

TOWN OF BALDWIN, LOUISIANA

Financial Report

Year Ended June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

The Honorable Abel Prejean, Mayor
and Members of the Board of Aldermen
Town of Baldwin, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Baldwin, Louisiana (hereinafter "Town"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town'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 Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2020, 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 certain information 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 the 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 budgetary comparison information on pages 45 through 48, schedule of employer's share of net pension liability on page 49, schedule of employer contributions on page 50, and notes to required supplementary information on pages 51 and 52 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Town has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a required 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information on pages 54 through 60 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on that information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2020 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
December 30, 2020

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF BALDWIN, LOUISIANA

Statement of Net Position
June 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 306,114	\$ 103,507	\$ 409,621
Receivables, net	185,101	119,543	304,644
Due from other governmental units	2,108	-	2,108
Internal balances	(19,354)	19,354	-
Prepaid expenses	26,074	3,698	29,772
Total current assets	<u>500,043</u>	<u>246,102</u>	<u>746,145</u>
Noncurrent assets:			
Restricted assets	-	106,389	106,389
Land and construction in progress	1,335,116	116,110	1,451,226
Capital assets net of accumulated depreciation	3,760,158	2,052,320	5,812,478
Total noncurrent assets	<u>5,095,274</u>	<u>2,274,819</u>	<u>7,370,093</u>
Total assets	<u>5,595,317</u>	<u>2,520,921</u>	<u>8,116,238</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to net pension liability	<u>69,076</u>	<u>23,025</u>	<u>92,101</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	40,202	759,492	799,694
Bonds payable	62,000	91,000	153,000
Unearned revenues	70,091	-	70,091
Total current liabilities	<u>172,293</u>	<u>850,492</u>	<u>1,022,785</u>
Noncurrent liabilities:			
Customers' deposits payable	-	66,122	66,122
Bonds payable	172,000	-	172,000
Net pension liability	194,690	64,897	259,587
Total noncurrent liabilities	<u>366,690</u>	<u>131,019</u>	<u>497,709</u>
Total liabilities	<u>538,983</u>	<u>981,511</u>	<u>1,520,494</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to net pension liability	<u>19,713</u>	<u>6,573</u>	<u>26,286</u>
NET POSITION			
Net investment in capital assets	4,861,274	2,077,430	6,938,704
Restricted for:			
Debt service	-	106,389	106,389
Sales and use tax restrictions	456,116	-	456,116
Special programs	2,958	-	2,958
Unrestricted (deficit)	(214,651)	(627,957)	(842,608)
Total net position	<u>\$ 5,105,697</u>	<u>\$ 1,555,862</u>	<u>\$ 6,661,559</u>

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

TOWN OF BALDWIN, LOUISIANA

Statement of Activities
Year Ended June 30, 2020

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		Total
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental activities:							
General government	\$ 870,931	\$ 79,455	\$ 5,868	\$ -	\$ (785,608)	\$ -	\$ (785,608)
Culture and recreation	133,345	280	-	-	(133,065)	-	(133,065)
Public safety	400,937	54,708	-	-	(346,229)	-	(346,229)
Public works	360,333	188,490	-	426,755	254,912	-	254,912
Supporting services	32,655	39,272	-	-	6,617	-	6,617
Interest on long-term debt	13,818	-	-	-	(13,818)	-	(13,818)
Total governmental activities	<u>1,812,019</u>	<u>362,205</u>	<u>5,868</u>	<u>426,755</u>	<u>(1,017,191)</u>	<u>-</u>	<u>(1,017,191)</u>
Business-type activities:							
Gas, water and sewer	1,038,907	736,333	2,107	306,380	-	5,913	5,913
Interest on long-term debt	6,503	-	-	-	-	(6,503)	(6,503)
Total business-type activities	<u>1,045,410</u>	<u>736,333</u>	<u>2,107</u>	<u>306,380</u>	<u>-</u>	<u>(590)</u>	<u>(590)</u>
Total	<u>\$ 2,857,429</u>	<u>\$ 1,098,538</u>	<u>\$ 7,975</u>	<u>\$ 733,135</u>	<u>(1,017,191)</u>	<u>(590)</u>	<u>(1,017,781)</u>
General revenues:							
Taxes -							
Property taxes					112,741	-	112,741
Sales and use taxes					818,870	-	818,870
Franchise taxes					87,683	-	87,683
Grants and contributions not restricted to specific programs -							
State sources					34,418	-	34,418
Federal sources					14,974	-	14,974
Interest and investment earnings					984	310	1,294
Miscellaneous					39,716	-	39,716
Insurance proceeds					14,202	-	14,202
Transfers					(124,766)	124,766	-
Total general revenues and transfers					<u>998,822</u>	<u>125,076</u>	<u>1,123,898</u>
Change in net position					(18,369)	124,486	106,117
Net position - July 1, 2019					<u>4,701,061</u>	<u>1,431,376</u>	<u>6,132,437</u>
Net position - June 30, 2020					<u>\$ 4,682,692</u>	<u>\$ 1,555,862</u>	<u>\$ 6,238,554</u>

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

FUND FINANCIAL STATEMENTS

TOWN OF BALDWIN, LOUISIANA

Balance Sheet
Governmental Funds
June 30, 2020

	<u>General</u>	<u>1% Sales Tax</u>	<u>3/4% Sales Tax</u>
ASSETS			
Cash and interest bearing deposits	\$ 118,900	\$ 56,150	\$ 53,168
Receivables:			
Taxes	-	51,861	47,762
Accounts	26,312	-	27,480
Due from other funds	-	-	100,000
Due from other governmental units	2,108	-	-
Prepaid expenditures	8,219	-	9,425
Total assets	<u>\$ 155,539</u>	<u>\$ 108,011</u>	<u>\$ 237,835</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 8,895	\$ 1,434	\$ 16,338
Accrued liabilities	9,108	-	-
Due to other funds	139,150	-	1,628
Unearned revenues	70,091	-	-
Total liabilities	<u>227,244</u>	<u>1,434</u>	<u>17,966</u>
Deferred inflows of resources:			
Unavailable revenues	<u>1,272</u>	<u>-</u>	<u>-</u>
Fund balances:			
Nonspendable	8,219	-	9,425
Restricted	-	106,577	210,444
Unassigned (deficit)	<u>(81,196)</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>(72,977)</u>	<u>106,577</u>	<u>219,869</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 155,539</u>	<u>\$ 108,011</u>	<u>\$ 237,835</u>

<u>1/2% Sales Tax</u>	<u>Flood Protection Levee System Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 36,451	\$ 36	\$ 41,409	\$ 306,114
15,916	-	15,770	131,309
-	-	-	53,792
19,796	-	24,734	144,530
-	-	-	2,108
<u>8,430</u>	<u>-</u>	<u>-</u>	<u>26,074</u>
<u>\$ 80,593</u>	<u>\$ 36</u>	<u>\$ 81,913</u>	<u>\$ 663,927</u>
\$ (203)	\$ -	-	\$ 26,464
3,262	-	-	12,370
-	-	23,106	163,884
-	-	-	70,091
<u>3,059</u>	<u>-</u>	<u>23,106</u>	<u>272,809</u>
-	-	-	1,272
8,430	-	-	26,074
61,940	-	80,113	459,074
<u>7,164</u>	<u>36</u>	<u>(21,306)</u>	<u>(95,302)</u>
<u>77,534</u>	<u>36</u>	<u>58,807</u>	<u>389,846</u>
<u>\$ 80,593</u>	<u>\$ 36</u>	<u>81,913</u>	<u>\$ 663,927</u>

(continued)

TOWN OF BALDWIN, LOUISIANA

Balance Sheet (continued)
 Governmental Funds
 June 30, 2020

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Total fund balances for governmental funds		\$	389,846
Total net position reported for governmental activities in the statement of net position is different because:			
Capital assets, net of accumulated depreciation			
Land	\$	1,335,116	
Buildings		2,355,587	
Improvements		1,243,186	
Equipment		36,122	
Autos and trucks		<u>125,263</u>	5,095,274
Deferred outflows of resources related to net pension liability			69,076
Receivables not available to pay for current year expenditures			1,272
Long-term liabilities			
Bonds payable		(234,000)	
Accrued interest payable		(1,368)	
Net pension liability		<u>(194,690)</u>	(430,058)
Deferred inflows of resources related to net pension liability			<u>(19,713)</u>
Total net position of governmental activities		\$	<u>5,105,697</u>

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

TOWN OF BALDWIN, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2020

	General	1% Sales Tax	3/4% Sales Tax
Revenues:			
Taxes	\$ 200,424	\$ 315,046	\$ 305,301
Licenses and permits	79,455	-	-
Intergovernmental	53,142	-	-
Charges for services	39,552	-	188,490
Fines and forfeits	54,708	-	-
Interest	537	93	152
Miscellaneous	37,530	-	47
Total revenues	<u>465,348</u>	<u>315,139</u>	<u>493,990</u>
Expenditures:			
Current -			
General government			
Administrative	448,920	-	-
Public safety:			
Police	11,934	-	-
Fire	-	-	85,742
Public works:			
Streets and drainage	98,726	-	173,946
Culture and recreation	44,675	-	-
Supporting services	32,655	-	-
Capital outlay	-	-	-
Debt service -			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>636,910</u>	<u>-</u>	<u>259,688</u>
Excess (deficiency) of revenues over expenditures	<u>(171,562)</u>	<u>315,139</u>	<u>234,302</u>
Other financing sources (uses):			
Insurance proceeds	14,202	-	-
Transfers in	628,134	-	22,178
Transfers out	(422,490)	(298,789)	(229,005)
Total other financing sources (uses)	<u>219,846</u>	<u>(298,789)</u>	<u>(206,827)</u>
Net changes in fund balances	48,284	16,350	27,475
Fund balance (deficit), beginning	<u>(121,261)</u>	<u>90,227</u>	<u>192,394</u>
Fund balances (deficit), ending	<u>\$ (72,977)</u>	<u>\$ 106,577</u>	<u>\$ 219,869</u>

<u>1/2% Sales Tax</u>	<u>Flood Protection Levee System Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 101,740	\$ -	\$ 96,781	\$ 1,019,292
-	-	-	79,455
-	423,005	-	476,147
-	-	-	228,042
-	-	-	54,708
124	-	80	986
2,139	-	-	39,716
<u>104,003</u>	<u>423,005</u>	<u>96,861</u>	<u>1,898,346</u>
-	-	-	448,920
252,223	-	-	264,157
-	-	-	85,742
-	-	-	272,672
-	-	-	44,675
-	-	-	32,655
11,990	423,005	-	434,995
-	-	103,000	103,000
-	-	14,266	14,266
<u>264,213</u>	<u>423,005</u>	<u>117,266</u>	<u>1,701,082</u>
<u>(160,210)</u>	<u>-</u>	<u>(20,405)</u>	<u>197,264</u>
-	-	-	14,202
169,407	-	117,266	936,985
(21,031)	-	(90,436)	(1,061,751)
<u>148,376</u>	<u>-</u>	<u>26,830</u>	<u>(110,564)</u>
(11,834)	-	6,425	86,700
<u>89,368</u>	<u>36</u>	<u>52,382</u>	<u>303,146</u>
<u>\$ 77,534</u>	<u>\$ 36</u>	<u>\$ 58,807</u>	<u>\$ 389,846</u>

