

TOWN OF BALDWIN, LOUISIANA

Financial Report

Year Ended June 30, 2021

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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, 2021, 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, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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 schedules on pages 52 through 55, schedule of employer's share of net pension liability on page 56, schedule of employer contributions on page 57, and notes to required supplementary information on pages 58 and 59 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 justice system funding schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule is the responsibility of the Town's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the justice system funding schedule on page 61 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The combining nonmajor fund financial statements and other financial information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements and other financial information on pages 62 through 69 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 such information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2022, 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
March 23, 2022

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF BALDWIN, LOUISIANA

Statement of Net Position
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 535,794	\$ 168,177	\$ 703,971
Receivables, net	220,424	101,771	322,195
Due from other governmental units	24,183	-	24,183
Internal balances	(19,354)	19,354	-
Prepaid expenses	58,869	5,214	64,083
Total current assets	<u>819,916</u>	<u>294,516</u>	<u>1,114,432</u>
Noncurrent assets:			
Land and construction in progress	1,303,565	116,110	1,419,675
Capital assets net of accumulated depreciation	3,556,069	1,892,445	5,448,514
Total noncurrent assets	<u>4,859,634</u>	<u>2,008,555</u>	<u>6,868,189</u>
Total assets	<u>5,679,550</u>	<u>2,303,071</u>	<u>7,982,621</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to net pension liability	<u>133,955</u>	<u>26,463</u>	<u>160,418</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	27,923	724,180	752,103
Bonds payable	63,000	-	63,000
Unearned revenues	20,000	-	20,000
Total current liabilities	<u>110,923</u>	<u>724,180</u>	<u>835,103</u>
Noncurrent liabilities:			
Customers' deposits payable	-	67,327	67,327
Bonds payable	109,000	-	109,000
Net pension liability	274,184	74,466	348,650
Total noncurrent liabilities	<u>383,184</u>	<u>141,793</u>	<u>524,977</u>
Total liabilities	<u>494,107</u>	<u>865,973</u>	<u>1,360,080</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to net pension liability	<u>7,221</u>	<u>1,320</u>	<u>8,541</u>
NET POSITION			
Net investment in capital assets	4,687,634	2,008,555	6,696,189
Restricted for:			
Capital projects	36	-	36
Sales and use tax restrictions	609,311	-	609,311
Special programs	2,956	-	2,956
Unrestricted (deficit)	12,240	(546,314)	(534,074)
Total net position	<u>\$ 5,312,177</u>	<u>\$ 1,462,241</u>	<u>\$ 6,774,418</u>

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

TOWN OF BALDWIN, LOUISIANA

Statement of Activities
Year Ended June 30, 2021

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	\$ 398,405	\$ 109,133	\$ 8,052	\$ -	\$ (281,220)	\$ -	\$ (281,220)
Culture and recreation	202,107	350	-	-	(201,757)	-	(201,757)
Public safety	390,153	60,267	20,000	-	(309,886)	-	(309,886)
Public works	343,242	199,209	-	110,804	(33,229)	-	(33,229)
Supporting services	44,179	40,783	-	-	(3,396)	-	(3,396)
Interest on long-term debt	9,151	-	-	-	(9,151)	-	(9,151)
Total governmental activities	<u>1,387,237</u>	<u>409,742</u>	<u>28,052</u>	<u>110,804</u>	<u>(838,639)</u>	<u>-</u>	<u>(838,639)</u>
Business-type activities:							
Gas, water and sewer	1,004,463	790,765	2,337	-	-	(211,361)	(211,361)
Interest on long-term debt	4,767	-	-	-	-	(4,767)	(4,767)
Total business-type activities	<u>1,009,230</u>	<u>790,765</u>	<u>2,337</u>	<u>-</u>	<u>-</u>	<u>(216,128)</u>	<u>(216,128)</u>
Total	<u>\$ 2,396,467</u>	<u>\$ 1,200,507</u>	<u>\$ 30,389</u>	<u>\$ 110,804</u>	<u>(838,639)</u>	<u>(216,128)</u>	<u>(1,054,767)</u>
General revenues:							
Taxes -							
Property taxes					138,695	-	138,695
Sales and use taxes					865,730	-	865,730
Franchise taxes					79,653	-	79,653
Grants and contributions not restricted to specific programs -							
State sources					6,729	-	6,729
Federal sources					50,091	-	50,091
Interest and investment earnings					360	98	458
Miscellaneous					26,270	-	26,270
Transfers					(122,409)	122,409	-
Total general revenues and transfers					<u>1,045,119</u>	<u>122,507</u>	<u>1,167,626</u>
Change in net position					206,480	(93,621)	112,859
Net position - July 1, 2020					<u>5,105,697</u>	<u>1,555,862</u>	<u>6,661,559</u>
Net position - June 30, 2021					<u>\$ 5,312,177</u>	<u>\$ 1,462,241</u>	<u>\$ 6,774,418</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, 2021

	<u>General</u>	<u>1% Sales Tax</u>	<u>3/4% Sales Tax</u>
ASSETS			
Cash and interest bearing deposits	\$ 245,557	\$ 85,402	\$ 89,446
Receivables:			
Taxes	-	64,322	59,238
Accounts	26,912	-	31,442
Due from other funds	-	-	100,000
Due from other governmental units	24,183	-	-
Prepaid expenditures	<u>33,040</u>	<u>-</u>	<u>9,226</u>
Total assets	<u>\$ 329,692</u>	<u>\$ 149,724</u>	<u>\$ 289,352</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 2,250	\$ 4,009
Accrued liabilities	13,615	-	-
Due to other funds	139,889	-	889
Unearned revenues	<u>20,000</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>173,504</u>	<u>2,250</u>	<u>4,898</u>
Deferred inflows of resources:			
Unavailable revenues	<u>1,272</u>	<u>-</u>	<u>-</u>
Fund balances:			
Nonspendable	33,040	-	9,226
Restricted	-	147,474	275,228
Unassigned (deficit)	<u>121,876</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>154,916</u>	<u>147,474</u>	<u>284,454</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 329,692</u>	<u>\$ 149,724</u>	<u>\$ 289,352</u>

<u>1/2%</u> <u>Sales Tax</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
\$ 50,034	\$ 65,355	\$ 535,794
19,741	18,769	162,070
-	-	58,354
19,796	24,734	144,530
-	-	24,183
<u>16,603</u>	<u>-</u>	<u>58,869</u>
<u>\$ 106,174</u>	<u>\$ 108,858</u>	<u>\$ 983,800</u>
\$ 2,299	\$ -	\$ 8,558
4,729	-	18,344
-	23,106	163,884
-	-	20,000
<u>7,028</u>	<u>23,106</u>	<u>210,786</u>
<u>-</u>	<u>-</u>	<u>1,272</u>
16,603	-	58,869
82,543	107,058	612,303
-	(21,306)	100,570
<u>99,146</u>	<u>85,752</u>	<u>771,742</u>
<u>\$ 106,174</u>	<u>\$ 108,858</u>	<u>\$ 983,800</u>

