Cash Used for Noncapital and Related Financing Activities | (394,289) | - | - | (394,289) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Purchase of capital assets | (104,630) | - | - | (104,630) |
| Principal payment on bonds payable | (105,000) | - | - | (105,000) |
| Interest payments on bonds payable | (40,173) | - | - | (40,173) |
| Net Cash Used for Capital and Related Financing Activities | (249,803) | - | - | (249,803) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchase/redemption of investments | 140,000 | (26,166) | - | 113,834 |
| Interest on investments | 4,491 | 12,242 | - | 16,733 |
| Net Cash Provided by (Used for) Investing Activities | 144,491 | (13,924) | - | 130,567 |
| Net Increase in Cash and Cash Equivalents | 726,110 | 54,715 | 61,550 | 842,375 |
| Cash and cash equivalents, beginning of year | 1,135,162 | 133,082 | 96,596 | 1,364,840 |
| Cash and cash equivalents, end of year | <u>\$ 1,861,272</u> | <u>\$ 187,797</u> | <u>\$ 158,146</u> | <u>\$ 2,207,215</u> |
| PRESENTATION ON STATEMENT OF NET POSITION: | | | | |
| Current Assets - cash and cash equivalents | \$ 1,861,272 | \$ 182,409 | \$ 158,146 | \$ 2,201,827 |
| Restricted Assets - cash and cash equivalents | - | 5,388 | - | 5,388 |
| Total Cash and Cash Equivalents | <u>\$ 1,861,272</u> | <u>\$ 187,797</u> | <u>\$ 158,146</u> | <u>\$ 2,207,215</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | | | |
| Operating income | \$ 1,291,267 | \$ 171,606 | \$ 24,907 | \$ 1,487,780 |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities: | | | | |
| Depreciation | 350,035 | 7,661 | - | 357,696 |
| Change in operating assets and liabilities: | | | | |
| Accounts receivable and other assets | 103,704 | (1,421) | 55,851 | 158,134 |
| Accounts payable and other accrued liabilities | (96,340) | 2,021 | (19,208) | (113,527) |
| Deferred revenues | 8,636 | 7,011 | - | 15,647 |
| Post-employment benefits and related deferred outflows (inflows) | (29,080) | (6,201) | - | (35,281) |
| Net pension liability and related deferred outflows (inflows) | (402,511) | (112,038) | - | (514,549) |
| Net Cash Provided by Operating Activities | <u>\$ 1,225,711</u> | <u>\$ 68,639</u> | <u>\$ 61,550</u> | <u>\$ 1,355,900</u> |

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

**NOTES TO THE
BASIC FINANCIAL STATEMENTS**



CITY OF BAKER, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

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

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

Basis of Presentation

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

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

Reporting Entity

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

CITY OF BAKER, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

CITY OF BAKER, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

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

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

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

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

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

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

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

Blended Component Units

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

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

CITY OF BAKER, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

Basis of Accounting and Measurement Focus

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

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

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

Short-Term Interfund Receivables/Payables

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

CITY OF BAKER, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Elimination and Reclassifications

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

Inventories

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

Capital Assets

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

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

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

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

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

Compensated Absences

The City allows annual leave to regular full-time employees based on length of service. No leave is earned, however, while on suspension or leave without pay status. Annual leave may be carried over to the next calendar year. There is no limit on the amount of annual leave an employee may accumulate

CITY OF BAKER, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

during the term of his/her employment, but it is with the understanding that only a maximum of 300 hours will be paid to employees upon retirement or separation. Employees are not paid for their annual leave at year-end, but are paid for accumulated, unused leave upon termination.

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

In the government-wide financial statements and the proprietary fund type fund statements, the total compensated absences liability is recorded as an expense and a long-term obligation and allocated on a functional basis. In accordance with GASB Interpretation No.6 *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, (issued in March 2000), no compensated absences liability is recorded on June 30, 2021, in the governmental fund financial statements. The liquidation of the compensated absence liabilities will be paid proportional to funds in which the compensation was paid, primarily the general and utility funds.

Restricted Net Position

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

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

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

1. *Non-spendable*: Fund balance amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact
2. *Restricted*: Fund balance amounts with constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation
3. *Committed*: Fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts

CITY OF BAKER, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. *Assigned:* Fund balance amounts that are constrained by the government’s intent to be used for specific purposes but are neither restricted nor committed. Intent should be expressed by (a) the government body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes
5. *Unassigned:* Fund balance that is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

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

Stewardship, Compliance and Accountability

At the meeting of the Council at which the operating budget is submitted, the Council orders a public hearing on it. At least ten days prior to the date of such hearing, the Council publishes in the official journal a general summary of the proposed budget. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally enacted through passage of an ordinance, no later than the fifteenth day of the last month of the fiscal year. Budgetary amendments involving the transfer of funds from one budget unit to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the adoption of an ordinance by the Council.

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

Interfund Transfers

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

CITY OF BAKER, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Estimates

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

Levied Taxes

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

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

| <u>Fund Type</u> | <u>Purpose</u> | <u>Millage</u> | <u>Expiration Date</u> |
|------------------|-----------------|----------------|------------------------|
| General | General purpose | 6.22 | Indefinite |

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

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

The following is a summary of authorized sales taxes:

| <u>Fund Type</u> | <u>Purpose</u> | <u>Percent</u> | <u>Expiration Date</u> |
|------------------|--|----------------|------------------------|
| General | General purpose | 2.00 | None |
| Special Revenue | Salaries of firefighters, police, and other personnel and acquisition of public safety equipment | 0.50 | None |
| Special Revenue | Street maintenance and construction | 0.50 | 12/31/2030 |

CITY OF BAKER, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 2 – CASH AND INVESTMENTS

Deposits and Cash Equivalents

On June 30, 2021, the City had cash (book balances) totaling \$6,730,677 (inclusive of restricted cash of \$94,053) consisting primarily of demand deposit accounts, interest-bearing demand deposits and short-term certificates of deposits at local banks. These deposits were stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance, or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must always equal the amount on deposit with the fiscal agent.

Governmental Accounting Standards Board (GASB) Statement No. 40, “*Deposit and Investment Risk Disclosures*” requires disclosure of custodial credit risk for bank deposits. Custodial risk is the risk that in the event of bank failure, the government’s deposits may not be returned. Under state law, all deposits are required to be secured by federal depository insurance or the pledge of securities held by the pledging banks agent in the City’s name. On June 30, 2021, bank balances amounted to \$2,464,448. Of these bank balances, \$1,500,000 was covered by federal depository insurance and the remaining balance was protected against custodial credit risk by collateral held by the pledging banks’ trust department or agent in the City’s name.

Investments

Investments are limited by LA Revised Statute 33:2955. If the original maturities of investments exceed 90 days, including certificates of deposit, they are classified as investments. Otherwise, they are classified as cash and cash equivalents. In accordance with GASB No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are recorded at quoted market value with the corresponding increase or decrease reported in investment earnings.

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

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

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

CITY OF BAKER, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 2 – CASH AND INVESTMENTS - CONTINUED

The City had the following investments on June 30, 2021:

| | <u>Category 1</u> | <u>Fair Value</u> | <u>Cost</u> | <u>Maturity Date</u> | <u>Interest Rate</u> |
|--|-------------------|---------------------|---------------------|----------------------|----------------------|
| Certificates of Deposit – various banks | \$ 337,438 | \$ 337,438 | \$ 337,438 | 2021 | .10% - .72% |
| Investments Not Subject to Categorization: | | | | | |
| U.S. agencies | | 2,687,754 | 2,626,027 | 2023-2040 | .50% - 3.50% |
| U.S. Treasury bonds | | <u>4,117,336</u> | <u>4,057,545</u> | 2021-2025 | .13% - 2.75% |
| Total Investments | | <u>\$ 7,142,528</u> | <u>\$ 7,021,010</u> | | |

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

NOTE 3 - CONCENTRATION OF CREDIT RISK

Concentration of Credit Risk

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

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

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be used to recover the value of investment or collateral securities that are in the possession of an outside party. Exposure to custodial credit risk arises when securities are insured or are not registered in the name of the City and are held by either the counterparty or the counterparty's trust department or agent, but not in the City's name. The City was not exposed to custodial credit risk as of June 30, 2021. The City's policy provides for periodic review of pledged collateral to minimize custodial credit risk.

