

CITY OF BAKER, LOUISIANA

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

Prepared by:

Fiscal Office with Assistance from
Contract Accountants

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INTRODUCTION SECTION
(Unaudited)



City of Baker

DEPARTMENT OF FINANCE

"Great American Hometown"

LETTER OF TRANSMITTAL

December 27, 2019

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

The Annual Financial Report, hereinafter referred to as the AFR, for the City of Baker, LA for the fiscal year ended June 30, 2019, is submitted herein in accordance with La R.S. 24:518 requiring publication of a complete set of audited financial statements.

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

Bruno & Tervalon LLP, CPAs have issued an unmodified opinion on the City of Baker, LA's financial statements for the year ended June 30, 2019. Their independent auditor's report is located at the front of the financial section of this report.

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

The Reporting Entity

The City of Baker, LA (hereafter referred to as the City), nestled close to the two largest cities in Louisiana, is situated in the northwest part of East Baton Rouge Parish. It is approximately 8.3 square

miles in size with a population of approximately 13,900. Within the boundaries are approximately 70 miles of roads maintained by the City.

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

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

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

The City is required to adopt an initial budget for the fiscal year no later than June 15th to serve as the foundation for financial planning and control. A pay plan, operating and capital budget and a capital plan are submitted by the Mayor to the Council for consideration and are adopted on a departmental level. As such, the Mayor may transfer resources within a department as he sees fit, but other amendments require Council approval. Additional information regarding the budgeting process can be found in the note disclosures.

Local Economy

The City is a suburb of Baton Rouge that serves as the seat of government within the State of Louisiana. Major industries located within or in close proximity of the City's boundaries include a major airport, hospitals, construction and manufacturing/industrial businesses. The City has rail service and its proximity to the Mississippi River and the interstate highway system provides businesses with manageable transportation costs. It is within 60 miles of five major universities and two community colleges. It is close enough to hear the tigers roar at the Greater Baton Rouge Zoo and houses acres of other parks for golf, tennis and other sporting events or just enjoying the green

space. Its walking paths include state-of-the-art outdoor exercise equipment – the Energi Total Body Fitness and the Life Trails Advanced Wellness System. These were developed to deliver a synergistic workout for ages 13 and up as well as provide a tailored program for older adults to perform daily tasks easily and independently.

Because of its location, the unemployment rate for its citizens is about 4.2%, slightly below that of the state's rate, and lower than that of the prior year. The crime rate continues to be one of the lowest of all municipalities in Louisiana. Median household incomes within the City are consistent with those of the state as a whole. Home sales have averaged between 50 – 100 per year for the past several years, and sale prices have been increasing steadily since the latter part of 2013. The average length of staying in the City after moving here is significantly higher than the state average. This is a testament to the economic and community-oriented environment established by the City's government.

This Past Year

Over the past year, the City continued to review its policies and procedures specifically in the area of procurement, retention and reporting activities supported by federal funding. Many have been adapted accordingly to keep up with technological advancements and enhance internal controls. Others have been discarded and many have been established. We believe that the results of the FY2018 audit report supported these efforts in comparison to the reports issued for FY2016 and FY2017, and FY2019 should be no different.

The City finalized the restoration or replacement of facilities and equipment that was heavily damaged by the 2016 Flood and continues to work to close out this federally declared disaster. Changes were made at all well sites to allow the continuation of vital services without disruption during future emergency situations. Procedures for billing were implemented in the event of meter read failures during FY2018, and more than 3,000 meters were replaced during the current year. Continued focus to address the flow of water throughout the City in its on-going attention to protect persons and property resulted in a master plan for which grant funding was requested and approved. The City realized a portion of this project during the year, but the greatest impact will be seen over the next two years.

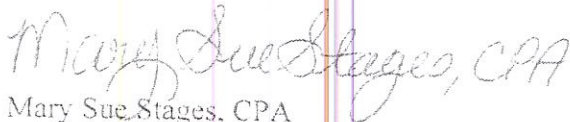
Continued focus has been given to community development to create activities and events for families. The Buffalo Festival, an event held for the benefit of the schools, was attended by 1,000s this past year. Young and old danced, ate and laughed together for three days! City Park was again filled with the cutest ghosts and goblins on Halloween looking for treats – our police officers obliged. It was a wonderful avenue for interaction between citizens and police. The holiday season included both a food and toy drive. Its growth and success continue to amaze all involved in this endeavor. A Christmas Social was held at City Hall providing a venue for businesses, Churches and citizens to mingle. Christmas in the Park followed the parade that included lunch with Santa Claus.

With the completion of the 2018 Street Rehabilitation Program, management worked with its engineers to develop the 2019 Program. Work began in the latter part of the fiscal year and is currently nearing completion. This plan considers the most effective use of sales tax funds dedicated for maintaining and constructing streets throughout the City. Upon its completion, nearly all of the City's streets will have been addressed.

Acknowledgments

Appreciation is given to all City employees and contractors for their acceptance of and adaptation to the many changes made over the past two years and that continue to be made for the effective operation of the City as well as their participation in these efforts. They should also be recognized for their assistance in providing data necessary to complete the audit process and prepare this report. Credit is also due to the Council for their support of maintaining the highest standards of professionalism in the management of the City and its finances. Finally, but certainly not least, Mayor Waites is commended for his dedication to the success of all City initiatives and support in "getting it done". His vision and focus on the Master Plan keeps the City of Baker progressing into a prosperous and desired destination.

Respectfully Submitted,



Mary Sue Stages, CPA
Finance Director

**CITY OF BAKER, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019**

LIST OF ELECTED AND APPOINTED OFFICIALS

Elected Officials

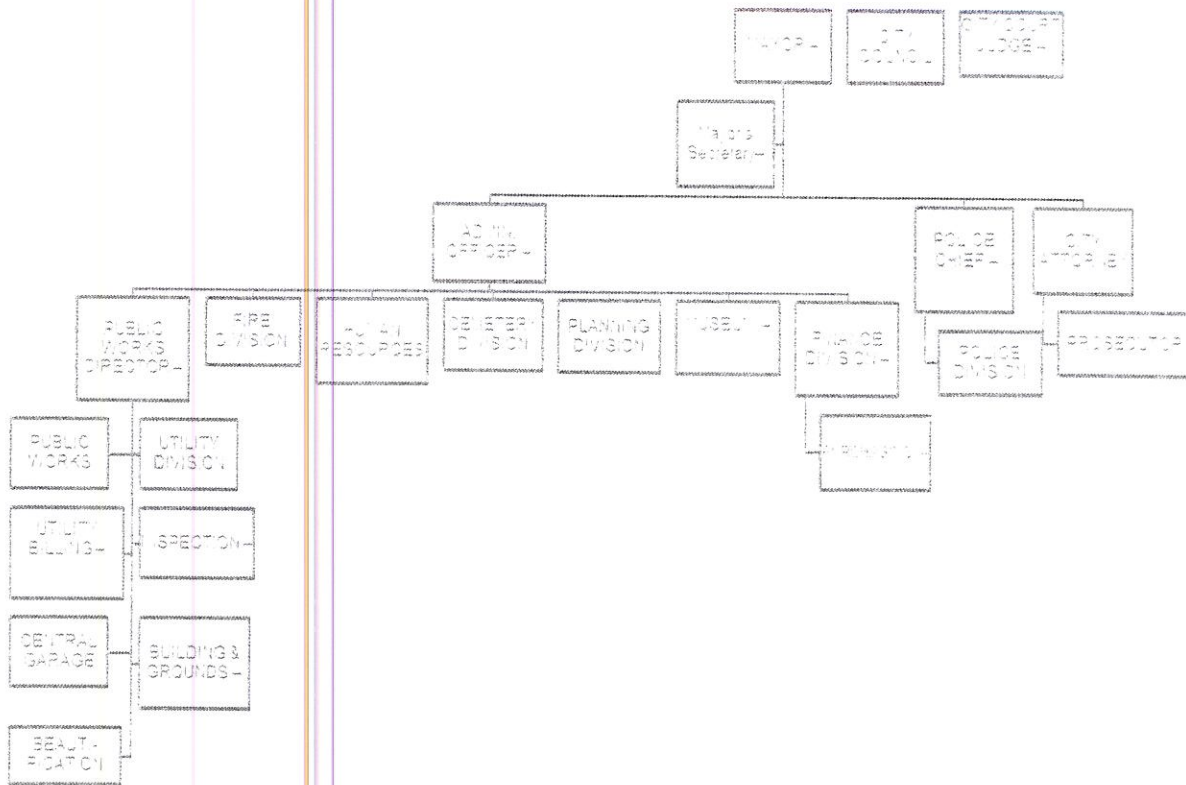
Mayor	Darnell Waites
Council Member – District 1	Charles Vincent
Council Member – District 2	Norman E. Heine
Council Member – District 3	Glenda Bryant
Council Member – District 4	Doris Alexander
Council Member – District 5	Brenda Jackson
Judge	Kirk Williams
Chief of Police	Carl Dunn

Appointed Officials

City Attorney	Ken Fabre
Administrative Officer	Julie McCulloch

**CITY OF BAKER, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019**

ORGANIZATION CHART



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, the major funds, and the remaining fund information of the City of Baker (the City) as of and for the year then ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents have issued our report thereon dated December 27, 2019.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT
(Continued)

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

Opinion

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the major funds and the remaining fund information of the City as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 21 and budgetary comparison information on pages 69 through 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements, the schedule of compensation, benefits and other payments to chief executive officer and the schedule of compensation paid to board members are presented for purposes of additional analysis and are not a required part of the basic financial statements.

INDEPENDENT AUDITORS' REPORT
(Continued)

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

Other Matters, continued

Other Information, continued

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

December 27, 2019

**CITY OF BAKER, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

Our analysis of the City of Baker's (City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the City's financial statements which begin on page 23. The Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting change and currently known facts.

FINANCIAL HIGHLIGHTS

The major financial highlights for 2019 are as follows:

- Assets of the City's primary government exceeded its liabilities at the close of the year by approximately \$16.4 million (net position). Of this amount, unrestricted net position is currently in a deficit of \$11.4 million, primarily related to the net pension liability (\$11.2 million), deferred inflows of resources related to the pension liability (\$1.2 million), and other post-employment benefits obligation (\$6 million), which was recorded in 2017 with implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*.
- The primary government's total net position decreased by \$534,000 during 2019, which was less than the prior year.
- Governmental activities' net position increased by \$1.7 million.
- Business-type activities' net position decreased by \$2.6 million.
- The City expended nearly \$3 million on capital additions including miles of street asphalt overlays, water meters, public safety enhancements and a bike/pedestrian path.

Significant aspects of the City's financial well-being, as of and for the year ended June 30, 2019, are detailed throughout this analysis.

USING THIS ANNUAL REPORT

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

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 23 and 24) provide information about the activities of the City as a whole and present a longer-term view of the City's finances.