(continued)

TOWN OF BALDWIN, LOUISIANA

Balance Sheet (continued)
 Governmental Funds
 June 30, 2021

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

Total fund balances for governmental funds		\$	771,742
Total net position reported for governmental activities in the statement of net position is different because:			
Capital assets, net of accumulated depreciation			
Land	\$	1,303,565	
Buildings		2,222,624	
Improvements		1,135,845	
Equipment		70,270	
Autos and trucks		<u>127,330</u>	4,859,634
Deferred outflows of resources related to net pension liability			133,955
Receivables not available to pay for current year expenditures			1,272
Long-term liabilities			
Bonds payable		(172,000)	
Accrued interest payable		(1,021)	
Net pension liability		<u>(274,184)</u>	(447,205)
Deferred inflows of resources related to net pension liability			<u>(7,221)</u>
Total net position of governmental activities			<u>\$ 5,312,177</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, 2021

	<u>General</u>	<u>1% Sales Tax</u>	<u>3/4% Sales Tax</u>
Revenues:			
Taxes	\$ 218,348	\$ 332,897	\$ 321,742
Licenses and permits	109,133	-	-
Intergovernmental	122,175	-	-
Charges for services	41,133	-	199,209
Fines and forfeits	60,267	-	-
Interest	172	49	64
Miscellaneous	18,857	-	6,413
Total revenues	<u>570,085</u>	<u>332,946</u>	<u>527,428</u>
Expenditures:			
Current -			
General government			
Administrative	386,214	-	-
Public safety:			
Police	3,292	-	-
Fire	-	-	71,890
Public works:			
Streets and drainage	91,636	-	161,105
Culture and recreation	42,498	-	-
Supporting services	44,179	-	-
Capital outlay	45,355	-	-
Debt service -			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>613,174</u>	<u>-</u>	<u>232,995</u>
Excess (deficiency) of revenues over expenditures	<u>(43,089)</u>	<u>332,946</u>	<u>294,433</u>
Other financing sources (uses):			
Proceeds from sale of assets	55,111	-	-
Transfers in	605,109	-	11,256
Transfers out	(389,240)	(292,049)	(241,105)
Total other financing sources (uses)	<u>270,980</u>	<u>(292,049)</u>	<u>(229,849)</u>
Net changes in fund balances	227,891	40,897	64,584
Fund balance (deficit), beginning	<u>(72,975)</u>	<u>106,577</u>	<u>219,870</u>
Fund balances (deficit), ending	<u>\$ 154,916</u>	<u>\$ 147,474</u>	<u>\$ 284,454</u>

<u>1/2%</u> <u>Sales Tax</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
\$ 107,219	\$ 103,872	\$ 1,084,078
-	-	109,133
-	65,449	187,624
-	-	240,342
-	-	60,267
38	37	360
1,000	-	26,270
<u>108,257</u>	<u>169,358</u>	<u>1,708,074</u>
-	-	386,214
271,189	-	274,481
-	-	71,890
-	-	252,741
-	-	42,498
-	-	44,179
4,575	65,449	115,379
-	62,000	62,000
-	9,501	9,501
<u>275,764</u>	<u>136,950</u>	<u>1,258,883</u>
<u>(167,507)</u>	<u>32,408</u>	<u>449,191</u>
-	-	55,111
189,119	71,501	876,985
-	(77,000)	(999,394)
<u>189,119</u>	<u>(5,499)</u>	<u>(67,298)</u>
21,612	26,909	381,893
<u>77,534</u>	<u>58,843</u>	<u>389,849</u>
<u>\$ 99,146</u>	<u>\$ 85,752</u>	<u>\$ 771,742</u>

(continued)

TOWN OF BALDWIN, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
Governmental Funds
Year Ended June 30, 2021

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	\$ 381,893
The change in net position reported for governmental activities in the statement of activities is different because:	
Costs of capital assets	115,379
Depreciation expense	(224,969)
Proceeds from versus loss on disposition of capital assets	(126,050)
Principal payments on bonds	62,000
Change in accrued interest	350
Effects of recording net pension liability and deferred inflows and outflows of resources related to net pension liability	
Increase in pension expense	(10,175)
Nonemployer pension contribution revenue	<u>8,052</u>
Total changes in net position per Statement of Activities	<u>\$ 206,480</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, 2021

ASSETS

Current assets:	
Cash and interest-bearing deposits	\$ 168,177
Receivables, net	101,771
Due from other funds	39,150
Prepaid expenses	5,214
Total current assets	<u>314,312</u>
Noncurrent assets:	
Land	116,110
Capital assets, net of accumulated depreciation	1,892,445
Total noncurrent assets	<u>2,008,555</u>
Total assets	<u>2,322,867</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources related to net pension liability	<u>26,463</u>
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LIABILITIES

Current liabilities:	
Accounts payable	706,276
Accrued liabilities	17,904
Due to other funds	19,796
Total current liabilities	<u>743,976</u>
Noncurrent liabilities:	
Payable from restricted assets -	
Customers' deposits payable	67,327
Net pension liability	74,466
Total noncurrent liabilities	<u>141,793</u>
Total liabilities	<u>885,769</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources related to net pension liability	<u>1,320</u>
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NET POSITION

Net investment in capital assets	2,008,555
Unrestricted (deficit)	<u>(546,314)</u>
Total net position	<u>\$ 1,462,241</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, 2021

Operating revenues:	
Charges for services -	
Gas sales and services	\$ 164,248
Water sales and services	403,414
Sewerage services	161,349
Delinquent charges	21,444
Commissions, transfers and reconnections	40,310
Miscellaneous	<u>2,337</u>
Total operating revenues	<u>793,102</u>
Operating expenses:	
Gas department	117,659
Water department	530,673
Sewerage department	196,256
Depreciation	<u>159,875</u>
Total operating expenses	<u>1,004,463</u>
Operating loss	<u>(211,361)</u>
Nonoperating revenues (expenses):	
Interest income	98
Interest and fiscal charges	<u>(4,767)</u>
Total nonoperating revenues (expenses)	<u>(4,669)</u>
Loss before transfers	(216,030)
Transfers in	162,469
Transfers out	<u>(40,060)</u>
Change in net position	(93,621)
Net position, beginning	<u>1,555,862</u>
Net position, ending	<u>\$ 1,462,241</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, 2021

