

**TOWN OF BALDWIN, LOUISIANA**

Financial Report

Year Ended June 30, 2022

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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 Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the Town of Baldwin, Louisiana (hereinafter "Town"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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 aggregate remaining fund information of the Town, as of June 30, 2022, 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.

#### *Basis for Opinions*

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 the *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that certain information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the budgetary comparison schedules, schedule of employer's share of net pension liability, schedule of

employer pension contributions, and notes to required supplementary information 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 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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. Such information 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the combining nonmajor funds and fund type financial statements and other financial information as listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financials statement do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Morgan City, Louisiana  
December 22, 2022

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

TOWN OF BALDWIN, LOUISIANA

Statement of Net Position  
June 30, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and interest-bearing deposits	\$ 1,048,093	\$ 263,201	\$ 1,311,294
Receivables, net	245,031	104,382	349,413
Due from other governmental units	21,328	-	21,328
Internal balances	(19,354)	19,354	-
Prepaid expenses	36,764	686	37,450
Total current assets	<u>1,331,862</u>	<u>387,623</u>	<u>1,719,485</u>
Noncurrent assets:			
Land and construction in progress	1,303,565	141,418	1,444,983
Capital assets net of accumulated depreciation	<u>3,358,663</u>	<u>1,759,248</u>	<u>5,117,911</u>
Total noncurrent assets	<u>4,662,228</u>	<u>1,900,666</u>	<u>6,562,894</u>
Total assets	<u>5,994,090</u>	<u>2,288,289</u>	<u>8,282,379</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to net pension liability	<u>140,440</u>	<u>16,978</u>	<u>157,418</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts and other payables	53,347	742,729	796,076
Unearned revenues	<u>409,320</u>	-	<u>409,320</u>
Total current liabilities	<u>462,667</u>	<u>742,729</u>	<u>1,205,396</u>
Noncurrent liabilities:			
Accrued liabilities			
Customers' deposits payable	-	77,642	77,642
Net pension liability	<u>219,395</u>	<u>50,194</u>	<u>269,589</u>
Total noncurrent liabilities	<u>219,395</u>	<u>127,836</u>	<u>347,231</u>
Total liabilities	<u>682,062</u>	<u>870,565</u>	<u>1,552,627</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to net pension liability	<u>83,362</u>	<u>15,714</u>	<u>99,076</u>
<b>NET POSITION</b>			
Net investment in capital assets	4,662,228	1,900,666	6,562,894
Restricted for:			
Capital projects	36	-	36
Sales and use tax restrictions	649,321	-	649,321
Special programs	3,396	-	3,396
Unrestricted (deficit)	<u>54,125</u>	<u>(481,678)</u>	<u>(427,553)</u>
Total net position	<u>\$ 5,369,106</u>	<u>\$ 1,418,988</u>	<u>\$ 6,788,094</u>

*The accompanying notes to financial statements are an integral part of this statement.*



TOWN OF BALDWIN, LOUISIANA

Statement of Activities  
Year Ended June 30, 2022

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	\$ 493,249	\$ 88,984	\$ 9,381	\$ -	\$ (394,884)	\$ -	\$ (394,884)
Culture and recreation	157,922	2,225	-	-	(155,697)	-	(155,697)
Public safety	480,017	96,483	17,539	-	(365,995)	-	(365,995)
Public works	384,546	200,565	-	-	(183,981)	-	(183,981)
Supporting services	35,356	42,549	-	-	7,193	-	7,193
Interest on long-term debt	2,476	-	-	-	(2,476)	-	(2,476)
Total governmental activities	<u>1,553,566</u>	<u>430,806</u>	<u>26,920</u>	<u>-</u>	<u>(1,095,840)</u>	<u>-</u>	<u>(1,095,840)</u>
Business-type activities:							
Gas, water and sewer	<u>1,008,487</u>	<u>802,720</u>	<u>2,166</u>	<u>3,650</u>	<u>-</u>	<u>(199,951)</u>	<u>(199,951)</u>
Total	<u>\$ 2,562,053</u>	<u>\$ 1,233,526</u>	<u>\$ 29,086</u>	<u>\$ 3,650</u>	<u>(1,095,840)</u>	<u>(199,951)</u>	<u>(1,295,791)</u>
General revenues:							
Taxes -							
Property taxes					152,864	-	152,864
Sales and use taxes					964,889	-	964,889
Franchise taxes					92,453	-	92,453
Grants and contributions not restricted to specific programs -							
State sources					6,446	-	6,446
Federal sources					21,700	-	21,700
Interest and investment earnings					334	107	441
Miscellaneous					64,652	-	64,652
Transfers					(157,569)	157,569	-
Total general revenues and transfers					<u>1,145,769</u>	<u>157,676</u>	<u>1,303,445</u>
Change in net position					49,929	(42,275)	7,654
Net position - July 1, 2021					<u>5,319,177</u>	<u>1,461,263</u>	<u>6,780,440</u>
Net position - June 30, 2022					<u>\$ 5,369,106</u>	<u>\$ 1,418,988</u>	<u>\$ 6,788,094</u>