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

**CITY OF BAKER, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

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

REPORTING ON THE CITY AS A WHOLE

Analysis of the City as a whole begins on page 23. The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way to determine if the City is in better condition as a result of the year's financial results. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to accounting methods used by most private-sector companies. Revenues and expenses are reported regardless of when cash is received or paid. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods.

These two (2) statements report the City's net position and related changes. Think of the City's net position (the difference between assets and deferred outflows and liabilities and deferred inflows) as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position is one indicator of whether its financial health is improving or deteriorating. Consider other non-financial factors, however, such as changes in the City's property and sales tax base and the condition of the City's infrastructure, to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, the City is divided into two kinds of activities –

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

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

The analysis of the primary government focuses on the net position and change in net position of the City's governmental activities and business-type activities.

CITY OF BAKER, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

Statement of Net Position
June 30, 2019 and 2018
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 10,297	\$ 10,450	\$ 7,219	\$ 11,287	\$ 17,516	\$ 21,737
Capital assets	<u>11,499</u>	<u>9,940</u>	<u>7,690</u>	<u>7,313</u>	<u>19,189</u>	<u>17,253</u>
Total assets	21,796	20,390	14,909	18,600	36,705	38,990
Deferred outflows of resources	<u>3,097</u>	<u>2,489</u>	<u>499</u>	<u>534</u>	<u>3,596</u>	<u>3,023</u>
Current and other liabilities	818	1,070	2,911	3,938	3,729	5,008
Long-term liabilities	<u>15,125</u>	<u>14,488</u>	<u>3,940</u>	<u>4,425</u>	<u>19,065</u>	<u>18,913</u>
Total liabilities	<u>15,943</u>	<u>15,558</u>	<u>6,251</u>	<u>8,363</u>	<u>21,794</u>	<u>23,921</u>
Deferred inflows of resources	<u>1,081</u>	<u>1,151</u>	<u>71</u>	<u>52</u>	<u>1,152</u>	<u>1,203</u>
Net position:						
Net investment in capital assets	11,499	9,940	6,275	6,939	17,774	16,879
Restricted	9,586	5,709	347	12	9,933	5,721
Unrestricted	<u>(13,216)</u>	<u>(9,479)</u>	<u>1,864</u>	<u>3,768</u>	<u>(11,352)</u>	<u>(5,711)</u>
Total net position	<u>\$ 7,869</u>	<u>\$ 6,170</u>	<u>\$ 8,486</u>	<u>\$ 10,719</u>	<u>\$ 16,355</u>	<u>\$ 16,889</u>

At June 30, 2019, the City's net position was \$16.4 million. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limits the City's ability to use that net position for day-to-day operations.

Unrestricted net position represents the portion of the City's resources that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements.

Net position of the City's governmental activities increased by approximately \$1.7 million during 2019, ending the year with unrestricted net position in a deficit of \$13.2 million. Unrestricted net position represents the portion of the City's resources that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements.

The City operates a cemetery and utility systems for its constituents. The principal focus of these activities is to operate on a profitable basis.

CITY OF BAKER, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

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

Changes in Net Position						
Years ended June 30, 2019 and 2018						
(in thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 2,238	\$ 2,880	\$ 4,248	\$ 4,278	\$ 6,486	\$ 7,158
Operating grants	18	177	34	-	52	177
General revenues:						
Ad valorem taxes	413	431	-	-	413	431
Sales taxes	5,677	5,074	-	-	5,677	5,074
Franchise taxes	653	662	-	-	653	662
Other taxes	238	326	-	-	238	326
Other general revenues/transfers	<u>4,243</u>	<u>925</u>	<u>(2,973)</u>	<u>32</u>	<u>1,270</u>	<u>957</u>
Total revenues	<u>13,480</u>	<u>10,475</u>	<u>1,309</u>	<u>4,310</u>	<u>14,789</u>	<u>14,785</u>
Functions/Program Expenses:						
General government	5,045	2,001	-	-	5,045	2,001
Public safety	3,463	5,913	-	-	3,463	5,913
Public works	2,119	2,985	-	-	2,119	2,985
Highways and streets	274	531	-	-	274	531
Economic/recreational	434	196	-	-	434	196
Utilities	-	-	3,449	3,320	3,449	3,320
Cemetery	-	-	334	390	334	390
Sewer treatment	<u>-</u>	<u>-</u>	<u>88</u>	<u>56</u>	<u>88</u>	<u>56</u>
Total expenses	<u>11,335</u>	<u>11,626</u>	<u>3,871</u>	<u>3,766</u>	<u>15,206</u>	<u>15,392</u>
Change in Net Position	<u>\$ 2,145</u>	<u>\$ (1,151)</u>	<u>\$ (2,562)</u>	<u>\$ 544</u>	<u>\$ (417)</u>	<u>\$ (607)</u>

**CITY OF BAKER, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

FUND FINANCIAL STATEMENTS

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

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

An analysis of the City's major funds begins on page 26 with the fund financial statements that provide detailed information about the most significant funds and not the City as a whole. Some funds are required to be established by State law or by bond covenants. However, the City Council establishes other funds to control and manage financial resources for particular purposes or meeting legal responsibilities for using certain taxes, grants, and other assets. The City's two kinds of funds, governmental and proprietary, use different accounting bases.

Governmental funds—Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Most of the City's basic services are reported in governmental funds. These funds use the modified accrual bases of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds in a reconciliation to the financial statements. The governmental major funds (See pages 26 and 28) presentation is presented using modified accrual basis and focus on the major funds of the City.

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

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements and begin on page 34.

**CITY OF BAKER, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

Other information—In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning original and final budgetary comparisons to actual results for the year for the City's major funds and schedules required by GASB 68. See pages 69 through 75.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

The government operations of the City are accounted for in the General, Street and Other Non-Major Governmental Funds. The focus of this fund information, as noted earlier, is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. The following is a summary of general governmental operations for 2019 by fund type:

	General Fund	Street Fund	Other Non- Major Funds	Total
Revenues and other financing sources	\$ 11,220	\$ 1,103	\$ 1,328	\$ 13,651
Expenditures other and financing uses	<u>10,276</u>	<u>1,870</u>	<u>1,247</u>	<u>13,393</u>
Surplus (deficit)	944	(767)	81	258
 Fund Balance, June 30, 2018, Restated	 <u>3,329</u>	 <u>3,876</u>	 <u>2,114</u>	 <u>9,319</u>
 Fund Balance, June 30, 2019	 <u>\$ 4,273</u>	 <u>\$ 3,109</u>	 <u>\$ 2,195</u>	 <u>\$ 9,577</u>

The City's governmental funds experienced an increase in fund balances of \$258 thousand during the fiscal year ended June 30, 2019, bring total combined fund balances of to \$9,577 million at year-end. Of this amount, \$3.6 million is unassigned and available for utilization at the City's discretion. The remainder of the fund balances have been restricted, committed, assigned or classified as non-spendable. The restricted portion is for infrastructure and public safety. Committed fund balances is for the City's court system including marshal responsibilities while \$500,000 has been assigned as an operating reserve.

**CITY OF BAKER, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

The General Fund is the chief operating fund of the City. At the end of the fiscal year, fund balance of the General Fund was approximately \$4.27 million compared to the fund balance of \$2.45 million at the end of FY2018. The increase in fund balances resulted from an increase in revenues – sales tax primarily – while management held expenditures to approximately the same as the previous year.

The Street Fund, for which revenues are restricted by law to be utilized for street maintenance, construction and beautification, experienced a decrease in fund balances of \$767 thousand leaving a balance of \$3,109 million at June 30, 2019. This is evidence of the use of prior year revenues to fund the 2019 rehabilitation asphalt program, the second year of extensive street overlays.

Sources of governmental revenues, excluding transfers, are summarized below.

Source of Revenue	(in thousands)			
	2019		2018	
	Revenue	Percent	Revenue	Percent
Taxes	\$ 6,981	66%	\$ 6,493	63%
Intergovernmental	55	01%	1,995	19%
Licenses and permits	475	05%	622	6%
Charges for services	1,501	14%	747	7%
Fines	682	06%	253	3%
Other	838	08%	156	2%
Total	<u>\$ 10,532</u>	<u>100%</u>	<u>\$ 10,266</u>	<u>100%</u>

Revenues of the primary government for general governmental fund types for the prior year total \$10.3 million compared to \$10.5 million in the current year or 2% increase. The City's activities are largely supported by tax revenues, which represent 66% of total governmental resources.

**CITY OF BAKER, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

The expenditures of the primary government increased by approximately \$814 thousand, primarily related to enhancements to the public safety system within the City's boundaries and capital outlay. General governmental expenditures for each major function are summarized in the following table.

	(in thousands)			
	2019		2018	
	Expenditure	Percent	Expenditure	Percent
General government	\$ 5,004	38%	\$ 1,617	13%
Public safety	3,397	26%	5,704	46%
Public works	2,227	17%	3,226	26%
Economic/recreation	434	03%	195	2%
Capital outlay	2,161	16%	1,667	13%
Total	<u>\$ 13,223</u>	<u>100%</u>	<u>\$ 12,409</u>	<u>100%</u>

GENERAL FUND BUDGETARY HIGHLIGHTS

During the current year, the City's governmental funds' budgeted amounts were amended to recognize the impact of actual results that either weren't previously anticipated or because of new projects implemented for the economic, community or recreational programs. There were movements within the budget unit of budgeted expenditures to reallocate resources to areas of greater need to avoid the use of prior year fund balances to cover the costs of current year operations.

The General Fund realized \$90 thousand less than anticipated while expenditures were \$1.2 million less than budgeted. The Street Fund, which is the only other major fund of governmental activities, realized \$531 more than budgeted revenues. Expenditures, on the other hand, were \$11 thousand more than budgeted but still within the 5% of total allowed by the governmental budget act.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City had \$19.2 million invested in a broad range of capital assets, including vehicles, fire equipment, technological equipment, office furniture, land, buildings, park facilities, roads and sewer, water and gas distribution systems. This amount represents an increase of \$1.9 million increase in overall capital investment balances of the prior year.

CITY OF BAKER, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

	(in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 874	\$ 874	\$ 374	\$ 373	\$ 1,247	\$ 1,247
Buildings	3,785	3,901	81	70	3,866	3,971
Equipment and vehicles	1,099	1,019	139	114	1,238	1,133
Utility systems	-	-	7,096	6,756	7,096	6,756
Infrastructure	5,741	4,146	-	-	5,741	4,146
Total assets net of depreciation	<u>\$11,499</u>	<u>\$ 9,940</u>	<u>\$ 7,690</u>	<u>\$ 7,313</u>	<u>\$19,189</u>	<u>\$17,253</u>

More detailed information about the City's capital assets as well as information of the City's capital projects is presented in Note 6 to the financial statements. The City had \$3.1 million in capital additions during FY2019 and \$1.7 million in capital additions during FY2018.