Interest Rate Risk

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

CITY OF BAKER, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 3 - CONCENTRATION OF CREDIT RISK - CONTINUED

As of June 30, 2021, the City's investments reported on the governmental-wide statement of net position totaled \$7,142,528 which included \$6,765,090 fixed-income trusts investments and \$377,438 of certificates of deposit with maturities greater than 90 days. The City has no formal policy regarding interest rate risk but periodically seeks counsel from its trustees.

NOTE 4 - ACCOUNTS RECEIVABLE

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

Accounts receivable on June 30, 2021, were as follows:

Governmental Funds:

| | General Fund | Street Fund | Non-Major Governmental Funds | Total |
|--|---------------------|-------------------|------------------------------------|---------------------|
| Accounts | \$ 489,868 | \$ - | \$ - | \$ 489,868 |
| Sales tax | 973,700 | 817,559 | 424,824 | 2,216,083 |
| Franchise tax | 161,238 | - | - | 161,238 |
| Other | 345,556 | - | - | 345,556 |
| Total receivables | 1,970,362 | 817,559 | 424,824 | 3,212,745 |
| Less: Allowance for un-collectibles | (88,090) | - | - | (88,090) |
| Receivables, net | <u>\$ 1,882,272</u> | <u>\$ 817,559</u> | <u>\$ 424,824</u> | <u>\$ 3,124,655</u> |

Proprietary Funds:

| | Utility | Cemetery | City Parish Sewer Revenue | Total |
|--|-------------------|-------------------|---------------------------------|-------------------|
| Accounts receivable | \$ 856,474 | \$ 114,470 | \$ 11,365 | \$ 982,309 |
| Unbilled receivables | 174,431 | - | - | 174,431 |
| Less: Allowance for un-collectibles | (485,983) | - | - | (485,983) |
| Receivables, net | <u>\$ 544,922</u> | <u>\$ 114,470</u> | <u>\$ 11,365</u> | <u>\$ 670,757</u> |

CITY OF BAKER, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 5 - INTERFUND BALANCES AND TRANSFERS

There were no interfund balances as of June 30, 2021. The balance of \$137,254 due to the General Fund from the 911 Communications Fund was forgiven during the current year. It has been recognized as an adjustment to prior period.

During the year ended June 30, 2021, interfund transfers consisted of the follows:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|----------------------------|----------------------------|----------------------------|
| Governmental Funds: | | |
| General Fund | \$ 1,500,121 | \$ 140,000 |
| ½ Cent Tax Fire Fund | - | 543,141 |
| ½ Cent Tax Police Fund | - | 706,980 |
| 911 Communications Fund | 290,424 | - |
| | | |
| Proprietary Funds: | | |
| Utility | - | 400,424 |
| | | |
| Total | <u>\$ 1,790,545</u> | <u>\$ 1,790,545</u> |

NOTE 6 - CAPITAL ASSETS

Governmental Activities

The following is a summary of changes in capital assets for the year ended June 30, 2021:

| | <u>Balance July 1, 2020</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance June 30, 2021</u> |
|---|---------------------------------|------------------|------------------|----------------------------------|
| Governmental activities: | | | | |
| Not being depreciated: | | | | |
| Land | \$ 1,039,918 | \$ - | \$ - | \$ 1,039,918 |
| Total capital assets, not being depreciated | <u>1,039,918</u> | <u>-</u> | <u>-</u> | <u>1,039,918</u> |
| | | | | |
| Depreciated: | | | | |
| Buildings | 6,673,643 | - | 18,583 | 6,655,060 |
| Improvements | 3,106,458 | 84,170 | - | 3,190,628 |
| Streets/Bridges | 9,155,624 | 546,914 | - | 9,702,538 |
| Equipment | 2,694,352 | 237,900 | - | 2,932,252 |
| Vehicles | 2,898,385 | - | - | 2,898,385 |
| Furniture and equipment | 560,949 | 1,300 | - | 562,249 |
| | | | | |
| Leased vehicles under capital lease | 2,103,064 | - | - | 2,103,064 |
| Total capital assets, being depreciated | <u>27,192,475</u> | <u>870,284</u> | <u>18,583</u> | <u>28,044,176</u> |
| | | | | |
| Total capital assets | <u>28,232,393</u> | <u>870,284</u> | <u>18,583</u> | <u>29,084,094</u> |

CITY OF BAKER, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 6 - CAPITAL ASSETS - CONTINUED

| | Balance July 1, 2020 | Additions | Deletions | Balance June 30, 2021 |
|--|-------------------------|------------------|---------------|--------------------------|
| Less accumulated depreciation for: | | | | |
| Buildings | \$ 3,297,218 | \$ 164,982 | \$ 18,583 | \$ 3,443,617 |
| Improvements | 2,780,830 | 30,602 | - | 2,811,432 |
| Streets/Bridges | 2,150,318 | 264,338 | - | 2,414,646 |
| Equipment | 1,756,385 | 250,483 | - | 2,006,868 |
| Vehicles | 2,408,575 | 153,605 | - | 2,562,180 |
| Furniture and equipment | 392,424 | 32,690 | - | 425,114 |
| Total accumulated depreciation | <u>12,785,750</u> | <u>896,700</u> | <u>18,583</u> | <u>13,663,857</u> |
| Total capital assets, being depreciated, net | <u>14,406,725</u> | <u>26,416</u> | <u>-</u> | <u>14,380,319</u> |
| Governmental activities capital assets, net | <u>\$15,446,643</u> | <u>\$ 26,416</u> | <u>\$ -</u> | <u>\$ 15,420,237</u> |

Depreciation expense totaling \$896,700 for the year ended June 30, 2021, was charged to governmental functions in the statement of activities as follows:

| | |
|--------------------|-------------------|
| General government | \$ 192,765 |
| Public safety | 409,105 |
| Public works | <u>294,830</u> |
| Total | <u>\$ 896,700</u> |

Business-Type Activities

The following is a summary of changes in capital assets for the year ended June 30, 2021:

| | Balance July 1, 2020 | Additions | Deletions | Balance June 30, 2021 |
|---|-------------------------|----------------|-----------|--------------------------|
| Business-type activities: | | | | |
| Not being depreciated: | | | | |
| Land | \$ 373,572 | \$ - | \$ - | \$ 373,572 |
| Total capital assets, not being depreciated | <u>373,572</u> | <u>-</u> | <u>-</u> | <u>373,572</u> |
| Depreciated: | | | | |
| Buildings | 282,363 | - | - | 282,363 |
| Utility systems | 14,717,779 | 70,385 | - | 14,788,164 |
| Streets | 50,000 | - | - | 50,000 |
| Equipment | 660,138 | - | - | 660,138 |
| Vehicles | 273,151 | 34,245 | - | 307,396 |
| Furniture and equipment | 106,595 | - | - | 106,595 |
| Total capital assets, being depreciated | <u>16,090,026</u> | <u>104,630</u> | <u>-</u> | <u>16,194,656</u> |
| Total capital assets | <u>16,463,598</u> | <u>104,630</u> | <u>-</u> | <u>16,568,228</u> |