The accompanying notes to financial statements are an integral part of this statement.

**FUND FINANCIAL STATEMENTS**

TOWN OF BALDWIN, LOUISIANA

Balance Sheet  
 Governmental Funds  
 June 30, 2022

	<u>General</u>	<u>1% Sales Tax</u>	<u>3/4% Sales Tax</u>
<b>ASSETS</b>			
Cash and interest bearing deposits	\$ 233,142	\$ 100,683	\$ 207,869
Receivables:			
Taxes	3,547	73,778	67,892
Accounts	27,535	-	31,724
Due from other funds	-	-	-
Due from other governmental units	21,328	-	-
Prepaid expenditures	<u>26,292</u>	<u>-</u>	<u>2,225</u>
Total assets	<u>\$ 311,844</u>	<u>\$ 174,461</u>	<u>\$ 309,710</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 5,930	\$ -	\$ 19,481
Accrued liabilities	18,749	-	-
Due to other funds	39,889	-	889
Unearned revenues	<u>20,000</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>84,568</u>	<u>-</u>	<u>20,370</u>
Deferred inflows of resources:			
Unavailable revenues	<u>1,272</u>	<u>-</u>	<u>-</u>
Fund balances:			
Nonspendable	26,292	-	2,225
Restricted	-	174,461	287,115
Unassigned (deficit)	<u>199,712</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>226,004</u>	<u>174,461</u>	<u>289,340</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 311,844</u>	<u>\$ 174,461</u>	<u>\$ 309,710</u>

<u>1/2% Sales Tax</u>	<u>American Rescue Plan Act</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 27,134	\$ 389,760	\$ -	\$ 89,505	\$ 1,048,093
22,634	-	-	17,921	185,772
-	-	-	-	59,259
19,796	-	-	24,734	44,530
-	-	-	-	21,328
8,247	-	-	-	36,764
<u>\$ 77,811</u>	<u>\$ 389,760</u>	<u>\$ -</u>	<u>\$ 132,160</u>	<u>\$ 1,395,746</u>
\$ 3,686	\$ -	\$ -	\$ -	\$ 29,097
5,501	-	-	-	24,250
-	-	21,306	1,800	63,884
-	389,320	-	-	409,320
<u>9,187</u>	<u>389,320</u>	<u>21,306</u>	<u>1,800</u>	<u>526,551</u>
-	-	-	-	1,272
8,247	-	-	-	36,764
60,377	440	-	130,360	652,753
-	-	(21,306)	-	178,406
<u>68,624</u>	<u>440</u>	<u>(21,306)</u>	<u>130,360</u>	<u>867,923</u>
<u>\$ 77,811</u>	<u>\$ 389,760</u>	<u>\$ -</u>	<u>\$ 132,160</u>	<u>\$ 1,395,746</u>

(continued)