(continued)

TOWN OF BALDWIN, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
Governmental Funds
Year Ended June 30, 2020

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities

Total net changes in fund balances per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 86,700
The change in net position reported for governmental activities in the statement of activities is different because:	
Costs of capital assets	434,995
Depreciation expense	(221,252)
Proceeds from versus loss on disposition of capital assets	(8,111)
Principal payments on bonds	103,000
Change in accrued interest	448
Effects of recording net pension liability and deferred inflows and outflows of resources related to net pension liability	
Decrease in pension expense	2,988
Nonemployer pension contribution revenue	<u>5,868</u>
Total changes in net position per Statement of Activities	<u>\$ 404,636</u>

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

TOWN OF BALDWIN, LOUISIANA

Statement of Net Position

Proprietary Funds

June 30, 2020

ASSETS

Current assets:	
Cash and interest-bearing deposits	\$ 103,507
Receivables, net	119,543
Due from other funds	39,150
Prepaid expenses	3,698
Total current assets	<u>265,898</u>
Noncurrent assets:	
Restricted assets -	
Cash and interest-bearing deposits	106,389
Land	116,110
Capital assets, net of accumulated depreciation	2,052,320
Total noncurrent assets	<u>2,274,819</u>
Total assets	<u>2,540,717</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources related to net pension liability	<u>23,025</u>
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LIABILITIES

Current liabilities:	
Accounts payable	749,253
Accrued liabilities	9,653
Due to other funds	19,796
Payable from restricted assets -	
Revenue bonds	91,000
Accrued interest payable	586
Total current liabilities	<u>870,288</u>
Noncurrent liabilities:	
Payable from restricted assets -	
Customers' deposits payable	66,122
Net pension liability	64,897
Total noncurrent liabilities	<u>131,019</u>
Total liabilities	<u>1,001,307</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources related to net pension liability	<u>6,573</u>
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NET POSITION

Net investment in capital assets	2,077,430
Restricted for -	
Debt service	106,389
Unrestricted (deficit)	<u>(627,957)</u>
Total net position	<u>\$ 1,555,862</u>

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

TOWN OF BALDWIN, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position
 Proprietary Funds
 Year Ended June 30, 2020

Operating revenues:	
Charges for services -	
Gas sales and services	\$ 166,587
Water sales and services	400,798
Sewerage services	132,423
Delinquent charges	19,643
Commissions, transfers and reconnections	16,882
Intergovernmental - state grants	306,380
Miscellaneous	<u>2,107</u>
Total operating revenues	<u>1,044,820</u>
Operating expenses:	
Gas department	114,962
Water department	600,725
Sewerage department	167,548
Depreciation	<u>155,672</u>
Total operating expenses	<u>1,038,907</u>
Operating income	<u>5,913</u>
Nonoperating revenues (expenses):	
Interest income	310
Interest and fiscal charges	<u>(6,503)</u>
Total nonoperating revenues (expenses)	<u>(6,193)</u>
Loss before transfers	(280)
Transfers in	168,997
Transfers out	<u>(44,231)</u>
Change in net position	124,486
Net position, beginning	<u>1,431,376</u>
Net position, ending	<u>\$ 1,555,862</u>

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

TOWN OF BALDWIN, LOUISIANA

Statement of Cash Flows
 Proprietary Funds
 Year Ended June 30, 2020

Cash flows from operating activities:	
Receipts from customers	\$ 715,730
Receipts from other governmental entities	306,380
Payments to suppliers	(624,601)
Payments to employees	<u>(133,425)</u>
Net cash provided by operating activities	<u>264,084</u>
Cash flows from noncapital financing activities:	
Receipts from other funds	184,859
Payments to other funds	<u>(44,231)</u>
Net cash provided by noncapital financing activities	<u>140,628</u>
Cash flows from capital and related financing activities:	
Acquisition of property, plant and equipment	(234,868)
Interest and fiscal charges paid	(7,069)
Principal paid on bonds	<u>(88,000)</u>
Net cash used by capital and related financing activities	<u>(329,937)</u>
Cash flows from investing activities:	
Interest on investments	<u>310</u>
Net increase in cash and cash equivalents	75,085
Cash and cash equivalents, beginning	<u>134,811</u>
Cash and cash equivalents, ending	<u>\$ 209,896</u>

(continued)

TOWN OF BALDWIN, LOUISIANA

Statement of Cash Flows (continued)
 Proprietary Funds
 Year Ended June 30, 2020

Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 5,913
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation	155,672
Pension expense, net of nonemployer contributions	(2,947)
Changes in current assets and liabilities:	
Increase in accounts receivable	(23,270)
Increase in accounts payable	119,803
Increase in accrued liabilities	7,598
Increase in customer deposits	<u>2,516</u>
Net cash provided by operating activities	<u>\$ 264,084</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:	
Cash and cash equivalents, beginning	
Cash - unrestricted	\$ 56,867
Cash - restricted	<u>77,944</u>
Total cash and cash equivalents, beginning	<u>134,811</u>
Cash and cash equivalents, ending	
Cash - unrestricted	103,507
Cash - restricted	<u>106,389</u>
Total cash and cash equivalents, ending	<u>209,896</u>
Net increase in cash and cash equivalents	<u>\$ 75,085</u>

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

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The Town of Baldwin (the Town) was incorporated in 1913, under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government.

The accounting and reporting policies of the Town relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513; and to the industry audit guide, *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

The Town's combined financial statements include the accounts of all the Town's operations. The criteria for including organizations as component units within the Town's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Town holds the corporate powers of the organization
- the Town appoints a voting majority of the organization's board
- the Town is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Town
- there is fiscal dependency by the organization on the Town

Based on the aforementioned criteria, the Town has no component units.

B. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the Town. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. 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.

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

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

Fund Financial Statements

The Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major governmental funds of the Town are described below:

General Fund—primary operating fund of the Town.

Special Revenue Funds

1% Sales Tax Collection Fund—to account for the collection and distribution of proceeds of the Town's 1% sales and use tax. These taxes are dedicated to the construction, acquisition, improvement, maintenance and repair of streets, capital improvements, public works and buildings, paying salaries of municipal employees, operation of recreation facilities, operating expenses of equipment and vehicles, and for any other public purpose authorized by the Constitution and statutes of the state of Louisiana.

¾% Sales Tax Collection Fund—accounts for the receipt and use of proceeds of the Town's ¾% sales and use tax. Proceeds are dedicated to the construction, acquisition, extension, improvement, operation and maintenance of solid waste collection and disposal facilities. They may also be used for police and fire protection.

½% Sales Tax Collection Fund—accounts for the receipt and use of proceeds of the Town's ½% sales and use tax. Proceeds may be used for any lawful law enforcement purpose.

Capital Projects Fund

LCDBG Flood Protection Levee Project—accounts for the receipt and use of LCDBG grant funds for the Bayou Choupique Flood Protection Levee System Project.

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

The Town has presented the following proprietary fund as a major fund:

Proprietary Fund

Utility Fund—accounts for the provision of gas, water, and sewerage services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Additionally, the Town reports the following fund types:

Governmental Funds

General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Debt Service Funds

Debt Service Funds account for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.

Proprietary Fund

Enterprise Fund

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town's enterprise fund is the Utility Fund.

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for the proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included in the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned including unbilled water, sewer and gas services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenues at that time. The Town considers property taxes available if they are collected within 60 days after year end. Expenditures are recorded when the related liability is incurred. However, debt service expenditures are recorded only when payment is due.

Other major revenues that are considered susceptible to accrual include earned grant revenues and other intergovernmental revenues, charges for services and interest on investments. Franchise fees, licenses, permits and fines are recognized when received because they are not objectively measurable.

D. Cash and Interest-Bearing Deposits

Cash and interest-bearing deposits include amounts in demand deposits, interest-bearing demand deposits, and time deposits. Deposits are stated at cost, which approximates market.

E. Statement of Cash Flows

For purposes of the statement of cash flows, the Enterprise Fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

F. 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.

G. Receivables

All receivables are shown net of an allowance account, as applicable.

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

H. Bad Debts

Uncollectible amounts due for ad valorem taxes are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. Although the specific charge-off method is not in conformity with accounting principles generally accepted in the United States of America (GAAP), use of this method does not result in a material difference from the required valuation method.

Uncollectible mosquito and garbage service receivables, reported in the governmental funds, and gas, water, and sewer service receivables, reported in the proprietary fund, are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable.

I. Prepaid Items

Insurance payments made to insurance agencies that will benefit periods beyond the balance sheet date are recorded as prepaid items.

J. Capital Assets

Capital assets, which include property, plant, equipment, and vehicles, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the fund financial statement for the proprietary fund. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized have an original cost of \$2,500 or more. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	20-30 years
Improvements other than buildings	10-40 years
Equipment	4-20 years
Autos and trucks	5-7 years

K. Vacation and Sick Leave

Vacation and sick leave are recorded as expenditures of the period in which paid. Sick leave does not accumulate and is not payable at termination of employment. Vacation must be taken in the year accrued and cannot be carried over. Any potential liability of the Town for vacation and sick leave is considered immaterial; therefore, no liability has been recorded in the accounts.

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

L. Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable, certificates of indebtedness, and utility meter deposits payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

M. Deferred Outflows of Resources and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense or expenditure) until then. The Town reports deferred outflows of resources related to its net pension liability on its government-wide statement of net position and on its proprietary funds statement of net position.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred inflows arising from unavailable revenues. Unavailable revenue arises only under a modified accrual basis of accounting, so it is reported only in the governmental funds balance sheet. The Town also reports deferred inflows related to its net pension liability on its government-wide statement of net position and on its proprietary funds statement of net position.

N. Equity Classifications

Government-wide financial statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted – All other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

Fund financial statements

Proprietary fund equity is classified the same as in the government-wide statements. Governmental fund equity is classified as fund balance. Fund balance for the Town's governmental funds is displayed depicting the relative strength of the spending constraints placed on the purposes for which resources can be used. In the governmental fund financial statements, fund balances are classified as follows:

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other government.
- c. Committed – amounts that can be used only for specific purposes determined by a formal action of the Board of Aldermen. The Board is the highest level of decision-making authority for the Town. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by Board members.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Town's adopted policy, only the Board of Aldermen may assign amounts for specific purposes.
- e. Unassigned – all other spendable amounts.