Additions to governmental activity assets included \$64 thousand in facility and recreational renovations, \$1.3 million on public safety and \$1.8 million in street improvements. Business-type activities expended \$917 thousand in utility system improvements.

Debt

At year-end, the City had \$19.4 million in bonds and long-term obligations versus \$20.6 million last year, an increase of \$ 300 thousand, as shown below.

	Governmental Activities			
	(in thousands)			
	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Net post-employment Benefits	\$ 4,875	\$ 29	\$ -	\$ 4,904
Compensated absences	739	-	214	525
Net pension liability	8,898	821	-	9,719
Claims and judgements	75	-	-	75
Total	<u>\$14,588</u>	<u>\$ 849</u>	<u>\$ 214</u>	<u>\$ 15,223</u>

**CITY OF BAKER, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

	Business-Type Activities		
	(in thousands)		
	Balance Beginning of Year	Additions	Deletions
Net post-employment benefits	\$ 1,096	\$ 6	\$ -
Compensated absences	226	-	52
Net pension liability	1,689	-	209
Bonds payable	1,516	-	101
Total	\$ 4,527	\$ 6	\$ 362

They City remained current on all bonds and notes outstanding and retired \$101,000 in bonds payable during the fiscal year ended June 30, 2019.

More detailed information about the City's long-term liabilities is presented in Note 9 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The City's elected and appointed officials considered many factors when setting the FY2020 budget and tax rates. One of those factors is the local economy. With sales tax being the largest source of income to support the general government operations of the City, local business activities can have a significant impact on the City. For this reason, the administration focused on economic development that would bring businesses to the City thereby increasing its sales tax base.

Revenues and other financial sources for the general fund are budgeted at \$9.0 million, with operating expenditures are anticipated to be \$10.1 million. This expectation of utilizing prior year fund balances for the current year assumes that all projects included in the City's strategic plan will come to fruition but new endeavors will not be implemented without careful consideration of the City's financial health and stability. The City's governmental capital program includes \$12.3 million in capital related projects. This includes capital projects anticipated over the next five years according to the Master Plan. Grant funding will be utilized as much as possible but will also include prior years' fund balance accumulation.

General fund revenues budgeted for the year ending June 30, 2020, anticipates a slight increase over the prior year. Expenditures are expected to decrease slightly. Management continues to thoroughly review all expenditures to determine continued need or means to decrease required expenditures thus making operations more efficient.

**CITY OF BAKER, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

CITY OF BAKER, LOUISIANA
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents (Notes 1 and 2)	\$ 3,530,165	\$ 1,258,083	\$ 4,788,248
Inventory and prepaid expenses	132,184	273,897	406,081
Receivables (Note 4):			
Accounts, net	435,445	503,479	938,924
Taxes	1,116,000	-	1,116,000
Other	37,965	-	37,965
Due from other funds	2,677	-	2,677
Due from other govt agencies	-	10,386	10,386
Investments (Notes 1 & 3)	5,042,963	3,734,093	8,777,056
Restricted assets:			
Cash and cash equivalents	-	17,933	17,933
Investments (Notes 1 & 3)	-	1,420,881	1,420,881
Capital assets (Note 6):			
Land	873,722	373,572	1,247,294
Depreciable, net	10,625,420	7,316,204	17,941,624
Total Assets	21,796,541	14,908,528	36,705,069
DEFERRED OUTFLOWS OF RESOURCES			
Pension liability (Note 7)	3,096,531	498,903	3,595,434
Total Assets and Deferred Outflows of Resources	24,893,072	15,407,431	40,300,503
LIABILITIES			
Current liabilities:			
Accounts payable	273,153	51,955	325,108
Accrued liabilities	421,498	13,065	434,563
Unearned revenue	25,600	1,309,910	1,335,510
Customer utility deposits	-	1,091,826	1,091,826
Bonds payable, current portion (Note 9)	-	103,000	103,000
Compensated absences (Note 9)	98,087	128,400	226,487
Due to other funds	-	2,677	2,677
Due to other govt agencies	-	209,921	209,921
Total Current Liabilities	818,338	2,910,754	3,729,092
Non-current liabilities (Note 9):			
Bonds payable, less current portions	-	1,312,000	1,312,000
Compensated absences, less current portion	426,808	45,745	472,553
Other post employment benefits (Note 8)	4,904,129	1,102,053	6,006,182
Claims liability reserve	75,000	-	75,000
Net pension liabilities (Note 7)	9,718,775	1,479,983	11,198,758
Total Non-Current Liabilities	15,124,712	3,939,781	19,064,493
Total Liabilities	15,943,050	6,850,535	22,793,585
DEFERRED INFLOWS OF RESOURCES			
Pension liability (Note 7)	1,080,924	70,888	1,151,812
Total Liabilities and Deferred Inflows of Resources	17,023,974	6,921,423	23,945,397
NET POSITION			
Net investment in capital assets	11,499,142	6,274,776	17,773,918
Restricted	9,585,843	346,988	9,932,831
Unrestricted	(13,215,887)	1,864,245	(11,351,642)
Total Net Position	\$ 7,869,098	\$ 8,486,009	\$ 16,355,107

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

CITY OF BAKER, LOUISIANA
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

Functions/Programs	Program Revenues			Net Revenue (Expenses) and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government						
Governmental Activities:						
Intergovernmental	\$ 54,955	\$ 54,955	\$ -	\$ -	\$ -	\$ -
General government	4,989,966	1,270,605	17,801	(3,701,560)	-	(3,701,560)
Public safety	3,463,252	912,499	-	(2,550,753)	-	(2,550,753)
Public works	2,393,449	-	-	(2,393,449)	-	(2,393,449)
Economic/recreational development	433,860	-	-	(433,860)	-	(433,860)
Total Governmental Activities	11,335,482	2,238,059	17,801	(9,079,622)	-	(9,079,622)
Business-Type Activities:						
Enterprise - Utilities	3,448,508	3,955,135	33,830	-	540,457	540,457
Enterprise - Cemetery	333,516	231,566	-	-	(101,950)	(101,950)
Enterprise - City Parish Sewer	87,236	61,066	-	-	(26,170)	(26,170)
Total Business-Type Activities	3,869,260	4,247,768	33,830	-	412,337	412,337
Total Primary Government	\$ 15,204,742	\$ 6,485,827	\$ 51,631	\$ (9,079,622)	\$ 412,337	\$ (8,667,285)
General Revenues and Transfers						
Taxes:						
Sales				5,676,930	-	5,676,930
Franchise				652,640	-	652,640
Property				413,448	-	413,448
Other				238,005	-	238,005
Licenses and permits				475,407	-	475,407
Interest earnings, net of expense				227,918	(25,770)	202,148
Other revenues				592,337	-	592,337
Transfers				2,947,673	(2,947,673)	-
				11,224,358	(2,973,443)	8,250,915
Change in Net Position				2,144,736	(2,561,106)	(416,370)
Net Position, beginning of year				6,170,154	10,718,926	16,889,080
Adjustment to prior periods (Note 13)				(445,792)	328,189	(117,603)
Net Position, end of year				\$ 7,869,098	\$ 8,486,009	\$ 16,355,107

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

FUND FINANCIAL STATEMENTS

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

	General Fund	Special Revenue Funds Street Fund	Other Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 763,323	\$ 500,000	\$ 2,266,842	\$ 3,530,165
Inventory and prepaid expenses	132,184	-	-	132,184
Receivables:				
Accounts, net	435,445	-	-	435,445
Grants	34,472	-	-	34,472
Interest	3,493	-	-	3,493
Taxes	711,454	263,617	140,929	1,116,000
Due from other funds	2,677	-	-	2,677
Investments	2,579,446	2,345,647	117,870	5,042,963
Total Assets	<u>\$ 4,662,494</u>	<u>\$ 3,109,264</u>	<u>\$ 2,525,641</u>	<u>\$ 10,297,399</u>
LIABILITIES				
Accounts payable	\$ 266,610	\$ -	\$ 6,543	\$ 273,153
Accrued liabilities	97,521	-	323,977	421,498
Deferred revenues	25,600	-	-	25,600
Total Liabilities	389,731	-	330,520	720,251
FUND BALANCE				
Non-spendable	132,184	-	-	132,184
Restricted	-	3,109,264	752,165	3,861,429
Committed	-	-	504,232	504,232
Assigned	500,000	-	938,724	1,438,724
Unassigned	3,640,579	-	-	3,640,579
Total Fund Balance	<u>4,272,763</u>	<u>3,109,264</u>	<u>2,195,121</u>	<u>9,577,148</u>
Total Liabilities and Fund Balance	<u>\$ 4,662,494</u>	<u>\$ 3,109,264</u>	<u>\$ 2,525,641</u>	<u>\$ 10,297,399</u>

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

CITY OF BAKER, LOUISIANA
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2019

Total net position reported for governmental activities in the statement of net position is different because:

Total fund balance - governmental fund	\$ 9,577,148
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Capital assets used in governmental activities are not financial resources and, therefore, not reported in the governmental fund, net of accumulated depreciation.	11,499,142
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Long-term liabilities are not due and payable in the current period, and, therefore, are not presented in the governmental funds:

Deferred outflows related to pension liability	3,096,531	
Compensated absences payable	(524,895)	
Claims and judgments payable	(75,000)	
Net other post employment benefit obligation	(4,904,129)	
Net pension liability	(9,718,775)	
Deferred inflows related to pension liability	(1,080,924)	(13,207,192)

Net Position of Governmental Activities	<u>\$ 7,869,098</u>
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The accompanying notes are an integral part of the basic financial statement.

CITY OF BAKER, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	General Fund	Special Revenue Funds Street Fund	Other Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Intergovernmental	\$ 54,955	\$ -	\$ -	\$ 54,955
Taxes:				
Sales	3,654,742	1,098,581	923,607	5,676,930
Franchise	652,640	-	-	652,640
Property	413,448	-	-	413,448
Hotel/Motel	91,032	-	-	91,032
Other	146,973	-	-	146,973
Charges for services	1,270,605	-	230,053	1,500,658
License and permits	475,407	-	-	475,407
Fines and forfeitures	513,317	-	169,129	682,446
Grants and other contributions	17,801	-	-	17,801
Investment income	218,248	4,546	5,124	227,918
Other revenue	592,337	-	-	592,337
Total Revenues	8,101,503	1,103,127	1,327,913	10,532,543
EXPENDITURES				
Current function:				
General government	4,799,727	-	204,763	5,004,490
Public safety	2,559,521	-	837,898	3,397,419
Public works	2,138,877	87,629	-	2,226,506
Economic/recreational development	433,860	-	-	433,860
Capital outlay	344,027	1,782,811	33,883	2,160,721
Total Expenditures	10,276,012	1,870,440	1,076,544	13,222,996
Excess (Deficiency) of Revenues over Expenditures	(2,174,509)	(767,313)	251,369	(2,690,453)
OTHER FINANCING SOURCES (USES)				
Transfers in	3,117,954	-	-	3,117,954
Transfers out	-	-	(170,281)	(170,281)
Net Other Financing Sources (Uses)	3,117,954	-	(170,281)	2,947,673
Net Change in Fund Balance	943,445	(767,313)	81,088	257,220
FUND BALANCE				
Beginning of year	3,346,539	4,019,397	2,114,034	9,479,970
Adjustment to prior periods	(17,222)	(142,820)	-	(160,042)
End of year	<u>\$ 4,272,762</u>	<u>\$ 3,109,264</u>	<u>\$ 2,195,122</u>	<u>\$ 9,577,148</u>

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

CITY OF BAKER, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

The change in net position reported for governmental activities in the statement of activities is different because:

Net change in fund balance - total governmental funds	\$	257,220
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The governmental fund reports capital outlay as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay.