TOWN OF BALDWIN, LOUISIANA

Balance Sheet (continued)  
Governmental Funds  
June 30, 2022

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

Total fund balances for governmental funds		\$	867,923
Capital assets, net of accumulated depreciation			
Land	\$	1,303,565	
Buildings		2,142,329	
Improvements		1,028,504	
Equipment		63,813	
Autos and trucks		<u>124,017</u>	4,662,228
Deferred outflows of resources related to net pension liability			140,440
Receivables not available to pay for current year expenditures			1,272
Net pension liability			(219,395)
Deferred inflows of resources related to net pension liability			<u>(83,362)</u>
Total net position of governmental activities		\$	<u>5,369,106</u>

*The accompanying notes to financial statements are an integral part of this statement.*

TOWN OF BALDWIN, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 Year Ended June 30, 2022

	<u>General</u>	<u>1% Sales Tax</u>	<u>3/4% Sales Tax</u>
Revenues:			
Taxes	\$ 245,317	\$ 376,403	\$ 361,666
Licenses and permits	88,984	-	-
Intergovernmental	6,446	-	-
Charges for services	44,774	-	200,565
Fines and forfeits	96,483	-	-
Interest	121	68	85
Miscellaneous	<u>64,552</u>	-	-
Total revenues	<u>546,677</u>	<u>376,471</u>	<u>562,316</u>
Expenditures:			
Current -			
General government			
Administrative	467,723	-	-
Public safety:			
Police	4,124	-	-
Fire	-	-	95,850
Public works:			
Streets and drainage	112,104	-	180,087
Culture and recreation	70,790	-	-
Supporting services	35,356	-	-
Capital outlay	27,611	-	-
Debt service -			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>717,708</u>	<u>-</u>	<u>275,937</u>
Excess (deficiency) of revenues over expenditures	<u>(171,031)</u>	<u>376,471</u>	<u>286,379</u>
Other financing sources (uses):			
Transfers in	733,988	-	37,508
Transfers out	<u>(491,870)</u>	<u>(349,484)</u>	<u>(319,001)</u>
Total other financing sources (uses)	<u>242,118</u>	<u>(349,484)</u>	<u>(281,493)</u>
Net changes in fund balances	71,087	26,987	4,886
Fund balance, beginning	<u>154,917</u>	<u>147,474</u>	<u>284,454</u>
Fund balances, ending	<u>\$ 226,004</u>	<u>\$ 174,461</u>	<u>\$ 289,340</u>

<u>1/2% Sales Tax</u>	<u>American Rescue Plan Act</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 120,563	\$ -	\$ -	\$ 106,257	\$ 1,210,206
-	-	-	-	88,984
17,539	21,700	-	-	45,685
-	-	-	-	245,339
-	-	-	-	96,483
15	-	-	45	334
-	-	-	-	64,552
<u>138,117</u>	<u>21,700</u>	<u>-</u>	<u>106,302</u>	<u>1,751,583</u>
-	260	-	-	467,983
335,436	-	-	-	339,560
-	-	-	-	95,850
-	-	-	-	292,191
-	-	-	-	70,790
-	-	-	-	35,356
-	-	-	-	27,611
-	-	165,000	-	165,000
-	-	3,494	-	3,494
<u>335,436</u>	<u>260</u>	<u>168,494</u>	<u>-</u>	<u>1,497,835</u>
<u>(197,319)</u>	<u>21,440</u>	<u>(168,494)</u>	<u>106,302</u>	<u>253,748</u>
166,796	-	168,494	-	1,106,786
-	(21,000)	-	(83,000)	(1,264,355)
<u>166,796</u>	<u>(21,000)</u>	<u>168,494</u>	<u>(83,000)</u>	<u>(157,569)</u>
(30,523)	440	-	23,302	96,179
<u>99,147</u>	<u>-</u>	<u>(21,306)</u>	<u>107,058</u>	<u>771,744</u>
<u>\$ 68,624</u>	<u>\$ 440</u>	<u>\$ (21,306)</u>	<u>\$ 130,360</u>	<u>\$ 867,923</u>

(continued)

TOWN OF BALDWIN, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)  
Governmental Funds  
Year Ended June 30, 2022

