

CITY OF BAKER SCHOOL BOARD

BAKER, LOUISIANA

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2020

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

| BASIC FINANCIAL STATEMENTS | Page |
|---|-------------|
| Independent Auditors' Report | 1 |
| Management's Discussion and Analysis | 4 |
| Basic Financial Statements | |
| Government-wide Financial Statements (GWFS): | |
| Statement of Net Position | 12 |
| Statement of Activities | 13 |
| Fund Financial Statements (FFS): | |
| Governmental Funds: | |
| Balance Sheet | 14 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position | 15 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances | 16 |
| Reconciliation of the Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities | 17 |
| Fiduciary Funds: | |
| Statement of Fiduciary Assets and Liabilities | 18 |
| Notes to the Basic Financial Statements | 19 |
| REQUIRED SUPPLEMENTAL INFORMATION | |
| Budgetary Comparison Schedules | |
| General Fund | 53 |
| Flood Recovery Fund | 54 |
| Title I | 55 |
| Notes to Budgetary Comparison Schedule | 56 |
| Schedule of Changes in Net OPEB Liability and Related Ratios for the Year Ended June 30, 2020 | 57 |
| Schedule of Contributions to each Retirement System for the Year Ended June 30, 2020 | 58 |
| Schedule of the Proportionate Share of the Net Pension Liability for the Year Ended June 30, 2020 | 59 |
| Notes to Required Supplementary Information | 60 |

TABLE OF CONTENTS (Continued)

| OTHER SUPPLEMENTAL INFORMATION | Page |
|--|-------------|
| Non-Major Governmental Funds Descriptions | 63 |
| Nonmajor Governmental Funds | |
| Balance Sheet | 64 |
| Statement of Revenues, Expenditures and Changes in Fund Balance | 65 |
| SPECIAL INDEPENDENT AUDITORS' REPORTS | |
| Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards | 66 |
| Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance | 68 |
| Schedule of Expenditures of Federal Awards | 70 |
| Notes to Schedule of Expenditures of Federal Awards | 71 |
| Schedule of Findings and Questioned Costs | 72 |
| Schedule of Prior Year Audit Findings and Management Corrective Action Plan | 75 |
| SCHEDULES REQUIRED BY STATE LAW | |
| Independent Accountant's Report on Applying Agreed-Upon Procedures | 77 |
| R.S. 24:514 – Performance and Statistical Data | 79 |
| General Fund Instructional and Support Expenditures and Certain Local Revenue Sources | 80 |
| Class Size Characteristics | 81 |

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Baker School Board (the School Board), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information on pages 4 through 11 and 53 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2021, on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
March 26, 2021

**CITY OF BAKER SCHOOL BOARD
MANAGEMENT’S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2020**

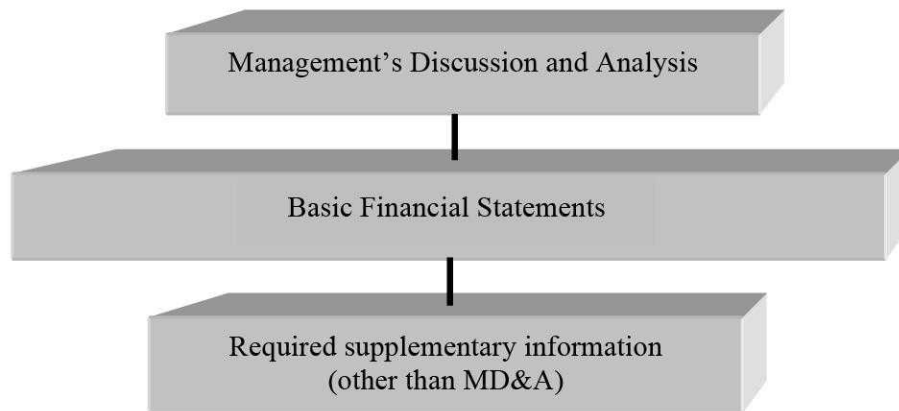
The Management’s Discussion and Analysis of the City of Baker School Board’s (the School Board) financial performance presents a narrative overview and analysis of the School Board’s financial activities for the year ended June 30, 2020. This document focuses on the current year’s activities, resulting changes, and currently known facts in comparison with the prior year’s information (where available).

FINANCIAL HIGHLIGHTS

- ★ The City of Baker School Board’s liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at the close of fiscal year 2020 by approximately \$6.5 million.
- ★ At June 30, 2020, the Net Deficit in the Statement of Net Position was primarily caused by the net pension liability and the net other post-employment benefits obligation that totaled approximately \$16.4 million and \$8.8 million, respectively.
- ★ Revenues exceeded expenses by approximately \$600,000 on a full accrual basis for the 2020 fiscal year, representing a positive increase in the long-term financial condition of the School Board.
- ★ Ad valorem tax, sales and use taxes, and Minimum Foundation Program (MFP) revenues increased over the prior year by approximately \$170,000, \$90,000, and \$12,000, respectively, in comparison to 2019.

OVERVIEW OF THE FINANCIAL STATEMENTS

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



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

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

**CITY OF BAKER SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2020**

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

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

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

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

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

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

**CITY OF BAKER SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2020**

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

FINANCIAL ANALYSIS OF THE ENTITY

Statements of Net Position
as of June 30, 2020 and 2019

| | 2020 | 2019 |
|--|---------------|---------------|
| Assets | | |
| Cash and cash equivalents | \$ 1,571,171 | \$ 1,688,838 |
| Receivables | 3,530,680 | 3,057,798 |
| Inventory | 16,089 | 11,766 |
| Other assets | 25,971 | 24,871 |
| Capital assets, net of accumulated depreciation | 12,243,105 | 12,574,161 |
| Total assets | 17,387,016 | 17,357,434 |
| Deferred outflows of resources | 4,973,469 | 5,241,229 |
| Total assets and deferred outflows of resources | \$ 22,360,485 | \$ 22,598,663 |
| Liabilities | | |
| Accounts payable | \$ 4,963 | \$ 29,049 |
| Salaries and benefits payable | 931,073 | 807,325 |
| Long-term liabilities: | | |
| Due within one year | 818,465 | 123,988 |
| Due in more than one year | 509,335 | 1,489,047 |
| Other post-employment benefit obligation | 8,833,018 | 7,683,284 |
| Net pension liability | 16,372,696 | 16,466,336 |
| Total liabilities | 27,469,550 | 26,599,029 |
| Deferred inflows of resources | 1,370,979 | 3,084,002 |
| Total liabilities and deferred inflows of resources | 28,840,529 | 29,683,031 |
| Net position | | |
| Net investment in capital assets | 12,243,105 | 11,494,161 |
| Restricted for flood recovery | 924,595 | 2,019,979 |
| Unrestricted | (19,647,744) | (20,598,508) |
| Total net position | (6,480,044) | (7,084,368) |
| Total liabilities, deferred inflows of resource, and net position | \$ 22,360,485 | \$ 22,598,663 |

**CITY OF BAKER SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE ENTITY (Continued)

- Cash and cash equivalents decreased by approximately \$118,000 over the prior fiscal year and overall total assets increased by approximately \$30,000 over the prior year, primarily related to an increase in receivables compared with a decrease in cash and net capital assets.
- Capital assets (reported net of accumulated depreciation), which accounts for 70% of the total assets of the School Board, decreased by approximately \$331,000, net of accumulated depreciation, due to depreciation expense exceeding current year asset additions by the amount referenced above.
- Salaries payable and accrued expenses experienced an increase of approximately \$100,000 or 12%.
- Unrestricted net position increased by approximately \$1 million or 4.6% as a result of a decrease in the deferred inflows of resources related to net pension liability.

**CITY OF BAKER SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE ENTITY (Continued)

Statements of Revenues and Expenses
as of June 30, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|--|-------------------|---------------------|
| Revenue | | |
| Program revenues | | |
| Charges for services | \$ 2,300 | \$ 10,003 |
| Operating grants | 3,086,951 | 2,668,562 |
| Capital grants | - | 3,449,575 |
| General revenues | | |
| Taxes | | |
| Ad valorem tax | 2,177,119 | 2,007,274 |
| Sales and use tax | 3,710,603 | 3,620,196 |
| State revenue sharing | 45,719 | 43,248 |
| Minimum foundation program | 9,523,633 | 9,511,891 |
| Other grants | 311,411 | 232,245 |
| Interest and investment earnings | 8,323 | 46,983 |
| Miscellaneous | <u>154,341</u> | <u>550,911</u> |
| Total revenue | <u>19,020,400</u> | <u>22,140,888</u> |
| Expenses | | |
| Regular education programs | 5,505,185 | 4,829,076 |
| Special education programs | 809,809 | 958,890 |
| Other education programs | 2,634,360 | 2,506,869 |
| Pupil support services | 633,273 | 683,640 |
| Instructional staff services | 726,998 | 814,947 |
| General administrative services | 2,035,511 | 1,382,255 |
| School administrative services | 920,860 | 1,026,975 |
| Business and central services | 455,625 | 555,798 |
| Plant operation and maintenance | 1,434,001 | 1,638,628 |
| Transportation | 688,177 | 778,138 |
| Food services | 879,332 | 972,993 |
| Charter school appropriation | 1,677,561 | 1,685,452 |
| Facilities acquisition and constructions | - | - |
| Debt services | <u>15,384</u> | <u>49,789</u> |
| Total expenses | <u>18,416,076</u> | <u>17,883,450</u> |
| Change in net position | <u>\$ 604,324</u> | <u>\$ 4,257,438</u> |

**CITY OF BAKER SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE ENTITY (Continued)

Revenue

- Operating and capital grant revenue, which accounts for approximately 17.2% of total revenues, decreased by approximately \$2.8 million, mainly due to a large decrease in revenues related to the Federal Emergency Management Assistance (FEMA) disaster grant. Operating grants increased approximately \$600,000, primarily due to a large increase in COVID-related grants.
- Local tax revenues consist of sales and property taxes and increased approximately \$260,000 total compared to 2019. These local tax revenues are approximately 31% of total revenue in 2020. There have been nominal increases in these tax resources over the past couple fiscal years. However, the School Board did see a larger increase in both sales tax and ad valorem revenues in the current fiscal year and expects these amounts to remain consistent into 2021 fiscal year.
- Minimum Foundation Program (MFP) revenue increased by \$12,000, in comparison to fiscal 2019 as result of consistent enrollment with the previous year. MFP revenues accounted for approximately 50% of total revenues in 2020.