Capital outlay	\$ 2,160,721	
Depreciation expense	<u>(601,482)</u>	1,559,239

The liability and expense for compensated absences are not reported in governmental funds. Payments for compensated absences are reported as salaries when they occur. The payment consumes current financial resources, and it would take a catastrophic event for this liability to become a current liability.

213,915

Some 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. This is the net change in the following liabilities:

Post employment benefits obligation	(28,514)	
Pension obligations and related outflows and inflows of resources	<u>142,875</u>	<u>114,361</u>

Change in Net Position of Governmental Activities	\$	<u>2,144,735</u>
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CITY OF BAKER, LOUISIANA
STATEMENTS OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Utility	Cemetery	City Parish Sewer Revenue	Total Proprietary Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 678,186	\$ 191,160	\$ 388,737	\$ 1,258,083
Inventory and prepaid expenses	60,117	213,780	-	273,897
Accounts receivable, net	420,482	82,997	-	503,479
Due from other funds	-	-	-	-
Due from other govt agencies	-	-	10,386	10,386
Investments	3,734,093	-	-	3,734,093
Total Current Assets	4,892,878	487,937	399,123	5,779,938
Restricted assets:				
Cash and cash equivalents	-	17,933	-	17,933
Investments	1,091,826	329,055	-	1,420,881
Total Restricted Assets	1,091,826	346,988	-	1,438,814
Capital assets:				
Nondepreciable	243,572	130,000	-	373,572
Depreciable, net	7,235,228	80,976	-	7,316,204
Total Assets	13,463,504	1,045,901	399,123	14,908,528
DEFERRED OUTFLOW OF RESOURCES				
Pension liability	429,954	68,949	-	498,903
Total Assets and Deferred Outflows of Resources	\$ 13,893,458	\$ 1,114,850	\$ 399,123	\$ 15,407,431
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 49,836	\$ 1,569	\$ 550	51,955
Accrued liabilities	9,287	2,747	1,031	13,065
Unearned revenue	21,255	1,288,656	-	1,309,910
Customer utility deposits	1,091,826	-	-	1,091,826
Bonds payable	103,000	-	-	103,000
Compensated absences	128,400	-	-	128,400
Due to other funds	-	2,677	-	2,677
Due to other govt agencies	-	-	209,921	209,921
Total Current Liabilities	1,403,604	1,295,648	211,501	2,910,754
Non-Current Liabilities:				
Bonds payable	1,312,000	-	-	1,312,000
Compensated absences	43,882	918	945	45,745
Other post employment benefits	936,744	110,205	55,104	1,102,053
Net pension liabilities	1,275,448	204,535	-	1,479,983
Total Non-Current Liabilities	3,568,074	315,658	56,049	3,939,781
Total Liabilities	4,971,678	1,611,307	267,550	6,850,535
DEFERRED INFLOWS OF RESOURCES				
Pension liability	61,091	9,797	-	70,888
Total Liabilities and Deferred Inflows of Resources	5,032,769	1,621,104	267,550	6,921,423
NET POSITION				
Net investment in capital assets, net of related debt	6,063,800	210,976	-	6,274,776
Restricted	-	346,988	-	346,988
Unrestricted	2,796,889	(1,064,217)	131,573	1,864,245
Total Net Position	8,860,689	(506,253)	131,573	8,486,009
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 13,893,458	\$ 1,114,850	\$ 399,123	\$ 15,407,431

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

CITY OF BAKER, LOUISIANA
STATEMENTS OF REVENUE, EXPENSE AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	Utility	Cemetery	City Parish Sewer Revenue	Total Proprietary Funds
OPERATING REVENUES				
Charges for services:				
Water	\$ 905,266	\$ -	\$ -	\$ 905,266
Natural gas	1,957,867	-	-	1,957,867
Sewer	780,954	-	61,066	842,021
Late/reconnection fees	274,382	-	-	274,382
Other	36,666	4,366	-	41,032
Sales	-	227,200	-	227,200
Total Operating Revenues	3,955,135	231,566	61,066	4,247,768
OPERATING EXPENSES				
Cost of goods sold	844,199	110,877	-	955,076
Auto expense	69,871	5,702	-	75,573
Contractual services	465,677	10,528	1,000	477,205
Depreciation	292,099	10,516	-	302,614
Insurance	28,028	4,563	-	32,591
Payroll and employee-related expenses	877,640	157,607	67,501	1,102,748
Rent expense	333,207	5,500	18,333	357,041
Repairs and maintenance	81,440	14,139	-	95,579
Supplies	19,719	5,964	402	26,084
Utilities	66,780	6,297	-	73,077
Bad debt	69,380	-	-	69,380
Other operating expense	300,468	1,824	-	302,292
Total Operating Expenses	3,448,507	333,516	87,236	3,869,260
Operating Income (Loss)	506,628	(101,950)	(26,170)	378,508
NON-OPERATING REVENUE (EXPENSE)				
Grant proceeds	33,830	-	-	33,830
Interest income	4,912	12,550	-	17,462
Interest expense	(43,232)	-	-	(43,232)
Transfers, net	(2,947,673)	-	-	(2,947,673)
Net Non-Operating Revenue (Expense)	(2,952,164)	12,550	-	(2,939,614)
Change in Net Position	(2,445,536)	(89,400)	(26,170)	(2,561,105)
NET POSITION				
Beginning of year	10,978,036	(416,853)	157,743	10,718,926
Adjustment to prior periods	328,189	-	-	328,189
End of year	<u>\$ 8,860,689</u>	<u>\$ (506,253)</u>	<u>\$ 131,573</u>	<u>\$ 8,486,009</u>

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

CITY OF BAKER, LOUISIANA
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	Utility	Cemetery	City Parish Sewer Revenue	Total Proprietary Funds
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 3,857,875	\$ 252,869	\$ 197,412	\$ 4,308,156
Payments to suppliers	(2,552,957)	(187,336)	(21,490)	(2,761,783)
Payments to employees	(1,096,829)	(163,426)	(65,206)	(1,325,461)
Net Cash Provided by (Used for) Operating Activities	208,089	(97,893)	110,716	220,912
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Increase (decrease) in customer deposits	(4,698)	-	-	(4,698)
Operating grants	33,830	-	-	33,830
Decrease in net amount due from other funds	2,467,495	-	-	2,467,495
Operating transfers to other funds	(2,947,673)	-	-	(2,947,673)
Net Cash Used for Noncapital and Related Financing Activities	(451,046)	-	-	(451,046)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(917,121)	-	-	(917,121)
Principal payment on bonds payable	(101,000)	-	-	(101,000)
Interest payments on bonds payable	(43,232)	-	-	(43,232)
Net Cash Used for Capital and Related Financing Activities	(1,061,353)	-	-	(1,061,353)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of investments	(3,765,292)	(29,862)	-	(3,795,154)
Interest on investments	4,912	12,550	-	17,462
Net Cash Used for Investing Activities	(3,760,380)	(17,312)	-	(3,777,692)
Net Increase (Decrease) in Cash and Cash Equivalents	(5,064,690)	(115,205)	110,716	(5,069,179)
Cash and cash equivalents, beginning of year	5,742,876	324,298	278,021	6,345,195
Cash and cash equivalents, end of year	\$ 678,186	\$ 209,093	\$ 388,737	\$ 1,276,016
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 506,628	\$ (101,950)	\$ (26,170)	\$ 378,508
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	292,099	10,516	-	302,614
Change in operating assets and liabilities:				
Accounts receivable and other assets	(62,266)	25,188	(10,386)	(47,464)
Accounts payable and other accrued liabilities	(300,357)	(23,913)	146,006	(178,264)
Deferred revenues	(35,005)	-	-	(35,005)
Net pension liability and related deferred outflows (inflows)	(193,009)	(7,734)	1,266	(199,477)
Net Cash Provided by (Used for) Operating Activities	\$ 208,090	\$ (97,893)	\$ 110,716	\$ 220,913

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

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

The purpose of the municipality is to promote the general welfare and the safety, health, peace, good order, comfort, convenience and moral of its inhabitants.

The City is situated in the northwest part of the Parish of East Baton Rouge. It is approximately 8.3 square miles in size with a population of approximately 13,900 residents. Within the boundaries are approximately 70 miles of roads maintained by the City.

Basis of Presentation

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

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

Reporting Entity

The financial reporting entity consists of the primary government and organizations for which the primary government is financially accountable and a financial benefit/burden relationship exists.

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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

1. Legal status of the potential component unit
2. Financial accountability
 - a. The primary government appoints a voting majority of the potential component units governing body and the primary government is able to impose its will on the potential component unit or
 - b. When a potential component unit is fiscally dependent on the primary government regardless of whether the organization has separately elected officials or boards.
3. Financial benefit/burden relationship between the City and the potential component unit.
4. Misleading to exclude due to the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.

Blended Component Units

The Baker City Court and the Marshal Fund are both separate legal entities and governed by their own elected officials but are considered blended component units. The City Court and Marshal Fund have been reported in the special revenue funds in the accompanying financial statements as non-major governmental funds.

Basis of Presentation

The City's basic financial statements consist of the government-wide statements of the primary government and the fund financial statements (individual major funds). The City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and applied to governmental units.

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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

The Street Fund accounts for the ½-cent sales tax dedicated to road construction, repairs and maintenance as well as beautiful along the roadways.

Business-type Activities – Enterprise Funds

Business-type activities presented as major enterprise funds in the fund financial statements include:

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

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

The City Parish Sewer Revenue Fund accounts for the fees earned to provide billing and collection services for Parish of East Baton Rouge customers located within or just outside of the City's boundaries.