Cash flows from operating activities:	
Receipts from customers	\$ 809,793
Payments to suppliers	(744,241)
Payments to employees	<u>(133,425)</u>
Net cash used by operating activities	<u>(67,873)</u>
Cash flows from noncapital financing activities:	
Receipts from other funds	162,469
Payments to other funds	<u>(40,060)</u>
Net cash provided by noncapital financing activities	<u>122,409</u>
Cash flows from capital and related financing activities:	
Interest and fiscal charges paid	(5,353)
Principal paid on bonds	<u>(91,000)</u>
Net cash used by capital and related financing activities	<u>(96,353)</u>
Cash flows from investing activities:	
Interest on investments	<u>98</u>
Net decrease in cash and cash equivalents	(41,719)
Cash and cash equivalents, beginning	<u>209,896</u>
Cash and cash equivalents, ending	<u>\$ 168,177</u>

(continued)

TOWN OF BALDWIN, LOUISIANA

Statement of Cash Flows (continued)
 Proprietary Funds
 Year Ended June 30, 2021

Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (211,361)
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation	159,875
Pension expense, net of nonemployer contributions	878
Changes in current assets and liabilities:	
Decrease in accounts receivable	17,772
Decrease in accounts payable	(42,977)
Increase in accrued liabilities	8,251
Increase in customer deposits	<u>1,205</u>
Net cash used by operating activities	<u>\$ (67,873)</u>

Reconciliation of cash and cash equivalents per statement of cash flows
 to the balance sheet:

Cash and cash equivalents, beginning	
Cash - unrestricted	\$ 103,507
Cash - restricted	<u>106,389</u>
Total cash and cash equivalents, beginning	<u>209,896</u>
Cash and cash equivalents, ending	
Cash - unrestricted	168,177
Cash - restricted	<u>-</u>
Total cash and cash equivalents, ending	<u>168,177</u>
Net decrease in cash and cash equivalents	<u>\$ (41,719)</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.

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.

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

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 Municipal Police Employees Retirement System (MPERS), 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, 2021, the Town has cash and interest-bearing deposits (book balances) totaling \$703,971 as follows:

Demand deposits	\$ 703,871
Petty cash	100
	<u>\$ 703,971</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, 2021 are as follows:

Bank balances	<u>\$ 798,972</u>
Federal insurance	250,000
Collateralized by pledged securities	<u>548,972</u>
Total federal deposit insurance and pledged securities	<u>\$ 798,972</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, 2021, deposits in the amount of \$548,972 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, 2021, taxes of 11.95 mills were levied on property with assessed valuations totaling \$9,690,332 and were dedicated for general corporate purposes.

Total taxes levied were \$115,799.

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

(4) Receivables

Receivables at June 30, 2021 of \$322,195 consist of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts	\$ 32,165	\$ 103,770	\$ 135,935
Taxes-			
Ad valorem	38,553	-	38,553
Sales	162,070	-	162,070
Other-			
Franchise fees	22,058	-	22,058
	<u>254,846</u>	<u>103,770</u>	<u>358,616</u>
Less: allowance for uncollectible	(34,422)	(1,999)	(36,421)
Net receivables	<u>\$ 220,424</u>	<u>\$ 101,771</u>	<u>\$ 322,195</u>

(5) Interfund Receivables/Payables

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major governmental:		
General Fund	\$ -	\$ 139,889
Special Revenue Funds:		
3/4% Sales Tax Fund	100,000	889
1/2% Sales Tax Fund	19,796	-
Utility Fund	39,150	19,796
Nonmajor governmental	<u>24,734</u>	<u>23,106</u>
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, 2021, 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
Insurance license proceeds due from Louisiana Municipal Advisory and Technical Services Bu	<u>22,075</u>
	<u>\$ 24,183</u>

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

(7) Capital Assets

Capital asset activity for the year ended June 30, 2021, was as follows:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,335,116	\$ 65,449	\$ (97,000)	\$ 1,303,565
Capital assets being depreciated:				
Buildings	3,525,942	-	(83,000)	3,442,942
Improvements other than buildings	2,683,699	-	-	2,683,699
Equipment	265,949	45,355	-	311,304
Autos and trucks	1,303,275	4,575	(45,277)	1,262,573
	<u>7,778,865</u>	<u>49,930</u>	<u>(128,277)</u>	<u>7,700,518</u>
Less accumulated depreciation for:				
Buildings	(1,170,355)	(103,913)	53,950	(1,220,318)
Improvements other than buildings	(1,440,513)	(107,341)	-	(1,547,854)
Equipment	(229,827)	(11,207)	-	(241,034)
Autos and trucks	(1,178,012)	(2,508)	45,277	(1,135,243)
	<u>(4,018,707)</u>	<u>(224,969)</u>	<u>99,227</u>	<u>(4,144,449)</u>
Total capital assets being depreciated, net	<u>3,760,158</u>	<u>(175,039)</u>	<u>(29,050)</u>	<u>3,556,069</u>
Governmental activities capital assets, net	<u>\$ 5,095,274</u>	<u>\$ (109,590)</u>	<u>\$ (126,050)</u>	<u>\$ 4,859,634</u>

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 116,110	\$ -	\$ -	\$ 116,110
Capital assets being depreciated:				
Gas utility system	509,975	-	-	509,975
Water utility system	3,139,870	-	-	3,139,870
Sewerage utility system	<u>3,722,940</u>	<u>-</u>	<u>-</u>	<u>3,722,940</u>
	<u>7,372,785</u>	<u>-</u>	<u>-</u>	<u>7,372,785</u>
Less accumulated depreciated for:				
Gas utility system	(434,345)	(4,124)	-	(438,469)
Water utility system	(2,331,284)	(75,640)	-	(2,406,924)
Sewerage utility system	<u>(2,554,836)</u>	<u>(80,111)</u>	<u>-</u>	<u>(2,634,947)</u>
	<u>(5,320,465)</u>	<u>(159,875)</u>	<u>-</u>	<u>(5,480,340)</u>
Total capital assets being depreciated, net	<u>2,052,320</u>	<u>(159,875)</u>	<u>-</u>	<u>1,892,445</u>
Business-type activities capital assets, net	<u>\$ 2,168,430</u>	<u>\$ (159,875)</u>	<u>\$ -</u>	<u>\$ 2,008,555</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	43,802
Public works	<u>90,501</u>
Total depreciation expense - governmental activities	<u>\$ 224,969</u>
Business-Type Activities:	
Gas, water, and sewerage	<u>\$ 159,875</u>

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

(8) Long-Term Debt

Bonds and certificates outstanding at June 30, 2021 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. \$ 125,000

\$250,000 Limited Tax Revenue Bonds, Series 2010,
interest payable semi-annually on June 1 and
December 1, bearing interest at 4.50% per annum,
with varying annual principal maturities from
June 1, 2011 to 2023. 47,000