CITY OF BAKER, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 6 - CAPITAL ASSETS - CONTINUED

| | Balance July 1, 2020 | Additions | Deletions | Balance June 30, 2021 |
|--|-------------------------|--------------------|-------------|--------------------------|
| Less accumulated depreciation for: | | | | |
| Buildings | \$ 215,032 | \$ 5,877 | \$ - | \$ 220,909 |
| Utility systems | 7,820,180 | 330,476 | - | 8,150,656 |
| Streets | 50,000 | - | - | 50,000 |
| Equipment | 591,587 | 17,922 | - | 609,509 |
| Vehicles | 279,709 | 3,422 | - | 283,131 |
| Furniture and equipment | 106,595 | - | - | 106,595 |
| Total accumulated depreciation | <u>9,063,103</u> | <u>357,697</u> | <u>-</u> | <u>9,420,800</u> |
| Total capital assets, being depreciated, net | <u>7,026,923</u> | <u>(253,067)</u> | <u>-</u> | <u>6,773,856</u> |
| Business-type activities capital assets, net | <u>\$ 7,400,495</u> | <u>\$(253,067)</u> | <u>\$ -</u> | <u>\$ 7,147,428</u> |

NOTE 7 - PENSION PLAN

The City is a participating employer in several cost-sharing defined benefit pension plans. These plans are administered by four public employee retirement systems, the Municipal Employees' Retirement System of Louisiana (MERS), the Municipal Police Employees' Retirement System (MPERS), the Firefighters' Retirement System (FRS), and the Louisiana State Employees Retirement System (LASERS). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of these plans to the State Legislature. Each system is administered by a separate board of trustees.

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

MERS

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

MPERS

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

FRS

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

LASERS

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

CITY OF BAKER, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 7 - PENSION PLAN - CONTINUED

Plan Descriptions

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

1. Municipal Employees' Retirement System of Louisiana (MERS)

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

2. Municipal Police Employees' Retirement System (MPERS)

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

3. Firefighters' Retirement System (FRS)

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

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

CITY OF BAKER, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 7 - PENSION PLAN - CONTINUED

4. Louisiana State Employees' Retirement System (LASERS)

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

Contributions

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee (PRSAC) in accordance with LRS 11:127.

Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2021, for the City and covered employees were as follows:

| | <u>City</u> | <u>Employees</u> |
|--|-------------|------------------|
| Municipal Employees' Retirement System Plan A | | |
| Members hired prior to 01/01/2013 | 29.50% | 10.00% |
| Members hired after 01/01/2013 | 29.50% | 10.00% |
| Municipal Police Employees' Retirement System | | |
| All employees hired prior to 01/01/2013 and all | | |
| Hazardous Duty employees hired after 01/01/2013 | 33.75% | 10.00% |
| Non-Hazardous Duty (hired after 01/01/2013) | 33.75% | 8.00% |
| Employees receiving compensation below poverty guidelines of US Department of Health | 36.25% | 7.50% |
| Firefighters' Retirement System | | |
| Employees receiving compensation above poverty guidelines of US Department of Health | 32.25% | 10.00% |
| Employees receiving compensation below poverty guidelines of US Department of Health | 34.25% | 8.00% |
| Louisiana State Employees' Retirement System | | |
| Judges hired before 01/01/11 | 43.60% | 13.00% |

CITY OF BAKER, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 7 - PENSION PLAN - CONTINUED

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

The following schedule lists the City's proportionate share of the Net Pension Liability allocated by each of the pension plans based on the June 30, 2020, measurement date. The City uses this measurement to record its Net Pension Liability and associated amounts as of June 30, 2021, in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used on June 30, 2020, along with the change compared to the June 30, 2019, rate. The City's proportion of the Net Pension Liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

| | Net Pension Liability at June 30, 2021 | Current Measurement Rate | Previous Measurement Rate | Increase (Decrease) |
|--------|--|--------------------------------|---------------------------------|------------------------|
| MERS | \$ 4,132,897 | 1.4859% | 1.4681% | 0.0178% |
| MPERS | 2,675,977 | 0.5020% | 0.4084% | 0.0936% |
| FRS | 1,775,169 | 0.5009% | 0.3890% | 0.1119% |
| LASERS | 317,759 | 0.0038% | 0.0013% | 0.0025% |
| Total | <u>\$ 8,901,802</u> | | | |

The following schedule list each pension plan's recognized pension expense (benefit) of the City for the year ended June 30, 2021:

| | |
|--------|-------------------|
| MERS | \$ (311,187) |
| MPERS | 560,123 |
| FRS | 75,684 |
| LASERS | 16,976 |
| Total | <u>\$ 341,595</u> |

On June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF BAKER, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 7 - PENSION PLAN - CONTINUED

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ - | \$ (2,533,865) |
| Changes of assumptions | 832,048 | (76,334) |
| Net difference between projected and actual earnings on pension plan investments | 51,843 | (1,249,471) |
| Changes in proportion and differences between Employers' contributions and proportionate share of contributions | 1,257,448 | (2,724) |
| Differences between allocated and actual contributions | (2,817) | (35,023) |
| Employer contributions subsequent to the measurement date | <u>1,796,367</u> | <u>-</u> |
| Total | <u>\$ 3,934,889</u> | <u>\$ (3,897,416)</u> |

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

| | |
|--------------------------------|--------------------|
| Change in... | |
| Net pension liability | \$ 3,200,424 |
| Deferred outflows of resources | 1,385,142 |
| Deferred inflows of resources | <u>(3,223,849)</u> |
| | <u>1,361,717</u> |

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--------|--------------------------------------|-------------------------------------|
| MERS | \$ 1,222,593 | \$ (1,250,097) |
| MPERS | 1,204,599 | (1,400,524) |
| FRS | 1,422,971 | (1,268,826) |
| LASERS | <u>83,009</u> | <u>(4,733)</u> |
| Total | <u>\$ 3,933,172</u> | <u>\$ (3,924,180)</u> |

The City reported a total of \$3,933,172 as deferred outflows of resources related to pension contributions made subsequent to the measurement period of June 30, 2020, which will be recognized as a reduction in Net Pension Liability in the subsequent year. The following schedule lists the pension contributions made subsequent to the measurement period for each pension plan:

CITY OF BAKER, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 7 - PENSION PLAN – CONTINUED

| | Subsequent Contributions |
|--------|-----------------------------|
| MERS | \$ 868,512 |
| MPERS | 470,538 |
| FRS | 421,145 |
| LASERS | 36,172 |
| Total | \$ 1,796,367 |

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

| Year | MERS | MPERS | FRS | LASERS | Total |
|-------|--------------|--------------|--------------|------------|----------------|
| 2022 | \$ 26,394 | \$ (161,313) | \$ (145,593) | \$ (2,310) | \$ (282,822) |
| 2023 | (189,616) | (52,393) | (55,716) | 5,916 | (291,809) |
| 2024 | (300,204) | (39,745) | 15,601 | 13,395 | (310,953) |
| 2025 | (432,589) | (6,177) | (2,228) | 14,354 | (426,640) |
| 2026 | - | (204,835) | (883) | 10,750 | (194,968) |
| 2027 | - | (202,001) | (78,181) | - | (280,182) |
| Total | \$ (896,015) | \$ (666,464) | \$ (267,000) | \$ 42,105 | \$ (1,787,374) |

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, 2021, are as follows:

| | Measurement/ Valuation Date | Expected Remaining Service Lives | Investment Rate of Return |
|--------|--------------------------------|-------------------------------------|-------------------------------------|
| MERS | June 30, 2021 | 3 years | 6.85% net of investment expenses |
| MPERS | June 30, 2021 | 4 years | 6.75% net of investment expenses |
| FRS | June 30, 2021 | 7 years | 6.90% net of fees |
| LASERS | June 30, 2021 | 2 years | 7.55% net of investment expenses |

CITY OF BAKER, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 7 - PENSION PLAN - CONTINUED

Mortality:

MERS - Mortality rates based on the RP-2000 Disabled Lives Mortality Table set back 2 years for both males and females.