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

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

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

Basis of Accounting and Measurement Focus

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

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

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

Short-Term Interfund Receivables/Payables

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

Elimination and Reclassifications

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

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

Inventories

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

Capital Assets

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

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

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

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

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

Compensated Absences

The City allows annual leave to regular full-time employees based on a length of service. No leave is earned, however, while on suspension or leave without pay status. Annual leave may be carried over to the next calendar year. There is no limit on the amount of annual leave an employee may accumulate during the term of his/her employment, but it is with the understanding that only a maximum of 300 hours will be paid to employees upon

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

retirement or separation. Employees are not paid for their annual leave at year-end, but are paid for accumulated, unused leave upon termination.

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

Exceptions apply to police and fire department personnel. They are allowed to accumulate all vacation leave earned and have unlimited sick leave up to one year. Upon separation, they are paid for accumulated sick leave that had accumulated prior to June 30, 1994.

In the government-wide financial statements and the proprietary fund types fund statements, the total compensated absences liability is recorded as an expense and a long-term obligation and allocated on a functional basis. In accordance with GASB Interpretation No.6 *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, (issued in March 2000), no compensated absences liability is recorded at June 30, 2019, in the governmental fund financial statements. The liquidation of the compensated absence liabilities will be paid proportional to funds in which the compensation was paid, primarily the general and utility funds.

Restricted Net Position

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

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

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

1. **Non-spendable:** Fund balance amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
2. **Restricted:** Fund balance amounts with constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

3. **Committed:** Fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.
4. **Assigned:** Fund balance amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the government body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.
5. **Unassigned:** Fund balance that is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

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

Stewardship, Compliance, and Accountability

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

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

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

Interfund Transfers

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

Estimates

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

Levied Taxes

Ad Valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in September or October and are actually billed to the taxpayer in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The East Baton Rouge Parish Sheriff bills and collects the City's property taxes using the assessed values determined by the Tax Assessor of East Baton Rouge Parish. When the City receives the tax roll, a receivable is set up and revenue is recognized based on the assessed values to the extent available.

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

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

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

Sales taxes are recognized as revenue in the month of the underlying sale transaction. The City-Parish of East Baton Rouge has been contracted to collect and remit this tax to the City. The following is a summary of authorized sales taxes:

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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

NOTE 2 - CASH AND INVESTMENTS

Deposits and Cash Equivalents

At June 30, 2019, the City had cash (book balances) totaling \$4,806,181 (inclusive of restricted cash of \$17,933) consisting primarily of demand deposit accounts, interest-bearing demand deposits and short-term certificates of deposits at local banks. These deposits were stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

Governmental Accounting Standards Board (GASB) Statement No. 40, "Deposit and Investment Risk Disclosures" requires disclosure of custodial credit risk for bank deposits. Custodial risk is the risk that in the event of bank failure, the government's deposits may not be returned. Under the state law, all deposits are required to be secured by federal depository insurance or the pledge of securities held by the pledging banks agent in the City of Baker's name. At June 30, 2019, the City's bank balances amounted to \$3,123,722. Of the bank balances, \$1,250,000 was covered by federal depository insurance and the remaining balance was protected against custodial credit risk by collateral held by the pledging banks' trust department or agent in the City's name.

Investments

Investments are limited by LA Revised Statue 33:2955. If the original maturities of investments exceed 90 days, including bank certificates of deposit, they are classified as investments. Otherwise, they are classified as cash and cash equivalents. In accordance with GASB No. 31, investments are recorded at fair value with the corresponding increase or decrease reported in investments earnings.

The City entered into an Investment Management Agreement with Hancock Trust Division (now Whitney Bank) on June 9, 1999 with an initial investment of \$4,000,000. Of this

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

amount, no less than \$300,000 is maintained in a money market account. The balance may be invested in securities as permitted by governmental agencies. The goals of the City are 1) safety of principal, 2) liquidity and 3) yield.

NOTE 3 - CONCENTRATION OF CREDIT RISK

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City has no policy limiting concentration of credit risk.

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

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be used to recover the value of investment or collateral securities that are in the possession of an outside party. Exposure to custodial credit risk arises when securities are insured, or are not registered in the name of the City and are held by either the counterparty or the counterparty's trust department or agent, but not in the City's name. The City was not exposed to custodial credit risk as of June 30, 2019. The City's policy provides for periodic review of pledged collateral to minimize custodial credit risk.

Interest Rate Risk

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

As of June 30, 2019, the City had the following investments in long-term debt securities and maturities:

Investments reported on the governmental-wide statement of net position totaled \$10,197,937 as of June 30, 2019, which included \$9,570,499 fixed-income trusts investments and \$627,438 of certificates of deposit with maturities greater than 90 days.

The City has no formal policy regarding interest rate risk.

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - ACCOUNTS RECEIVABLE

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

Accounts receivable at June 30, 2019 were as follows:

	General Fund	Street Fund	Governmental Funds	Total
Accounts	\$ 521,222	\$ -	\$ -	\$ 521,222
Sales tax	536,561	263,617	140,929	941,107
Franchise tax	140,122	-	-	140,122
Other	72,736	-	-	72,736
Total receivables	1,270,641	263,617	140,929	1,675,187
Less: Allowance for uncollectible	(85,777)	-	-	(85,777)
Receivables, net	<u>\$ 1,184,864</u>	<u>\$ 263,617</u>	<u>\$ 140,929</u>	<u>\$ 1,589,410</u>

Proprietary Funds:

	Utility	Cemetery	City Parish Sewer Revenue	Total
Accounts receivable	\$ 761,137	\$ 82,997	\$ -	\$ 844,134
Less: Allowance for uncollectibles	(340,655)	-	-	(340,655)
Receivables, net	<u>\$ 420,482</u>	<u>\$ 82,997</u>	<u>\$ -</u>	<u>\$ 503,479</u>

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 - INTERFUND BALANCES AND TRANSFERS

Individual fund interfund receivable and payables as of June 30, 2019, as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Funds:		
General Fund	\$ 2,677	\$ -
Proprietary Funds:		
Cemetery Fund	-	<u>2,677</u>
Total	<u>\$ 2,677</u>	<u>\$ 2,677</u>

For the year ended June 30, 2019, interfund transfers consisted of the follows:

	<u>Transfer in</u>	<u>Transfer out</u>
Governmental Funds:		
General Fund	\$ 3,117,954	\$ -
Special Revenue Fund:		
Half-Cent Special Tax Fund	-	170,281
Proprietary Funds:		
Utility Fund	-	<u>2,947,673</u>
Total	<u>\$ 3,117,954</u>	<u>\$ 3,117,954</u>

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6 - CAPITAL ASSETS

Governmental Activities

The following is a summary of the changes in capital assets for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Governmental activities:				
Not being depreciated:				
Land	\$ 873,722	\$ -	\$ -	\$ 873,722
Total capital assets, not being depreciated	<u>873,722</u>	<u>-</u>	<u>-</u>	<u>873,722</u>
Depreciated:				
Buildings	6,538,881	63,548	-	6,602,429
Improvements	3,074,488	10,000	-	3,084,488
Streets/Bridges	5,858,197	1,782,811	-	7,641,008
Equipment	2,725,781	240,144	181,265	2,784,660
Vehicles	4,090,668	64,218	737,399	3,417,487
Furniture and equipment	647,309	-	-	647,309
Total capital assets, being depreciated	<u>22,935,324</u>	<u>2,160,721</u>	<u>918,664</u>	<u>24,177,381</u>
Total capital assets	23,809,046	2,160,721	918,664	25,051,103
Less accumulated depreciation for:				
Buildings	2,980,916	165,689	-	3,146,605
Improvements	2,730,588	24,696	-	2,755,284
Streets/Bridges	1,712,096	187,556	-	1,899,652
Equipment	2,417,863	84,190	181,265	2,320,788
Vehicles	3,615,637	105,207	737,399	2,983,445
Furniture and equipment	412,043	34,144	-	446,187
Total accumulated depreciation	<u>13,869,143</u>	<u>601,482</u>	<u>918,664</u>	<u>13,551,961</u>
Total capital assets, being depreciated, net	<u>9,066,181</u>	<u>1,559,239</u>	<u>-</u>	<u>10,625,420</u>
Governmental activities capital assets, net	<u>\$ 9,939,903</u>	<u>\$ 1,559,239</u>	<u>\$ -</u>	<u>\$ 11,499,142</u>

Depreciation expense totaling \$601,482 for the year ended June 30, 2019 was charged to governmental functions as follows:

Public safety	\$ 228,498
Public works	189,828
General government	<u>183,156</u>
Total	<u>\$ 601,482</u>

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Business-Type Activities

The following is a summary of the changes in capital assets for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Business-type activities:				
Not being depreciated:				
Land	\$ 373,572	\$ -	\$ -	\$ 373,572
Total capital assets, not being depreciated	<u>373,572</u>	<u>-</u>	<u>-</u>	<u>373,572</u>
Depreciated:				
Buildings	273,310	-	-	273,310
Utility systems	14,125,775	917,121	288,194	14,754,702
Streets	50,000	-	-	50,000
Equipment	1,830,056	-	55,546	1,774,510
Vehicles	430,082	-	-	430,082
Furniture and equipment	106,595	-	-	106,595
Total capital assets, being depreciated	<u>16,815,818</u>	<u>917,121</u>	<u>343,740</u>	<u>17,389,199</u>
Total capital assets	17,189,390	917,121	343,740	17,762,771
Less accumulated depreciation for:				
Buildings	203,155	6,000	-	209,155
Utility systems	7,370,074	270,625	50,434	7,590,265
Streets	50,000	-	-	50,000
Equipment	1,716,455	22,710	55,546	1,683,619
Vehicles	430,082	3,279	-	433,361
Furniture and equipment	106,595	-	-	106,595
Total accumulated depreciation	<u>9,876,361</u>	<u>302,614</u>	<u>105,980</u>	<u>10,072,995</u>
Total capital assets, being depreciated, net	<u>6,939,457</u>	<u>614,507</u>	<u>237,760</u>	<u>7,316,204</u>
Business-type activities capital assets, net	<u>\$ 7,313,029</u>	<u>\$ 614,507</u>	<u>\$ 237,760</u>	<u>\$ 7,689,776</u>

NOTE 7 - PENSION PLAN

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

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

MERS

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

MPERS

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

FRS

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

LASERS

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

Plan Descriptions:

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

Municipal Employees' Retirement System of Louisiana (MERS)

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

Municipal Police Employees' Retirement System (MPERS)

The Municipal Police Employees' Retirement System (MPERS) is the administrator of a cost-sharing multiple-employer plan. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive

CITY OF BAKER, LOUISIANA
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employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211- 11:2233.