Total \$ 172,000

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

Transactions for the year ended June 30, 2021 are summarized as follows:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Due within</u> <u>one year</u>
Governmental Activities:					
Certificates of Indebtedness	\$ 165,000	\$ -	\$ 40,000	\$ 125,000	\$ 40,000
Limited Tax Revenue Bonds	<u>69,000</u>	<u>-</u>	<u>22,000</u>	<u>47,000</u>	<u>23,000</u>
Total Governmental Activities	234,000	-	62,000	172,000	63,000
Business-type Activities:					
Revenue Bonds	<u>91,000</u>	<u>-</u>	<u>91,000</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 325,000</u>	<u>\$ -</u>	<u>\$ 153,000</u>	<u>\$ 172,000</u>	<u>\$ 63,000</u>

The annual requirements to service all formal debt issues outstanding as of June 30, 2021 are as follows:

	<u>Governmental Activities</u>	
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 63,000	\$ 6,492
2023	64,000	3,790
2024	<u>45,000</u>	<u>938</u>
Total	<u>\$ 172,000</u>	<u>\$ 11,220</u>

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

During the fiscal year ended June 30, 2021, the Town satisfied the remaining obligation under the Utility Revenues bonds, Series 2001. However, during the portion of the fiscal year ended June 30, 2021 that the bonds were outstanding, 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 while the bonds were outstanding.

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 while the bonds were outstanding.

(9) 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 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:

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

	General	1% Sales Tax	3/4% Sales Tax	1/2% Sales Tax	Other Governmental Funds	Total Governmental Funds
Fund balances:						
Nonspendable -						
Prepaid items	\$ 33,040	\$ -	\$ 9,226	\$ 16,603	\$ -	\$ 58,869
Restricted for -						
Capital improvements	-	-	-	-	36	36
Sales and use tax restrictions	-	147,474	275,228	82,543	104,066	609,311
Special programs	-	-	-	-	2,956	2,956
Total fund balances - restricted	-	147,474	275,228	82,543	107,058	612,303
Unassigned (deficit)	121,876	-	-	-	(21,306)	100,570
Total fund balances (deficit)	\$ 154,916	\$ 147,474	\$ 284,454	\$ 99,146	\$ 85,752	\$ 771,742

The Bond Sinking Fund, which is a nonmajor fund, has an unassigned fund balance deficit of \$21,306. This deficit is expected to be eliminated in future years by transfers from other funds.

(10) Interfund Transfers

Operating transfers for the year ended June 30, 2021 were as follows:

	Transfers in					Total
	General	3/4% Sales Tax	1/2% Sales Tax	Nonmajor	Utility	
Transfers out:						
General	\$ -	\$ 11,256	\$ 189,119	\$ 46,396	\$ 142,469	\$ 389,240
1% Sales Tax	292,049	-	-	-	-	292,049
3/4% Sales Tax	196,000	-	-	25,105	20,000	241,105
Nonmajor	77,000	-	-	-	-	77,000
Utility	40,060	-	-	-	-	40,060
Total	\$ 605,109	\$ 11,256	\$ 189,119	\$ 71,501	\$ 162,469	\$ 1,039,454

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)

(11) 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.

During the fiscal year ending June 30, 2021, the Town satisfied the remaining obligations outstanding on the Utilities System revenue bonds. Once the Utilities System revenue bonds were paid off, the requirements to set aside funds in the sinking, reserve, and contingencies funds were no longer applicable.

(12) 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 (2021 collections \$332,897). 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 (2021 collections \$103,872). 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

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

to sewerage, drainage, sub-surface drainage, water and flood control extensions and improvements, streets, roads, sidewalks, and bridges.

Proceeds of a $\frac{3}{4}$ of 1% sales and use tax levied in 1974 and 1987 (2021 collections \$321,742). 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 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 $\frac{1}{2}$ % parish wide sales and use tax levied in 1998 (2021 collections \$107,219). 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.

(13) Employee Retirement

Eligible employees of the Town participate in one of two multiple-employer public employee retirement system, which are controlled and administered by two separate boards of trustees. These retirement systems provide retirement, disability and death benefits to plan members and their beneficiaries. Benefits under each system are established and amended by state statutes. Pertinent information for each system follows:

A. Municipal Employees' Retirement System (MERS)

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 Town 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.

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

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 final compensation multiplied by his years of creditable service. Final 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.

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 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.

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.

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

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 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, 2020, the 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, 2021, The Town reported liabilities in its government-wide financial statements of \$223,397 and \$74,466 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, 2020 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, 2020, the Town's proportional share of MERS was 0.328685%, which was an increase of 0.031951% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$40,456 in its governmental activities and pension expense of \$13,485 in its business-type activities, respectively, related to its participation in MERS.

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

At June 30, 2021, 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	\$ -	\$ 3,757	\$ -	\$ 1,253
Changes of assumptions	6,923	-	2,308	-
Net difference between projected and actual earnings on pension plan investments	24,254	-	8,084	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	17,250	202	5,750	67
Employer contributions subsequent to the measurement date	30,964	-	10,321	-
	<u>\$ 79,391</u>	<u>\$ 3,959</u>	<u>\$ 26,463</u>	<u>\$ 1,320</u>

The \$41,285 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
2022	\$ 22,289	\$ 7,430	\$ 29,718
2023	13,099	4,366	17,465
2024	5,525	1,842	7,367
2025	3,555	1,184	4,736
	<u>\$ 44,468</u>	<u>\$ 14,822</u>	<u>\$ 59,286</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.

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.

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

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
	<hr/>
Valuation Date	June 30, 2020
Actuarial cost method	Entry Age Normal
Expected remaining service lives	3 years
Investment rate of return	6.95%, 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 6.95%, which was a .05 decrease from the rate used as of June 30, 2019. 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.

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, 2021 are summarized in the following table:

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public Equity	53%	2.33%
Public fixed income Alternatives	38%	1.67%
	9%	0.40%
Totals	<u>100%</u>	<u>4.40%</u>
Inflation		<u>2.60%</u>
Expected Arithmetic Nominal Return		<u>7.0%</u>

Discount Rate: The discount rate used to measure the total pension liability was 6.95%, which was a .05% decrease from the rate used as of June 30, 2019. 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	Current Discount Rate	1% Increase
Net Pension Liability	<u>\$ 396,511</u>	<u>\$ 297,863</u>	<u>\$ 214,393</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, 2021, the Town recognized revenue as a result of support received from non-employer contributing entities of \$9,140 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, 2021.

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.

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

B. Municipal Police Employees' Retirement System (MPERS)

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

The Municipal Police Employees' Retirement System of Louisiana issues a stand-alone report on their financial statements. Access to the audit report can be found on the System's website: www.lampers.org or on the Louisiana Legislative Auditor's website, www.lla.state.la.us.

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Membership Prior to January 1, 2013: A member is eligible for regular retirement after he has been a member of MPERS and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are 3.33% of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under conditions outlined in state statute, the benefits range from 40% to 60% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives benefits equal to 10% of the member's average final compensation or \$200 per month, whichever is greater.