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

FRS - Mortality assumptions were set after reviewing an experience study performed on plan data for the period July 1, 2009, through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the fund's liabilities. The RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 using Scale AA were selected for employee, annuitant, and beneficiary mortality. The RP-2000 Disabled Lives Mortality Table setback 5 years for males and 3 years for females was selected for disabled annuitants. Setbacks in these tables were used to approximate mortality improvement.

LASERS - Non-disabled members - Mortality rates are based on the RP-2014 Healthy Mortality Table with mortality improvement projected using the MP-2018 Mortality Improvement Scale, applied on a fully generational basis. **Disabled members** - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.

Salary Increases:

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

MPERS -

| Years of Service | Salary Growth Rate |
|------------------|--------------------|
| 1 - 2 | 12.30% |
| 3 - 23 | 4.70% |
| Over 23 | 4.70% |

FRS – Varies depending on years of service starting at 14.75% in the first two years of service, decreasing to 5.5% for years 3 – 24 and to 4.5% after 25 years.

CITY OF BAKER, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 7 - PENSION PLAN - CONTINUED

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

| Member Type | Lower Range | Upper Range |
|----------------|----------------|----------------|
| Regular | 3.0% | 12.8% |
| Judges | 2.6% | 5.1% |
| Corrections | 3.6% | 13.8% |
| Hazardous Duty | 3.6% | 13.8% |
| Wildlife | 3.6% | 13.8% |

Cost of Living Adjustments:

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

MPERS - The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

FRS - Only those previously granted.

LASERS - The present value of future benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

Rate of Return:

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

MERS - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5% and an adjustment for the effect of rebalancing diversification. The resulting expected long-term rate of return is 6.85% for the year ended June 30, 2020.

CITY OF BAKER, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 7 - PENSION PLAN - CONTINUED

MPERS - The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5% and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long-term rate of return is 6.75% for the year ended June 30, 2020.

FRS - The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5%. The long-term geometric expected rate of return was 6.90% as of June 30, 2020.

LASERS - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.3% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.55% as of June 30, 2020.

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each system's target asset allocations as of June 30, 2020:

| Asset Class | Target Allocation | | | Long-Term Expected Real Rate of Return | | |
|------------------------------------|-------------------|---------------|---------------|--|--------------|---------------|
| | MERS | MPERS | FRS | MERS | MPERS | FRS |
| Public equity | 53.0% | 0.00% | 0.00% | 2.31% | 0.00% | 0.00% |
| Equity | 0.00% | 55.50% | 55.00% | 0.00% | 3.47% | 6.44% |
| Public fixed income | 38.0% | 0.00% | 0.00% | 1.65% | 0.00% | 0.00% |
| Fixed income | 0.00% | 30.50% | 27.00% | 0.00% | 0.59% | 2.75% |
| Alternatives | 9.00% | 14.00% | 18.00% | 0.39% | 1.01% | 9.53% |
| Other | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Total | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | 4.35% | 5.08% | 19.02% |
| Inflation | | | | <u>2.60%</u> | <u>2.22%</u> | <u>2.50%</u> |
| Expected Arithmetic Nominal Return | | | | <u>6.95%</u> | <u>7.30%</u> | <u>21.57%</u> |

CITY OF BAKER, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 7 - PENSION PLAN - CONTINUED

For **LASERS**, the target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020, are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------------|----------------------|--|
| Cash | 0% | -0.59% |
| Domestic equity | 18% | 4.79% |
| International equity | 22% | 5.83% |
| Domestic Fixed Income | 7% | 1.76% |
| International Fixed Income | 10% | 3.98% |
| Alternative Investments | 31% | 6.69% |
| Global Asset Allocation | 12% | 4.20% |
| Total | <u>100%</u> | <u>5.81%</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 MERS, MPERS, FRS, and LASERS was 6.85%, 6.75%, 6.90% and 7.55%, respectively for the year ended June 30, 2020.

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

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

CITY OF BAKER, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 7 - PENSION PLAN - CONTINUED

| | <u>1% Decrease</u> | <u>Current Rate</u> | <u>1% Increase</u> |
|--------------------------------|--------------------|---------------------|--------------------|
| MERS | | | |
| Discount Rates | 5.850% | 6.850% | 7.850% |
| Share of Net Pension Liability | 6,121,031 | 4,132,897 | 2,453,642 |
| MPERS | | | |
| Discount Rates | 5.75% | 6.750% | 7.75% |
| Share of Net Pension Liability | 4,663,805 | 2,675,977 | 1,016,811 |
| FRS | | | |
| Discount Rates | 5.90% | 6.90% | 7.90% |
| Share of Net Pension Liability | 3,405,530 | 1,775,169 | 415,465 |
| LASERS | | | |
| Discount Rates | 6.55% | 7.55% | 8.55% |
| Share of Net Pension Liability | 285,983 | 317,759 | 349,535 |

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS PLAN

In accordance with state statutes, the City of Baker provides certain post-employment health care and life insurance benefits to its retired employees. Substantially all City of Baker employees may become eligible for such benefits upon reaching normal retirement age while working for the City. These benefits for retirees and similar benefits for active employees are provided through a state-operated group insurance program and various insurance companies whose monthly premiums are paid jointly by the employee and the City. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting for Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

Plan Description: The City’s medical and dental benefits are provided through an insured medical plan and are made available to employees upon actual retirement. The City pays a dollar amount of the contribution of the medical and dental coverage for the retiree and dependents. For medical this varies from \$317 to \$480 for individual coverage and depends on the plan elected. The retiree pays the remaining balance. Employees are covered by a retirement system whose retirement eligibility provisions are as follows: age 60 and 10 years of service or, if earlier, twenty-five (25) years of service at any age.

Funding Policy: Until 2011, the City recognized the cost of providing post-employment medical benefits (the City of Baker’s portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis.

CITY OF BAKER, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS PLAN - CONTINUED

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

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

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

Actuarial Assumptions and Basis

The total OPEB liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------------|--|
| Inflation | 2.5% |
| Salary increases | 3.5% |
| Discount rate | 2.21% annually (-0.29% real rate of return plus 2.50% inflation) |
| Healthcare cost trend rates | Level 4.50% for medical and level 2.50% for dental |

Actuarial Cost Method: 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 salary.