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

O. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified by function and character in governmental funds and as operating or nonoperating in proprietary funds.

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

P. 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. All other interfund transactions are reported as transfers.

Q. Capitalization of Interest Expense

It is the policy of the Town to capitalize material amounts of interest resulting from borrowings in the course of the construction of fixed assets. For the current period, no interest was capitalized.

R. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS), and additions to/deductions from the retirement system's net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

S. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures/expenses. Actual results may differ from those estimates.

(2) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At June 30, 2020, the Town has cash and interest-bearing deposits (book balances) totaling \$516,010 as follows:

Demand deposits	\$ 515,910
Petty cash	<u>100</u>
	<u>\$ 516,010</u>

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

The Town's deposits are 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 bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2020 are as follows:

Bank balances	<u>\$ 592,365</u>
Federal insurance	250,000
Collateralized by pledged securities	<u>342,365</u>
Total federal deposit insurance and pledged securities	<u>\$ 592,365</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town's deposits may not be recovered or the collateral securities that are in the possession of an outside party will not be recovered. The Town does not have a policy to monitor or attempt to reduce exposure to custodial credit risk. At June 30, 2020, deposits in the amount of \$342,365 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the Town's fiscal agent but not in the Town's name.

(3) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to taxpayers in November or December. Billed taxes become delinquent on January 1 of the following year. The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of St. Mary Parish. Town property tax revenues are budgeted in the year billed.

For the year ended June 30, 2020, taxes of 11.86 mills were levied on property with assessed valuations totaling \$9,443,782 and were dedicated for general corporate purposes.

Total taxes levied were \$112,002.

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

(4) Receivables

Receivables at June 30, 2020 of \$304,644 consist of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts	\$ 31,556	\$ 121,542	\$ 153,098
Taxes—			
Ad valorem	43,755	-	43,755
Sales	131,309	-	131,309
Other—			
Franchise fees	22,058	-	22,058
	<u>228,678</u>	<u>121,542</u>	<u>350,220</u>
Less: allowance for uncollectible	(43,577)	(1,999)	(45,576)
Net receivables	<u>\$ 185,101</u>	<u>\$ 119,543</u>	<u>\$ 304,644</u>

(5) Interfund Receivables/Payables

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major governmental:		
General Fund	\$ -	\$ 139,150
Special Revenue Funds:		
3/4% Sales Tax Fund	100,000	1,628
1/2% Sales Tax Fund	19,796	-
Utility Fund	39,150	19,796
Nonmajor governmental	24,734	23,106
Total interfund receivables/payables	<u>\$ 183,680</u>	<u>\$ 183,680</u>

These receivables and payables reverse in the normal course of operations. All remaining balances resulted from time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payment between the funds are made.

(6) Due from Other Governmental Units

Amounts due from other governmental units at June 30, 2020, consisted of the following:

Governmental activities:

FEMA reimbursements due from the State of LA -- Department of Homeland Security	\$ 1,272
Beer taxes due from the State of Louisiana	836
	<u>\$ 2,108</u>

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

(7) Restricted Assets – Proprietary Fund Type

Restricted assets were applicable to the following at June 30, 2020:

Revenue bond reserve fund	\$ 47,880
Revenue bond sinking fund	28,486
Capital additions and contingencies fund	<u>30,023</u>
	<u>\$ 106,389</u>

(8) Capital Assets

Capital asset activity for the year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 400,563	\$ 934,553	\$ -	\$ 1,335,116
Construction in progress	<u>511,548</u>	<u>-</u>	<u>(511,548)</u>	<u>-</u>
	<u>912,111</u>	<u>934,553</u>	<u>(511,548)</u>	<u>1,335,116</u>
Capital assets being depreciated:				
Buildings	3,525,942	-	-	3,525,942
Improvements other than buildings	2,683,699	-	-	2,683,699
Equipment	265,949	-	-	265,949
Autos and trucks	<u>1,372,398</u>	<u>11,990</u>	<u>(81,113)</u>	<u>1,303,275</u>
	<u>7,847,988</u>	<u>11,990</u>	<u>(81,113)</u>	<u>7,778,865</u>
Less accumulated depreciation for:				
Buildings	(1,066,442)	(103,913)	-	(1,170,355)
Improvements other than buildings	(1,333,172)	(107,341)	-	(1,440,513)
Equipment	(221,461)	(8,366)	-	(229,827)
Autos and trucks	<u>(1,249,382)</u>	<u>(1,632)</u>	<u>73,002</u>	<u>(1,178,012)</u>
	<u>(3,870,457)</u>	<u>(221,252)</u>	<u>73,002</u>	<u>(4,018,707)</u>
Total capital assets being depreciated, net	<u>3,977,531</u>	<u>(209,262)</u>	<u>8,111</u>	<u>3,760,158</u>
Governmental activities capital assets, net	<u>\$ 4,889,642</u>	<u>\$ 725,291</u>	<u>\$ (503,437)</u>	<u>\$ 5,095,274</u>

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 116,110	\$ -	\$ -	\$ 116,110
Capital assets being depreciated:				
Gas utility system	534,562	-	(24,587)	509,975
Water utility system	2,905,002	234,868	-	3,139,870
Sewerage utility system	3,745,917	-	(22,977)	3,722,940
	<u>7,185,481</u>	<u>234,868</u>	<u>(47,564)</u>	<u>7,372,785</u>
Less accumulated depreciated for:				
Gas utility system	(453,799)	(5,133)	24,587	(434,345)
Water utility system	(2,256,385)	(74,899)	-	(2,331,284)
Sewerage utility system	(2,502,173)	(75,640)	22,977	(2,554,836)
	<u>(5,212,357)</u>	<u>(155,672)</u>	<u>47,564</u>	<u>(5,320,465)</u>
Total capital assets being depreciated, net	<u>1,973,124</u>	<u>79,196</u>	<u>-</u>	<u>2,052,320</u>
Business-type activities capital assets, net	<u>\$ 2,089,234</u>	<u>\$ 79,196</u>	<u>\$ -</u>	<u>\$ 2,168,430</u>

Depreciation expense was charged as direct expense to programs of the Town as follows:

Governmental Activities:	
General government	\$ 1,996
Culture and recreation	88,670
Public safety	42,926
Public works	<u>87,660</u>
Total depreciation expense - governmental activities	<u>\$ 221,252</u>
Business-Type Activities:	
Gas, water, and sewerage	<u>\$ 155,672</u>

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

(9) Long-Term Debt

Bonds and certificates outstanding at June 30, 2020 are as follows:

Governmental Activities:

\$500,000 Certificate of Indebtedness, Series 2008,
interest payable semi-annually on May 1
and November 1, bearing interest at 4.17% per
annum, with varying annual principal maturities
from November 2009 to 2023. \$ 165,000

\$250,000 Limited Tax Revenue Bonds, Series 2010,
interest payable semi-annually on June 1 and
December 1, bearing interest at 3.25% per annum,
with varying annual principal maturities from
June 1, 2011 to 2023. 69,000

Total \$ 234,000

Bonds and certificates outstanding for governmental activity purposes are liquidated by debt service funds.

Business-Type Activities:

\$1,250,000 Utilities Revenue Bonds, Series 2001,
interest payable semi-annually on May 1, and
November 1, bearing interest at 3.45% per
annum, plus a .5% per annum administrative fee,
with varying annual principal maturities from
May 2003 to 2021. \$ 91,000

Long term liabilities for business-type activities are satisfied by the Town's Proprietary Funds.

Transactions for the year ended June 30, 2020 are summarized as follows:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due within one year
Governmental Activities:					
Certificates of Indebtedness	\$ 200,000	\$ -	\$ 35,000	\$ 165,000	\$ 40,000
Limited Tax Revenue Bonds	<u>137,000</u>	-	<u>68,000</u>	<u>69,000</u>	<u>22,000</u>
Total Governmental Activities	337,000	-	103,000	234,000	62,000
Business-type Activities:					
Revenue Bonds	<u>179,000</u>	-	<u>88,000</u>	<u>91,000</u>	<u>91,000</u>
Total	<u>\$ 516,000</u>	<u>\$ -</u>	<u>\$ 191,000</u>	<u>\$ 325,000</u>	<u>\$ 153,000</u>

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

The annual requirements to service all formal debt issues outstanding as of June 30, 2020 are as follows:

June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	62,000	9,150	91,000	3,594
2022	63,000	6,492	-	-
2023	64,000	3,790	-	-
2024	45,000	938	-	-
Total	<u>234,000</u>	<u>20,370</u>	<u>91,000</u>	<u>3,594</u>

During the fiscal year ended June 30, 2020, the Town was not in compliance with certain covenants set forth in the ordinance authorizing the issuance of Utilities Revenue Bonds, Series 2001.

Utilities Revenue Bonds, Series 2001 requires a transfer into the Sinking Fund monthly, in advance, on or before the twentieth (20th) day of each month of each year an amount equal to the principal, interest, and an administrative fee, together with such additional proportionate sum as may be required to pay principal, interest, and the administrative fee as the same respectively become due. The Town was in compliance with this covenant.

The Town has not properly maintained a Utilities Revenue Bond Reserve Fund. Utilities Revenue Bonds, Series 2001 requires a transfer from the Revenue Fund into the Reserve Fund monthly in advance on or before the twentieth (20th) day of each month of each year a sum equal to 25% of the amount required to be paid into the Sinking Fund. The Town was not in compliance with this covenant.

Utilities Revenue Bonds, Series 2001 requires the establishment and maintenance of a Utilities System Capital Additions and Contingencies Fund (the "Depreciation and Contingencies Fund"), by transferring from the Revenue Fund to the Depreciation and Contingencies Fund monthly on or before the 20th day of each month of each year a sum of \$2,000, until such time as there has been accumulated in said Fund the sum of \$30,000. These funds may be used for the making of extensions, additions, improvements, renewals and replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operation expense. However, a balance of \$5,000 must be maintained for the making of emergency repairs or replacements. The Town was in compliance with this covenant.

The Town did not adjust utility rates to maintain required revenues. Utilities Revenue Bonds, Series 2001 requires utility rates to be established and maintained to provide revenues in each year at least sufficient to pay (i) the necessary expenses of administering, operating and maintaining the System in such year, (ii) the principal and interest maturing on the Bonds payable in each year, (iii) all reserve or sinking funds or other payments required for such year by the Bond Ordinance, and (iv) all other obligations and indebtedness payable out of the income and revenues of the System during such year, and which will provide revenues in each year, after paying all reasonable and necessary expenses of administering, operating and maintaining the System in such year, at least equal to 130% of the largest amount of principal and interest maturing on the Bonds. The Town was not in compliance with this covenant.