Membership Commencing January 1, 2013: Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non-Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of MPERS and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of MPERS for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non-Hazardous Duty sub plans, the benefit rates are 3% (generally) and 2.50%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under conditions outlined in state statute, benefits range from 25% to 55% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives benefits equal to 10% of the member's average final compensation or \$200 per month, whichever is greater. If deceased member had less than 10 years of service, beneficiary will receive a refund of employee contributions only.

Cost-of-Living Adjustments (COLA): The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost-of-living adjustment until they reach regular retirement age.

A COLA may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by the actuary.

Deferred Retirement Option Plan (DROP): A member is eligible to enter DROP when he is eligible for regular retirement based on the member's sub plan participation. Upon filing the application for the program, the employee's active membership in the system is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is 36 months or less. If employment is terminated after the three-year period, the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership in the system shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the system's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the system's investment portfolio return or a money market investment return. This could result in negative earnings rate being applied to the account.

If the member elects the money market investment return option, the funds are transferred to a government money market account and earn interest at the money market rate.

Initial Benefit Option Plan: In 1999, the Louisiana Legislature authorized the MPERS to establish an Initial Benefit Option (IBO) program. IBO is available to members who are eligible for regular retirement and have not participated in DROP. The IBO program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on the same criteria as DROP.

Employer Contributions: According to state statute, contribution requirements for all employers are actuarially determined each year but cannot be less than 9% of the employee's earnable compensation excluding overtime but including state supplemental pay.

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

For the year ended June 30, 2020, the employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 32.50% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 32.50% and 8%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 34.25% and 7.5%, respectively.

Non-Employer Contributions: MPERS receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the Legislature each year based on an actuarial report. Non-employer contributions are recognized as revenue and excluded from pension expense.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: At June 30, 2021, the Town reported liabilities in its government-wide financial statements of \$50,787 in its governmental activities for its proportionate share of the net pension liabilities of MPERS. The net pension liabilities were measured as of June 30, 2020, 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, 2020, the Town's proportional share of MPERS was 0.005495%.

For the year ended June 30, 2021, the Town recognized pension expense of \$13,975 in its governmental activities related to its participation in MPERS.

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

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

	MPERS	
	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 2,000
Changes of assumptions	1,207	1,253
Net difference between projected and actual earnings on pension plan investments	6,093	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	33,972	9
Employer contributions subsequent to the measurement date	<u>13,292</u>	<u>-</u>
	<u>\$ 54,564</u>	<u>\$ 3,262</u>

The \$13,292 reported as deferred outflows of resources related to pensions resulting from Town contributions 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 (benefit) as follows:

<u>Year</u>	
2022	\$ 11,523
2023	12,868
2024	12,461
2025	<u>1,158</u>
	<u>\$ 38,010</u>

Actuarial Methods and Assumptions: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employee's past periods of service, less the amount of the pension plan's fiduciary net position.

The actuarial assumptions used in the June 30, 2020 valuation were based on the assumptions used in the June 30, 2020 actuarial funding valuation and were based on the results of an actuarial experience study for the period of July 1, 2014 through June 30, 2019. In cases where benefit structures were changed after the study period, assumptions were based on the estimates of future experience.

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

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

	Municipal Police Employees' Retirement System (MPERS)	
Valuation Date	June 30, 2020	
Actuarial cost method	Entry Age Normal Cost	
Investment Rate of Return	6.950%, net of investment expense	
Expected Remaining Service Lives	4 Years	
Inflation rate	2.5%	
Salary increases, including inflation and merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1-2	12.30%
	Above 2	4.70%
Mortality	<p>For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale.</p> <p>For disabled lives, the Pub-2010 Public Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale.</p> <p>For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale.</p>	
Cost-of-Living Adjustments	<p>The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.</p>	

The investment rate of return was 6.950%, which was a .175% decrease from the rate used as of June 30, 2019.

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2014 through June 30, 2019, and review of similar law enforcement mortality. A change was made full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality.

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Portfolio Real Rate of Return
Equity	48.50%	3.08%
Fixed Income	33.50%	0.54%
Alternative	18.00%	1.02%
Other	0.00%	0.00%
Totals	100.00%	4.64%
Inflation		2.55%
Expected Arithmetic Return		7.19%

The discount rate used to measure the total pension liability was 6.950%, which was a .175% decrease from the rate used as of June 30, 2019. 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 approved by PRSAC taking into consideration the recommendation of the System's actuary. 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:		
	MPERS		
	1% Decrease	Current Discount Rate	1% Increase
	5.950%	6.950%	7.950%
Net Pension Liability	\$ 71,350	\$ 50,787	\$ 33,597

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

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

June 30, 2021, the Town recognized revenue as a result of support received from non-employer contributing entities of \$1,198 for its participation in MPERS.

Payables to the Pension Plan: The Town recorded accrued liabilities to MPERS for the year ended June 30, 2021, primarily due to the accrual for payroll at the end of the fiscal year. The amounts due are included in liabilities under the amounts reported as accounts and other payables. The balance due to MPERS as of June 30, 2021 is \$933.

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

C. Aggregate Net Pension Liability, Deferred Outflows of Resources, Deferred Inflows of Resources and Pension Expense

As detailed above, the Town participates in two separate defined benefit pension plans. The aggregate amounts for the Town's participation in Municipal Employees' Retirement System of Louisiana (MERS) and Municipal and State Police Retirement System of Louisiana (MPERS) are as follows:

Employer's Proportionate Share of Net Pension Liability:

	<u>MERS</u>	<u>MPERS</u>	<u>Aggregate</u>
Governmental Activities	\$ 223,397	\$ 50,787	\$ 274,184
Business-Type Activities	<u>74,466</u>	<u>-</u>	<u>74,466</u>
Total	<u>\$ 297,863</u>	<u>\$ 50,787</u>	<u>\$ 348,650</u>

Deferred Outflows of Resources:

	<u>MERS</u>	<u>MPERS</u>	<u>Aggregate</u>
Governmental Activities	\$ 79,391	\$ 54,564	\$ 133,955
Business-Type Activities	<u>26,463</u>	<u>-</u>	<u>26,463</u>
Total	<u>\$ 105,854</u>	<u>\$ 54,564</u>	<u>\$ 160,418</u>

Deferred Inflows of Resources:

	<u>MERS</u>	<u>MPERS</u>	<u>Aggregate</u>
Governmental Activities	\$ 3,959	\$ 3,262	\$ 7,221
Business-Type Activities	<u>1,320</u>	<u>-</u>	<u>1,320</u>
Total	<u>\$ 5,279</u>	<u>\$ 3,262</u>	<u>\$ 8,541</u>

Pension Expense:

	<u>MERS</u>	<u>MPERS</u>	<u>Aggregate</u>
Governmental Activities	\$ 40,456	\$ 13,975	\$ 54,431
Business-Type Activities	<u>13,485</u>	<u>-</u>	<u>13,485</u>
Total	<u>\$ 53,941</u>	<u>\$ 13,975</u>	<u>\$ 67,916</u>

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

(14) Water Purchases

The Town purchased water for resale totaling \$418,170 from St. Mary Parish Water & Sewer Commission No. 4 of which \$312,490 is included in accounts payable at June 30, 2021. Additionally, water purchases totaling \$395,767 from previous years is included in accounts payable at June 30, 2021.