CITY OF BAKER, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS PLAN - CONTINUED

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

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

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

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

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

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

Employees Covered by Benefit Terms

On June 30, 2021, the following employees were covered by the benefit terms:

| | |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 40 |
| Inactive employees entitled to but not yet receiving benefit payments | - |
| Active employees | <u>90</u> |
| Total | <u>130</u> |

CITY OF BAKER, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS PLAN - CONTINUED

Total OPEB Liability

The City's total OPEB liability of \$6,540,361 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

| | Amount |
|--|---------------|
| Balance on June 30, 2020 | \$ 6,548,374 |
| Changes for the year: | |
| Service cost | 273,796 |
| Interest | 145,440 |
| Differences between expected and actual experience | (55,104) |
| Benefit payments and net transfers | (372,145) |
| Net change | (8,013) |
| Balance on June 30, 2021 | \$ 6,540,361 |
| Covered-employee payroll | \$ 3,723,219 |
| Net OPEB liability as a percentage of covered-employee payroll | 175.66% |

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

| | |
|--------------------------------|------------|
| Change in... | |
| Net OPEB liability | \$ (8,013) |
| Deferred outflows of resources | (297,793) |
| Deferred inflows of resources | 226,515 |
| | (79,291) |

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

| | 1.0% Decrease (1.21%) | Current Discount Rate (2.21%) | 1.0% Increase (3.21%) |
|----------------------|----------------------------------|--|----------------------------------|
| Total OPEB liability | \$ 5,564,014 | \$ 6,540,361 | \$ 7,796,969 |

CITY OF BAKER, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS PLAN - CONTINUED

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.5%) or 1-percentage-point higher (5.5%) than the current healthcare trend rates:

| | 1.0% Decrease (3.5%) | Current Trend (4.5%) | 1.0% Increase (5.5%) |
|----------------------|---------------------------------|---------------------------------|---------------------------------|
| Total OPEB liability | \$ 5,452,695 | \$ 6,540,361 | \$ 7,992,896 |

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

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

| | Amount |
|---|---------------|
| Service cost as of 7/1/2020 | \$ 273,796 |
| Interest cost, including interest on service cost | 145,440 |
| Changes of benefit terms | - |
| Current Recognized Deferred Outflows (Inflows): | |
| Difference between expected and actual experience | (34,740) |
| Changes in assumptions or other inputs | 86,763 |
| Difference of projected investment earnings | - |
| Total OPEB Expense as of 6/30/2021 | \$ 471,259 |

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

| | Schedule of Deferred Outflows/(Inflows) | |
|---|--|--------------------------------------|
| | Deferred Outflows of Resources | Deferred Outflows of Resources |
| Differences between expected and actual experience | \$ - | \$ (226,515) |
| Changes of assumptions/inputs | 565,691 | - |
| Net difference between projected and actual investments | - | - |
| Totals | \$ 565,691 | \$ (226,515) |

CITY OF BAKER, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 9 - LONG-TERM DEBT

The following is a summary of the long-term obligation transactions for the year ended June 30, 2021:

| | Beginning July 1, 2020 | Additions | Reductions | Balance June 30, 2021 | Amount Due Within One Year |
|---------------------------------|---------------------------|-------------------|---------------------|--------------------------|----------------------------------|
| Governmental Activities: | | | | | |
| Claims/judgments | \$ 75,000 | \$ - | \$ - | \$ 75,000 | \$ -0- |
| Compensated absences | 735,124 | 83,625 | 44,947 | 773,802 | -0- |
| Capital lease | 1,920,605 | - | 202,655 | 1,717,950 | 210,071 |
| Net OPEB | 5,293,799 | 37,673 | - | 5,256,126 | -0- |
| Net pension liability | 11,526,530 | - | 3,200,424 | 8,326,106 | -0- |
| Totals | <u>\$ 19,551,058</u> | <u>\$ 121,298</u> | <u>\$ 3,448,026</u> | <u>\$ 16,224,330</u> | <u>\$ 210,071</u> |

| | Beginning July 1, 2020 | Additions | Reductions | Balance June 30, 2021 | Amount Due Within One Year |
|----------------------------------|---------------------------|-------------|-------------------|--------------------------|----------------------------------|
| Business-Type Activities: | | | | | |
| Compensated absences | \$ 161,285 | \$ - | \$ 109,551 | \$ 51,734 | \$ -0- |
| Revenue Bonds 2010A | 635,000 | - | 51,000 | 584,000 | 52,000 |
| Revenue Bonds 2010B | 677,000 | - | 54,000 | 623,000 | 56,000 |
| Net OPEB | 1,254,575 | - | 45,686 | 1,208,889 | -0- |
| Net pension liability | 1,269,868 | - | 694,172 | 575,696 | -0- |
| Totals | <u>\$ 3,997,728</u> | <u>\$ -</u> | <u>\$ 954,409</u> | <u>\$ 3,043,319</u> | <u>\$ 108,000</u> |

The individual bond issues and loan agreements are as follows:

| Bond Issue/Loan Agreement | Original Issue Amount | Interest Rate | Principal Outstanding June 30, 2021 | Interest to Maturity | Maturity Date |
|-----------------------------------|-----------------------------|------------------|---|-------------------------|------------------|
| Water Revenue Bonds, Series 2010A | \$ 2,000,000 | 2.95% | \$ 584,000 | \$ 80,211 | 2031 |
| Water Revenue Bonds, Series 2010B | 2,200,000 | 2.95% | 623,000 | 83,868 | 2031 |

The payments due under the terms of these obligations as of June 30, 2021, are scheduled to occur as follows:

| Year Ending June 30, | Principal Payments | Interest Payments | Total |
|----------------------|-----------------------|----------------------|---------------------|
| 2022 | \$ 108,000 | \$ 35,607 | \$ 143,607 |
| 2023 | 111,000 | 32,421 | 143,421 |
| 2024 | 114,000 | 29,146 | 143,146 |
| 2025 | 117,000 | 25,783 | 142,783 |
| 2026 | 120,000 | 22,332 | 142,332 |
| 2027-2031 | 637,000 | 18,792 | 655,792 |
| Total | <u>\$ 1,207,000</u> | <u>\$ 164,081</u> | <u>\$ 1,371,081</u> |

CITY OF BAKER, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 10 – LEASE PAYABLE

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

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

| <u>Year Ending June 30,</u> | <u>Principal Payments</u> | <u>Interest Payments</u> | <u>Total Debt Service</u> |
|-----------------------------|-------------------------------|------------------------------|-------------------------------|
| 2022 | \$ 210,071 | \$ 62,866 | \$ 272,937 |
| 2023 | 217,758 | 55,179 | 272,937 |
| 2024 | 225,727 | 47,210 | 272,937 |
| 2025 | <u>1,064,394</u> | <u>32,890</u> | <u>1,097,284</u> |
| Total | <u>\$ 1,717,950</u> | <u>\$ 198,145</u> | <u>\$ 1,916,095</u> |

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

| | |
|------------------------------|---------------------|
| Capital Assets – depreciable | \$ <u>2,103,064</u> |
| Lease payable: | |
| Current portion | 210,071 |
| Non-current portion | <u>1,507,879</u> |
| Total | <u>\$ 1,717,950</u> |

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

| | |
|---------------|-------------------|
| Debt Service: | |
| Principal | \$ 202,655 |
| Interest | <u>70,282</u> |
| Total | <u>\$ 272,937</u> |

CITY OF BAKER, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 11 - RISK MANAGEMENT

Claims and Judgements

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City attempts to minimize risk from significant losses through the purchase of insurance through a public entity risk pool of Louisiana local governments and private insurance companies. Premiums paid under these policies are expensed when paid. Losses more than this coverage or those not covered are not expected to materially impact the City.

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

NOTE 12 - CONTINGENCIES

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

NOTE 13 - DEFICIT FUND BALANCES

The Cemetery Fund had a deficit net position of \$488,645 on June 30, 2021, a decrease from the previous. Of this amount, \$401,019 is attributable to reporting post-employment benefits and net pension liabilities based on actuarial assumptions. The remaining cause is the sale of pre-need vaults, markers and interments that are recognized as unearned revenue on the statement of net position as opposed to revenue on the statement of activities. To absolve the deficit net position reference above, management plans to transfer funds from the general fund as the need arises for employee related obligations. In addition, management will continue to deposit 70% of all pre-need sales into a trust to be utilized towards the expense of future obligations related to burials.

The 911 Communications Fund had a deficit fund balance on June 30, 2021, of \$8,302, a decrease from the previous year. The EMS fees received from East Baton Rouge Parish are not sufficient to cover the staff required to operate an efficient communications center. Now that this department is fully staffed,

CITY OF BAKER, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2021

NOTE 13 - DEFICIT FUND BALANCES - CONTINUED

future budgets will require the use of governmental revenues to operate. As a result, operational transfers will be budgeted.