(10) Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

	General	1% Sales Tax	3/4% Sales Tax	1/2% Sales Tax	Flood Protection Levee System Project	Other Governmental Funds	Total Governmental Funds
Fund balances:							
Nonspendable -							
Prepaid items	\$ 8,219	\$ -	\$ 9,425	\$ 8,430	\$ -	\$ -	\$ 26,074
Restricted for -							
Debt service							
Sales and use tax restrictions	-	106,577	210,444	61,940	-	77,155	456,116
Special programs	-	-	-	-	-	2,958	2,958
Total fund balances - restricted	-	106,577	210,444	61,940	-	80,113	459,074
Unassigned (deficit)	(81,196)	-	-	7,164	36	(21,306)	(95,302)
Total fund balances (deficit)	\$ (72,977)	\$ 106,577	\$ 219,869	\$ 77,534	\$ 36	\$ 58,807	\$ 389,846

The General Fund and the Bond Sinking Fund, which is a nonmajor fund, have unassigned fund balance deficits of \$81,196 and \$21,306, respectively. These deficits are expected to be eliminated in future years by identifying and assessing additional revenue sources, expenditure reduction through employee attrition, and transfers from other funds.

(11) Interfund Transfers

Operating transfers for the year ended June 30, 2020 were as follows:

	Transfers in						
	General	1% Sales Tax	3/4% Sales Tax	1/2% Sales Tax	Nonmajor	Utility	Total
Transfers out:							
General	\$ -	\$ -	\$ 22,178	\$ 169,407	\$ 100,768	\$ 130,137	\$ 422,490
1% Sales Tax	283,789	-	-	-	-	15,000	298,789
3/4% Sales Tax	205,145	-	-	-	-	23,860	229,005
1/2% Sales Tax	21,031	-	-	-	-	-	21,031
Nonmajor	90,436	-	-	-	-	-	90,436
Utility	27,733	-	-	-	16,498	-	44,231
Total	\$ 628,134	\$ -	\$ 22,178	\$ 169,407	\$ 117,266	\$ 168,997	\$ 1,105,982

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

(12) Flow of Funds; Restrictions on Use – Utilities Revenues

Under the terms of the bond indentures on outstanding Utilities System revenue bonds, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the Utilities System are pledged and dedicated to the retirement of said bonds and are to be set aside into the following special funds:

Each month, there will be set aside into a fund called the “Revenue Bond Sinking Fund” an amount constituting 1/12 of the next maturing principal payment and 1/6 of the next maturing installment of interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments.

There shall also be set aside into a “Revenue Bond Reserve Fund” an amount equal to the highest combined principal and interest requirements on the bonds for any succeeding fiscal year. Such amount may be used only for the payment of maturing bonds and interest for which sufficient funds are not on deposit in the Revenue Bond Sinking Fund and as to which there would otherwise be default.

Funds totaling \$30,000 will also be set aside into a “Contingencies Fund.” These funds may be used for the making of extensions, additions, improvements, renewals and replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operation expense. However, a balance of \$5,000 must be maintained for the making of emergency repairs or replacements.

All revenue received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

(13) Dedication of Proceeds and Flow of Funds – Sales and Use Taxes

The Town collects sales taxes under four sales tax levies as follows:

Proceeds of a 1% parish wide sales and use tax levied in 1966 (2020 collections \$315,046). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is remitted to each participating municipality on a monthly basis. Proceeds of this tax shall be used for the following purposes: construction, acquisition, improvement, maintenance and repairs of streets, capital improvements, public works and buildings (including the acquisition of sites and necessary fixtures, equipment, furnishings and appurtenances, and the payment of obligations and refunding obligations which have been or may be issued for the purpose of acquiring and improving public works and buildings); for payment or supplementing salaries of all municipal employees; for the operation of recreational facilities; for the acquisition, maintenance, repairs and payment of operating expenses of equipment, vehicles, and other machinery owned by the municipality, and for any other public purpose authorized by state law.

Proceeds of a 3/10 of 1% sales and use tax levied in 1982 (2020 collections \$96,783). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is allocated and distributed monthly to each participating municipality. Proceeds are dedicated to the following purposes; constructing, acquiring, extending, improving and maintaining any public works or capital improvements, including but not limited to sewerage, drainage, sub-surface drainage, water and flood control extensions and improvements, streets, roads, sidewalks, and bridges.

Proceeds of a 3/4 of 1% sales and use tax levied in 1974 and 1987 (2020 collections \$305,301). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is allocated and distributed monthly

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

to each participating municipality. Proceeds are to be used for the construction, acquisition, extension, improvement, operation and maintenance of solid waste collection and disposal facilities, sewers and sewerage disposal works and other facilities for pollution control and abatement; fire and police protection, and to pay debt service requirements on bonds issued for any of the above-mentioned purposes. This tax is to be collected until all bonds payable shall have been paid in full in principal and interest.

Proceeds of a ½% parish wide sales and use tax levied in 1998 (2020 collections \$101,740). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is remitted to the St. Mary Parish Sheriff, the Parish of St. Mary and each participating municipality on a monthly basis. Proceeds of this tax may be used by the municipalities for any lawful law enforcement purpose.

(14) Pension Plans

Eligible employees of the Town participate in a cost-sharing multiple-employer public employee retirement system, the Municipal Employees' Retirement System (MERS), which is controlled and administered by a board of trustees. The retirement system provides retirement, disability and death benefits to plan members and their beneficiaries. Pertinent information relative to the plan follows:

Plan Description: MERS was established by Act 356 of the 1954 regular session of the Louisiana Legislature. MERS 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 participates in Plan B of MERS.

Eligibility Requirements: Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in MERS with exceptions as outlined in the statutes.

Any person eligible for membership whose first employment making him eligible for membership in MERS occurred on or after January 1, 2013 shall become a member of the MERS Plan A Tier 2 or MERS Plan B Tier 2 of the system as a condition of employment.

Retirement Benefits: Benefit provisions are authorized within Act 356 of the 1954 regular session and amended by LRS 11:1756-11:1785. The following brief description of the plan and its benefits is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Retirement Benefits: Any member of Plan B who commenced participation in the System prior to January 1, 2013 can retire providing the members meets one of the following criteria:

1. Any age with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) or more years of creditable service.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's monthly average final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

Any member of Plan B Tier 2 shall be eligible for retirement if he meets one of the following requirements:

1. Age 67 with seven (7) years of creditable service.
2. Age 62 with ten (10) years of creditable service.
3. Age 55 with thirty (30) years of creditable service.
4. Any age with twenty-five (25) years of creditable service, exclusive of military service and unused annual sick leave, with an actuarially reduced early benefit.

The monthly amount of the retirement allowance for any member of Plan B Tier 2 shall consist of an amount equal to two percent of the member's final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits: Upon death of any member of Plan B with five (5) or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes.

Any member of Plan B who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

Any member of Plan B who had not withdrawn their accumulated contributions and had at least twenty years of service credit at time of death, surviving spouse shall receive benefits for as long as he/she lives as outlined in the statutes.

Deferred Retirement Option Plan (DROP) Benefits: In lieu of terminating employment and accepting a service retirement allowance, any member of Plan B who is eligible may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable, but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. If a participant dies during participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

Disability Benefits: For Plan B, a member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser (1) an amount equal to two percent of

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

his final compensation multiplied by his years of creditable service, but not less than thirty percent of his final compensation, or (2) an amount equal to what the member's normal retirement benefit would be based on the member's current final compensation, but assuming the member remained in continuous service until his earliest normal retirement age and using those retirement benefit computation factors which would be applicable to the member's normal retirement.

Cost of Living Increases: MERS 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.

Deferred Benefits: Plan B provides for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at the time of withdrawal.

Employer Contributions: Contributions for all members are established by statute. Member contributions are at 5% of earnable compensation for Plan B. The contributions are deducted from the member's salary and remitted by the participating municipality.

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended June 30, 2019, the actual employer contribution rate for Plan B was 14.00%.

Non-Employer Contributions: According to state statute, the System also receives one-fourth (1/4) of 1% of ad valorem taxes within the respective parish. MERS also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and considered support from non-employer contributing entities.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: At June 30, 2020, The Town reported liabilities in its government-wide financial statements of \$194,690 and \$64,897 in its governmental activities and its business-type activities, respectively, for its proportionate share of the net pension liabilities of MERS. The net pension liabilities were measured as of June 30, 2019 and the total pension liability used to calculate the net pension obligation was determined by separate actuarial valuations performed on each of the retirement systems as of that date. Under each retirement system, the Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the Town's proportional share of MERS was 0.296734%, which was an increase of 0.027946% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the Town recognized pension expense of \$23,762 in its governmental activities and pension expense of \$7,920 in its business-type activities related to its participation in MERS.

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities		Business-type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 8,635	\$ -	\$ 2,878
Changes of assumptions	11,868	-	3,956	-
Net difference between projected and actual earnings on pension plan investments	20,506	-	6,835	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,956	11,078	3,319	3,695
Employer contributions subsequent to the measurement date	26,746	-	8,915	-
	<u>\$ 69,076</u>	<u>\$ 19,713</u>	<u>\$ 23,025</u>	<u>\$ 6,573</u>

The \$35,661 reported as deferred outflows of resources related to pensions resulting from Town contributions to MERS subsequent to the measurement date will be recognized as a reduction of the net pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	Governmental Activities	Business-type Activities	Total
2021	\$ 6,593	\$ 2,198	\$ 8,791
2022	11,511	3,837	15,348
2023	2,731	910	3,641
2024	1,782	592	2,374
	<u>\$ 22,617</u>	<u>\$ 7,537</u>	<u>\$ 30,154</u>

Actuarial Assumptions: Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations, and new estimates are made about the future.

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

The actuarial assumptions used in the June 30, 2020 valuation was based on the results of an experience study, for the period July 1, 2013 through June 30, 2018.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 are as follows:

	Municipal Employees' Retirement System (MERS) Plan B
Valuation Date	June 30, 2019
Actuarial cost method	Entry Age Normal
Expected remaining service lives	3 years
Investment rate of return	7.0%, net of pension plan investment expense, including inflation
Inflation rate	2.5%
Projected salary increases, including inflation and merit increases:	
-1 to 4 years of service	7.4%
-More than 4 years of service	4.9%
Annuity and beneficiary mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(B) Employee Table set equal to 120% for males and females each adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

The investment rate of return was 7.0%, which was a .275 decrease from the rate used as of June 30, 2018. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public Equity	50%	2.15%
Public fixed income Alternatives	35%	1.51%
	15%	0.64%
Totals	<u>100%</u>	<u>4.30%</u>
Inflation		<u>2.70%</u>
Expected Arithmetic Nominal Return		<u>7.0%</u>

Discount Rate: The discount rate used to measure the total pension liability was 7.00%, which was a .275% decrease from the rate used as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System'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.