Expense

- Overall expenses increased by approximately \$532,000 or 3% from the prior year, primarily due to a legal judgment of \$750,000 combined with consistent reductions within the normal operating expenses of the administrative and central services of the School Board.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2020, the City of Baker School Board had approximately \$12.2 million invested in a broad range of capital assets, including land, building, and equipment. (See Table below). This amount represents a net decrease (including additions and depreciation) of \$331,000 from last year due to minimal asset additions and depreciation expense of approximately \$400,000.

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

| | 2020 | 2019 |
|------------------------------------|---------------|---------------|
| Land | \$ 149,536 | \$ 149,536 |
| Work in process | 4,216,517 | 4,147,307 |
| Buildings and improvements | 7,778,381 | 8,140,990 |
| Furniture, Fixtures, and Equipment | 98,671 | 136,328 |
| | \$ 12,243,105 | \$ 12,574,161 |

**CITY OF BAKER SCHOOL BOARD
MANAGEMENT’S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2020**

Long-term debt

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

Long-Term Debt at June 30,

| | 2020 | 2019 |
|---|----------------------|----------------------|
| Bonds payable | \$ - | \$ 1,080,000 |
| Claims and judgements | 761,872 | 11,872 |
| Compensated absences | 565,928 | 521,163 |
| Net pension liability | 16,372,696 | 16,466,336 |
| Net other post-employment benefit obligations | 8,833,018 | 7,683,284 |
| | \$ 26,533,514 | \$ 25,762,655 |

In May 2017, the School Board issued \$1,200,000 in revenue bonds to finance the demolition and reconstruction of Baker High School as a result of flood damage. These revenue bonds were fully redeemed in 2020 and are thus no longer outstanding. The OPEB obligation increased due to various actuarial assumptions used in calculating the OPEB liability.

Additionally, subsequent to year-end, it was determined the School Board owed an additional \$750,000 related to contracts that were in dispute, which has been accrued in claims and judgements.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Budget amendments were adopted during the year ended June 30, 2020 for the General Fund to better reflect actual operations as they evolved through the fiscal year. Amendments included increases in projected ad valorem tax revenues, increases to local grant revenue, and decreases in MFP funding due to a decrease in student enrollment. Additionally, there were amendments to decrease expenditures related to special education programs, pupil support services, and plant services, along with an increase to general administration expenditures.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS

For the fiscal year 2020-2021, the School Board anticipates a nominal net increase to its General Fund due to a slight increase in revenues and along with an increase in educational and capital outlay expenditures. The School Board decreased expenditures in fiscal year 2019-2020 from the prior year and, thus, has determined it can sustain this level of expenditures for the subsequent year.

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

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

**CITY OF BAKER SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2020**

CONTACTING THE SCHOOL BOARD'S MANAGEMENT

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

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

**STATEMENT OF NET POSITION
JUNE 30, 2020**

| | |
|---|---------------|
| ASSETS | |
| Cash and cash equivalents | \$ 1,571,171 |
| Receivables: | |
| Taxes | 615,981 |
| Due from other governments | 2,914,699 |
| Prepaid expenses | 25,971 |
| Inventory | 16,089 |
| Noncurrent assets: | |
| Non-depreciable | 4,366,053 |
| Depreciable, net | 7,877,052 |
| | 17,387,016 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred pension contributions | 2,016,032 |
| Deferred amounts related to other post employment benefits | 1,012,629 |
| Deferred amounts related to net pension liability | 1,944,808 |
| | 4,973,469 |
| TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES | |
| | \$ 22,360,485 |
| LIABILITIES | |
| Accounts payable | \$ 4,963 |
| Salaries and benefits payable | 931,073 |
| Long-term liabilities: | |
| Due within one year | 818,465 |
| Due in more than one year | 509,335 |
| Other post-employment benefit obligation | 8,833,018 |
| Net pension liability | 16,372,696 |
| | 27,469,550 |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred amounts related to net pension liability | 1,270,688 |
| Deferred amounts related to other postemployment benefits | 100,291 |
| | 1,370,979 |
| NET POSITION | |
| Net investment in capital assets | 12,243,105 |
| Restricted for flood recovery | 924,595 |
| Unrestricted | (19,647,744) |
| | (6,480,044) |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION | |
| | \$ 22,360,485 |

The accompanying notes are an integral part of this statement.

**CITY OF BAKER SCHOOL BOARD
BAKER, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

| Functions/Programs | Expenses | Program Revenues | | Net (Expense) Revenue and Changes in Net Position | |
|--|----------------------|-------------------------|--|--|--|
| | | Charges for Services | Operating Grants and Contributions | | Capital Grants and Contributions |
| Instruction: | | | | | |
| Regular education programs | \$ 5,505,185 | \$ - | \$ 31,938 | \$ - | \$ (5,473,247) |
| Special education programs | 809,809 | - | 464,237 | - | (345,572) |
| Other education programs | 2,634,360 | - | 1,309,459 | - | (1,324,901) |
| Support Services: | | | | | |
| Pupil support services | 633,273 | - | - | - | (633,273) |
| Instructional staff services | 726,998 | - | - | - | (726,998) |
| General administration services | 2,035,511 | 100 | 457,587 | - | (1,577,824) |
| School administration services | 920,860 | - | - | - | (920,860) |
| Business and central services | 455,625 | - | - | - | (455,625) |
| Plant operation and maintenance | 1,434,001 | - | - | - | (1,434,001) |
| Transportation | 688,177 | - | - | - | (688,177) |
| Food services | 879,332 | 2,200 | 823,730 | - | (53,402) |
| Appropriation to charter schools | 1,677,561 | - | - | - | (1,677,561) |
| Facilities acquisition and construction | - | - | - | - | - |
| Interest on long-term debt | 15,384 | - | - | - | (15,384) |
| Total Governmental Activities | \$ 18,416,076 | \$ 2,300 | \$ 3,086,951 | \$ - | (15,326,825) |
| General Revenues: | | | | | |
| Local sources: | | | | | |
| Ad valorem taxes | | | | \$ 2,177,119 | |
| Sales and use taxes | | | | 3,710,603 | |
| State revenue sharing | | | | 45,719 | |
| Grants and contributions not restricted to specific purposes: | | | | | |
| Minimum foundation program (MFP) | | | | 9,523,633 | |
| Other grants | | | | 311,411 | |
| Earnings on investments | | | | 8,323 | |
| Other | | | | 154,341 | |
| | | | | 15,931,149 | |
| Change in Net Position | | | | | 604,324 |
| Net Position - beginning of year | | | | | (7,084,368) |
| Net Position - end of year | | | | | \$ (6,480,044) |

The accompanying notes are an integral part of this statement.

**CITY OF BAKER SCHOOL BOARD
BAKER, LOUISIANA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2020**

| | General | Flood Recovery | Title I | Non-major Governmental | Total |
|--|---------------------|---------------------|-------------------|---------------------------|---------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 1,546,291 | \$ 4 | \$ - | \$ 24,876 | \$ 1,571,171 |
| Receivables: | | | | | |
| Due from other governments | 913,508 | 1,164,183 | 319,769 | 517,239 | 2,914,699 |
| Taxes | 615,981 | - | - | - | 615,981 |
| Due from other funds | 1,403,519 | - | - | - | 1,403,519 |
| Prepaid expenses | 25,068 | - | - | 903 | 25,971 |
| Inventory | - | - | - | 16,089 | 16,089 |
| TOTAL ASSETS | \$ 4,504,367 | \$ 1,164,187 | \$ 319,769 | \$ 559,107 | \$ 6,547,430 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 4,963 | \$ - | \$ - | \$ - | \$ 4,963 |
| Salaries and benefits payable | 931,073 | - | - | - | 931,073 |
| Due to other funds | - | 239,592 | 319,769 | 844,158 | 1,403,519 |
| TOTAL LIABILITIES | 936,036 | 239,592 | 319,769 | 844,158 | 2,339,555 |
| Fund balances: | | | | | |
| Nonspendable | - | - | - | 16,089 | 16,089 |
| Restricted | - | 924,595 | - | - | 924,595 |
| Unassigned | 3,568,331 | - | - | (301,140) | 3,267,191 |
| TOTAL FUND BALANCES | 3,568,331 | 924,595 | - | (285,051) | 4,207,875 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 4,504,367 | \$ 1,164,187 | \$ 319,769 | \$ 559,107 | \$ 6,547,430 |

The accompanying notes are an integral part of this statement.

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

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

| | | |
|---|---------------------|-----------------------|
| Total Fund Balances at June 30, 2020 - Governmental Funds | | \$ 4,207,875 |
| Amounts reported for governmental activities in the statement of net position is different due to the following: | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds | | |
| Cost of capital assets at June 30, 2020 | 18,809,141 | |
| Less: Accumulated depreciation as of June 30, 2020 | <u>(6,566,036)</u> | 12,243,105 |
| Long-term liabilities are not due and payable in the current period and therefore not reported in the governmental funds. | | |
| Long-term liabilities at June 30, 2020: | | |
| Claims payable | (761,872) | |
| Compensated absences payable | (565,928) | |
| Net other post-employment benefit obligation | (8,833,018) | |
| Net pension liability | <u>(16,372,696)</u> | (26,533,514) |
| Deferred inflows and outflows of resources are not reported in the governmental funds. | | |
| Deferred outflows of resources - deferred pension contributions | 2,016,032 | |
| Deferred outflows of resources related to net pension liability | 1,944,808 | |
| Deferred outflows of resources related to other postemployment benefits | 1,012,629 | |
| Deferred inflows of resources related to net pension liability | (1,270,688) | |
| Deferred inflows of resources related to other postemployment benefits | <u>(100,291)</u> | <u>3,602,490</u> |
| Total Net Position at June 30, 2020 - Governmental Activities | | <u>\$ (6,480,044)</u> |

The accompanying notes are an integral part of this statement.