(15) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended June 30, 2021, 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, 2021, 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, 2021:

<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>\$ 65,449</u>

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

(17) Litigation and Claims

At June 30, 2021, 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, 2021. 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. 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 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.

GASB Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. Interest cost incurred before the end of a construction period for financial statements prepared using the current resources measurement focus should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The standard is effective for annual reporting periods beginning after December 15, 2019. GASBS No. 95 postponed this statement by one year. The effects of implementation or its applicability on the Town's financial statements has not yet been determined.

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

GASB Statement No. 96, *Subscription-Based Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including subscription costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The provisions of GASBS No. .96 are effective for fiscal years beginning after June 15, 2022. The effect of implementation on the Town’s financial statements has not yet been determined.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BALDWIN, LOUISIANA
General Fund

Budgetary Comparison Schedule
Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 237,000	\$ 216,316	\$ 218,348	\$ 2,032
Licenses and permits	37,000	34,900	109,133	74,233
Intergovernmental	30,300	71,604	122,175	50,571
Charges for services	38,250	40,300	41,133	833
Fines and forfeits	50,350	52,500	60,267	7,767
Interest	600	178	172	(6)
Miscellaneous	42,130	26,915	18,857	(8,058)
Total revenues	<u>435,630</u>	<u>442,713</u>	<u>570,085</u>	<u>127,372</u>
Expenditures:				
General government–				
Administrative	469,500	460,738	386,214	74,524
Public safety–				
Police	9,300	3,550	3,292	258
Public works–				
Streets and drainage	100,700	92,737	91,636	1,101
Culture and recreation	23,400	16,965	42,498	(25,533)
Supporting services	28,600	56,100	44,179	11,921
Capital outlay	550	45,500	45,355	145
Total expenditures	<u>632,050</u>	<u>675,590</u>	<u>613,174</u>	<u>62,416</u>
Deficiency of revenues over expenditures	<u>(196,420)</u>	<u>(232,877)</u>	<u>(43,089)</u>	<u>189,788</u>
Other financing sources (uses):				
Transfers in	620,500	585,000	605,109	20,109
Transfers out	(418,447)	(352,263)	(389,240)	(36,977)
Total other financing sources (uses)	<u>202,053</u>	<u>289,737</u>	<u>270,980</u>	<u>(18,757)</u>
Net change in fund balance	5,633	56,860	227,891	171,031
Fund balance (deficit), beginning	<u>(72,975)</u>	<u>(72,975)</u>	<u>(72,975)</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ (67,342)</u>	<u>\$ (16,115)</u>	<u>\$ 154,916</u>	<u>\$ 171,031</u>

See accompanying notes to required supplementary information.

TOWN OF BALDWIN, LOUISIANA
1% Sales Tax Collection Fund

Budgetary Comparison Schedule
Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes - sales tax	\$ 280,000	\$ 300,000	\$ 332,897	\$ 32,897
Interest	<u>115</u>	<u>43</u>	<u>49</u>	<u>6</u>
Total revenues	280,115	300,043	332,946	32,903
Other financing sources (uses):				
Transfers out	<u>(277,350)</u>	<u>(289,350)</u>	<u>(292,049)</u>	<u>(2,699)</u>
Net change in fund balance	2,765	10,693	40,897	30,204
Fund balance, beginning	<u>106,577</u>	<u>106,577</u>	<u>106,577</u>	<u>-</u>
Fund balance, ending	<u>\$ 109,342</u>	<u>\$ 117,270</u>	<u>\$ 147,474</u>	<u>\$ 30,204</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, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes - sales tax	\$ 290,000	\$ 297,000	\$ 321,742	\$ 24,742
Charges for services	186,000	199,500	199,209	(291)
Interest	150	60	64	4
Other	1,500	6,342	6,413	71
Total revenues	<u>477,650</u>	<u>502,902</u>	<u>527,428</u>	<u>24,526</u>
Expenditures:				
Public Safety -				
Fire	86,300	72,700	71,890	810
Sanitation	163,500	165,500	161,105	4,395
Total expenditures	<u>249,800</u>	<u>238,200</u>	<u>232,995</u>	<u>5,205</u>
Excess of revenues over expenditures	<u>227,850</u>	<u>264,702</u>	<u>294,433</u>	<u>29,731</u>
Other financing sources (uses):				
Transfers in	22,000	12,500	11,256	(1,244)
Transfers out	<u>(226,000)</u>	<u>(226,000)</u>	<u>(241,105)</u>	<u>(15,105)</u>
Total other financing sources (uses)	<u>(204,000)</u>	<u>(213,500)</u>	<u>(229,849)</u>	<u>(16,349)</u>
Net change in fund balance	23,850	51,202	64,584	13,382
Fund balance, beginning	<u>219,870</u>	<u>219,870</u>	<u>219,870</u>	<u>-</u>
Fund balance, ending	<u>\$ 243,720</u>	<u>\$ 271,072</u>	<u>\$ 284,454</u>	<u>\$ 13,382</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, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes - sales tax	\$ 110,000	\$ 98,000	\$ 107,219	\$ 9,219
Interest	140	38	38	-
Miscellaneous	2,000	-	1,000	1,000
Total revenues	<u>112,140</u>	<u>98,038</u>	<u>108,257</u>	<u>10,219</u>
Expenditures:				
Public Safety -				
Police	266,600	260,148	271,189	(11,041)
Capital outlay	-	-	4,575	(4,575)
Total expenditures	<u>266,600</u>	<u>260,148</u>	<u>275,764</u>	<u>(15,616)</u>
Deficiency of revenues over expenditures	<u>(154,460)</u>	<u>(162,110)</u>	<u>(167,507)</u>	<u>(5,397)</u>
Other financing sources (uses):				
Transfers in	169,500	160,000	189,119	29,119
Transfers out	(10,000)	-	-	-
Total other financing sources (uses)	<u>159,500</u>	<u>160,000</u>	<u>189,119</u>	<u>29,119</u>
Net change in fund balance	5,040	(2,110)	21,612	23,722
Fund balance, beginning	<u>77,534</u>	<u>77,534</u>	<u>77,534</u>	<u>-</u>
Fund balance, ending	<u>\$ 82,574</u>	<u>\$ 75,424</u>	<u>\$ 99,146</u>	<u>\$ 23,722</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, 2021

<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>
Municipal Employees' Retirement System					
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%
2020	0.328685%	297,863	254,721	116.9%	66.26%
Municipal Police Employees' Retirement System					
2020	0.005495%	50,787	16,972	299.2%	70.94%

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, 2021

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
Municipal Employees' Retirement System					
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%
2021	41,285	41,285	-	266,353	15.50%
Municipal Police Employees' Retirement System					
2020	5,516	5,516	-	16,972	32.50%
2021	13,292	13,292	-	39,384	33.75%

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, 2021, expenditures and other uses exceeded appropriations in the 1% Sales Tax Fund, the $\frac{3}{4}$ % Sales Tax Fund, and the $\frac{1}{2}$ % Sales Tax Collection Fund by \$2,699, \$9,900, and \$15,616, respectively. These excess expenditures were covered by transfers from other funds.