Sensitivity to Changes in Discount Rate: The following presents the employers' proportionate share of the net pension liability using the applicable discount rate as well as what the employer's proportionate share of the net pension liability 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:

	Changes in Discount Rate:		
	MERS - Plan B		
	1% Decrease 7.00%	Current Discount Rate 7.00%	1% Increase 7.00%
Net Pension Liability	<u>\$ 345,962</u>	<u>\$ 259,587</u>	<u>\$ 186,536</u>

Support of Non-Employer Contributing Entities: Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The Town recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended June 30, 2020, the Town recognized revenue as a result of support received from non-employer contributing entities of \$7,824 for its participation in MERS.

Payables to the Pension Plan: The Town recorded no accrued liabilities related to MERS for the year ended June 30, 2020.

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

Pension Plan Fiduciary Net Positions: Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for MERS available at www.mersla.com.

(15) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended June 30, 2020, follows:

Mayor:		
Abel Prejean		\$ 36,336
Aldermen:		
Herbert Bell, Sr.		3,600
Magaret Coleman		3,600
Donald Grimm		3,600
Marion Newton		3,600
Clarence Vappie		3,600
		<u>\$ 54,336</u>

Act 706 of the 2014 Legislative Session amended RS 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to a political subdivision head. For the year ended June 30, 2020, payments made to Mayor Abel Prejean requiring disclosure are as follows:

Salary	\$ 36,336
Benefits-retirement	5,087
Car allowance	4,800
Reimbursements	535
	<u>\$ 46,758</u>

(16) Summary of Federal Grant Funding

The Town received the following federal grant during the year ended June 30, 2020:

<u>Funding Source</u>	<u>CFDA Number</u>	<u>Award Number</u>	<u>Recognized Revenues</u>
U.S. Department of Housing and Urban Devopment: Passed through Louisiana Division of Administration: Flood Protection Levee System	14.228	B-08-DI-22-0001	<u>\$ 423,005</u>

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

(17) Litigation and Claims

At June 30, 2020, the Town is involved in several lawsuits claiming damages. In the opinion of the Town's legal representatives, resolution of these lawsuits would not create a liability to the Town in excess of insurance coverage.

(18) Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. The Town is insured up to policy limits for each of the above risks with the exception of those risks subject to general liability coverage and workers' compensation coverage. There were no significant changes in coverages, retentions, or limits during the year ended June 30, 2020. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

(19) New Accounting Pronouncements to be Implemented

The following is a summary of accounting standards adopted by the Governmental Accounting Standards Board (GASB) that are scheduled to be implemented in the future that may affect the Town's financial report:

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The Statement postpones effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

GASB Statement No. 83, *Certain Asset Retirement Obligations (ARO)*. This standard establishes criteria for determining the timing and pattern of recognition of an ARO liability and a corresponding deferred outflow of resources. An ARO is a legally enforceable liability associated with the sale, recycling, retirement, abandonment or disposal in some other manner of a tangible capital asset permanently removed from service. The standard is effective for annual reporting periods beginning after June 15, 2018. GASBS No. 95 postponed this statement by one year. The Town will include the requirements of this standard, as applicable, in its June 30, 2021 financial statements. The effect of this standard or its applicability to the Town are unknown at this time.

GASB Statement No. 84, *Fiduciary Activities*. This standard defines and establishes criteria for identifying and reporting fiduciary activities. The focus of the criteria is on (1) whether the Town controls the assets in a fiduciary activity and (2) there are separate identifiable beneficiaries with whom a fiduciary relationship exists. The standard is effective for annual reporting periods beginning after December 15, 2018. GASBS No. 95 postponed this statement by one year. The Town will include the requirements of this standard, as applicable, in its June 30, 2021 financial statements. The effect of this standard or its applicability to the Town are unknown at this time.

GASB Statement No. 87, *Leases*. This standard will require all leases to be reported on the statement of net position under a single accounting model for both lessors and lessees. The statements will require the recognition of lease assets or liabilities for leases previously reported as operating leases. Both operating and capital leases will be reported under this single accounting method and

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

reported by lessees as an intangible right to use an asset and by lessors as a receivable with both reporting a deferred inflow of resources. The standard is effective for annual reporting periods beginning after December 15, 2019. GASBS No. 95 postponed this statement by 18 months. The town will include the requirements of this standard, as applicable, in its June 30, 2022 financial statements. All of the Town's lease agreements will need to be evaluated to determine the impact of implementing this standard; however, the effect of this standard or its applicability to the Town are unknown at this time.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BALDWIN, LOUISIANA
General Fund

Budgetary Comparison Schedule
Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 217,000	\$ 238,242	\$ 200,424	\$ (37,818)
Licenses and permits	43,000	36,760	79,455	42,695
Intergovernmental	55,100	36,152	53,142	16,990
Charges for services	40,500	38,331	39,552	1,221
Fines and forfeits	40,350	50,248	54,708	4,460
Interest	60	612	537	(75)
Miscellaneous	43,330	39,204	37,530	(1,674)
Total revenues	<u>439,340</u>	<u>439,549</u>	<u>465,348</u>	<u>25,799</u>
Expenditures:				
General government—				
Administrative	465,600	460,200	448,920	11,280
Public safety—				
Police	21,000	8,380	11,934	(3,554)
Public works—				
Streets and drainage	86,625	95,773	98,726	(2,953)
Culture and recreation	18,175	24,495	44,675	(20,180)
Supporting services	45,300	29,737	32,655	(2,918)
Total expenditures	<u>636,700</u>	<u>618,585</u>	<u>636,910</u>	<u>(18,325)</u>
Deficiency of revenues over expenditures	<u>(197,360)</u>	<u>(179,036)</u>	<u>(171,562)</u>	<u>7,474</u>
Other financing sources (uses):				
Insurance proceeds	-	14,203	14,202	(1)
Transfers in	559,500	607,807	628,134	20,327
Transfers out	(350,818)	(415,453)	(422,490)	(7,037)
Total other financing sources (uses)	<u>208,682</u>	<u>206,557</u>	<u>219,846</u>	<u>13,289</u>
Net change in fund balance	11,322	27,521	48,284	20,763
Fund balance (deficit), beginning	<u>(121,260)</u>	<u>(121,260)</u>	<u>(121,261)</u>	<u>(1)</u>
Fund balance (deficit), ending	<u>\$ (109,938)</u>	<u>\$ (93,739)</u>	<u>\$ (72,977)</u>	<u>\$ 20,762</u>

See accompanying notes to required supplementary information.

TOWN OF BALDWIN, LOUISIANA
1% Sales Tax Collection Fund

Budgetary Comparison Schedule
Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes - sales tax	\$ 285,000	\$ 300,894	\$ 315,046	\$ 14,152
Interest	<u>100</u>	<u>113</u>	<u>93</u>	<u>(20)</u>
Total revenues	285,100	301,007	315,139	14,132
Other financing sources (uses):				
Transfers out	<u>(285,000)</u>	<u>(279,561)</u>	<u>(298,789)</u>	<u>(19,228)</u>
Net change in fund balance	100	21,446	16,350	(5,096)
Fund balance, beginning	<u>90,227</u>	<u>90,227</u>	<u>90,227</u>	<u>-</u>
Fund balance, ending	<u>\$ 90,327</u>	<u>\$ 111,673</u>	<u>\$ 106,577</u>	<u>\$ (5,096)</u>

See accompanying notes to required supplementary information.

TOWN OF BALDWIN, LOUISIANA
3/4% Sales Tax Collection Fund

Budgetary Comparison Schedule
Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes - sales tax	\$ 284,000	\$ 297,485	\$ 305,301	\$ 7,816
Charges for services	195,700	185,706	188,490	2,784
Interest	140	169	152	(17)
Other	1,500	-	47	47
Total revenues	<u>481,340</u>	<u>483,360</u>	<u>493,990</u>	<u>10,630</u>
Expenditures:				
Public Safety -				
Fire	96,705	88,606	85,742	2,864
Sanitation	188,000	173,268	173,946	(678)
Total expenditures	<u>284,705</u>	<u>261,874</u>	<u>259,688</u>	<u>2,186</u>
Excess of revenues over expenditures	<u>196,635</u>	<u>221,486</u>	<u>234,302</u>	<u>12,816</u>
Other financing sources (uses):				
Transfers in	-	21,382	22,178	796
Transfers out	(180,000)	(205,000)	(229,005)	(24,005)
Total other financing sources (uses)	<u>(180,000)</u>	<u>(183,618)</u>	<u>(206,827)</u>	<u>(23,209)</u>
Net change in fund balance	16,635	37,868	27,475	(10,393)
Fund balance, beginning	<u>192,394</u>	<u>192,394</u>	<u>192,394</u>	<u>-</u>
Fund balance, ending	<u>\$ 209,029</u>	<u>\$ 230,262</u>	<u>\$ 219,869</u>	<u>\$ (10,393)</u>

See accompanying notes to required supplementary information.

TOWN OF BALDWIN, LOUISIANA
1/2% Sales Tax Collection Fund

Budgetary Comparison Schedule
Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes - sales tax	\$ 95,000	\$ 114,141	\$ 101,740	\$ (12,401)
Interest	125	143	124	(19)
Miscellaneous	4,000	139	2,139	2,000
Total revenues	<u>99,125</u>	<u>114,423</u>	<u>104,003</u>	<u>(10,420)</u>
Expenditures:				
Public Safety -				
Police	247,800	245,139	252,223	(7,084)
Capital outlay	-	9,990	11,990	(2,000)
Total expenditures	<u>247,800</u>	<u>255,129</u>	<u>264,213</u>	<u>(9,084)</u>
Deficiency of revenues over expenditures	<u>(148,675)</u>	<u>(140,706)</u>	<u>(160,210)</u>	<u>(19,504)</u>
Other financing sources (uses):				
Transfers in	(138,000)	164,531	169,407	4,876
Transfers out	-	(20,000)	(21,031)	(1,031)
Total other financing sources (uses)	<u>(138,000)</u>	<u>144,531</u>	<u>148,376</u>	<u>3,845</u>
Net change in fund balance	(286,675)	3,825	(11,834)	(15,659)
Fund balance, beginning	<u>89,368</u>	<u>89,368</u>	<u>89,368</u>	<u>-</u>
Fund balance, ending	<u><u>\$(197,307)</u></u>	<u><u>\$ 93,193</u></u>	<u><u>\$ 77,534</u></u>	<u><u>\$(15,659)</u></u>

See accompanying notes to required supplementary information.