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

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020**

| | General | Flood Recovery | Title I | Other Non-Major | Total |
|---|-------------------|------------------|-----------------|------------------|-------------------|
| REVENUES | | | | | |
| Local sources: | | | | | |
| Ad valorem taxes | \$ 2,177,119 | \$ - | \$ - | \$ - | \$ 2,177,119 |
| Sales and use tax | 3,710,603 | - | - | - | 3,710,603 |
| Earnings on investments | 8,323 | - | - | - | 8,323 |
| Food sales | - | - | - | 2,200 | 2,200 |
| Other | 154,441 | - | - | - | 154,441 |
| State sources: | | | | | |
| Minimum foundation program (MFP) | 9,509,694 | - | - | 13,939 | 9,523,633 |
| Restricted grants-in-aid | 96,381 | - | - | 246,968 | 343,349 |
| Other | 45,719 | - | - | - | 45,719 |
| Federal grants | 457,587 | - | 984,322 | 1,613,104 | 3,055,013 |
| TOTAL REVENUES | 16,159,867 | - | 984,322 | 1,876,211 | 19,020,400 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Instruction: | | | | | |
| Regular education programs | 5,256,541 | - | - | 55,592 | 5,312,133 |
| Special education programs | 725,281 | - | - | 245,418 | 970,699 |
| Other education programs | 1,306,699 | - | 781,588 | 616,810 | 2,705,097 |
| Support: | | | | | |
| Pupil support services | 673,359 | - | - | - | 673,359 |
| Instructional staff services | 499,597 | - | 169,489 | 115,390 | 784,476 |
| General administration services | 1,268,483 | - | - | - | 1,268,483 |
| School administration services | 1,013,307 | - | - | - | 1,013,307 |
| Business and central services | 301,384 | - | - | - | 301,384 |
| Plant operation and maintenance | 1,077,555 | - | - | - | 1,077,555 |
| Transportation | 687,312 | - | 826 | - | 688,138 |
| Food services | 12,761 | - | - | 909,478 | 922,239 |
| Central services | 190,397 | - | - | - | 190,397 |
| State appropriations to charter schools | 1,677,561 | - | - | - | 1,677,561 |
| Facility construction and capital outlay | 79,212 | - | - | - | 79,212 |
| Debt service: | | | | | |
| Principal and interest | - | 1,095,384 | - | - | 1,095,384 |
| TOTAL EXPENDITURES | 14,769,449 | 1,095,384 | 951,903 | 1,942,688 | 18,759,424 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 1,390,418 | (1,095,384) | 32,419 | (66,477) | 260,976 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 35,551 | - | - | - | 35,551 |
| Transfers out | - | - | (32,419) | (3,132) | (35,551) |
| TOTAL OTHER FINANCING SOURCES (USES) | 35,551 | - | (32,419) | (3,132) | - |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES | | | | | |
| | 1,425,969 | (1,095,384) | - | (69,609) | 260,976 |
| FUND BALANCES - beginning of year | 2,142,362 | 2,019,979 | - | (215,442) | 3,946,899 |
| FUND BALANCES - end of year | \$ 3,568,331 | \$ 924,595 | \$ - | \$ (285,051) | \$ 4,207,875 |

The accompanying notes are an integral part of this statement.

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

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2020**

| | | |
|---|--|------------|
| Excess of Revenues and Other Financing Sources over Expenditures and Other Uses - Total Governmental Funds | | \$ 260,976 |
|---|--|------------|

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

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

| | | |
|---|------------------|-----------|
| Capital outlay and other expenditures capitalized | 79,212 | |
| Depreciation expense for year ended June 30, 2020 | <u>(410,268)</u> | (331,056) |

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

| | | |
|--------------------------------|--|-----------|
| Proceeds from issuance of debt | | |
| Principal payments on debt | | 1,080,000 |

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

| | | |
|--|-----------------|------------------|
| Change in net pension liability and deferred inflows and outflows in accordance with GASB 68 | 934,929 | |
| Other post-employment benefit expense | (545,760) | |
| Change in claims and judgments payable | (750,000) | |
| Change in compensated absences payable | <u>(44,765)</u> | <u>(405,596)</u> |

| | | |
|--|--|-------------------|
| Change in Net Position - Governmental Activities | | <u>\$ 604,324</u> |
|--|--|-------------------|

The accompanying notes are an integral part of this statement.

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

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2020**

| | <u>Agency Funds</u> |
|--|-------------------------|
| ASSETS | |
| Cash and cash equivalents - School Activity Accounts | <u>\$ 60,211</u> |
| LIABILITIES | |
| Amounts held for others | <u>\$ 60,211</u> |

The accompanying notes are an integral part of this statement.

CITY OF BAKER SCHOOL BOARD
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

Basis of Presentation and Accounting

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide Financial Statements (GWFS)

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

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

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

Fund Financial Statements (FFS)

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

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds

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

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

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

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

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

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

Revenues

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

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds (Continued)

Revenues

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

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

Expenditures

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

Vendor payments are recorded as the obligation is incurred.

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

Fiduciary Funds

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Investments

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

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

Short-term Interfund Receivables/Payable

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

Elimination and Reclassification

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

Inventory

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

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

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

Compensated Absences

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

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

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

Restricted Net Position

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

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

Fund Balance of Fund Financial Statements

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

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

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

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

Assigned - represent balances where informal constraints have been established by the School Board or committee or delegate thereof but are neither restricted nor committed.

Unassigned - represent balances for which there are no constraints.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance of Fund Financial Statements (Continued)

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

Interfund Activity

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

Sales and Use Taxes

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

Use of Estimates

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

Pension Plans

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Postemployment Benefits

The total OPEB liability is reported in compliance with GASB Statement No. 75 because the School Board does not pre-fund the OPEB plan in a trust that meets the criteria in the GASB standards. The total OPEB liability represents the actuarial present value of projected OPEB benefit payments attributable to employees' past service as of June 30, 2020.

NOTE 2 - AD VALOREM TAXES

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

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

Total net assessed value less homestead exemption was \$50,075,093 in calendar year 2019. Louisiana state law exempts the first \$75,000 of assessed value of a taxpayer's primary residence from parish property taxes.

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

NOTE 2 - AD VALOREM TAXES (CONTINUED)

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

A summary of the various taxes levied for 2020 is as follows:

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

NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits

The carrying amount of the School Board’s deposits with the financial institutions was \$1,571,171. Additionally, the School holds funds of \$62,798 as of June 30, 2020 in an agency capacity.

Deposits in financial institutions can be exposed to custodial credit risk. Custodial credit risk for deposits is the risk that in the event of financial institution failure, the School Board’s deposits may not be returned. The School Board does not have a policy for custodial credit risk. However, to mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. These deposits are stated at cost, which approximates fair value. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the School Board or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. As of June 30, 2020, the School Board’s deposit balances (bank balances) are secured as follows:

| | |
|--|---------------------|
| Bank balances | <u>\$ 2,934,838</u> |
| Federal deposit insurance | 276,635 |
| Pledged securities | <u>2,658,203</u> |
| Total federal insurance and pledged securities | <u>\$ 2,934,838</u> |

Deposits in the amount of \$2,636,265 were exposed to custodial credit risk that were collateralized with securities held by the pledging institution in the School Board’s name.

NOTE 4 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2020 is as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|---------------------|-------------|----------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 149,536 | \$ - | \$ - | \$ 149,536 |
| Construction in progress | <u>4,147,307</u> | <u>69,210</u> | <u>-</u> | <u>4,216,517</u> |
| Total | <u>4,296,843</u> | <u>69,210</u> | <u>-</u> | <u>4,366,053</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 13,883,024 | 10,002 | - | 13,893,026 |
| Furniture, fixtures, and equipment | <u>550,062</u> | <u>-</u> | <u>-</u> | <u>550,062</u> |
| Total | <u>14,433,086</u> | <u>10,002</u> | <u>-</u> | <u>14,443,088</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (5,742,034) | (372,611) | - | (6,114,645) |
| Furniture, fixtures, and equipment | <u>(413,734)</u> | <u>(37,657)</u> | <u>-</u> | <u>(451,391)</u> |
| Total | <u>(6,155,768)</u> | <u>(410,268)</u> | <u>-</u> | <u>(6,566,036)</u> |
| Total capital assets, being depreciated, net | <u>8,277,318</u> | <u>(400,266)</u> | <u>-</u> | <u>7,877,052</u> |
| Total capital assets, net | <u>\$ 12,574,161</u> | <u>\$ (331,056)</u> | <u>\$ -</u> | <u>\$ 12,243,105</u> |

Depreciation expense of \$410,268 for the year ended June 30, 2020 was charged to the following governmental functions:

| | |
|---------------------------------|-------------------|
| Regular education programs | \$ 49,853 |
| Plant operation and maintenance | <u>360,415</u> |
| | <u>\$ 410,268</u> |

NOTE 5 - DEFINED BENEFIT PENSION PLANS

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

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

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

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

Plan Descriptions:

Teachers' Retirement System of Louisiana (TRSL)

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

NOTE 5 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

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

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

Louisiana School Employees' Retirement System (LSERS)

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

NOTE 5 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

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

NOTE 5 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Louisiana State Employees' Retirement System (LASERS)

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

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

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

NOTE 5 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Funding Policy

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

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

| | <u>School</u> | <u>Employees</u> |
|--|---------------|------------------|
| School Employees' Retirement System (LSERS) | | |
| Members hired prior to 07/01/2010 | 28.00% | 7.50% |
| Members hired on or after 07/01/2010 | 28.00% | 8.00% |
| Teachers' Retirement System (TRSL) | | |
| K-12 Regular Plan | 26.70% | 8.00% |
| Higher Ed Regular Plan | 25.50% | 8.00% |
| Plan A | 26.70% | 9.10% |
| Plan B | 26.70% | 5.00% |
| State Employees' Retirement System (LASERS) | | |
| Regular Employees hired before 7/01/06 | 37.90% | 7.50% |
| Regular Employees hired on or after 7/01/06 | 37.90% | 8.00% |
| Regular Employees hired on or after 1/01/11 | 37.90% | 8.00% |
| Regular Employees hired on or after 7/01/15 | 37.90% | 8.00% |

(Continued)