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	\$ 96,179
Costs of capital assets	27,611
Depreciation expense	(225,017)
Principal payments on bonds	165,000
Change in accrued interest	1,022
Effects of recording net pension liability and deferred inflows and outflows of resources related to net pension liability	
Increase in pension expense	(24,247)
Nonemployer pension contribution revenue	<u>9,381</u>
Total changes in net position per Statement of Activities	<u>\$ 49,929</u>

*The accompanying notes to financial statements are an integral part of this statement.*



TOWN OF BALDWIN, LOUISIANA

Statement of Net Position

Proprietary Funds

June 30, 2022

ASSETS

Current assets:

Cash and interest-bearing deposits	\$ 263,201
Receivables, net	104,382
Due from other funds	39,150
Prepaid expenses	686
Total current assets	<u>407,419</u>

Noncurrent assets:

Land and construction in progress	141,418
Capital assets, net of accumulated depreciation	1,759,248
Total noncurrent assets	<u>1,900,666</u>
Total assets	<u>2,308,085</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources related to net pension liability	<u>16,978</u>
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LIABILITIES

Current liabilities:

Accounts payable	717,025
Accrued liabilities	25,704
Due to other funds	19,796
Total current liabilities	<u>762,525</u>

Noncurrent liabilities:

Payable from restricted assets - Customers' deposits payable	77,642
Net pension liability	50,194
Total noncurrent liabilities	<u>127,836</u>
Total liabilities	<u>890,361</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources related to net pension liability	<u>15,714</u>
--	---------------

NET POSITION

Net investment in capital assets	1,900,666
Unrestricted (deficit)	(481,678)
Total net position	<u>\$ 1,418,988</u>

*The accompanying notes to financial statements are an integral part of this statement.*

TOWN OF BALDWIN, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position  
 Proprietary Funds  
 Year Ended June 30, 2022

Operating revenues:	
Charges for services -	
Gas sales and services	\$ 148,085
Water sales and services	396,934
Sewerage services	204,429
Delinquent charges	21,048
Commissions, transfers and reconnections	32,224
Miscellaneous	<u>2,166</u>
Total operating revenues	<u>804,886</u>
Operating expenses:	
Gas department	192,796
Water department	475,118
Sewerage department	182,926
Depreciation	<u>157,647</u>
Total operating expenses	<u>1,008,487</u>
Operating loss	<u>(203,601)</u>
Nonoperating revenues (expenses):	
Interest income	107
Capital contributions	<u>3,650</u>
Total nonoperating revenues (expenses)	<u>3,757</u>
Loss before transfers	<u>(199,844)</u>
Transfers, net	<u>157,569</u>
Change in net position	(42,275)
Net position, beginning	<u>1,461,263</u>
Net position, ending	<u>\$ 1,418,988</u>

*The accompanying notes to financial statements are an integral part of this statement.*

TOWN OF BALDWIN, LOUISIANA

Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2022

Cash flows from operating activities:	
Receipts from customers	\$ 810,424
Payments to suppliers	(679,849)
Payments to employees	<u>(147,120)</u>
Net cash used by operating activities	(16,545)
Cash flows from noncapital financing activities:	
Receipts from other funds	157,569
Cash flows from capital and related financing activities:	
Acquisition of property, plant and equipment	(46,107)
Cash flows from investing activities:	
Interest on investments	<u>107</u>
Net change in cash and cash equivalents	95,024
Cash and cash equivalents, beginning	<u>168,177</u>
Cash and cash equivalents, ending	<u>\$ 263,201</u>

(continued)

TOWN OF BALDWIN, LOUISIANA

Statement of Cash Flows (continued)

Proprietary Funds

Year Ended June 30, 2022

Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (203,601)
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation	157,647
Pension expense, net of nonemployer contributions	(2,166)
Changes in current assets and liabilities:	
Accounts receivable	(2,611)
Prepaid expenses	4,528
Accounts payable	11,543
Accrued liabilities	7,800
Customer deposits	<u>10,315</u>
Net cash used by operating activities	<u>\$ (16,545)</u>

Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:	
Cash and cash equivalents, beginning	<u>168,177</u>
Cash and cash equivalents, ending	<u>263,201</u>
Net change in cash and cash equivalents	<u>\$ 95,024</u>

*The accompanying notes to financial statements are an integral part of this statement.*

## 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

Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*, as amended, established criteria for determining which component units should be considered part of the Town for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the Town to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
2. Organizations for which the Town does not appoint a voting majority, but are fiscally dependent on the Town.
3. Organizations for which the reporting entity financial statements would be misleading if the data of the organization is not included because of the nature or significance of the relationship.