TOWN OF BALDWIN, LOUISIANA

Notes to Required Supplementary Information (continued)

(4) Retirement Systems

A. Municipal Employees' Retirement System

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

MERS					
*		Investment		Expected	Projected
Year ended	Discount	Rate	Inflation	Remaining	Salary
June 30,	Rate	of Return	Rate	Service Lives	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%
2021	6.950%	6.950%	2.500%	3	4.9% - 7.4%

B. Municipal Police Employees' Retirement System

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

*		Investment		Expected	Projected
Year ended	Discount	Rate	Inflation	Remaining	Salary
June 30,	Rate	of Return	Rate	Service Lives	Increase
2020	7.125%	7.125%	2.500%	4	4.25% - 9.75%
2021	6.950%	6.950%	2.500%	4	4.7% - 12.3%

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

OTHER SUPPLEMENTARY INFORMATION

TOWN OF BALDWIN, LOUISIANA

Justice System Funding Schedule - Collecting/Disbursing Entity
Year Ended June 30, 2021

	First Six Month Period Ended <u>12/31/2020</u>	Second Six Month Period Ended <u>6/30/2021</u>
Beginning Balance of Amounts Collected	\$ -	\$ -
Add: Collections		
Criminal Fines and Costs	<u>17,899</u>	<u>41,973</u>
Less: Disbursements to Governments and Nonprofits		
Louisiana Supreme Court - Criminal Fines	36	102
Acadiana Criminalistics Lab - Criminal Fines	470	380
Louisiana Commission on Law Enforcement - Criminal Fines	207	402
Louisiana State Treasurer CMIS - Criminal Fines	213	192
LA Dept of Health & Hospitals THI/SCI - Criminal Fines	<u>160</u>	<u>480</u>
	<u>1,086</u>	<u>1,556</u>
Less: Amounts Retained by Collecting Agency		
Amounts "Self-disbursed" to Collecting Agency - Criminal Fines	<u>16,713</u>	<u>40,417</u>
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Bond Fee Refunds	<u>100</u>	<u>-</u>
Subtotal Disbursements/Retainage	<u>17,899</u>	<u>41,973</u>
Ending Balance of Amounts Collected but not Disbursed/Retained	<u>\$ -</u>	<u>\$ -</u>

TOWN OF BALDWIN, LOUISIANA
Nonmajor Governmental Funds

Combining Balance Sheet
June 30, 2021

	Special Revenue		Debt Service	Capital Projects Fund	
	3/10% Sales Tax	LCDBG Housing	Bond Sinking	Flood Protection Levee System Project	Total Nonmajor Governmental Funds
ASSETS					
Cash and interest bearing deposits	\$ 60,563	\$ 4,756	\$ -	\$ 36	\$ 65,355
Receivables:					
Accounts receivable	18,769	-	-	-	18,769
Due from other funds	24,734	-	-	-	24,734
Total assets	<u>\$ 104,066</u>	<u>\$ 4,756</u>	<u>\$ -</u>	<u>\$ 36</u>	<u>\$ 108,858</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>-</u>	<u>23,106</u>
FUND BALANCES					
Fund balances -					
Restricted	104,066	2,956	-	36	107,058
Unassigned (deficit)	-	-	(21,306)	-	(21,306)
Total fund balances (deficit)	<u>104,066</u>	<u>2,956</u>	<u>(21,306)</u>	<u>36</u>	<u>85,752</u>
Total liabilities and fund balances	<u>\$ 104,066</u>	<u>\$ 4,756</u>	<u>\$ -</u>	<u>\$ 36</u>	<u>\$ 108,858</u>

TOWN OF BALDWIN, LOUISIANA
Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2021

	Special Revenue		Debt Service	Capital Projects Fund	
	3/10% Sales Tax	LCDBG Housing	Bond Sinking	Flood Protection Levee System Project	Total Nonmajor Governmental Funds
Revenues:					
Taxes	\$103,872	\$ -	\$ -	\$ -	\$ 103,872
Intergovernmental					
Federal grants	-	-	-	65,449	65,449
Interest	37	-	-	-	37
Total revenues	<u>103,909</u>	<u>-</u>	<u>-</u>	<u>65,449</u>	<u>169,358</u>
Expenditures:					
Capital outlay	-	-	-	65,449	65,449
Debt service -					
Principal retirement	-	-	62,000	-	62,000
Interest and fiscal charges	-	-	9,501	-	9,501
Total expenditures	<u>-</u>	<u>-</u>	<u>71,501</u>	<u>65,449</u>	<u>136,950</u>
Excess (deficiency) of revenues over expenditures	<u>103,909</u>	<u>-</u>	<u>(71,501)</u>	<u>-</u>	<u>32,408</u>
Other financing sources (uses):					
Transfers in	-	-	71,501	-	71,501
Transfers out	<u>(77,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(77,000)</u>
Total other financing sources (uses)	<u>(77,000)</u>	<u>-</u>	<u>71,501</u>	<u>-</u>	<u>(5,499)</u>
Net changes in fund balances	26,909	-	-	-	26,909
Fund balances (deficit), beginning	<u>77,157</u>	<u>2,956</u>	<u>(21,306)</u>	<u>36</u>	<u>58,843</u>
Fund balances (deficit), ending	<u>\$104,066</u>	<u>\$ 2,956</u>	<u>\$ (21,306)</u>	<u>\$ 36</u>	<u>\$ 85,752</u>

TOWN OF BALDWIN, LOUISIANA
LCDBG - Bayou Choupique Flood Control Project Fund

Balance Sheet
June 30, 2021

ASSETS

Cash \$ 36

LIABILITIES AND FUND BALANCE

Liabilities \$ -

Fund balance -
Restricted 36

Total liabilities and fund balance \$ 36

TOWN OF BALDWIN, LOUISIANA
LCDBG - Bayou Choupique Flood Control Project Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2021

Revenues:	
LCDBG program	\$ 65,449
Expenditures:	
Project construction	
Land acquisition	<u>65,449</u>
Net change in fund balance	-
Fund balance, beginning	<u>36</u>
Fund balance, ending	<u><u>\$ 36</u></u>

TOWN OF BALDWIN, LOUISIANA

Schedule of Number of Utility Customers
June 30, 2021

Records maintained by the Town indicated the following number of customers were being serviced during the months of June 2021 and 2020:

<u>Department</u>	<u>2021</u>	<u>2020</u>
Gas	477	485
Water	669	680
Sewerage	729	742

TOWN OF BALDWIN, LOUISIANA

Schedule of Utility Rates
Year Ended June 30, 2021

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:

\$12.25 for the first 2,000 gallons of water used or consumed and \$3.75 per thousand gallons thereafter.