NOTE 5 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

The following schedule lists the School Board's proportionate share of the Net Pension Liability allocated by each of the pension plans for based on the June 30, 2019 measurement date. The School Board uses this measurement to record its Net Pension Liability and associated amounts as of June 30, 2020 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2019 along with the change compared to the June 30, 2018 rate. The School Board's proportion of the Net Pension Liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

| | Net Pension Liability at June 30, 2020 | Current Measurement Rate | Previous Measurement Rate | Increase (Decrease) |
|--------|--|--------------------------------|---------------------------------|------------------------|
| LSERS | \$ 1,031,534 | 0.147% | 0.162% | -0.015% |
| TRSL | 15,152,360 | 0.153% | 0.153% | 0.000% |
| LASERS | <u>188,802</u> | 0.003% | 0.005% | -0.003% |
| Total | <u>\$ 16,372,696</u> | | | |

The following schedule list each pension plan's recognized pension expense plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions by the School Board for the year ended June 30, 2020:

| | <u>Pension Expense</u> |
|-------------------------------------|------------------------|
| School Employees' Retirement System | \$ 156,002 |
| Teachers' Retirement System | 979,379 |
| State Employees' Retirement System | <u>69,721</u> |
| Total | <u>\$ 1,205,102</u> |

(Continued)

NOTE 5 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 1,159 | \$ (499,619) |
| Changes of assumptions | 1,108,734 | - |
| Net difference between projected and actual earnings on pension plan investments | 46,207 | (560,805) |
| Changes in proportion and differences between Employer contributions and proportionate share of contributions | 788,708 | (210,264) |
| Employer contributions subsequent to the measurement date | <u>2,016,032</u> | <u>-</u> |
| | <u>\$ 3,960,840</u> | <u>\$ (1,270,688)</u> |

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|-------------------------------------|--------------------------------------|----------------------------------|
| School Employees' Retirement System | \$ 250,559 | \$ (89,355) |
| Teachers' Retirement System | 3,680,250 | (1,034,321) |
| State Employees' Retirement System | <u>30,031</u> | <u>(147,012)</u> |
| | <u>\$ 3,960,840</u> | <u>\$ (1,270,688)</u> |

The School Board reported a total of \$2,016,032 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2019 which will be recognized as a reduction in Net Pension Liability in the subsequent period. The following schedule list the pension contributions made subsequent to the measurement period for each pension plan:

| | Subsequent Contributions |
|-------------------------------------|-----------------------------|
| School Employees' Retirement System | \$ 127,426 |
| Teachers' Retirement System | 1,867,875 |
| State Employees' Retirement System | <u>20,731</u> |
| | <u>\$ 2,016,032</u> |

NOTE 5 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

| Year | LSERS | TRSL | LASERS | Total |
|------|-----------|------------|--------------|--------------|
| 2021 | 51,191 | (226,729) | (81,506) | \$ (257,044) |
| 2022 | (49,011) | 389,489 | (60,446) | 280,032 |
| 2023 | 18,089 | 403,349 | 1,795 | 423,233 |
| 2024 | 13,509 | 211,945 | 2,445 | 227,899 |
| | \$ 33,778 | \$ 778,054 | \$ (137,712) | \$ 674,120 |

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, 2019 are as follows:

| | Measurement/ Valuation Date | Expected Remaining Service Lives | Investment Rate of Return |
|--------|--------------------------------|-------------------------------------|--|
| LSERS | June 30, 2019 | 3 years | 7.00%, net of plan investment expenses & inflation |
| TRSL | June 30, 2019 | 5 years | 7.55% net of investment expenses |
| LASERS | June 30, 2019 | 2 years | 7.60% per annum, net of investment expenses |

(Continued)

NOTE 5 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

| | TRSL | LSERS | LASERS |
|--|---|--|---|
| Actuarial Cost Method | Entry Age Normal | Entry Age Normal | Entry Age Normal |
| Actuarial Assumptions: | | | |
| Inflation Rate | 2.5% per annum | 2.50% per annum | 2.50% per annum |
| Mortality | Active members - RP-2014 White Collar Employee tables, adjusted by 1.010 for males and by 0.997 for females. Non-Disabled retiree/inactive members - RP-2014 White Collar Healthy Annuitant tables, adjusted by 1.366 for males and by 1.189 for females. Disability retiree mortality - RP-2014 Disability tables, adjust by 1.111 for males and by 1.134 for females. | Mortality rates were projected based on RP-2014 Healthy Annuitant Mortality Table, RP-2014 Sex Distinct Mortality Table and RP-2014 Sex Distinct Disabled Mortality Table. | Non-disabled members - Mortality rates for 2019 were 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. |
| Termination, Disability, and Retirement | Termination, disability, and retirement assumptions were projected based on a five year (July 1, 2012 - June 30, 2017) experience study of the System's members. | | Termination, disability, and retirement assumptions were projected based on a five-year (2014-2018) experience study of the System's members for 2019. |
| Salary Increases | 3.30% - 4.80% varies depending on duration of service | 2013-2017 experience study, 3.25%. | Salary increases were projected based on a 2014-2018 experience study of the System's members. The salary increase ranges for regular members is 3.2% - 13.0%. |
| Cost of Living Adjustments | None | Cost-of-living raises may be granted from the Experience Account provided there are sufficient funds needed to offset the increase in the actuarial liability and the plan has met the criteria and eligibility requirements outline by ACT 399 of 2014. | The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic. |

NOTE 5 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Actuarial Assumptions (Continued)

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

| TRSL | LSERS | LASERS |
|---|---|--|
| <p>The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 8.48% for 2019.</p> | <p>The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.</p> | <p>The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by adding expected inflation of 2.75% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 9.00% for 2019.</p> |

NOTE 5 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Actuarial Assumptions (Continued)

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the Retirement Systems target asset allocations as of June 30, 2019:

| Asset Class | Target Allocation | | | Long - Term Expected Real Rate of Return | | |
|------------------------------------|-------------------|-------------|-------------|--|--------------|--------------|
| | LSERS | TRSL | LASERS | LSERS | TRSL | LASERS |
| Domestic Equity | | 27% | | | 4.60% | 4.83% |
| International Equity | | 19% | | | 5.70% | 5.83% |
| Equity | 39% | | 57% | 2.93% | | |
| Private Equity | | 25.5% | | | 8.67% | |
| Domestic Fixed Income | | 13% | | | 1.69% | 2.79% |
| Fixed Income | 26% | | 14% | 1.07% | | |
| International Fixed Income | | 5.5% | | | 2.10% | 4.49% |
| Alternatives | 17% | | 22% | 1.43% | | 8.32% |
| Real Estate | 12% | | | 0.73% | | |
| Other | 6% | 10% | 7% | 0.60% | 3.65% | 5.30% |
| Total | <u>100%</u> | <u>100%</u> | <u>100%</u> | 6.76% | 5.98% | 6.25% |
| Inflation | | | | <u>2.00%</u> | <u>2.50%</u> | <u>2.75%</u> |
| Expected Arithmetic Nominal Return | | | | <u>8.76%</u> | <u>8.48%</u> | <u>9.00%</u> |

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for LSERS, TRSL, and LASERS changed to 7.00%, 7.55%, and 7.60%, respectively for the year ended June 30, 2019 (measurement date). Previously, the discount rate used to measure the total pension liability for LSERS, TRSL, and LASERS was 7.0625%, 7.65%, and 7.65%, respectively for the year ended June 30, 2018 (measurement date).

NOTE 5 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

| | <u>1.0% Decrease</u> | <u>Current Discount Rate</u> | <u>1.0% Increase</u> |
|---------------------------------|----------------------|----------------------------------|----------------------|
| LSERS | | | |
| Discount Rates | 6.00% | 7.00% | 8.00% |
| Shares of Net Pension Liability | \$ 1,397,935 | \$ 1,031,534 | \$ 718,312 |
| TRSL | | | |
| Discount Rates | 6.55% | 7.55% | 8.55% |
| Shares of Net Pension Liability | \$ 20,169,959 | \$ 15,152,360 | \$ 10,923,290 |
| LASERS | | | |
| Discount Rates | 6.60% | 7.60% | 8.60% |
| Shares of Net Pension Liability | \$ 238,293 | \$ 188,802 | \$ 147,000 |

NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan description

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

(Continued)

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

Benefits provided

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

Data used

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

Method of determining value of benefits

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

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

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

Actuarial Assumptions and Basis

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------------|--|
| Inflation | 2.50% |
| Salary increases | 4.0%, including inflation |
| Discount rate | 3.50% annually (Beginning of Year to Determine ADC) 2.21% annually (As of End of Year Measurement Date) |
| Healthcare cost trend rates | 5.50% annually for ten years, 4.50% thereafter |
| Mortality | SOA RP-2000 Table |

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of June 30, 2020, the end of the applicable measurement period.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2020.

Actuarial cost method (ARC)

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

Actuarial value of plan assets

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

Mortality

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

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

Discount rate

This plan is a defined benefit OPEB plan which does not meet the requirements of paragraph 4 of the GASB Statement No. 75. We have therefore used a discount rate of 2.21%, which was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of June 30, 2020, the end of the applicable measurement period and 3.50% as of June 30, 2019, the measurement date at the end of the immediately preceding measurement period.