Firefighters' Retirement System (FRS)

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

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

Louisiana State Employees' Retirement System (LASERS)

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

Contributions

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

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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 City and covered employees were as follows:

	<u>City</u>	<u>Employees</u>
Municipal Employees' Retirement System Plan A		
Members hired prior to 01/01/2013	26.00%	9.50%
Members hired after 01/01/2013	26.00%	9.50%
Municipal Police Employees' Retirement System		
All employees hired prior to 01/01/2013 and all		
Hazardous Duty employees hired after 01/01/2013	32.25%	10.00%
Non-Hazardous Duty (hired after 01/01/2013)	32.25%	8.00%
Employees receiving compensation below poverty		
guidelines of US Department of Health	34.25%	7.50%
Firefighters' Retirement System		
Employees receiving compensation above poverty		
guidelines of US Department of Health	26.50%	10.00%
Employees receiving compensation below poverty		
guidelines of US Department of Health	28.50%	8.00%
Louisiana State Employees' Retirement System		
Judges hired before 01/01/11	39.60%	13.00%

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

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

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	Net Pension Liability at June 30, 2018	Current Measurement Rate	Previous Measurement Rate	Increase (Decrease)
MERS	\$ 5,185,818	1.2524%	1.2002%	0.0523%
MPERS	3,547,180	0.4196%	0.3519%	0.0677%
FRS	2,086,641	0.3628%	0.3657%	-0.0029%
LASERS	<u>379,119</u>	0.0042%	0.0042%	0.0000%
Total	<u>\$ 11,198,758</u>			

The following schedule list each pension plan's recognized pension expense (benefit) of the City for the year ended June 30, 2019:

MERS	\$ 847,608
MPERS	376,015
FRS	317,107
LASERS	<u>54,654</u>
Total	<u>\$ 1,595,385</u>

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

At June 30, 2019, the City 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	\$ 15,991	\$ (528,716)
Changes of assumptions	533,480	(331)
Net difference between projected and actual earnings on pension plan investments	1,105,336	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	588,455	(555,469)
Differences between allocated and actual contributions	61	(67,297)
Employer contributions subsequent to the measurement date	<u>1,352,111</u>	<u>-</u>
Total	<u>\$ 3,595,434</u>	<u>\$ (1,151,812)</u>

CITY OF BAKER, LOUISIANA
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Summary totals of deferred outflows of resources and deferred inflows of resources by pension plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
MERS	\$ 1,748,140	\$ (248,391)
MPERS	1,207,706	(604,669)
FRS	586,029	(291,879)
LASERS	<u>53,560</u>	<u>(6,874)</u>
Total	<u>\$ 3,595,434</u>	<u>\$ (1,151,812)</u>

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

The City reported a total of \$1,352,111 as deferred outflows of resources related to pension contributions made subsequent to the measurement period of June 30, 2018 which will be recognized as a reduction in Net Pension Liability in the subsequent year. The following schedule lists the pension contributions made subsequent to the measurement period for each pension plan:

	Subsequent Contributions
MERS	\$ 671,326
MPERS	375,683
FRS	260,378
LASERS	<u>44,724</u>
Total	<u>\$ 1,352,111</u>

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

Year	MERS	MPERS	FRS	LASERS	Total
2020	\$ 466,310	\$ 150,555	\$ 78,181	\$ 10,272	\$ 705,318
2021	269,311	41,635	(1,183)	2,344	312,107
2022	70,092	28,987	(55,716)	(9,265)	34,098
2023	22,710	6,177	15,601	(1,389)	43,099
2024	-	-	(2,228)	-	(2,228)
2025	-	-	(883)	-	(883)
Total	<u>\$ 828,423</u>	<u>\$ 227,354</u>	<u>\$ 33,772</u>	<u>\$ 1,962</u>	<u>\$ 1,091,511</u>

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Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of June 30, 2017 are as follows:

	Measurement/ Valuation Date	Expected Remaining Service Lives	Investment Rate of Return
MERS	June 30, 2018	3 years	7.275% net of investment expenses
MPERS	June 30, 2018	4 years	7.20% net of investment expenses
FRS	June 30, 2018	7 years	7.30% net of fees
LASERS	June 30, 2018	3 years	7.65% net of investment expenses

Mortality:

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

MPERS - Mortality assumptions were set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014. The RP-2000 Employee Mortality Table was selected for active members. The RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Mortality Table was selected for healthy annuitants and beneficiaries (setback 1 year for females). The RP- 2000 Disabled Lives Mortality Table was selected for disabled annuitants (setback 5 and 3 years for males and females, respectively).

FRS - Mortality assumptions were set after reviewing an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the fund's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of this procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

LASERS - Non-disabled members - Mortality rates are based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015. **Disabled members** - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.

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Salary Increases:

MERS - 5.00% (2.875% Inflation, 2.125% Merit).

MPERS -

<u>Years of Service</u>	<u>Salary Growth Rate</u>
1 - 2	9.75%
3 - 23	4.75%
Over 23	4.25%

FRS - Vary from 15.0% in the first two years of service to 4.75% after 25 years.

LASERS - Salary increases were projected based on a 2009-2013 experience study of the System's members. The salary increase ranges for specific types of members are:

<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>
Regular	3.8%	12.8%
Judges	2.8%	5.3%
Corrections	3.4%	14.3%
Hazardous Duty	3.4%	14.3%
Wildlife	3.4%	14.3%

Cost of Living Adjustments:

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

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

FRS - Only those previously granted.

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

Rate of Return:

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

MERS - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.6% and an adjustment for the effect of rebalancing /diversification. The resulting expected long-term rates of return is 7.275% for the year ended June 30, 2018.

MPERS - The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.6% and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long-term rate of return is 7.20% for the year ended June 30, 2018.

FRS - The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.7%. The long-term geometric expected rate of return was 7.30% as of June 30, 2018.

LASERS - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.75% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.15% as of June 30, 2018.

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

Asset Class	Target Allocation			Long-Term Expected Real Rate of Return		
	MERS	MPERS	FRS	MERS	MPERS	FRS
Public equity	50.0%	0.0%	0.0%	2.20%	0.00%	0.00%
Equity	0.0%	52.0%	54.0%	0.00%	3.58%	6.79%
Public fixed income	35.0%	0.0%	0.0%	1.50%	0.00%	0.00%
Fixed income	0.0%	22.0%	26.0%	0.00%	0.46%	1.76%
Alternatives	15.0%	20.0%	10.0%	0.60%	1.07%	6.12%
Other	0.0%	6.0%	10.0%	0.00%	0.17%	4.40%
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	4.30%	5.28%	5.34%
Inflation				2.70%	2.75%	2.75%
Expected Arithmetic Nominal Return				<u>7.00%</u>	<u>8.03%</u>	<u>8.09%</u>

For **LASERS**, the target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	0%	-0.24%
Domestic equity	18%	4.31%
International equity	22%	5.35%
Domestic Fixed Income	7%	1.73%
International Fixed Income	10%	2.49%
Alternative Investments	31%	7.41%
Global Asset Allocation	<u>12%</u>	2.84%
Total	<u>100%</u>	5.26%

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

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rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for MERS, MPERS, FRS, and LASERS was 7.275%, 7.20%, 7.30%, and 7.65%, respectively for the year ended June 30, 2018.

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

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

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
MERS			
Discount Rates	6.275%	7.275%	8.275%
Share of Net Pension Liability	6,661,656	5,185,818	3,926,138
MPERS			
Discount Rates	6.20%	7.200%	8.20%
Share of Net Pension Liability	4,984,770	3,547,180	2,341,098
FRS			
Discount Rates	6.30%	7.30%	8.30%
Share of Net Pension Liability	3,044,903	2,086,641	1,281,372
LASERS			
Discount Rates	6.65%	7.65%	8.65%
Share of Net Pension Liability	478,474	379,119	293,551

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS PLAN

In accordance with state statutes, the City of Baker provides certain post-employment health care and life insurance benefits to its retired employees. Substantially all City of Baker employees may become eligible for such benefits upon reaching normal retirement age while working for the City of Baker. These benefits for retirees and similar benefits for active employees are provided through a state-operated group insurance program and various insurance companies whose monthly premiums are paid jointly by the employee and the City of Baker. No assets are accumulated in a trust that meets the criteria in

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Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

Plan Description: The City of Baker's medical and dental benefits are provided through an insured medical plan and are made available to employees upon actual retirement. The City pays a dollar amount of the contribution of the medical and dental coverage for the retiree and dependents. For medical this varies from \$316.64 to \$479.93 for individual coverage and depends on the plan elected. The retiree pays the remaining balance. Employees are covered by a retirement system whose retirement eligibility provisions are as follows: age 60 and 10 years of service or, if earlier, twenty-five (25) years of service at any age.

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

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

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

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

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Actuarial Assumptions and Basis

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

Inflation	3.0%
Salary increases	3.5%
Discount rate	3.88% annually (0.88% real rate of return plus 3.00% inflation)
Healthcare cost trend rates	Level 4.50% for medical and level 2.50% for dental/vision

Actuarial Cost Method: The ARC is determined using the Individual Entry Age Normal Cost Method. Each employee's service costs are calculated as a level percentage of that employee's projected pay.

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

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

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

Discount rate: The discount rate was selected by reviewing the recent published Bond Buyers' 20 Year General Obligation municipal bond index, which is one of the indices acceptable under GASB 75. This index is published weekly and is trending toward 4.00% in recent months. A discount rate of 3.88% was selected for this valuation.

Mortality Rate: the RPH-2014 Total Table with Projection MP-2017 table was used.

Post-retirement Benefit Coverage: It has been assumed 100% of all retirees who currently have healthcare coverage will continue with the same coverage. Additionally, it is assumed that 100% of all active employees will continue with individual coverage upon retirement.

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For those with family coverage, it is assumed 30% will elect to continue with the spouse coverage and the remainder will elect individual coverage.

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefit payments	44
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>66</u>
Total	<u>110</u>

Total OPEB Liability

The City of Baker's total OPEB liability of \$6,006,182 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

	<u>Amount</u>
Balance at June 30, 2018	<u>\$ 5,971,260</u>
Changes for the year:	
Service cost	143,559
Interest	225,208
Differences between expected and actual experience	-
Changes in assumption	-
Benefit payments and net transfers	<u>(333,845)</u>
Net change	<u>34,922</u>
Balance at June 30, 2019	<u>\$ 6,006,182</u>
Covered-employee payroll	<u>2,856,794</u>
Net OPEB liability as a percentage of covered-employee payroll	210.24%

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JUNE 30, 2019

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.88%) or 1-percentage-point higher (4.88%) than the current discount rate:

	1.0% Decrease (2.88%)	Current Discount Rate (3.88%)	1.0% Increase (4.88%)
Total OPEB liability	\$ 6,926,722	\$ 6,006,182	\$ 5,269,780

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

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

	1.0% Decrease (3.5%)	Current Trend (4.5%)	1.0% Increase (5.5%)
Total OPEB liability	\$ 5,212,061	\$ 6,006,182	\$ 7,021,552

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

The total OPEB expense included in the financial statements, including service cost, interest cost, and the amortized amount of deferred inflows and outflows was \$368,767 for the year ended June 30, 2019. The City does not have any deferred outflows or inflows of resources related to OPEB as of June 30, 2019.