NOTE 14 - PRIOR PERIOD ADJUSTMENTS

The July 1, 2020, beginning balances of net position were restated as follows:

Fund Financial Statements

| | Governmental Activities |
|--|----------------------------|
| Total net position, June 30, 2020, as previously reported | \$ 6,557,032 |
| Fund-basis adjustments referenced below | - |
| Total net position, June 30, 2020, restated | \$ 6,557,032 |

There was a balance of \$137,255 due from the 911 Communications Fund to the General Fund at June 30, 2020. Realizing that this fund is unable to cover necessary expenses required to operate the 911 communications center, this debt was forgiven during the current year. It did not have an impact on beginning net position or fund balances because both funds involved are governmental-type funds.

NOTE 15 - SUBSEQUENT EVENTS

In preparing the financial statements, management of the City has evaluated subsequent events and transactions for potential recognition or disclosure through March 28, 2022, the date on which the financial statements were available to be issued.

In March 2020, the World Health Organization recognized COVID-19 as a global pandemic, one that has adversely affected economic activity world-wide and has continued through the date of the issuance of this report. Preventative and protective measures taken by the City to monitor and mitigate these effects for its employees, residents and businesses has impacted how the City conducts business such as requirement of masks, temperature monitoring upon entry, social distancing, restricted or limited access to public buildings, sanitation of public buildings, virtual meetings, working from home and split shifts to minimize the number of employees in contact with others and the public.

The impact on the City's operational and financial performance will depend on certain developments, including the duration and speed of the outbreak and its impact on the City's resources, employees, and vendors, all of which are uncertain and cannot be predicted at this point. The City does not consider its ability to continue as a going concern at risk nor does it anticipate the discontinuation of services currently or in the near future.

REQUIRED SUPPLEMENTARY INFORMATION



CITY OF BAKER, LOUISIANA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2021

| | Original Budget | Final Budget | Actual | Variance - positive (Negative) |
|--|----------------------------|-------------------------|------------------|---|
| REVENUES | | | | |
| Intergovernmental | \$ 55,630 | \$ 55,630 | \$ 57,648 | \$ 2,018 |
| Taxes: | | | | |
| Sales | 3,700,000 | 3,915,000 | 5,287,354 | 1,372,354 |
| Franchise | 705,000 | 705,000 | 686,131 | (18,869) |
| Property | 415,000 | 415,000 | 457,233 | 42,233 |
| Hotel/Motel | 90,000 | 75,000 | 78,907 | 3,907 |
| Other | 594,000 | 594,000 | 510,469 | (83,531) |
| Charges for services | 1,786,000 | 1,311,000 | 1,274,348 | (36,652) |
| License and permits | 32,700 | 32,700 | 31,258 | (1,442) |
| Fines and forfeitures | 560,000 | 510,000 | 509,702 | (298) |
| Grants and other contributions | 125,984 | 453,673 | 458,449 | 4,776 |
| Investment income | 300,000 | 150,000 | 143,784 | (6,216) |
| Other revenue | 224,500 | 594,500 | 947,096 | 352,596 |
| Total Revenues | 8,588,814 | 8,811,503 | 10,442,379 | 1,630,876 |
| EXPENDITURES | | | | |
| Current function: | | | | |
| General government | 3,194,840 | 3,174,640 | 2,401,328 | 773,312 |
| Public safety | 5,237,424 | 6,134,224 | 6,235,005 | (100,781) |
| Public works | 2,678,650 | 3,147,839 | 3,205,584 | (57,745) |
| Economic/recreational development | 325,200 | 655,700 | 656,819 | (1,119) |
| Debt service: | | | | |
| Principal | 202,000 | 202,000 | 202,655 | (655) |
| Interest | 70,000 | 70,000 | 70,282 | (282) |
| Capital outlay | 4,028,300 | 3,119,000 | 323,370 | 2,795,630 |
| Total Expenditures | 15,736,414 | 16,503,403 | 13,095,042 | 3,408,360 |
| Deficiency of Revenues over Expenditures | (7,147,600) | (7,691,900) | (2,652,664) | 5,039,236 |
| OTHER FINANCING SOURCES | | | | |
| Transfers, net | 1,300,722 | 1,300,722 | 1,360,121 | 59,399 |
| Net Change in Fund Balance | (5,846,878) | (6,391,178) | (1,292,543) | 5,098,635 |
| FUND BALANCE | | | | |
| Beginning of year, restated | 1,302,687 | 1,302,687 | 1,302,687 | - |
| End of year | <u>\$ (4,544,191)</u> | <u>\$ (5,088,491)</u> | <u>\$ 10,144</u> | <u>\$ 5,098,634</u> |

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

CITY OF BAKER, LOUISIANA
STREET FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) TO ACTUAL
YEAR ENDED JUNE 30, 2021

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance - positive (negative)</u> |
|----------------------------|----------------------------|-------------------------|---------------------|---|
| REVENUES | | | | |
| Taxes: | | | | |
| Sales | \$ 1,160,000 | \$ 1,160,000 | \$ 2,328,781 | \$ 1,168,781 |
| Interest earned | <u>5,000</u> | <u>5,000</u> | <u>10,496</u> | <u>5,496</u> |
| Total Revenues | 1,165,000 | 1,165,000 | 2,339,277 | 1,174,277 |
| EXPENDITURES | | | | |
| Current function: | | | | |
| Public works | 123,017 | 123,017 | 71,820 | 51,197 |
| Capital outlay | <u>750,000</u> | <u>750,000</u> | <u>546,914</u> | <u>203,086</u> |
| Total Expenditures | <u>873,017</u> | <u>873,017</u> | <u>618,734</u> | <u>254,283</u> |
| Net Change in Fund Balance | 291,983 | 291,983 | 1,720,543 | 1,428,560 |
| FUND BALANCE | | | | |
| Beginning of year | <u>3,077,363</u> | <u>3,077,363</u> | <u>3,077,363</u> | <u>-</u> |
| End of year | <u>\$ 3,369,346</u> | <u>\$ 3,369,346</u> | <u>\$ 4,797,906</u> | <u>\$ 1,428,560</u> |

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

CITY OF BAKER, LOUISIANA
CITY COURT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) TO ACTUAL
YEAR ENDED JUNE 30, 2021

| | Original Budget | Final Budget | Actual | Variance - positive (negative) |
|----------------------------|----------------------------|-------------------------|---------------------|---|
| REVENUES | | | | |
| Charges for services | \$ 41,440 | \$ 41,440 | \$ 41,200 | \$ (240) |
| Fines and forfeitures | 142,533 | 134,850 | 126,436 | (8,414) |
| Interest earned | 817 | 817 | 2,121 | 1,304 |
| Other revenues | <u>1,300</u> | <u>800</u> | <u>570</u> | <u>(230)</u> |
| Total Revenues | 186,090 | 177,907 | 170,327 | (7,580) |
| EXPENDITURES | | | | |
| Current function: | | | | |
| Public safety | <u>175,235</u> | <u>159,135</u> | <u>157,405</u> | <u>1,730</u> |
| Net Change in Fund Balance | 10,855 | 18,772 | 12,922 | (5,850) |
| FUND BALANCE | | | | |
| Beginning of year | <u>1,380,692</u> | <u>1,380,692</u> | <u>1,380,692</u> | <u>-</u> |
| End of year | <u>\$ 1,391,547</u> | <u>\$ 1,399,464</u> | <u>\$ 1,393,614</u> | <u>\$ (5,850)</u> |