Post-retirement benefit increases

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

Expected time of commencement of benefits

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

Turnover

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

Employees covered by benefit terms

At June 30, 2020, the following employees were covered by the benefit terms:

| | |
|--|-------------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 25 |
| Inactive employees entitled to but not yet receiving benefit payments | - |
| Active employees | <u>120</u> |
| Total | <u><u>145</u></u> |

Total OPEB Liability

The School Board's total OPEB liability of \$8,833,018 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

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

Changes in the total OPEB liability

| | <u>Amount</u> |
|--|---------------------|
| Balance at June 30, 2019 | \$ 7,683,284 |
| Changes for the year: | |
| Service cost | 301,621 |
| Interest | 266,256 |
| Differences between expected and actual experience | (282,720) |
| Changes in assumption | 1,016,491 |
| Benefit payments and net transfers | <u>(151,914)</u> |
| Net change | <u>1,149,734</u> |
| Balance at June 30, 2020 | <u>\$ 8,833,018</u> |
| Covered-employee payroll | 5,001,401 |
| Net OPEB liability as a percentage of covered-employee payroll | 176.61% |

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

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

| | 1.0% Decrease (1.21%) | Current Discount Rate (2.21%) | 1.0% Increase (3.21%) |
|----------------------|--------------------------|----------------------------------|--------------------------|
| Total OPEB liability | \$ 10,504,851 | \$ 8,833,018 | \$ 7,528,371 |

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

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

| | 1.0% Decrease (4.5%) | Current Trend (5.5%) | 1.0% Increase (6.5%) |
|----------------------|-------------------------|-------------------------|-------------------------|
| Total OPEB liability | \$ 7,790,576 | \$ 8,833,018 | \$ 10,166,359 |

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

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

For the year ended June 30, 2020, the School Board recognized OPEB expense of \$697,673. At June 30, 2020, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| Deferred Outflows of Resources | Deferred Inflows of Resources |
|--------------------------------------|-------------------------------------|
| \$ - | \$ 100,291 |
| <u>1,012,629</u> | <u>-</u> |
| <u>\$ 1,012,629</u> | <u>\$ 100,291</u> |

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

| Year | Amount |
|---------------------|-------------------|
| 2021 | \$ 126,624 |
| 2022 | 126,624 |
| 2023 | 126,624 |
| 2024 | 126,624 |
| 2025 | 126,624 |
| 2026 and thereafter | <u>279,218</u> |
| Total | <u>\$ 912,338</u> |

Funding Policy

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

NOTE 7 - AGENCY FUND DEPOSITS DUE OTHERS

A summary of changes in school activities agency fund deposits due others for the year ended June 30, 2020, is as follows:

| | <u>Balance, Beginning</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance, Ending</u> |
|----------------------------|-------------------------------|------------------|--------------------|----------------------------|
| Agency Funds: | | | | |
| School Activities Accounts | <u>\$ 29,626</u> | <u>\$255,596</u> | <u>\$(225,011)</u> | <u>\$ 60,211</u> |

NOTE 8 - LONG-TERM LIABILITIES

The following is a summary of the changes in general long-term obligations for the year ended June 30, 2020:

| | <u>July 1, 2019</u> | <u>Additions</u> | <u>Deductions</u> | <u>June 30, 2020</u> | <u>Amount due in one year</u> |
|----------------------|-------------------------|-------------------------|---------------------------|-------------------------|-----------------------------------|
| Claims & Judgments | \$ 11,872 | \$ 750,000 | - | \$ 761,872 | \$ 761,872 |
| Bonds Payable | 1,080,000 | - | (1,080,000) | - | - |
| Compensated Absences | <u>521,163</u> | <u>256,273</u> | <u>(211,508)</u> | <u>565,928</u> | <u>56,593</u> |
| Total | <u>\$ 1,613,035</u> | <u>\$ 1,006,273</u> | <u>\$ (1,291,508)</u> | <u>\$ 1,327,800</u> | <u>\$ 818,465</u> |

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

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

The Series 2017B Bonds were issued in May 2017 in the amount of \$1,200,000, with a maturity date of May 1, 2037 and bear interest at a rate of 4.37% payable on May 1 and November 1 of each year, commencing November 1, 2017. The principal is due upon surrender of the 2017 Bonds. The Series 2017B Bonds were redeemed in full during the year ended June 30, 2020.

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

In accordance with LSA-R.S. 39:562(L), the School Board is legally restricted from incurring long-term bonded debt in excess of 35 percent of the assessed value of taxable property (including homestead exempt and nonexempt property) within the parish. At June 30, 2020, the statutory limit is \$24,738,387.

NOTE 9 - INTERFUND TRANSACTIONS

The primary purpose of interfund advances is to cover expenditures on cost reimbursement grant programs until reimbursements are received from the granting agencies. Interfund balances as of June 30, 2020 are as follows:

| Interfund Receivable | | Interfund Payable | |
|----------------------|---------------------|-------------------|---------------------|
| General | \$ 1,403,519 | General | \$ - |
| Flood Recovery | - | Flood Recovery | 239,592 |
| Title I | - | Title I | 319,769 |
| Non-Major | - | Non-Major | 844,158 |
| | <u>\$ 1,403,519</u> | | <u>\$ 1,403,519</u> |

The purpose of interfund transfers is to cover operating expenditures of the general fund through indirect cost recoveries charged to grant programs and to transfer general fund surplus to the capital projects fund to be used for capital improvements. Transfers during 2020 were as follows:

| Transfers In | | Transfers Out | |
|----------------|------------------|----------------|--------------------|
| General | \$ 35,551 | General | \$ - |
| Flood Recovery | - | Flood Recovery | - |
| Title I | - | Title I | (32,419) |
| Non-Major | - | Non-Major | (3,132) |
| | <u>\$ 35,551</u> | | <u>\$ (35,551)</u> |

NOTE 10 - COMMITMENTS AND CONTINGENCIES

The School Board manages its exposure under general liability, fleet, workers' compensation, and errors and omissions through the purchase of commercial insurance. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the last three years.

Litigation

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

Grant Disallowances

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

NOTE 11 - OPERATING LEASES

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

Management has estimated that the minimum future lease payments under non-cancellable lease agreements in effect at June 30, 2020 are as follows:

| <u>Year ending June 30,</u> | <u>Amount</u> |
|-----------------------------|-------------------|
| 2021 | \$ 274,214 |
| 2022 | 180,407 |
| 2023 | 180,407 |
| 2024 | 29,907 |
| 2025 | 29,907 |
| 2026-2027 | <u>59,814</u> |
| | <u>\$ 754,657</u> |

Lease payments made during 2020 totaled approximately \$207,100 for the school bus lease arrangement.

NOTE 12 - ON-BEHALF PAYMENTS

The accompanying financial statements include on-behalf payments made by the Parish Tax Collector for \$53,785 to the Teacher's Retirement System of Louisiana for employee retirement benefits.

NOTE 13 - APPROPRIATIONS TO CHARTER SCHOOLS AND OTHER AGENCIES

Appropriations to Charter Schools and other agencies during the year ended June 30, 2020, were as follows:

| | <u>General Fund</u> |
|-----------------------------------|---------------------|
| Madison Prep | \$ 45,990 |
| Louisiana Key Academy | 50,589 |
| GEO Prep Mid-City | 29,127 |
| Impact Charter | 573,342 |
| Advantage Charter Academy | 781,830 |
| GEO Prep Academy | 64,386 |
| GEO Next Generation High | 7,665 |
| Collegiate Academy | 38,325 |
| Baton Rouge University Prep | 35,259 |
| Louisiana Virtual Charter Academy | 13,797 |
| University View Academy | <u>37,251</u> |
| Total Appropriations | <u>\$1,677,561</u> |

NOTE 14 - TAX REVENUES ABATED

The Louisiana Industrial Ad Valorem Tax Exemption program (Louisiana Administrative Code, Title 13, Chapter 5) is a state incentive program which abates, up to ten years, local ad valorem taxes on a manufacturer's new investment and annual capitalized additions related to the manufacturing site. Applications to exempt qualified property for five years are approved by the Board of Commerce and Industry. The exemption may be renewed for an additional five years. For the fiscal year ending June 30, 2020, approximately \$43,800 in City of Baker School Board ad valorem tax revenues were abated by the state of Louisiana through the Louisiana Industrial Ad Valorem Tax Exemption program.

NOTE 15 - COMPENSATION OF BOARD MEMBERS

A detail of the compensation paid to individual board members for the year ended June 30, 2020 follows:

| | <u>Amount</u> |
|-----------------|------------------|
| Shona Boxie | \$ 6,600 |
| Sharlous Booker | 6,600 |
| Elaine Davis | 6,000 |
| Joyce Burgess | 6,000 |
| Vaness Parker | <u>6,000</u> |
| | <u>\$ 31,200</u> |

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

The schedule of compensation, benefits, and other payments to Dr. Herman Brister, Superintendent, as of June 30, 2020 follows:

| <u>Purpose</u> | <u>Amount</u> |
|---------------------------|------------------|
| Salary | \$ 188,278 |
| Benefits - Retirement | 53,029 |
| Benefits - Medicare | 8,061 |
| Benefits - Life Insurance | 316 |
| Benefits - Workers' Comp. | 1,907 |
| Travel Allowance | 7,200 |
| Technology Allowance | <u>6,000</u> |
| | <u>\$264,791</u> |

NOTE 17 - FUND BALANCE DEFICIT

At June 30, 2020, the School Food Service Fund and SRCL Fund had deficit fund balances of \$263,532 and \$21,519, respectively. These fund deficits will be reimbursed by a transfer from the General Fund in 2021.

NOTE 18 - SUBSEQUENT EVENTS

Subsequent to year-end, it was determined the School Board had a remaining obligation of \$750,000 related to two contracts related to flood remediation and the high school restoration project that were previously in dispute. These amounts have been accrued as claims and judgements payable on the government-wide statement of net position and are presented as long-term obligations due within one year. Payment arrangements have been established and the School Board is actively paying on those arrangements. As of the report date, the remaining obligation between both contracts totals approximately \$330,000.

In March 2020, the World Health Organization declared the outbreak of COVID-19 as a global pandemic, which has negatively impacted both the local and global economies. The extent of the impact of the COVID-19 pandemic on the School Board's operational and financial performance will depend on the duration of the outbreak and the effect on the School Board's vendors and employees, which are uncertain and cannot be predicted. As a result, the ultimate extent to which the pandemic may directly or indirectly impact the School Board's financial condition cannot be reasonably estimated at this time. The School Board continues to execute its educational mission while receiving grant funding through the Louisiana Department of Education for pandemic relief under the Elementary and Secondary School Emergency Relief Fund and Governor's Emergency Education Relief Fund as provided by the CARES Act.