NOTE 9 - LONG-TERM DEBT

The following is a summary of the long-term obligation transactions for the year ended June 30, 2019:

	Beginning at July 1, 2018	Additions	Reductions	Balance at June 30, 2019	Amount Due Within One Yr
Governmental Activities:					
Claims/judgments	\$ 75,000	\$ -0-	\$ -0-	\$ 75,000	\$ -0-
Compensated absences	738,810	-0-	213,915	524,895	98,087
Net OPEB	4,875,615	28,514	-0-	4,904,129	-0-
Net pension liability	8,898,152	820,623	-0-	9,718,775	-0-
Totals	\$ 14,587,577	\$ 849,137	\$ 213,915	\$ 15,222,799	\$ 98,087

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

	Beginning at July 1, 2018	Additions	Reductions	Balance at June 30, 2019	Amount Due Within One Yr
Business-Type Activities:					
Compensated absences	\$ 226,121	\$ -0-	\$ 51,976	\$ 174,145	\$ 128,400
Revenue Bonds 2010A	734,000	-0-	49,000	685,000	50,000
Revenue Bonds 2010B	782,000	-0-	52,000	730,000	53,000
Net OPEB	1,095,645	6,408	-0-	1,102,053	-0-
Net pension liability	1,688,512	-0-	208,529	1,479,983	-0-
Totals	\$ 4,526,278	\$ 6,408	\$ 361,505	\$ 4,171,181	\$ 231,400

The individual bond issues and loan agreement are as follows:

<u>Bond Issue/Loan Agreement</u>	<u>Original Issue Amount</u>	<u>Interest Rate</u>	<u>Principal Outstanding June 30, 2019</u>	<u>Interest to Maturity</u>	<u>Maturity Date</u>
Water Revenue Bonds, Series 2010A	\$ 2,000,000	2.95%	\$ 685,000	\$ 147,884	2031
Water Revenue Bonds, Series 2010B	2,200,000	2.95%	730,000	157,708	2031

The payments due under the terms of the notes payable as of June 30, 2019 are scheduled to occur as follows:

<u>Year Ending June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2020	\$ 103,000	\$ 41,743	\$ 144,743
2021	105,000	38,704	143,704
2022	108,000	35,607	143,607
2023	111,000	32,421	143,421
2024	114,000	29,736	143,736
2025-2031	874,000	127,381	1,001,381
	<u>\$ 1,415,000</u>	<u>\$ 305,592</u>	<u>\$ 1,720,592</u>

NOTE 10 - RISK MANAGEMENT

Litigation and General Liability

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

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

Claims have also been made against the City that expose the City to losses which are not covered by insurance. Such claims could be material to the financial position of the City if an unfavorable outcome were to occur. However, no estimate can be made of such losses as of the date these financial statements are issued.

NOTE 11 - CONTINGENCIES

The City is the recipient of both federal and state grants and awards. These grants and awards are governed by various requirements, guidelines, regulations, and contractual agreements.

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

NOTE 12 - DEFICIT FUND BALANCES

The Cemetery Fund had a deficit net position of \$506,253 as of June 30, 2019. Of this amount, \$314,740 is attributable to reporting post-employment benefits and net pension liabilities based on actuarial assumptions. The remaining cause is the sale of pre-need vaults, markers and interments that are recognized as unearned revenue on the statement of net position as opposed to revenue on the statement of activities. To absolve the deficit net position reference above, management plans to transfer funds from the general fund as the need arises for employee related obligations. In addition, management will continue to deposit 70% of all pre-need sales into a trust to be utilized towards the expense of future obligations related to burials.

NOTE 13 - PRIOR PERIOD ADJUSTMENTS

The July 1, 2018, beginning balances of net position were restated as follows:

Government-Wide Financial Statements

	Governmental Activities	Type Activities	Total
Total net position, June 30, 2018, as previously reported	\$ 6,170,154	\$ 10,718,925	\$ 16,889,079
Fund-basis adjustments referenced below	(445,792)	328,189	(117,603)
Total net position, June 30, 2018, restated	\$ 5,724,362	\$ 11,047,114	\$ 16,771,476

CITY OF BAKER, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

Governmental Funds

The General Fund recorded a prior period adjustment to recognize the impact of (1) cash and investments reported in other funds and (2) under/over statement of prior year receivables that netted to \$445,792.

Proprietary Funds

The Utility Fund recorded a prior period adjustment to recognize the net impact of cash and investments reported in other funds totaling \$328,189.

NOTE 14 - SUBSEQUENT EVENTS

In preparing the financial statements, management of the City has evaluated subsequent events and transactions for potential recognition or disclosure through December 27, 2019, the date which the financial statements were available to be issued.

Following the close of the current year, the City was awarded more than \$5,000,000 in federal funds for hazard mitigation. These funds will be utilized to provide generators at both facilities and well sites, floodproofing the municipal building and drainage along major waterways within the City's boundaries. The start date for these projects is anticipated to begin in the latter part of the subsequent year.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BAKER, LOUISIANA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance - positive (Negative)
REVENUES				
Intergovernmental	\$ 55,630	\$ 55,630	\$ 54,955	\$ (675)
Taxes:				
Sales	3,555,000	3,555,000	3,654,742	99,742
Franchise	705,000	705,000	652,640	(52,360)
Property	400,000	400,000	413,448	13,448
Hotel/Motel	100,000	100,000	91,032	(8,968)
Other	179,000	179,000	146,973	(32,027)
Charges for services	1,739,300	1,369,300	1,270,605	(98,695)
License and permits	420,700	420,700	475,407	54,707
Fines and forfeitures	605,000	605,000	513,317	(91,683)
Grants and other contributions	175,980	175,980	17,801	(158,179)
Investment income	50,000	50,000	218,248	168,248
Other revenue	205,750	575,750	592,337	16,587
Total Revenues	8,191,360	8,191,360	8,101,505	(89,855)
EXPENDITURES				
Current function:				
General government	3,170,388	4,481,807	4,799,727	(317,920)
Public safety	3,996,449	2,931,449	2,559,521	371,928
Public works	2,148,839	2,148,839	2,138,877	9,962
Economic/recreational development	360,708	360,708	433,860	(73,152)
Capital outlay	1,601,300	1,512,100	344,027	1,168,073
Total Expenditures	11,277,684	11,434,903	10,276,012	1,158,891
Deficiency of Revenues over Expenditures	(3,086,324)	(3,243,543)	(2,174,507)	1,069,036
OTHER FINANCING SOURCES				
Transfers in	500,000	3,070,000	3,117,954	(47,954)
Net Change in Fund Balance	(2,586,324)	(173,543)	943,447	1,021,082
FUND BALANCE				
Beginning of year, restated	3,329,317	3,329,317	3,329,317	-
End of year	\$ 742,993	\$ 3,155,774	\$ 4,272,764	\$ 1,021,082

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

CITY OF BAKER, LOUISIANA
STREET FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) TO ACTUAL
YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance - positive (negative)
REVENUES				
Taxes:				
Sales	\$ 572,000	\$ 572,000	\$ 1,098,581	\$ 526,581
Other revenue	-	-	4,546	4,546
Total Revenues	572,000	572,000	1,103,127	531,127
EXPENDITURES				
Current function:				
Public works	93,160	93,160	87,628	5,532
Capital outlay	725,000	1,766,000	1,782,811	(16,811)
Total Expenditures	818,160	1,859,160	1,870,439	(11,279)
Net Change in Fund Balance	(246,160)	(1,287,160)	(767,312)	519,848
FUND BALANCE				
Beginning of year, restated	3,876,577	3,876,577	3,876,577	-
End of year	\$ 3,630,417	\$ 2,589,417	\$ 3,109,265	\$ 519,848

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

CITY OF BAKER, LOUISIANA
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
YEAR ENDED JUNE 30, 2019

Total OPEB Liability	2019	2018
Service cost	\$ 143,559	\$ 138,197
Interest	225,208	229,266
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	-	-
Benefit payments	(333,845)	(333,845)
Net Change in Total OPEB Liability	34,922	33,618
Total OPEB liability - beginning	5,971,260	5,937,642
Total OPEB liability - ending (a)	\$ 6,006,182	\$ 5,971,260
Covered-employee payroll	\$ 2,856,794	\$ 2,856,794
Net OPEB liability as a percentage of covered-employee payroll	210.24%	209.02%

NOTES TO SCHEDULE:

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

Changes of Assumptions. There were no changes of assumptions for the year ended June 30, 2019.

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

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

Pension Plan:	Year	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Municipal Employees' Retirement System of Louisiana						
	2019	1.2524%	5,185,818	1,912,812	271.1097%	63.94%
	2018	1.2002%	5,020,738	2,179,327	230.3802%	62.49%
	2017	1.1928%	4,889,113	2,130,577	229.4737%	63.34%
	2016	1.1890%	4,247,287	2,007,317	211.5902%	66.18%
	2015	1.1392%	2,923,588	2,068,064	141.3684%	73.99%
Municipal Police Employees' Retirement System						
	2019	0.4196%	3,547,180	1,131,477	313.5000%	71.89%
	2018	0.3519%	3,072,201	1,127,457	272.4894%	70.08%
	2017	0.4622%	4,331,732	1,307,803	331.2221%	66.04%
	2016	0.4507%	3,530,395	1,221,242	289.0823%	70.73%
	2015	0.4996%	312,595	1,060,968	29.4632%	75.10%
Firefighters' Retirement System						
	2019	0.3628%	2,086,641	919,893	226.8352%	74.76%
	2018	0.3657%	2,096,172	860,440	243.6163%	73.55%
	2017	0.3744%	2,449,039	851,681	287.5536%	68.16%
	2016	0.3589%	1,936,899	775,444	249.7794%	72.45%
	2015	0.3640%	1,619,831	702,846	230.4674%	76.02%
Louisiana State Employees' Retirement System						
	2019	0.4190%	379,119	103,345	366.8479%	64.30%
	2018	0.0042%	397,553	97,325	408.4798%	62.50%
	2017	0.0042%	439,194	99,076	443.2900%	57.70%
	2016	0.0032%	305,659	86,670	352.6699%	62.70%
	2015	0.0038%	343,846	83,875	409.9505%	65.00%

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

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

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

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

Year	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Employee Payroll
Municipal Employees' Retirement System of Louisiana					
2019	671,326	671,326	-	2,582,023	26.0000%
2018	473,421	473,421	-	1,912,812	24.7500%
2017	495,797	495,797	-	2,179,327	22.7500%
2016	420,789	420,789	-	2,130,577	19.7500%
2015	376,372	376,372	-	2,007,317	18.7500%
Municipal Police Employees' Retirement System					
2019	375,683	375,683	-	1,164,909	32.2500%
2018	359,244	359,244	-	1,131,477	31.7500%
2017	357,968	357,968	-	1,127,457	31.7500%
2016	385,802	385,802	-	1,307,803	29.5000%
2015	378,585	378,585	-	1,221,242	31.0000%
Firefighters' Retirement System					
2019	260,378	260,378	-	982,558	26.5000%
2018	232,273	232,273	-	919,893	25.2500%
2017	217,261	217,261	-	860,440	25.2500%
2016	232,083	232,083	-	851,681	27.2500%
2015	219,063	219,063	-	775,444	28.2500%
Louisiana State Employees' Retirement System					
2019	44,724	44,724	-	112,939	39.6000%
2018	40,408	40,408	-	103,345	39.1001%
2017	38,054	38,054	-	97,325	39.0999%
2016	37,748	37,748	-	99,076	38.1000%
2015	35,967	35,967	-	86,670	41.4988%

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

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

CITY OF BAKER, LOUISIANA
Notes to Proportionate Share of Net Pension Liability
and Schedule of Pension Contributions
for the Year Ended June 30, 2019

NOTE 1 - NET PENSION LIABILITY

Changes of Benefit Terms

Municipal Employees' Retirement System

No Changes.