TOWN OF BALDWIN, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
Year Ended June 30, 2020

<u>Year ended June 30,</u>	<u>Employer Proportion of the Net Pension Liability (Asset)</u>	<u>Employer Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2014	0.043217%	202,900	338,783	59.9%	76.94%
2015	0.463961%	315,330	299,768	105.2%	68.71%
2016	0.342063%	283,539	253,129	112.0%	62.11%
2017	0.322849%	279,341	236,639	118.0%	63.49%
2018	0.268788%	227,349	199,195	114.1%	65.60%
2019	0.296734%	259,587	226,845	114.4%	66.14%

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

TOWN OF BALDWIN, LOUISIANA

Schedule of Employer Contributions
Year Ended June 30, 2020

Year ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Employee Payroll
2015	28,478	28,478	-	299,768	9.50%
2016	24,047	24,047	-	253,129	9.50%
2017	26,360	26,360	-	239,639	11.00%
2018	26,393	26,393	-	199,195	13.25%
2019	31,758	31,758	-	226,845	14.00%
2020	35,661	35,661	-	254,721	14.00%

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

TOWN OF BALDWIN, LOUISIANA

Notes to Required Supplementary Information

(1) Budgetary Basis of Accounting

The budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the Mayor and board of Aldermen.

(2) Budget Adoption

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Mayor prepares a proposed budget and submits it to the Board of Aldermen for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published, and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfers of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.

(3) Excess of Expenditures Over Appropriations

For the year ended June 30, 2020, expenditures exceeded appropriations in the General Fund and the 1/2% Sales Tax Collection Fund by \$18,325 and \$9,084, respectively. These excess expenditures were covered by transfers from other funds.

TOWN OF BALDWIN, LOUISIANA

Notes to Required Supplementary Information (continued)

(4) Municipal Employees' Retirement System

1. Changes of benefit terms – There were no changes of benefit terms.
2. Changes of assumptions –

* Year ended June 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2015	7.750%	7.750%	3.000%	4	5.750%
2016	7.500%	7.500%	2.875%	4	5.000%
2017	7.500%	7.500%	2.875%	4	5.000%
2018	7.400%	7.400%	2.775%	4	5.000%
2019	7.275%	7.275%	2.600%	3	5.000%
2020	7.000%	7.000%	2.500%	3	4.9% - 7.4%

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

OTHER SUPPLEMENTARY INFORMATION

TOWN OF BALDWIN, LOUISIANA
Nonmajor Governmental Funds

Combining Balance Sheet
June 30, 2020

	Special Revenue		Debt Service	Total Nonmajor Governmental Funds
	3/10% Sales Tax	LCDBG Housing	Bond Sinking	
ASSETS				
Cash and interest bearing deposits	\$ 36,651	\$ 4,758	\$ -	\$ 41,409
Receivables:				
Accounts receivable	15,770	-	-	15,770
Due from other funds	<u>24,734</u>	<u>-</u>	<u>-</u>	<u>24,734</u>
Total assets	<u>\$ 77,155</u>	<u>\$ 4,758</u>	<u>\$ -</u>	<u>\$ 81,913</u>
LIABILITIES				
Liabilities-				
Due to other funds	\$ -	\$ 1,800	\$ 21,306	\$ 23,106
Total liabilities	<u>-</u>	<u>1,800</u>	<u>21,306</u>	<u>23,106</u>
FUND BALANCES				
Fund balances -				
Restricted	77,155	2,958	-	80,113
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>(21,306)</u>	<u>(21,306)</u>
Total fund balances (deficit)	<u>77,155</u>	<u>2,958</u>	<u>(21,306)</u>	<u>58,807</u>
Total liabilities and fund balances	<u>\$ 77,155</u>	<u>\$ 4,758</u>	<u>\$ -</u>	<u>\$ 81,913</u>

TOWN OF BALDWIN, LOUISIANA
Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2020

	Special Revenue			Debt Service	Total Nonmajor Governmental Funds
	3/10% Sales Tax	Special Fire Equipment	LCDBG Housing	Bond Sinking	
Revenues:					
Taxes	\$ 96,781	\$ -	\$ -	\$ -	\$ 96,781
Interest	76	-	-	4	80
Total revenues	<u>96,857</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>96,861</u>
Expenditures:					
Debt service -					
Principle retirement	-	-	-	103,000	103,000
Interest and fiscal charges	-	-	-	14,266	14,266
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,266</u>	<u>117,266</u>
Excess (deficiency) of revenues over expenditures	<u>96,857</u>	<u>-</u>	<u>-</u>	<u>(117,262)</u>	<u>(20,405)</u>
Other financing sources (uses):					
Transfers in	-	-	-	117,266	117,266
Transfers out	(84,220)	(1,280)	-	(4,936)	(90,436)
Total other financing sources (uses)	<u>(84,220)</u>	<u>(1,280)</u>	<u>-</u>	<u>112,330</u>	<u>26,830</u>
Net changes in fund balances	12,637	(1,280)	-	(4,932)	6,425
Fund balances (deficit), beginning	<u>64,518</u>	<u>1,280</u>	<u>2,958</u>	<u>(16,374)</u>	<u>52,382</u>
Fund balances (deficit), ending	<u>\$ 77,155</u>	<u>\$ -</u>	<u>\$ 2,958</u>	<u>\$ (21,306)</u>	<u>\$ 58,807</u>

TOWN OF BALDWIN, LOUISIANA

Schedule of Number of Utility Customers
June 30, 2020

Records maintained by the Town indicated the following number of customers were being serviced during the months of June 2020 and 2019:

<u>Department</u>	<u>2020</u>	<u>2019</u>
Gas	485	499
Water	680	677
Sewerage	742	739

TOWN OF BALDWIN, LOUISIANA

Schedule of Utility Rates
Year Ended June 30, 2020

Monthly Water Rates:

\$24.00 for the first 2000 gallons used or consumed plus:
\$9.00 per thousand gallons after, 2,001 gallons used or consumed thereafter

Monthly Natural Gas Rates:

\$9.75 for the first 100 cf used or consumed and the actual cost, plus \$7.75 for each 1,000 cubic feet used or consumed thereafter.

Monthly Sewer Rates:

\$11.25 for the first 4,000 gallons of water used or consumed and \$2.00 per thousand gallons thereafter.

Mosquito Rate:

\$4.00 per month

TOWN OF BALDWIN, LOUISIANA

Schedule of Amounts Billed for Services
Year Ended June 30, 2020

Records maintained by the Town indicated the following amounts billed for services during the year ended June 30, 2020:

<u>Department</u>		
Gas	\$	165,619
Water		399,044
Sewerage		132,514

TOWN OF BALDWIN, LOUISIANA

Schedule of Average Monthly Billing Per User
Year Ended June 30, 2020

Records maintained by the Town indicated the following average monthly billing per user for services:

<u>Department</u>	
Gas	\$ 28
Water	49
Sewerage	15

TOWN OF BALDWIN, LOUISIANA

Analysis of Additions, Replacements, and Improvements to Utility System
Year Ended June 30, 2020

The following addition was added to the utility system:

Water distribution system improvements

\$ 234,868

INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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Brad E. Kolder, CPA, JD*
Gerald A. Thibodeaux, Jr., CPA*
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Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Abel Prejean, Mayor
and Members of the Board of Aldermen
Town of Baldwin, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Baldwin (the Town) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 30, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, we identified certain deficiencies in internal control that we consider to be material weaknesses, and which are described in the accompanying schedule of audit results and findings as items 2020-001, 2020-002, 2020-003, 2020-004, and 2020-005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of audit results and findings as items 2020-006, 2020-007, 2020-008, and 2020-009.

Town's Response to Findings

The Town's responses to the findings identified in our audit are included in the accompanying corrective action plan for current year findings. The Town's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on the responses.

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 Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
December 30, 2020

TOWN OF BALDWIN, LOUISIANA

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

Part I. Finding reported in accordance with *Government Auditing Standards*:

A. Internal Control-

2019-001 Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

STATUS: This finding is unresolved. See current year finding 2020-001.

2019-002—Material Financial Statement Adjustments

CONDITION: Misstatements in the financial statements were not prevented, nor detected and corrected by the Town's internal control resulting in proposed audit adjustments material to the financial statements.

RECOMMENDATION: We recommend the Town design and implement policies and procedures or follow implemented policies and procedures which provide assurance to the fair presentation of the financial statements.

STATUS: This finding is unresolved. See current year finding 2020-002.

2019-003—Reconciliation of Customer Deposits

CONDITION: The Town does not reconcile customer water and gas meter deposit balances on its utility software to its accounting software or the related cash balances. Also, customer deposits were not put into the Town's utility software in a timely manner.

RECOMMENDATION: We recommend that the Town implement policies and procedures to ensure that customer water and gas meter deposit balances on its utility software are reconciled to the Town's accounting software and the related cash balances.

STATUS: This finding is unresolved. See current year finding 2020-003.

2019-004- Net Position / Fund Balance Deficits

CONDITION: The Town has accumulated net position / unassigned fund balance deficits in its governmental activities, business-type activities, General Fund, Bond Sinking Fund, and Proprietary Fund totaling \$303,223, \$556,802, \$131,411, \$16,374, and \$556,802, respectively.

RECOMMENDATION: We recommend the Town perform an evaluation of its financial status and seek additional revenue sources. We also recommend the Town evaluate its level of expenditure and services provided and reduce and/or eliminate expenditures and/or levels of service.

TOWN OF BALDWIN, LOUISIANA

Summary Schedule of Prior Audit Findings (continued)
Year Ended June 30, 2020

STATUS: This finding is only applicable for the 2019 fiscal year. However, there is still a negative unassigned fund balance deficit in the current year. See current year finding 2020-004.

2019-005- Reconciliation of Gallons of Water Purchased to Gallons of Water Billed

CONDITION: The Town only billed 49% of the water purchased during the fiscal year, and the Town does not reconcile gallons of water produced and/or purchased to gallons of water billed.

RECOMMENDATION: We recommend that the Town reconcile gallons of water produced to gallons of water billed and evaluate the underlying cause for the unaccounted production.

STATUS: This finding is unresolved. See current year finding 2020-005

B. Compliance-

2019-006 Local Government Budget Act

CONDITION: The Town incurred budget variances in excess of 5% in certain funds, and the total of amended expenditures in certain funds exceeded the total of estimated funds available for the fiscal year. The budgets also did not include a budget message, were not prepared in the proper format in accordance with RS 39:1305, and a notification to certify completion of the budget process was not published.

RECOMMENDATION: We recommend that the Town implement policies and procedures to comply with the Local Government Budget Act.

STATUS: This finding is only applicable for the 2019 Fiscal year end. However, there is a current year budget variation in excess of 5%. See current year finding 2020-006.

2019-007 Reserve Fund Requirements

CONDITION: The Town has not maintained a Utilities Revenue Bond Reserve Fund.

RECOMMENDATION: We recommend that the Town establish and maintain the required reserve fund.

STATUS: This finding is unresolved. See current year finding 2020-007.

2019-008 Obligation to Adjust Rates

CONDITION: The Town did not adjust utility rates to maintain the required revenues.

RECOMMENDATION: We recommend that the Town comply with the terms and conditions of its Utility Revenue Bonds Ordinances.

STATUS: This finding is unresolved. See current year finding 2020-008.