Management has evaluated events and transactions for potential recognition or disclosure through March 26, 2021, which was the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF BAKER SCHOOL BOARD
BAKER, LOUISIANA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020**

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|---------------------|---------------------|---------------------|--|
| REVENUES | | | | |
| Local sources: | | | | |
| Taxes: | | | | |
| Ad-valorem | \$ 1,772,699 | \$ 2,122,470 | \$ 2,177,119 | \$ 54,649 |
| Sales and use | 3,591,707 | 3,517,205 | 3,710,603 | 193,398 |
| Earnings on investments | 15,667 | 8,250 | 8,323 | 73 |
| Contributions and donations | - | - | - | - |
| Other | 32,500 | 128,285 | 154,441 | 26,156 |
| State sources: | | | | |
| Minimum foundation program | 9,878,285 | 9,530,518 | 9,509,694 | (20,824) |
| Revenue Sharing | 42,265 | 42,265 | 45,719 | 3,454 |
| Other restricted revenues | 776,522 | 36,365 | 96,381 | 60,016 |
| Federal grants | 6,259,687 | 50,000 | 457,587 | 407,587 |
| TOTAL REVENUES | <u>22,369,332</u> | <u>15,435,358</u> | <u>16,159,867</u> | <u>724,509</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular education programs | 5,305,650 | 5,305,650 | 5,256,541 | 49,109 |
| Special education programs | 962,772 | 840,115 | 725,281 | 114,834 |
| Vocational Programs | 329,965 | 329,965 | 304,002 | 25,963 |
| Other instructional programs | 430,645 | 437,710 | 442,131 | (4,421) |
| Special programs | 193,176 | 135,465 | 560,566 | (425,101) |
| Support services: | | | | |
| Pupil support services | 949,055 | 744,271 | 673,359 | 70,912 |
| Instructional staff services | 588,666 | 588,666 | 499,597 | 89,069 |
| General administration services | 1,010,171 | 1,436,550 | 1,268,483 | 168,067 |
| School administration services | 1,034,545 | 1,075,365 | 1,013,307 | 62,058 |
| Business administration services | 352,529 | 352,529 | 301,384 | 51,145 |
| Plant services | 1,450,046 | 1,250,046 | 1,077,555 | 172,491 |
| Student transportation services | 695,631 | 755,405 | 687,312 | 68,093 |
| Central services | 220,523 | 201,525 | 190,397 | 11,128 |
| Food services | - | - | 12,761 | (12,761) |
| State appropriation to charter schools | 1,569,065 | 1,677,561 | 1,677,561 | - |
| Facility acquisition & construction | 6,912,781 | 116,907 | 79,212 | 37,695 |
| TOTAL EXPENDITURES | <u>22,005,220</u> | <u>15,247,730</u> | <u>14,769,449</u> | <u>478,281</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 364,112 | 187,628 | 1,390,418 | 1,202,790 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (165,550) | (76,000) | - | 76,000 |
| Transfers in | 45,000 | 45,000 | 35,551 | (9,449) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(120,550)</u> | <u>(31,000)</u> | <u>35,551</u> | <u>66,551</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES | 243,562 | 156,628 | 1,425,969 | 1,269,341 |
| FUND BALANCES - beginning of year | 2,142,362 | 2,142,362 | 2,142,362 | - |
| FUND BALANCES - end of year | <u>\$ 2,385,924</u> | <u>\$ 2,298,990</u> | <u>\$ 3,568,331</u> | <u>\$ 1,269,341</u> |

**CITY OF BAKER SCHOOL BOARD
BAKER, LOUISIANA
FLOOD RECOVERY FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020**

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|--|---------------------|---------------------|-------------------|--|
| REVENUES | | | | |
| Federal grants | \$ - | \$ - | \$ - | \$ - |
| State grants | - | - | - | - |
| Earnings on investments | - | - | - | - |
| TOTAL REVENUES | <u>- -</u> | <u>- -</u> | <u>-</u> | <u>-</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Support services: | | | | |
| General administration services | - | - | - | - |
| Plant operation and maintenance | - | - | - | - |
| Transportation | - | - | - | - |
| Facility acquisition and construction | - | - | - | - |
| Debt service | 115,550 | - | 1,095,384 | (1,095,384) |
| TOTAL EXPENDITURES | <u>115,550</u> | <u>- -</u> | <u>1,095,384</u> | <u>(1,095,384)</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (115,550) | - | (1,095,384) | (1,095,384) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | <u>165,550</u> | <u>76,000</u> | <u>-</u> | <u>(76,000)</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES | 50,000 | 76,000 | (1,095,384) | (1,171,384) |
| FUND BALANCES - beginning of year | <u>2,019,979</u> | <u>2,019,979</u> | <u>2,019,979</u> | <u>-</u> |
| FUND BALANCES - end of year | <u>\$ 2,069,979</u> | <u>\$ 2,095,979</u> | <u>\$ 924,595</u> | <u>\$ (1,171,384)</u> |

**CITY OF BAKER SCHOOL BOARD
 BAKER, LOUISIANA
 TITLE I FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2020**

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|--|--------------------|-----------------|------------|--|
| REVENUES | | | | |
| Federal grants | \$ 939,631 | \$ 1,295,281 | \$ 984,322 | \$ (310,959) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Other education programs | 939,631 | 1,295,281 | 781,588 | 513,693 |
| Support services: | | | | |
| Instructional staff services | - | - | 169,489 | (169,489) |
| Transportation | - | - | 826 | (826) |
| TOTAL EXPENDITURES | 939,631 | 1,295,281 | 951,903 | 343,378 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | - | - | 32,419 | 32,419 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers out | - | - | (32,419) | (32,419) |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES | - | - | - | - |
| FUND BALANCES - beginning of year | - | - | - | - |
| FUND BALANCES - end of year | \$ - | \$ - | \$ - | \$ - |

CITY OF BAKER SCHOOL SYSTEM
NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020

BUDGETS

General Budget Practices

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

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

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

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

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

Encumbrances

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

Budget Basis of Accounting

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

CITY OF BAKER SCHOOL SYSTEM

**Schedule of Changes in Net OPEB Liability and Related Ratios for the
For the Year Ended June 30, 2020**

| Total OPEB Liability | 2020 | 2019 | 2018 |
|---|-------------------------|-------------------------|-------------------------|
| Service cost | \$ 301,621 | \$ 274,625 | \$ 292,310 |
| Interest | 266,256 | 250,797 | 233,230 |
| Differences between expected and actual experience | (282,720) | 293,279 | (137,905) |
| Changes of assumptions | 1,016,491 | 445,817 | (301,568) |
| Benefit payments | (151,914) | (123,553) | (117,112) |
| Net change in total OPEB liability | 1,149,734 | 1,140,965 | (31,045) |
| Total OPEB liability - beginning | 7,683,284 | 6,542,319 | 6,573,364 |
| Total OPEB liability - ending | \$ 8,833,018 | \$ 7,683,284 | \$ 6,542,319 |
| Covered-employee payroll | \$ 5,001,401 | \$ 5,548,064 | \$ 5,334,677 |
| Net OPEB liability as a percentage of covered-employee payroll | 176.61% | 138.49% | 122.64% |

Notes to Schedule:

Benefit Changes. There were no changes of benefit terms for the year ended June 30, 2020.

Changes of Assumptions. In 2019, the discount rate used decreased from 3.87% to 3.50%.

In 2020, the discount rate used decreased from 3.50% to 2.21%.

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

There are no assets accumulated in a trust.

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

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

FOR THE YEAR ENDED JUNE 30, 2020

| Pension Plan | Year | Contractually Required Contribution | Contribution in Relation to Contractually Required Contribution | Contribution Deficiency (Excess) | Employer's Covered Payroll | Contributions as a % of Covered Employee Payroll |
|---|------|---|---|--|----------------------------------|--|
| Teachers Retirement System of Louisiana | | | | | | |
| | 2020 | 1,867,875 | 1,867,875 | - | 6,829,211 | 27.3513% |
| | 2019 | 2,083,769 | 2,083,769 | - | 7,834,408 | 26.5977% |
| | 2018 | 2,008,020 | 2,008,020 | - | 7,592,328 | 26.4480% |
| | 2017 | 2,142,700 | 2,142,700 | - | 8,402,745 | 25.5000% |
| | 2016 | 1,914,774 | 1,914,774 | - | 7,277,202 | 26.3120% |
| | 2015 | 2,842,607 | 2,842,607 | - | 10,152,168 | 28.0000% |
| Louisiana School Employees Retirement System | | | | | | |
| | 2020 | 127,426 | 127,426 | - | 433,397 | 29.4017% |
| | 2019 | 121,329 | 121,329 | - | 431,926 | 28.0902% |
| | 2018 | 124,387 | 124,387 | - | 451,016 | 27.5793% |
| | 2017 | 105,920 | 105,920 | - | 387,985 | 27.3000% |
| | 2016 | 135,773 | 135,773 | - | 449,581 | 30.1999% |
| | 2015 | 218,864 | 218,864 | - | 657,982 | 33.2629% |
| Louisiana State Employees Retirement System | | | | | | |
| | 2020 | 20,731 | 20,731 | - | 50,937 | 40.6993% |
| | 2019 | 17,014 | 17,014 | - | 42,164 | 40.3520% |
| | 2018 | 34,641 | 34,641 | - | 91,400 | 37.9004% |

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

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

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

FOR THE YEAR ENDED JUNE 30, 2020 (*)

| Pension Plan: | Year | Employer's Proportion of the Net Pension Liability (Asset) | Employer's Proportionate Share of the Net Pension Liability (Asset) | Employer's Covered Payroll | Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|---|------|--|---|----------------------------|---|--|
| Teachers Retirement System of Louisiana | | | | | | |
| | 2020 | 0.1527% | 15,152,360 | 7,834,408 | 193.4078% | 68.57% |
| | 2019 | 0.1530% | 15,032,644 | 7,592,328 | 197.9978% | 68.17% |
| | 2018 | 0.1443% | 14,794,689 | 8,402,745 | 176.0697% | 65.60% |
| | 2017 | 0.1309% | 15,361,134 | 7,277,202 | 211.0857% | 59.90% |
| | 2016 | 0.1756% | 18,878,956 | 10,152,168 | 185.9598% | 62.50% |
| | 2015 | 0.1939% | 19,814,863 | 9,617,165 | 206.0364% | 63.70% |
| Louisiana School Employees Retirement System | | | | | | |
| | 2020 | 0.1473% | 1,031,534 | 431,926 | 238.8219% | 73.49% |
| | 2019 | 0.1620% | 1,082,329 | 451,016 | 239.9757% | 74.44% |
| | 2018 | 0.1377% | 881,218 | 387,985 | 227.1268% | 75.03% |
| | 2017 | 0.1596% | 1,203,697 | 449,581 | 267.7375% | 70.09% |
| | 2016 | 0.2368% | 1,501,689 | 657,982 | 228.2265% | 74.49% |
| | 2015 | 0.2152% | 1,247,389 | 596,600 | 209.0830% | 76.18% |
| Louisiana State Employees Retirement System | | | | | | |
| | 2020 | 0.0026% | 188,802 | 42,164 | 447.7801% | 62.90% |
| | 2019 | 0.0052% | 351,363 | 91,400 | 384.4234% | 64.30% |
| | 2018 | 0.0064% | 449,640 | 119,098 | 377.5378% | 62.50% |

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

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

CITY OF BAKER SCHOOL SYSTEM
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020

Change of Benefit Terms Include:

Teachers Retirement System of Louisiana

- There were no changes of benefit terms for the years ended June 30, 2020, 2019, and 2018.