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

CITY OF BAKER, LOUISIANA
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
YEAR ENDED JUNE 30, 2021

| Total OPEB Liability | 2021 | 2020 | 2019 | 2018 |
|--|---------------------|---------------------|---------------------|---------------------|
| Service cost | \$ 273,796 | \$ 143,559 | \$ 143,559 | \$ 138,197 |
| Interest | 145,440 | 232,172 | 225,208 | 229,266 |
| Changes of benefit terms | - | - | - | - |
| Differences between expected and actual experience | (55,104) | (240,891) | - | - |
| Changes of assumptions | - | 739,217 | - | - |
| Benefit payments and net transfers | <u>(372,145)</u> | <u>(331,865)</u> | <u>(333,845)</u> | <u>(333,845)</u> |
| Net Change in Total OPEB Liability | (8,013) | 542,192 | 34,922 | 33,618 |
| Total OPEB liability - beginning | <u>6,548,374</u> | <u>6,006,182</u> | <u>5,971,260</u> | <u>5,937,642</u> |
| Total OPEB liability - ending (a) | <u>\$ 6,540,361</u> | <u>\$ 6,548,374</u> | <u>\$ 6,006,182</u> | <u>\$ 5,971,260</u> |
| Covered-employee payroll | <u>\$ 3,723,219</u> | <u>\$ 3,723,219</u> | <u>\$ 2,856,794</u> | <u>\$ 2,856,794</u> |
| Net OPEB liability as a percentage of covered-employee payroll | 175.66% | 175.88% | 210.24% | 209.02% |

NOTES TO SCHEDULE:

Benefit Changes. There were no changes of benefit terms for the year ended June 30, 2021.

Changes of Assumptions. There were no changes of assumptions for the year ended June 30, 2021.

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

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

CITY OF BAKER, LOUISIANA
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COST SHARING PLANS ONLY
LAST TEN FISCAL YEARS (1)(2)

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

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

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

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

CITY OF BAKER, LOUISIANA
SCHEDULE OF CONTRIBUTIONS TO EACH RETIREMENT SYSTEM
COST SHARING PLANS ONLY
LAST TEN FISCAL YEARS (1)

| Year | Contractually Required Contribution | Contribution in Relation to Contractually Required Contribution | Contribution Deficiency (Excess) | Employer's Covered Payroll | Contributions as a % of Covered Employee Payroll |
|--|---|---|--|----------------------------------|--|
| Municipal Employees' Retirement System of Louisiana | | | | | |
| 2021 | 868,512 | 868,512 | - | 2,573,367 | 33.7500% |
| 2020 | 778,664 | 778,664 | - | 2,661,452 | 29.2571% |
| 2019 | 671,326 | 671,326 | - | 2,582,023 | 26.0000% |
| 2018 | 473,421 | 473,421 | - | 1,912,812 | 24.7500% |
| 2017 | 495,797 | 495,797 | - | 2,179,327 | 22.7500% |
| 2016 | 420,789 | 420,789 | - | 2,130,577 | 19.7500% |
| 2015 | 376,372 | 376,372 | - | 2,007,317 | 18.7500% |
| Municipal Police Employees' Retirement System | | | | | |
| 2021 | 470,538 | 470,538 | - | 1,394,187 | 33.7500% |
| 2020 | 411,342 | 411,342 | - | 1,330,065 | 30.9265% |
| 2019 | 375,683 | 375,683 | - | 1,164,909 | 32.2500% |
| 2018 | 359,244 | 359,244 | - | 1,131,477 | 31.7500% |
| 2017 | 357,968 | 357,968 | - | 1,127,457 | 31.7500% |
| 2016 | 385,802 | 385,802 | - | 1,307,803 | 29.5000% |
| 2015 | 378,585 | 378,585 | - | 1,221,242 | 31.0000% |
| Firefighters' Retirement System | | | | | |
| 2021 | 421,145 | 421,145 | - | 1,305,876 | 32.2500% |
| 2020 | 249,783 | 249,783 | - | 1,071,357 | 23.3146% |
| 2019 | 260,378 | 260,378 | - | 982,558 | 26.5000% |
| 2018 | 232,273 | 232,273 | - | 919,893 | 25.2500% |
| 2017 | 217,261 | 217,261 | - | 860,440 | 25.2500% |
| 2016 | 232,083 | 232,083 | - | 851,681 | 27.2500% |
| 2015 | 219,063 | 219,063 | - | 775,444 | 28.2500% |
| Louisiana State Employees' Retirement System | | | | | |
| 2021 | 36,172 | 36,172 | - | 107,520 | 33.6421% |
| 2020 | 33,932 | 33,932 | - | 105,412 | 32.1899% |
| 2019 | 44,724 | 44,724 | - | 112,939 | 39.6000% |
| 2018 | 40,408 | 40,408 | - | 103,345 | 39.1001% |
| 2017 | 38,054 | 38,054 | - | 97,325 | 39.0999% |
| 2016 | 37,748 | 37,748 | - | 99,076 | 38.1000% |
| 2015 | 35,967 | 35,967 | - | 86,670 | 41.4988% |

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

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

CITY OF BAKER, LOUISIANA
NOTES TO PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - NET PENSION LIABILITY

Changes of Benefit Terms

Municipal Employees' Retirement System

No Changes.

Municipal Police Employees' Retirement System

No Changes.

Louisiana Firefighters' Retirement System

No Changes.

Louisiana State Employees' Retirement System

No Changes.

Changes of Assumptions

Municipal Employees' Retirement System

The investment rate of return decreased from 7.275% to 6.85%. The inflation rate remained the same at 2.5%.

Municipal Police Employees' Retirement System

The investment rate of return decreased from 7.125% to 6.75%. The inflation rate remained the same at 2.5%.

Louisiana Firefighters' Retirement System

The investment rate of return decreased from 7.15% to 6.9%.. The inflation rate remained the same at 2.5%.

Louisiana State Employees' Retirement System

The investment rate of return decreased from 7.6% to 7.55%. The inflation rate remained the same at 2.5%.

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

CITY OF BAKER, LOUISIANA
BAKER, LOUISIANA
SCHEDULE OF JUSTICE SYSTEM FUNDING -
COLLECTING/DISBURSEMENT ENTITY
As Required by Act 87 of the 2020 Regular Legislative Session
Cash Basis Presentation
YEAR ENDED JUNE 30, 2021

| | First Six Mths Ended <u>12/31/2020</u> | Second Six Mths Ended <u>6/30/2021</u> |
|---|--|--|
| Beginning Balance of Amounts Collected | \$ 248,851 | \$ 272,521 |
| Add: Collections | | |
| Civil fees | 71,589 | 64,133 |
| Interest earnings on collected balances | - | - |
| Total Collections | 71,589 | 64,133 |
| Less: Disbursements to Governments & Non-Profits | | |
| Louisiana State Treasurer - Judges' supp fees | 4,420 | 4,356 |
| Louisiana Supreme Court | 85 | 78 |
| Marshal - City of Baker Police | 2,100 | 1,810 |
| Baker City Court - building fees | 1,690 | 1,560 |
| Baker City Court - Judge's fees | 39,498 | 40,980 |
| East Baton Rouge Parish Sheriff - service fees | 116 | - |
| City of Zachary Police | 10 | - |
| Less: Amounts Retained by Collecting Agency | | |
| Collection fees for collecting/disbursing to others based on percentage | - | - |
| Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies | | |
| Civil fee refunds | - | - |
| Restitution payments to individuals | - | - |
| Other payments to individuals | - | - |
| Total Disbursements/Retainage | 47,919 | 48,784 |
| Total Ending Balance of Amounts Collected but not Disbursed/Retained | 272,521 | 287,870 |

See accompanying independent auditors' report.