Municipal Police Employees' Retirement System

No Changes.

Louisiana Firefighters' Retirement System

No Changes.

Louisiana State Employees' Retirement System

No Changes.

Changes of Assumptions

Municipal Employees' Retirement System

The investment rate of return and inflation rate decreased from 7.50% to 7.40% and 2.875% to 2.775%, respectively.

Municipal Police Employees' Retirement System

The investment rate of return and inflation rate decreased from 7.50% to 7.325% and 2.875% to 2.70%, respectively.

Louisiana Firefighters' Retirement System

The investment rate of return and inflation rate decreased from 7.50% to 7.40% and 2.875% to 2.775%, respectively.

Louisiana State Employees' Retirement System

The investment rate of return and inflation rate decreased from 7.75% to 7.70% and 3.0% to 2.75%, respectively.

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

COMBINING FINANCIAL STATEMENTS

CITY OF BAKER, LOUISIANA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

Page 1 of 2

	1/2 Cent Special Tax Police	1/2 Cent Special Tax Fire	911 Communications	Marshal	City Court	Total Non-Major Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 311,451	\$ 168,846	\$ 119,882	\$ 205,399	\$ 1,461,264	\$ 2,266,842
Receivables - taxes	66,121	74,808	-	-	-	140,929
Investments	-	-	-	-	117,870	117,870
Total Assets	<u>\$ 377,572</u>	<u>\$ 243,654</u>	<u>\$ 119,882</u>	<u>\$ 205,399</u>	<u>\$ 1,579,134</u>	<u>\$ 2,525,641</u>
LIABILITIES						
Accounts payable	\$ 6,303	-	-	-	240	\$ 6,543
Accrued liabilities	-	-	4,207	56,396	263,374	323,977
Total Liabilities	6,303	-	4,207	56,396	263,614	330,520
FUND BALANCE						
Restricted	371,269	243,654	115,675	21,567	-	752,165
Committed	-	-	-	-	504,232	504,232
Assigned	-	-	-	127,436	811,288	938,724
Total Fund Balance	<u>371,269</u>	<u>243,654</u>	<u>115,675</u>	<u>149,003</u>	<u>1,315,520</u>	<u>2,195,121</u>
Total Liabilities and Fund Balance	<u>\$ 377,572</u>	<u>\$ 243,654</u>	<u>\$ 119,882</u>	<u>\$ 205,399</u>	<u>\$ 1,579,134</u>	<u>\$ 2,525,641</u>

See accompanying independent auditors' report.

CITY OF BAKER, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

Page 2 of 2

	1/2 Cent Special Tax Police	1/2 Cent Special Tax Fire	911 Communications	Marshal	City Court	Total Non-Major Governmental Funds
REVENUES						
Taxes - sales	\$ 528,193	\$ 395,414	\$ -	\$ -	\$ -	\$ 923,607
Charges for services	-	-	191,104	-	38,949	230,053
Criminal fees and fines	-	-	-	12,866	156,263	169,129
Investment income	1,944	1,944	-	419	817	5,124
Total Revenues	530,137	397,358	191,104	13,285	196,029	1,327,913
EXPENDITURES						
Current function:						
General government	-	-	-	-	204,764	204,764
Public safety	309,349	166,096	328,932	33,521	-	837,898
Capital outlay	25,377	-	-	8,506	-	33,883
Total Expenditures	334,726	166,096	328,932	42,027	204,764	1,076,545
Excess (Deficiency) of Revenues over Expenditures	195,411	231,262	(137,828)	(28,742)	(8,735)	251,368
OTHER FINANCING SOURCES (USES)						
Transfers out	-	(170,281)	-	-	-	(170,281)
Net Change in Fund Balance	195,411	60,981	(137,828)	(28,742)	(8,735)	81,087
FUND BALANCE						
Beginning of year	175,858	182,673	253,503	177,745	1,324,255	2,114,034
End of year	\$ 371,269	\$ 243,654	\$ 115,675	\$ 149,003	\$ 1,315,520	\$ 2,195,121

See accompanying independent auditors' report.

CITY OF BAKER, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO THE COUNCIL MEMBERS
YEAR ENDED JUNE 30, 2019

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

See accompanying independent auditors' report.

CITY OF BAKER, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO THE MAYOR
YEAR ENDED JUNE 30, 2019

Agency Head Name: Darnell Waites, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 77,900
Benefits - retirement	20,254
Memberships	200
Registration fees	<u>442</u>
Total	<u>\$ 98,796</u>

See accompanying independent auditors' report.

INDEPENDENT AUDITORS' REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business activities, and the major funds and the remaining fund information of the City of Baker (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 27, 2019.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be significant deficiency.

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

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

Internal Control Over Financial Reporting, Continued

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.

We consider the deficiency described in the accompanying schedule of findings as item #2019-001 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings as item #2019-001.

The City's Response to Findings

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

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

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

Purpose of this Report

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

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

December 27, 2019

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CITY OF BAKER, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

SECTION I - SUMMARY OF INDEPENDENT AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: **Unmodified**

Internal Control Over Financial Reporting:

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

Noncompliance material to financial
statements noted? ☐ yes ☒ no

Internal Control Over Federal Programs:

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

Other Conditions:

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

Was a management letter issued ☒ yes ☐ no

**CITY OF BAKER, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

SECTION II – FINANCIAL STATEMENT FINDINGS

Audit Finding Reference Number

2019-001 – Bank Reconciliation

Finding Classification

Significant deficiency

Finding Type

Reconciliation of Accounting Records/Bank Accounts

Finding Title

Bank Reconciliation

Resolution (resolved, not resolved, partially resolved)

Partially Resolved

Number of years finding reported

Three (3) – 2017 through 2019

Financial impact

Greater than \$150,000

Resolution is with or without course

The resolution of this finding is without cause

Criteria

All cash transactions should be properly administered, reconciled, and supporting documentation maintained in accordance with the City's policies and procedures.

Condition

During our testwork on cash accounts for the year ended June 30, 2019, we noted the following situations which were also identified in prior year:

- No evidence documented to show that all bank reconciliations were prepared timely; and
- Consolidated cash account reconciliation has outstanding stale checks greater than three (3) months.

**CITY OF BAKER, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019**

Audit Finding Reference Number

2019-001 – Bank Reconciliation, Continued

Cause

Challenges resulting from prior year issues yet to be properly resolved.

Effect

Various adjustments and researches on old reconciling items were needed

Recommendation

We recommend the City continue to strengthen the implementation of policies and procedures as related to cash to ensure that the City's cash and cash equivalents are complete, accurate, and properly reflected in the City's financial statements.

Management Corrective Action Plan

While the cleared deposits and disbursements were recognized timely, the final reconciliation took additional time for all year end activities to be reported. For the subsequent year, reconciliation will be done inhouse within 30 days following month end but no later than 45 days.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not Applicable

STATUS OF PRIOR YEAR FINDINGS AND
QUESTIONED COSTS

CITY OF BAKER, LOUISIANA
Status of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2019

Audit Finding Reference Number

2018-001 – Bank Reconciliation

Condition

During our test work on cash accounts for the year ended June 30, 2018, we noted the following situations which were also identified in the prior year:

- ☒ No evidence documented to show that all bank reconciliations were prepared timely, and
- ☒ Consolidated cash account reconciliation has outstanding stale checks greater than three (3) years.

Recommendation

To continue to strengthen the implementation of policies and procedures as related to cash to ensure that the City's cash and cash equivalents are complete, accurate and properly reflected in the City's financial statements.

Management Corrective Action Implemented

Reconciliations for consolidated cash were completed each month by the contract accounting firm and by the Finance Director for all other accounts and investments. Evidence of review was on the face of the reconciliation. Reconciliations for accounts maintained by the City Court and Police Chief were reconciled monthly by the Clerk and the contract accounting firm.

Disposition:

Unresolved. Repeated in current year, see finding 2019-001.

CORRECTIVE ACTION PLAN



City of Baker

"Great American Hometown"

DEPARTMENT OF FINANCE

Bruno & Tervalon LLP, CPAs
909 N President Street
Jackson, MS 39202

In regard to finding 2019-001 Bank Reconciliation, please accept the following management response and corrective action plan:

While the cleared deposits and disbursements were recognized timely, the final reconciliation took addition time for all year end activities to be reported. For the subsequent year, reconciliation will be done inhouse within 30 days following month end but no later than 45 days. We appreciate your comments and recommendations.

Respectfully,

A handwritten signature in dark ink that reads "Mary Sue Stages, CPA". The signature is fluid and cursive.

Mary Sue Stages, CPA
December 27, 2019

EXIT CONFERENCE

**CITY OF BAKER, LOUISIANA
AUDIT STATUS/EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2019**

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

CITY OF BAKER, LOUISIANA

Honorable Darnell Waites	Mayor
Honorable Charles Vincent	Council Member – District 1
Honorable Norman E. Heine	Council Member – District 2
Honorable Glenda Bryant	Council Member – District 3
Honorable Doris Alexander	Council Member – District 4
Honorable Brenda Jackson	Council Member – District 5/Mayor Pro Tem
Attorney Ken Fabre	City Attorney
Mr. Chris Hunt	Interim Administrative Officer
Ms. Mary Sue Stages, CPA	Finance Director

BRUNO & TERVALON LLP. CERTIFIED PUBLIC ACCOUNTANTS

Mr. Joseph A. Akanji, CPA	Engagement Partner
Mr. Mohammad Atikuer Rahman Bhuyan, MBA	Engagement Staff
Ms. Monique McGary, MBA	Engagement Staff