Louisiana School Employees Retirement System

- There were no changes of benefit terms for the years ended June 30, 2020, 2019, and 2018.

Louisiana State Employees Retirement System

- There were no changes of benefit terms for the years ended June 30, 2020, 2019, and 2018.

Change of Assumptions

Teachers Retirement System of Louisiana

- In 2020, (valuation date June 30, 2019), the discount rate used to measure total pension liability changed from 7.65% to 7.55%.
- In 2019 (valuation date June 30, 2018), the discount rate used to measure total pension liability changed from 7.70% to 7.65%.
- In 2018 (valuation date June 30, 2017), the discount rate used to measure total pension liability changed from 7.75% to 7.70%

Louisiana School Employees Retirement System

- In 2020 (valuation date June 30, 2019), the following changes of assumptions were incorporated:
 - The discount rate used to measure total pension liability decreased from 7.0625% to 7.00%,
- In 2019 (valuation date June 30, 2018), the following changes of assumptions were incorporated:
 - The discount rate used to measure total pension liability decreased from 7.125% to 7.0625%,
 - The inflation rate decreased from 2.625% to 2.50%,
 - The mortality assumption was updated to reflect the results of the new experience study and was based on the RP-2014 Healthy Annuitant, Sex Distinct Employee, and Sex Distinct Disabled Lives mortality tables with generational projections using the full generational scale MP2017. The previous valuation set mortality from the RP-2000 Combined Healthy Sex Distinct and Disabled Lives mortality tables with no projection scale.

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

Louisiana State Employees Retirement System

- In 2020 (valuation date June 30, 2019), the discount rate used to measure total pension liability changed from 7.65% to 7.60%.
 - In 2020 (valuation date June 30, 2019), the inflation rate decreased from 2.75% to 2.5% per annum.
 - The salary increase assumption was updated to use the range 3.2% - 13.0% to reflect the results of the new experience study. The previous valuation included a range of 3.8% to 12.8%.
- In 2019 (valuation date June 30, 2018), the discount rate used to measure total pension liability changed from 7.70% to 7.65%.
- There were no changes of benefit assumptions for the year ended June 30, 2018.

OTHER SUPPLEMENTARY INFORMATION

CITY OF BAKER SCHOOL SYSTEM
NON-MAJOR GOVERNMENTAL FUNDS DESCRIPTIONS

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

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

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

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

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

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

Direct Student Services – This fund is for grant allotments to support the School System's students in gaining access to academic courses, credentials, and services that are not otherwise available within the schools.

School Redesign – This fund accounts for amounts received under the School Redesign grants which are intended to support school systems as they build and execute plans focused on core academics, special populations, and talent, in an effort to improve struggling schools.

SRCL – This is a grant fund aimed at improving the reading and writing skills of students. The funds support the school systems in their literacy efforts to benefit children from birth through twelfth grade.

**CITY OF BAKER SCHOOL BOARD
BAKER, LOUISIANA
NONMAJOR GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2020**

| | Vocational Education | Title II | School Food Service | State Grants | TANF | Direct Student Services | School Redesign | SRCL | Special Education | Total |
|--|-------------------------|------------------|------------------------|------------------|-------------|----------------------------|--------------------|-----------------|----------------------|-------------------|
| ASSETS | | | | | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ 24,876 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 24,876 |
| Receivables: | | | | | | | | | | |
| Due from other governments | 10,745 | 54,708 | 55,322 | 43,806 | - | 47,575 | 159,577 | - | 145,506 | 517,239 |
| Prepaid expenses | 415 | - | - | - | - | - | 488 | - | - | 903 |
| Inventory | - | - | 16,089 | - | - | - | - | - | - | 16,089 |
| TOTAL ASSETS | \$ 11,160 | \$ 54,708 | \$ 96,287 | \$ 43,806 | \$ - | \$ 47,575 | \$ 160,065 | \$ - | \$ 145,506 | \$ 559,107 |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | |
| Liabilities: | | | | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Due to other funds | 11,160 | 54,708 | 359,819 | 43,806 | - | 47,575 | 160,065 | 21,519 | 145,506 | 844,158 |
| TOTAL LIABILITIES | 11,160 | 54,708 | 359,819 | 43,806 | - | 47,575 | 160,065 | 21,519 | 145,506 | 844,158 |
| Fund balances: | | | | | | | | | | |
| Nonspendable | - | - | 16,089 | - | - | - | - | - | - | 16,089 |
| Unassigned | - | - | (279,621) | - | - | - | - | (21,519) | - | (301,140) |
| TOTAL FUND BALANCES | - | - | (263,532) | - | - | - | - | (21,519) | - | (285,051) |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 11,160 | \$ 54,708 | \$ 96,287 | \$ 43,806 | \$ - | \$ 47,575 | \$ 160,065 | \$ - | \$ 145,506 | \$ 559,107 |

The accompanying notes are an integral part of this statement.

CITY OF BAKER SCHOOL BOARD
BAKER, LOUISIANA
NONMAJOR GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED JUNE 30, 2020

| | Vocational Education | Title II | School Food Service | State Grants | TANF | Direct Student Services | School Redesign | SRCL | Special Education | Total |
|---|-------------------------|---------------|------------------------|-----------------|----------------|----------------------------|--------------------|--------------------|----------------------|---------------------|
| REVENUES | | | | | | | | | | |
| Local sources: | | | | | | | | | | |
| Food sales | \$ - | \$ - | \$ 2,200 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,200 |
| State sources: | | | | | | | | | | |
| Unrestricted grants-in, MFP | - | - | 13,939 | - | - | - | - | - | - | 13,939 |
| Restricted grants-in-aid | - | - | - | 66,270 | 180,698 | - | - | - | - | 246,968 |
| Federal grants | 13,468 | 82,099 | 823,730 | - | - | 47,575 | 181,995 | - | 464,237 | 1,613,104 |
| TOTAL REVENUES | 13,468 | 82,099 | 839,869 | 66,270 | 180,698 | 47,575 | 181,995 | - | 464,237 | 1,876,211 |
| EXPENDITURES | | | | | | | | | | |
| Current: | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular education programs | - | - | - | - | - | - | - | - | 55,592 | 55,592 |
| Special education programs | - | - | - | - | - | - | - | - | 245,418 | 245,418 |
| Other education programs | 13,468 | 68,754 | - | 66,270 | 180,698 | 47,575 | 181,995 | - | 58,050 | 616,810 |
| Support: | | | | | | | | | | |
| Instructional staff services | - | 13,345 | - | - | - | - | - | - | 102,045 | 115,390 |
| Food services | - | - | 909,478 | - | - | - | - | - | - | 909,478 |
| TOTAL EXPENDITURES | 13,468 | 82,099 | 909,478 | 66,270 | 180,698 | 47,575 | 181,995 | - | 461,105 | 1,942,688 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | - | - | (69,609) | - | - | - | - | - | 3,132 | (66,477) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - | (3,132) | (3,132) |
| TOTAL OTHER FINANCING SOURCES (USES) | - | - | - | - | - | - | - | - | (3,132) | (3,132) |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES | - | - | (69,609) | - | - | - | - | - | - | (69,609) |
| FUND BALANCES - beginning of year | - | - | (193,923) | - | - | - | - | (21,519) | - | (215,442) |
| FUND BALANCES - end of year | \$ - | \$ - | \$ (263,532) | \$ - | \$ - | \$ - | \$ - | \$ (21,519) | \$ - | \$ (285,051) |

The accompanying notes are an integral part of this statement.

KOLDER, SLAVEN & COMPANY, LLC

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Baker School Board, (the School Board) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements and have issued our report thereon dated March 26, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
March 26, 2021

KOLDER, SLAVEN & COMPANY, LLC

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

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

Report on Compliance for Each Major Federal Program

We have audited City of Baker School Board's (the School Board) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School Board's major federal programs for the year ended June 30, 2020. The School Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the School Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a significant deficiency.

The School Board's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The School Board's response was not subjected to the auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the response.