TOWN OF BALDWIN, LOUISIANA

Summary Schedule of Prior Audit Findings (continued)
Year Ended June 30, 2020

C. Management Letter-

2019-ML-1 Ordinance Book not Maintained

CONDITION: The ordinance book is neither complete nor up to date.

Louisiana Revised Statute (RS) 33:406(D)(1) states "The municipal clerk shall keep a book entitled "Ordinances, City (or Town, or Village) of" In which he shall file the original of every ordinance which has been adopted by the board immediately after its passage and attach a note to the ordinance stating the date of its enactment and a reference to the book and page of the board's minutes containing the record of its adoption."

RECOMMENDATION: We recommend that the Town maintain the Ordinance book in accordance with state statute.

STATUS: Comment is again reported in a separate letter to management dated December 23, 2019.

2019-ML-2 Uncollected Ad Valorem Taxes

CONDITION: The Town did not collect all ad valorem taxes levied in prior tax years and did not attempt to seize and advertise for sale property related to the unpaid taxes.

RECOMMENDATION: We recommend that the Town implement policies and procedures to seize and advertise for sale the property on which the taxes are due.

STATUS: Comment is again reported to management in a separate letter dated December 23, 2019.

TOWN OF BALDWIN, LOUISIANA

Schedule of Audit Results and Findings
Year Ended June 30, 2020

Part I. Summary of Auditor's Results

Financial Statements

1. Type of auditor's opinion issued on financial statements:

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental activities	Unmodified
Major fund:	
General	Unmodified
1% Sales tax collection	Unmodified
3/4% Sales tax collection	Unmodified
1/2% Sales tax collection	Unmodified
LCDBG Flood Protection Levee System Project	Unmodified
Utility	
Aggregate remaining fund information	Unmodified

2. Internal control over financial reporting:

Material weakness(es) identified?	<u> x </u> yes	<u> </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> x </u> none reported

3. Noncompliance material to the financial statements? x yes no

4. Management letter issued? x yes no

TOWN OF BALDWIN, LOUISIANA

Schedule of Audit Results and Findings (continued)
Year Ended June 30, 2020

Part II: Findings Relating to an Audit in Accordance with *Governmental Auditing Standards*

A. Internal Control-

2020-001 - Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

CRITERIA: Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The Town’s internal control over financial reporting includes those policies and procedures that pertain to the Town’s ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

CAUSE: The cause of the conditions is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

TOWN OF BALDWIN, LOUISIANA

Schedule of Audit Results and Findings (continued)
Year Ended June 30, 2020

2020-002–Material Financial Statement Adjustments

CONDITION: Misstatements in the financial statements were not prevented, nor detected and corrected by the Town’s internal control resulting in proposed audit adjustments material to the financial statements.

CRITERIA: Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The Town’s internal control over financial reporting includes those policies and procedures that pertain to the Town’s ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

Such internal controls allow management to prevent or detect and correct misstatements on a timely basis.

CAUSE: The condition results from the failure to design and implement or follow implemented policies and procedures which provide assurance that the financial statements are not misstated.

EFFECT: Material audit adjustments were necessary to correct misstatements in the financial statements.

RECOMMENDATION: We recommend the Town design and implement policies and procedures or follow implemented policies and procedures which provide assurance to the fair presentation of the financial statements.

TOWN OF BALDWIN, LOUISIANA

Schedule of Audit Results and Findings (continued)
Year Ended June 30, 2020

2020-003- Reconciliation of Customer Deposits

CONDITION: The Town does not reconcile customer water and gas meter deposit balances on its utility software to its accounting software or the related cash balances. Also, customer deposits were not put into the Town's utility software in a timely manner.

CRITERIA: Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The Town's internal control over financial reporting includes those policies and procedures that pertain to the Town's ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

Also, reconciling customer water and gas meter deposit balances on its utility software to its accounting software or the related cash balances ensures proper accounting for all customer deposits.

CAUSE: The cause of this condition is a failure to reconcile customer water and gas meter deposit balances on its utility software to its accounting software or the related cash balances on a periodic basis.

EFFECT: Failure to reconcile customer water and gas meter deposit balances on its utility software to its accounting software or the related cash balances can cause the customer deposits payable to be misstated.

RECOMMENDATION: We recommend that the Town implement policies and procedures to ensure that customer water and gas meter deposit balances on its utility software are reconciled to the Town's accounting software and the related cash balances.

TOWN OF BALDWIN, LOUISIANA

Schedule of Audit Results and Findings (continued)
Year Ended June 30, 2020

2020-004- Net Position / Fund Balance Deficits

CONDITION: The Town has accumulated net position / unassigned fund balance deficits in its governmental activities, business-type activities, General Fund, Bond Sinking Fund, and Proprietary Fund totaling \$214,651; \$627,957; \$81,196; \$21,306; and \$627,957, respectively.

CRITERIA: Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The Town’s internal control over financial reporting includes those policies and procedures that pertain to the Town’s ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

CAUSE: The cause of this condition is the incurrence of expenditures/expenses and liabilities greater than the revenues and/or net position/fund balance available.

EFFECT: The Town has net position / fund balance deficits.

RECOMMENDATION: We recommend the Town perform an evaluation of its financial status and seek additional revenue sources. We also recommend the Town evaluate its level of expenditure and services provided and reduce and/or eliminate expenditures and/or levels of service.

2020-005- Reconciliation of Gallons of Water Purchased to Gallons of Water Billed

CONDITION: The Town only billed 51% of the water purchased during the fiscal year, and the Town does not reconcile gallons of water produced and/or purchased to gallons of water billed.

CRITERIA: Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The Town’s internal control over financial reporting includes those policies and procedures that pertain to the Town’s ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

CAUSE: The cause of this condition is the failure of the Town to reconcile gallons of water purchased to gallons of water billed.

EFFECT: The Town has unaccounted production.

RECOMMENDATION: We recommend that the Town reconcile gallons of water purchased to gallons of water billed and evaluate the underlying cause for the unaccounted production.

TOWN OF BALDWIN, LOUISIANA

Schedule of Audit Results and Findings (continued)
Year Ended June 30, 2020

B. Compliance-

2020-006– Local Government Budget Act

CONDITION: The Town incurred budget variances in excess of 5% in certain funds. The budgets also did not include a budget message as required by RS 39:1305 and, as required by RS 39:1307, a notification to certify completion of the budget process was not published.

CRITERIA: RS 39:1311 et seq, Budgetary Authority and Control, provides for the following:

“A. The adopted budget and any duly authorized adopted amendments shall form the framework from which the chief executive or administrative officers and members of the governing authority of the political subdivision shall monitor revenues and control expenditures. The chief executive or administrative officer shall advise the governing authority or independently elected official in writing when:

- (1) Total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more.
- (2) Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more.
- (3) Actual beginning fund balance, within a fund, fails to meet estimated beginning fund balance by five percent or more and beginning fund balance is being used to fund current expenditures.”

Also, RS 39:1305(C)(1) provides that the budget document shall include “a budget message signed by the budget preparer which shall include a summary description of the proposed financial plan, policies, and objectives, assumptions, budgetary basis, and a discussion of the most important features.”

Further, RS 39:1305(C)(2)(a) requires the document to include a “statement for the general fund and each special revenue fund showing the estimated fund balances at the beginning of the year; estimates of all receipts and revenues to be received; revenues itemized by source; recommended expenditures itemized by agency, department, function, and character; other financing sources and uses by source and use; and the estimated fund balance at the end of the fiscal year.” The statement is also required to include “a clearly presented side-by-side detailed comparison of such information for the current year, including the fund balances at the beginning of the year, year-to-date actual receipts and revenues received and estimates of all receipts and revenues to be received the remainder of the year; estimated and actual revenues itemized by source; year-to-date actual expenditures and estimates of all expenditures to be made the remainder of the year itemized by agency, department, function, and character; other financing sources and uses by source and use, both year-to-date actual and estimates for the remainder of the year; the year-to-date actual and estimated fund balances as of the end of the fiscal year; and the percentage change for each item of information.”

TOWN OF BALDWIN, LOUISIANA

Schedule of Audit Results and Findings (continued)
Year Ended June 30, 2020

Also, RS 39:1307(D) states, "The political subdivision shall certify completion of all action required by this Section by publishing a notice in the same manner as is herein provided for the notice of availability of the proposed budget and public hearing."

CAUSE: The condition results from a failure to comply the Louisiana Local Budget Act.

EFFECT: The Town may not be in compliance with certain provisions of RS 39:1301 et seq, the Local Government Budget Act.

RECOMMENDATION: We recommend that the Town implement policies and procedures to comply with the Local Government Budget Act.

2020-007- Reserve Fund Requirements

CONDITION: The Town has not maintained the required amount of funds in its Utilities Revenue Bond Reserve Fund.

CRITERIA: The ordinance authorizing the issuance of Utilities Revenue Bonds, Series 2001 requires the establishment and maintenance of a Utilities Revenue Bond Reserve Fund. A transfer is required from the Revenue Fund into the Reserve Fund monthly in advance on or before the twentieth (20th) day of each month of each year a sum equal to 25% of the amount required to be paid into the Sinking Fund.

CAUSE: The condition results from a failure to comply with bond ordinances.

EFFECT: The Town is not in compliance with its bond ordinance.

RECOMMENDATION: We recommend that the Town maintain the required reserve fund.

2020-008- Obligation to Adjust Rates

CONDITION: The Town did not adjust utility rates to maintain the revenues required by its Bond Ordinance.

CRITERIA: The ordinance authorizing the issuance of Utilities Revenue Bonds, Series 2001 states in part:

"...establish and maintain rates and collect such fees... and to revise the same from time to time whenever necessary, as will always provide revenues in each year at least sufficient to pay (i) the necessary expenses of administering, operating and maintaining the System in such year, (ii) the principal and interest maturing on the Bonds payable there from in each year, (iii) all reserve or sinking funds or other payments required for such year by the Bond Ordinance, and (iv) all other obligations and indebtedness payable out of the income and revenues of the System during such year, and which will in any event provide revenues in each year, after paying all reasonable and necessary expenses of administering, operating and maintaining the System in such year, at least equal to 130% of the largest amount of principal and interest maturing on the Bonds herein authorized in any future Fiscal Year..."

TOWN OF BALDWIN, LOUISIANA

Schedule of Audit Results and Findings (continued)
Year Ended June 30, 2020

CAUSE: The condition results from a failure to comply with bond ordinances.

EFFECT: The Town is not in compliance with its bond ordinance.

RECOMMENDATION: We recommend that the Town comply with the terms and conditions of its utility revenue bond ordinances.

2020-009 – Written Minutes

CONDITION: The Town failed to prepare and publish minutes for three public meetings held during the year. Additionally, the Town failed to make its minutes publicly available to its official journal within twenty days as required.