Mosquito Rate:

\$4.00 per month

TOWN OF BALDWIN, LOUISIANA

Schedule of Amounts Billed for Services
Year Ended June 30, 2021

Records maintained by the Town indicated the following amounts billed for services during the year ended June 30, 2021:

<u>Department</u>		
Gas	\$	164,248
Water		403,414
Sewerage		161,349

TOWN OF BALDWIN, LOUISIANA

Schedule of Average Monthly Billing Per User
Year Ended June 30, 2021

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

<u>Department</u>	
Gas	\$ 30
Water	50
Sewerage	17

INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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C. Burton Kolder, CPA*
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Victor R. Slaven, CPA* - retired 2020
Christine C. Doucet, CPA – retired 2022

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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 (hereinafter "Town") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated March 23, 2022.

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 2021-001, 2021-002, 2021-003, and 2021-004.

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 financial statements. 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 2021-005, 2021-006, and 2021-007.

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 audit 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
March 23, 2022

TOWN OF BALDWIN, LOUISIANA

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2021

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

A. Internal Control-

2020-001 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 2021-001.

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.

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 2021-002.

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.

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 2021-003.

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 \$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, 2021

STATUS: This finding is only applicable for the 2020 fiscal year. However, there are still negative unassigned fund balance deficits in the current year in business-type activities, the Utility Fund, and the Bond Sinking Fund. See current year finding 2021-004.

2020-005- 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: The discrepancy between water purchased and water billed has substantially reduced. Therefore, this finding is considered resolved.

B. Compliance-

2020-006 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 2020 fiscal year end. There were no funds with unfavorable variance in excess of 5 percent in the current year. Therefore, this finding is considered resolved.

2020-007 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: As the bonds were paid out during the 2021 fiscal year, this finding is no longer applicable at year-end. However, the condition was present up until the time that the bonds were paid out. Thus, see current year finding 2021-005.

TOWN OF BALDWIN, LOUISIANA

Summary Schedule of Prior Audit Findings (continued)
Year Ended June 30, 2021

2020-008 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: As the bonds were paid out during the 2021 fiscal year, this finding is no longer applicable at year-end. However, the condition was present up until the time that the bonds were paid out. Thus, see current year finding 2021-006.

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.

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.

STATUS: This finding was only applicable to the 2020 fiscal year. However, the Town failed to publish minutes for one of its public meetings in the 2021 fiscal year. See current year finding 2021-007.

TOWN OF BALDWIN, LOUISIANA

Summary Schedule of Prior Audit Findings (continued)
Year Ended June 30, 2021

C. Management Letter-

2020-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 January 20, 2022.

2020-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: The Town contract with a service provider to assist in the collection of delinquent ad valorem taxes and conduct an annual tax sale for property related to unpaid taxes. As a result, the Town’s delinquent ad valorem taxes have been substantially reduced. Therefore, this condition is considered resolved.

TOWN OF BALDWIN, LOUISIANA

Schedule of Audit Results and Findings
Year Ended June 30, 2021

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
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, 2021

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

A. Internal Control-

2021-001 - 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.

2021-002–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.

TOWN OF BALDWIN, LOUISIANA

Schedule of Audit Results and Findings (continued)
Year Ended June 30, 2021

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.

2021-003- 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.

2021-004- Net Position / Fund Balance Deficits

CONDITION: The Town has accumulated net position / unassigned fund balance deficits in its business-type activities, Bond Sinking Fund, and Proprietary Fund totaling \$546,314; \$21,306; and \$546,314, 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.

TOWN OF BALDWIN, LOUISIANA

Schedule of Audit Results and Findings (continued)
Year Ended June 30, 2021

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.

B. Compliance-

2021-005- Reserve Fund Requirements

CONDITION: The Town did not maintain 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.

2021-006- 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, 2021

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.

2021-007 – Written Minutes

CONDITION: The Town failed to publish minutes in its official journal for one of its 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, 2021.

CORRECTIVE ACTION PLAN FOR CURRENT AUDIT FINDINGS

APPENDIX A

TOWN OF BALDWIN

March 23, 2022

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

RE: Town Management Response to Audit, Fiscal Year: 2021

Dear Mr. Thibodeaux,

Enclosed is the Management Responses 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 making great strides towards 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

2021-001 - 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.

2021-002 - 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: Being made aware that adjustments need to be made to other funds as well as the utility funds and collections the clerk will be working to identify other accounts in need of adjustments and make those accordingly. The accounts will be scrutinized for misstatements and errors will be fixed in a timely manner.

2021-003 - 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: The customer deposits are not reconciled daily because the deposits have to be entered by hand on the billing software portal. Customer deposits are done as the customer information is entered in the computer. A new procedure will be developed to ensure that these deposits will be posted in a timely manner. Any discrepancies that are identified will be researched and corrected.

2021-004 - Net Position/Fund Balance Deficits

Findings: *The Town has accumulated net position/unassigned fund balance deficits in its business-type activities, Bond Sinking Fund, and Proprietary Fund totaling \$546,314, \$21,306, and \$546,314 respectively.*

Response: The deficit in the Bond Sinking fund will be cleared by an operating transfer. The deficits in the other funds are due to the Town purchasing water for resale from a neighboring water commission and the town is working to resolve the lingering deficit.

Response Regarding: Compliance

2021-005 - 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 finding will no longer be applicable.

2021-006 - 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. This finding will no longer be applicable.

2021-007- 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 October 2020 due to an oversight because of a hurricane and the meeting was rescheduled. The Minutes have been published and will continue to be published following the required schedule.

KOLDER, SLAVEN & COMPANY, LLC

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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, 2021 and have issued our report thereon dated March 23, 2022.

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 a certain matter 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.

2021-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.

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
March 23, 2022

TOWN OF BALDWIN

March 23, 2022

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

RE: Town Management Response to Audit, Fiscal Year: 2021

Dear Mr. Thibodeaux,

Enclosed is the Management Responses 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 making great strides towards 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

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It has come to our attention that an Ordinance book from a previous administration is missing and cannot be located .Our intention is to recreate the missing book by printing electronic copies of Ordinances to bring the Ordinance books up to date.