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
March 26, 2021

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

| Federal Grantor/ Pass-Through Grantor/ Program Name | Grantor Project Number | CFDA Number | Expenditures 2020 |
|---|------------------------------|----------------|----------------------------|
| <u>UNITED STATES DEPARTMENT OF AGRICULTURE</u> | | | |
| Pass-through program from Louisiana Department of Agriculture and Forestry: | | | |
| Food Distribution - Commodities | | 10.555 | \$ 60,834 |
| Pass-through program from Louisiana Department of Education: | | | |
| School Lunch Program | | 10.555 | <u>762,896</u> |
| Total Department of Agriculture and Forestry | | | <u>823,730</u> |
| <u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u> | | | |
| Pass-through program from Louisiana Governor's Office of Homeland Security & Emergency Preparedness | | | |
| Disaster Recovery - COVID-19 | LA-DR-4484 | 97.036 | <u>98,208</u> |
| <u>UNITED STATES DEPARTMENT OF EDUCATION</u> | | | |
| Passed through Louisiana Department of Education: | | | |
| Aim High | N/A | 84.027A | 100,000 |
| High Cost Services Rnd 1 IDEA | 28-18-RH-68 | 84.027A | 39,986 |
| IDEA Special Education Regular Project | 28-18-B1-68 | 84.027A | 303,056 |
| Subtotal CFDA No. 84.027A | | | <u>443,042</u> |
| Direct Student Services | 28-19-DS-68 | 84.010A | 47,575 |
| Title I Regular Project | 28-18-T1-68 | 84.010A | 984,322 |
| School Redesign Planning | 28-16-RD1 | 84.010A | 181,995 |
| Subtotal CFDA No. 84.010A | | | <u>1,213,892</u> |
| IDEA Special Education Preschool Project | 28-13-P1-68 | 84.173A | 7,553 |
| Vocational Education - Carl Perkins | 28-18-02-68 | 84.048A | 13,468 |
| Title II Regular Project | 28-18-50-68 | 84.367A | 82,099 |
| Title IV Student Support & Academic Enrichment | 28-18-71-68 | 84.424A | 13,642 |
| Elementary & Secondary School Emergency Relief Fund (ESSER) - COVID-19 | 28-20-ESRF-19 | 84.425D | 359,379 |
| | | | <u>2,133,075</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 3,055,013</u> |
| Child Nutrition Cluster | \$ | 823,730 | |
| Special Education Cluster | \$ | 443,042 | |

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

CITY OF BAKER SCHOOL SYSTEM
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE A - BASIS OF PRESENTATION

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

NOTE B - NON-MONETARY ASSISTANCE

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2020, the School System had food commodities totaling \$16,089 in inventory. Commodities received, which are non-cash revenues, are valued using pricing provided by the United States Department of Agriculture.

NOTE C - DE MINIMUS COST RATE

During the year ended June 30, 2020, the City of Baker School System did not elect to use the 10% de minimus cost rate as covered in §200.414 of the Uniform Guidance.

NOTE D - AMOUNTS PASSED THROUGH TO SUB-RECIPIENTS

During the year ended June 30, 2020, the City of Baker School System did not pass through any federal funding to sub-recipients.

CITY OF BAKER SCHOOL BOARD
Baker, Louisiana

Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

Part I. Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes x No
Significant deficiencies identified? _____ Yes x None reported

Noncompliance material to financial statements noted? _____ Yes x No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes x No
Significant deficiencies identified? x Yes _____ None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? _____ Yes x No

Major programs:

| <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u> |
|---------------------|--|
| 84.010 | Title I Grants to Local Educational Agencies |

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

Auditee qualified as low-risk auditee? x Yes _____ No

CITY OF BAKER SCHOOL BOARD
Baker, Louisiana

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2020

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

A. Internal Control Findings –

There are no findings to be reported under this section.

B. Compliance Findings –

There are no findings to be reported under this section.

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

2020-001 Allowable Costs/Activities Allowed

84.010 Title I

Questioned Costs: None

Fiscal year finding initially occurred: 2020

Criteria: Internal controls over expense approvals should be in place to ensure that all expenses charged to a program are supported with appropriate documentation and approved by a member of management to ensure that the expenditure is for services provided during the fiscal year.

Condition: Supporting documentation for three (3) out of fifty-six (56) transactions tested indicated that the expenditure was incurred by the School Board after the end of the fiscal year but was charged to the program during the fiscal year.

Cause: Limited staffing caused by the COVID-19 Pandemic did not permit management to adequately review the supporting documentation.

Effect: Improperly charging expenses to a federal program could result in material noncompliance with federal cost principles.

Context: Three (3) of fifty-six (56) transactions tested resulted in control deficiencies. Further examination of additional transactions occurring within the same period did not result in any additional instances of control deficiencies.

CITY OF BAKER SCHOOL BOARD
Baker, Louisiana

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2020

Recommendation: The School System should consider providing additional training to personnel of functions related to Title I reimbursements and remind them of the importance of following established procedures to ensure proper internal controls to avoid noncompliance.

View of Responsible Officials:

The School System will maintain properly trained staffing to ensure compliance with federal laws and adherence to control procedures by obtaining approval of the requests prior to submission for reimbursement.



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CITY OF BAKER SCHOOL SYSTEM

www.bakerschools.org

De'Ette Perry, Ed.D., Interim Superintendent

Board Members

Elaine G. Davis
District 1

City of Baker School Board respectfully submits the following corrective action plan for the year ended June 30, 2020.

Sharlous S. Booker
District 2

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

Joyce Burges
District 3

Shona P. Boxie
Vice President
District 4

Audit Period: Fiscal year ended June 30, 2020

Vanessa W. Parker
President
District 5

The finding from the June 30, 2020 schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the number assigned in the schedule.

2020-001 Allowable Costs/Activities Allowed

RECOMMENDATION: The School System should consider providing additional training to personnel of functions related to Title I reimbursements and remind them of the importance of following established procedures to ensure proper internal controls to avoid noncompliance.

CORRECTIVE ACTION PLAN: The School System will maintain properly trained staffing to ensure compliance with federal laws and adherence to control procedures by obtaining approval of the requests prior to submission for reimbursement.

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

Sincerely,

Sidney Stewart
Business Manager

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

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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Brad E. Kolder, CPA, JD*
Gerald A. Thibodeaux, Jr., CPA*
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332 W. Sixth Ave.
Oberlin, LA 70655
Phone (337) 639-4737

Victor R. Slaven, CPA* - retired 2020

* A Professional Accounting Corporation

Independent Accountant's Report on Applying Agreed-Upon Procedures

WWW.KCSRCPAS.COM

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

We have performed the procedures enumerated below, which were agreed to by the City of Baker School Board (School Board); the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of the School Board for the fiscal year ended June 30, 2020; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin, in compliance with Louisiana Revised Statute 24:514. Management of the City of Baker School Board is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

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

1. We selected a sample of 25 transactions and reviewed supporting documentation to determine and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures
 - Total General Fund Equipment Expenditures
 - Total Local Taxation Revenue
 - Total Local Earnings on Investment in Real Property
 - Total State Revenue in Lieu of Taxes
 - Nonpublic Textbook Revenue
 - Nonpublic Transportation Revenue

No exceptions noted

Class Size Characteristics (Schedule 2)

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

No exceptions noted

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

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

No exceptions noted.

Public School Staff Data: Average Salaries (NO SCHEDULE)

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

No exceptions noted.

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

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
March 26, 2021

CITY OF BAKER SCHOOL BOARD
Baker, Louisiana
Schedules Required by State Law (R.S. 24:514 - Performance and Statistical Data)
As of and for the Year Ended June 30, 2020

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

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

Schedule 2 (Formerly Schedule 6) Class Size Characteristics

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

CITY OF BAKER SCHOOL BOARD
Baker, Louisiana
Schedule 1

General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2020

General Fund Instructional and Equipment Expenditures

| | | |
|---|--------------|---------------------|
| General fund instructional expenditures: | | |
| Teacher and student interaction activities: | | |
| Classroom teacher salaries | \$ 3,768,827 | |
| Other instructional staff salaries | 705,543 | |
| Instructional staff employee benefits | 1,898,266 | |
| Purchased professional and technical services | 274,265 | |
| Instructional materials and supplies | 71,089 | |
| Instructional equipment | - | |
| Total teacher and student interaction activities | | \$ 6,717,990 |
| Other instructional activities: | | |
| Pupil support activities | 673,360 | |
| Less: Equipment for pupil support activities | - | |
| Net pupil support activities | | 673,360 |
| Instructional staff services | 499,594 | |
| Less: Equipment for instructional staff services | - | |
| Net instructional staff services | | 499,594 |
| School Administration | 1,013,310 | |
| Less: Equipment for school administration | - | |
| Net school administration | | <u>1,013,310</u> |
| Total general fund instructional expenditures | | <u>\$ 9,058,510</u> |
| Total general fund equipment expenditures (Object 730; Function series 1000-4000) | | |
| | | <u>\$ 29,907</u> |

Certain Local Revenue Sources

| | | |
|---|--|---------------------|
| Local taxation revenue: | | |
| Constitutional ad valorem taxes | | \$ 244,665 |
| Renewable ad valorem tax | | 1,869,232 |
| Debt service ad valorem tax | | - |
| Up to 1% of collections by the Sheriff on taxes other than school taxes | | 53,785 |
| Sales and use taxes | | <u>3,683,181</u> |
| Total local taxation revenue | | <u>\$ 5,850,863</u> |
| Local earnings on investment in real property: | | |
| Earnings from 16th section property | | \$ - |
| Earnings from other real property | | - |
| Total local earnings on investment in real property | | <u>\$ -</u> |
| State revenue in lieu of taxes: | | |
| Revenue sharing - constitutional tax | | \$ 45,719 |
| Revenue sharing - other taxes | | - |
| Revenue sharing - excess portion | | - |
| Other revenue in lieu of taxes | | - |
| Total state revenue in lieu of taxes | | <u>\$ 45,719</u> |
| Nonpublic textbook revenue | | |
| | | <u>\$ -</u> |
| Nonpublic transportation revenue | | |
| | | <u>\$ -</u> |

CITY OF BAKER SCHOOL BOARD
Baker, Louisiana
Schedule 2

Class Size Characteristics
As of October 1, 2019

| School Type | Class Size Range | | | | | | | |
|----------------------------------|------------------|--------|---------|--------|---------|--------|---------|--------|
| | 1 - 20 | | 21 - 26 | | 27 - 33 | | 34+ | |
| | Percent | Number | Percent | Number | Percent | Number | Percent | Number |
| Elementary | 79% | 157 | 16% | 32 | 4% | 8 | 1% | 2 |
| Elementary Activity Classes | 66% | 21 | 19% | 6 | 9% | 3 | 6% | 2 |
| Middle/Jr. High | 73% | 75 | 25% | 25 | 2% | 2 | 0% | - |
| Middle/Jr. High Activity Classes | 80% | 28 | 9% | 3 | 11% | 4 | 0% | - |
| High | 55% | 104 | 29% | 55 | 16% | 31 | 0% | - |
| High Activity Classes | 79% | 23 | 14% | 4 | 7% | 2 | 0% | - |
| Combination | 0% | - | 0% | - | 0% | - | 0% | - |
| Combination Activity Classes | 0% | - | 0% | - | 0% | - | 0% | - |

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