CRITERIA: LA R.S. 42:11-28 et seq., “the Open Meetings Law”, regulates meetings of public bodies. It is designed to ensure that decisions by public bodies are made in an open forum and that all interested persons be provided the right to observe deliberations of public bodies, except in cases established by law.

R.S. 42:20 requires that all public bodies keep written minutes of all their open meetings. The minutes are required to document (1) the date, time, and place of the meeting, (2) members of the public body present or absent, (3) the substance of all matters decided and, at the request of any member, a record by individual member of any votes taken, and (4) any other information the public body requests be included or reflected in the minutes.

R.S. 42:20 notes that the minutes shall be public records and shall be available within a reasonable time after the meeting. For municipal corporations, parish governments, and school boards, R.S. 43:144 requires that minutes be submitted to the official journal within twenty days after the meeting.

CAUSE: The condition results from a failure of the Town to prepare written minutes and have them published in the Town’s official journal

EFFECT: The Town is in violation of the Open Meetings Law.

RECOMMENDATION: We recommend that the Town prepare written minutes for all public meetings held and ensure that these minutes are submitted to the official journal for publication within twenty days of the meeting.

Part III: Findings and Questioned Costs Relating to Federal Programs

This section is not applicable for the year ended June 30, 2020.

CORRECTIVE ACTION PLAN FOR CURRENT AUDIT FINDINGS

APPENDIX A

TOWN OF BALDWIN

December 21, 2020

Attn: Mr. Gerald A. Thibodeaux Jr., CPA
c/o Kolder, Champagne, Slaven & Company, LLC.
1234 David Drive, Suite #203
Morgan City, Louisiana 70380

RE: Town Management Response to Audit, Fiscal Year: 2020

Dear Mr. Thibodeaux,

Enclosed are our Management Responses that were requested by you. We continue to answer questions raised by you in previous audits. We are striving daily to implement the significant organizational changes that you have required to ensure sound financial reporting.

While the Town of Baldwin is on the way to being an excellent municipal authority, this administration continues to move forward to ensure that we make all of the necessary changes to assess, address and rectify any areas of concern regarding our Town.

Sincerely,



Abel P. Prejean
Mayor

Response Regarding: Internal Control

2020-001 - Segregation of Duties

Findings: *Accounting and financial functions are not adequately segregated.*

Response: We have reviewed our present organizational structure and are identifying any and all job responsibilities that may be incompatible at the present time. There are many reasons the segregation of certain job-related functions is not possible. Because of the size of our office, and the financial constraints on the office as it relates to additional personnel, other internal controls will be implemented to remain in compliance with State and Federal Law.

2020-002 - Material Financial Statement Adjustments

Findings: *Misstatements in the financial statements were not prevented, nor detected and corrected by the Town's internal control resulting in proposed audit adjustments material to the financial statements.*

Response: We are making every effort to ensure that all coding and entries are done correctly. The clerk is working with Tammy Richard of Accounting and Software Concepts to balance and identify errors every month after the checking accounts are reconciled. Any errors identified are fixed at that time and financial statements are presented for approval after all accounts are balanced and verified by Mrs. Richard.

2020-003 - Reconciliation of Customer Deposits

Findings: *The Town does not reconcile customer water and gas meter deposit balances on its utility software to its accounting software or the related cash balances. Also, customer deposits were not put into the Town's utility software in a timely manner.*

Response: We are working with CSDC Utility Billing Software to build a daily export report from CSDC to import to Sage100 accounting software to cut out the manual entry into the account program, which will post the deposits in a timely manner.

2020-004 - Net Position/Fund Balance Deficits

Findings: *The Town has accumulated net position/unassigned fund balance deficits in its governmental activities, business-type activities, General Fund, Bond Sinking Fund, and Proprietary Fund totaling \$214,651, \$627,957, \$81,196, \$21,306, and \$627,957, respectively.*

Response: The deficits mentioned above can be attributed to the maintenance, operations and bond payments on the Civic Center. However, we are still dealing with the effects of COVID on the Town's

economy and operations. We have not been able to rent the facility which usually generates needed funds. The town is seeking ways to create a revenue stream for managing the costs associated with the Civic center in the future.

2020-005 - Reconciliation of Gallons of Water Produced to Gallons of Water Billed

Findings: *The Town only billed 40% of the water produced during the fiscal year, and the Town does not reconcile gallons of water produced and/or purchased to gallons of water billed.*

Response: We have installed a new state of the art metering system, to gather tighter controls to be able to reconcile the gallons of water produced and/or purchased.

Response Regarding: Compliance

2020-006 - Local Government Budget Act

Findings: *The Town incurred budget variances in excess of 5% in certain funds, and the total of amended expenditures in certain funds exceed the total of estimated funds available for the fiscal year. The budgets also did not include a budget message as required by RS 39: 1305, and a notification to certify completion of the budget process was not published. Additionally, the public hearing on the proposed budget was held less than 10 days from the date of publication of the call of the public hearing.*

Response: The Mayor and Board members will exercise due diligence in making sure that we are in compliance with *RS 39:1305 - Louisiana State Legislature Budget Preparation*. In accordance with the requirements, we will ensure that:

A budget message will be included in all future budgets and every precaution will be made to hold all hearings and posting at the appropriate times. The Town Clerk was diagnosed with COVID and was unable to work or attend meetings because of quarantine restrictions. The town will strive to make sure all deadlines are made with respect to budgeting and that all requirements are fulfilled.

2020-007 - Reserve Fund Requirements

Findings: *The Town has not maintained the required amount of funds in its Utilities Revenue Bond Reserve Fund.*

Response: The Utility Bond on the water plant has been paid off as of December 2020. The transfers will no longer be required.

2020-008 - Obligation to Adjust Rates

Findings: *The Town did not adjust utility rates to maintain the revenues required by its Bond Ordinances.*

Response: The bond indebtedness against the water plant was paid out in December 2020. The town has not adjusted rates. We do not produce water. We are buying water from Water and Sewer commission #4. We buy water at residential rates and distribute the same to our customers. We have instituted the highest rates in the area; however, due to maintenance costs and high costs of water itself, the District has prohibited us from making any money or breaking even. In an effort to gain greater control, we have installed new electronic meters and are already realizing some savings.

2020-009- Written Minutes

***Findings:** The town failed to prepare and publish minutes for three public meetings held during the year. Additionally, the Town failed to make it's minutes publicly available to its official journal within twenty days as required.*

Response: The Clerk for the Town failed to publish minutes for Special meetings. The Clerk will assure that the Minutes for all meeting will be published in a timely manner in accordance with Open meetings law.

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Brad E. Kolder, CPA, JD*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
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1201 David Dr.
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434 E. Main St.
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Phone (337) 363-2792

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

Victor R. Slaven, CPA* - retired 2020

* A Professional Accounting Corporation

WWW.KCSRCPAS.COM

MANAGEMENT LETTER

The Honorable Abel Prejean, Mayor
and Members of the Board of Aldermen
Town of Baldwin, Louisiana

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Baldwin (hereinafter "Town") as of and for the year ended June 30, 2020 and have issued our report thereon dated December 30, 2020.

In planning and performing our audit of the financial statements of the Town, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 Town's internal control or on its compliance with provisions of laws, regulations, contracts, and grant agreements and other matters. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control or on compliance.

During our audit we noted certain matters involving internal control or compliance that is summarized below for your consideration. These comments and the related recommendations are intended to improve the Town's internal control and its compliance with laws, regulations, contracts, and grant agreements and other matters. Our comments are not intended to reflect upon the ability or integrity of the Town's personnel

2020-ML-1 Ordinance Book not Maintained

The ordinance book is neither complete nor up to date.

Louisiana Revised Statute (RS) 33:406(D)(1) states "The municipal clerk shall keep a book entitled "Ordinances, City (or Town, or Village) of" In which he shall file the original of every ordinance which has been adopted by the board immediately after its passage and attach a note to the ordinance stating the date of its enactment and a reference to the book and page of the board's minutes containing the record of its adoption."

We recommend that the Town maintain the Ordinance book in accordance with state statute.

2019-ML-2 Uncollected Ad Valorem Taxes

The Town did not collect all ad valorem taxes levied for previous tax years and did not attempt to seize and advertise for sale property related to the unpaid taxes.

We recommend that the Town implement policies and procedures to seize and advertise for sale the property on which the taxes are due.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not identify all weaknesses in policies and procedures or incidents of noncompliance that may exist. We aim, however, to use our knowledge of the Town's operations gained during our work to make comments and suggestions that we hope will be useful to you.

This report is intended solely for the information and use of the Town's management and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

We would like to express our appreciation to you and your staff for the courtesies and assistance rendered to us in the performance of our audit. Should you have any questions or need additional assistance, please feel free to contact us.

KOLDER, SLAVEN & COMPANY, LLC
Certified Public Accountants

Morgan City, Louisiana
December 30, 2020

TOWN OF BALDWIN

December 21, 2020

Attn: Mr. Gerald A. Thibodeaux Jr., CPA
c/o Kolder, Champagne, Slaven & Company, LLC.
1234 David Drive, Suite #203
Morgan City, Louisiana 70380

RE: Town Management Response to Audit, Fiscal Year: 2020

Dear Mr. Thibodeaux,

Enclosed are our Responses to the Management letter for the findings referenced by your auditors. We continue to answer questions raised in previous audits. We are striving daily to implement the significant organizational changes that you have required to ensure sound financial reporting.

While the Town of Baldwin is on the way to being an excellent municipal authority, this administration continues to move forward to ensure that we make all of the necessary changes to assess, address and rectify any areas of concern regarding our Town.

Sincerely,



Abel P. Prejean
Mayor

TOWN OF BALDWIN

Responses Regarding: Management Letter

2020-ML-1 - Ordinance Book not maintained

Findings: *The ordinance book is neither complete nor up to date.*

Louisiana Revised Statute (RS) 33:406(D)(1) states "The municipal clerk shall keep a book entitled "Ordinances, City (or Town, or Village) of" In which he shall file the original of every ordinance which has been adopted by the board immediately after its passage and attach a note to the ordinance stating the date of its enactment and a reference to the book and page of the board's minutes containing the record of its adoption."

We recommend that the Town maintain the Ordinance book in accordance with state statute

Response: Upon assuming duties, It was found by the Clerk that the Ordinance book was in disarray. The Clerk has been working to bring it up to date.

2020-ML-2 - Uncollected Ad Valorem Taxes

Findings: *The Town did not collect all ad valorem taxes levied for previous tax years and did not attempt to seize and advertise for sale property related to the unpaid taxes.*

We recommend that the Town implement policies and procedures to seize and advertise for sale the property on which the taxes are due.

Response: The Mayor and Board have taken your findings into consideration and have been in contact with other cities to inquire about how they do their tax sales. The Town clerk has been in contact with Civic Source which is the company the other municipalities use. A meeting has been set up with Civic Source to present the town a proposal that can be brought before the board.