CITY OF BAKER, LOUISIANA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

| | 1/2 Cent Special Tax Police | 1/2 Cent Special Tax Fire | 911 Communications | Marshal/ Police Operations | Total Non-Major Governmental Funds |
|------------------------------------|--|--|-------------------------------|---|---|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 72,854 | \$ 80,504 | \$ - | \$ 82,683 | \$ 236,041 |
| Receivables - taxes | 212,412 | 212,412 | - | - | 424,824 |
| Investments | - | - | - | - | - |
| Restricted assets: | | | | | |
| Cash and cash equivalents | - | - | - | 88,665 | 88,665 |
| Total Assets | <u>\$ 285,266</u> | <u>\$ 292,916</u> | <u>\$ -</u> | <u>\$ 171,348</u> | <u>\$ 749,530</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 54,298 | \$ 54,298 |
| Accrued liabilities | - | - | 8,302 | - | 8,302 |
| Bonds held for future disposition | - | - | - | - | - |
| Due to litigants | - | - | - | - | - |
| Total Liabilities | - | - | 8,302 | 54,298 | 62,600 |
| FUND BALANCE | | | | | |
| Restricted | 285,266 | 292,916 | (8,302) | 34,534 | 604,414 |
| Committed | - | - | - | - | - |
| Assigned | - | - | - | 82,516 | 82,516 |
| Total Fund Balance | <u>285,266</u> | <u>292,916</u> | <u>(8,302)</u> | <u>117,050</u> | <u>686,930</u> |
| Total Liabilities and Fund Balance | <u>\$ 285,266</u> | <u>\$ 292,916</u> | <u>\$ -</u> | <u>\$ 171,348</u> | <u>\$ 749,530</u> |

See accompanying independent auditors' report.

CITY OF BAKER, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

| | 1/2 Cent Special Tax Police | 1/2 Cent Special Tax Fire | 911 Communications | Marshal/ Police Operations | Total Non-Major Governmental Funds |
|--|--|--|-------------------------------|---|---|
| REVENUES | | | | | |
| Taxes - sales | \$ 738,616 | \$ 618,615 | \$ - | \$ - | \$ 1,357,231 |
| Charges for services | - | - | 142,499 | 161,766 | 304,265 |
| Criminal fees and fines | - | - | - | 53,445 | 53,445 |
| Other revenues | - | - | - | 200 | 200 |
| Investment income | 4,064 | 4,064 | - | 114 | 8,242 |
| Total Revenues | <u>742,680</u> | <u>622,679</u> | <u>142,499</u> | <u>215,525</u> | <u>1,723,383</u> |
| EXPENDITURES | | | | | |
| General government | - | - | - | 31,582 | 31,582 |
| Public safety | 166,959 | 41,720 | 429,595 | 203,190 | 841,464 |
| Total Expenditures | <u>166,959</u> | <u>41,720</u> | <u>429,595</u> | <u>234,772</u> | <u>873,046</u> |
| Excess (Deficiency) of Revenues over Expenditures | 575,721 | 580,959 | (287,096) | (19,247) | 850,337 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | \$ - | \$ - | \$ 290,424 | \$ - | \$ 290,424 |
| Transfers out | (706,980) | (543,141) | - | - | (1,250,121) |
| Net Other Financing Sources (Uses) | <u>(706,980)</u> | <u>(543,141)</u> | <u>290,424</u> | <u>-</u> | <u>(959,697)</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses | (131,259) | 37,818 | 3,328 | (19,247) | (109,360) |
| FUND BALANCE | | | | | |
| Beginning of year | 416,525 | 255,098 | (148,885) | 136,297 | 659,035 |
| Adjustment to Prior Years | | | | | |
| Forgiveness of debt by General Fund | - | - | 137,255 | - | 137,255 |
| End of year | <u>\$ 285,266</u> | <u>\$ 292,916</u> | <u>\$ (8,302)</u> | <u>\$ 117,050</u> | <u>\$ 686,930</u> |

See accompanying independent auditors' report.

CITY OF BAKER, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO THE COUNCIL MEMBERS
YEAR ENDED JUNE 30, 2021

| | <u>Amount</u> |
|------------------------------|------------------|
| Council Members: | |
| District 1 - Charles Vincent | \$ 12,600 |
| District 2 - Norman E. Heine | 12,600 |
| District 3 - Glenda Bryant | 12,600 |
| District 4 - Doris Alexander | 12,600 |
| District 5 - Brenda Jackson | <u>12,600</u> |
| Total | <u>\$ 63,000</u> |

See accompanying independent auditors' report.

CITY OF BAKER, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO THE MAYOR
YEAR ENDED JUNE 30, 2021

Agency Head Name: Darnell Waites, Mayor

| <u>Purpose</u> | <u>Amount</u> |
|-----------------------|-------------------|
| Salary | \$ 77,750 |
| Benefits - retirement | 22,936 |
| Insurance – dental | 688 |
| Expense account | <u>2,100</u> |
| Total | <u>\$ 103,474</u> |

See accompanying independent auditors' report.

INDEPENDENT AUDITORS' REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

(Retired)
Michael B. Bruno, CPA (2011)

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business activities, and the major funds and the remaining fund information of the City of Baker (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 28, 2022.

Internal Control Over Financial Reporting

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

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

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*
(CONTINUED)

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

Internal Control Over Financial Reporting, Continued

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

Compliance and Other Matters

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

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
(CONTINUED)

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

March 28, 2022

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CITY OF BAKER, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

SECTION I - SUMMARY OF INDEPENDENT AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unmodified

Internal Control Over Financial Reporting:

- Material weakness(es) identified? **yes** **no**
- Significant deficiencies identified
that are not considered to be
material weakness(es)? **yes** **none reported**

Noncompliance material to financial
statements noted?

yes **no**

Internal Control Over Federal Programs:

- Material weakness(es) identified? **yes** **no**
- Significant deficiencies identified
that are not considered to be
material weaknesses? **yes** **none reported**

Other Conditions:

- Material weakness(es) identified? **yes** **no**
- Significant deficiencies identified
that are not considered to be
material weaknesses? **yes** **no**

Was a management letter issued

yes **no**

**CITY OF BAKER, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2021**

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no findings in current year.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not Applicable

STATUS OF PRIOR YEAR FINDINGS AND
QUESTIONED COSTS

CITY OF BAKER, LOUISIANA
Status of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2021

Audit Finding Reference Number

There were no findings in prior year.

CORRECTIVE ACTION PLAN

**CITY OF BAKER, LOUISIANA
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2021**

Not applicable since there were no findings or management letter comments in current year.

EXIT CONFERENCE

**CITY OF BAKER, LOUISIANA
AUDIT STATUS/EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2021**

The audit report was discussed during the course of the audit and at an exit conference held with the City. The individuals who participated in those discussions were as follows:

CITY OF BAKER, LOUISIANA

| | |
|---------------------------|---|
| Honorable Darnell Waites | Mayor |
| Honorable Charles Vincent | Council Member – District 1 |
| Honorable Rochelle Dunn | Council Member – District 2 |
| Honorable Glenda Bryant | Council Member – District 3 |
| Honorable Robert Young | Council Member – District 4 |
| Honorable Brenda Jackson | Council Member – District 5/Mayor Pro Tem |
| Attorney Ken Fabre | City Attorney |
| Dr. Angela Machen | Chief Administrative Officer |
| Mrs. Mary Sue Stages, CPA | Finance Director |

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

| | |
|---------------------------|--------------------|
| Mr. Joseph A. Akanji, CPA | Engagement Partner |
| Mrs. Theodora Rowan, CPA | Engagement Senior |
| Ms. Sheconya Tarvin | Engagement Senior |