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

##### B. Basis of Presentation

Government-wide Financial Statements:

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity and distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements.

## TOWN OF BALDWIN, LOUISIANA

### Notes to Financial Statements (continued)

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.

#### 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**—general operating fund of the Town and is used to account for all financial resources except those required to be accounted for in another fund.

#### 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.

*American Rescue Plan Act Fund*—accounts for the receipt and subsequent expenditures of proceeds from the American Rescue Plan Act.

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

Debt Service Funds

*Bond Retirement*—accounts for repayment and other costs associated with the Town’s debt obligations.

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

Proprietary Fund

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

Additionally, the Town reports the following fund types:

Governmental Funds

General Fund

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

Special Revenue Funds

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

Capital Projects Funds

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

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. 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.

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. 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.

R. 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, 2022, the Town has cash and interest-bearing deposits (book balances) totaling \$1,311,294 as follows:

Demand deposits	\$ 1,311,194
Petty cash	<u>100</u>
	<u>\$ 1,311,294</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, 2022 are as follows:

Bank balances	<u>\$ 1,369,123</u>
Federal insurance	250,000
Collateralized by pledged securities	<u>1,119,123</u>
Total federal deposit insurance and pledged securities	<u>\$ 1,369,123</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, 2022, deposits in the amount of \$1,119,123 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 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, 2022, taxes of 11.95 mills were levied on property with assessed valuations totaling \$11,285,743 and were dedicated for general corporate purposes.

Total taxes levied were \$134,864.

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

(4) Receivables

Receivables at June 30, 2022 of \$349,413 consist of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts	\$ 28,214	\$ 106,381	\$ 134,595
Taxes-			
Ad valorem	25,540	-	25,540
Sales	185,772	-	185,772
Other-			
Franchise fees	22,058	-	22,058
	<u>261,584</u>	<u>106,381</u>	<u>367,965</u>
Less: allowance for uncollectible	(16,553)	(1,999)	(18,552)
Net receivables	<u>\$ 245,031</u>	<u>\$ 104,382</u>	<u>\$ 349,413</u>

(5) Interfund Receivables/Payables

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major governmental:		
General Fund	\$ -	\$ 39,889
Special Revenue Funds:		
1% Sales Tax Fund		1,800
3/4% Sales Tax Fund	-	889
1/2% Sales Tax Fund	19,796	-
Debt Service Fund	-	21,306
Utility Fund	39,150	19,796
Nonmajor governmental	<u>24,734</u>	<u>-</u>
Total interfund receivables/payables	<u>\$ 83,680</u>	<u>\$ 83,680</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, 2022, 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 Bureau	<u>19,220</u>
	<u>\$ 21,328</u>

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

(7) Capital Assets

Capital asset activity for the year ended June 30, 2022, was as follows:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2022</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,303,565	\$ -	\$ -	\$ 1,303,565
Capital assets being depreciated:				
Buildings	3,442,942	20,500	-	3,463,442
Improvements other than buildings	2,683,699	-	-	2,683,699
Equipment	311,304	7,111	-	318,415
Autos and trucks	1,262,573	-	-	1,262,573
	<u>7,700,518</u>	<u>27,611</u>	<u>-</u>	<u>7,728,129</u>
Less accumulated depreciation for:				
Buildings	(1,220,318)	(100,795)	-	(1,321,113)
Improvements other than buildings	(1,547,854)	(107,341)	-	(1,655,195)
Equipment	(241,034)	(13,568)	-	(254,602)
Autos and trucks	(1,135,243)	(3,313)	-	(1,138,556)
	<u>(4,144,449)</u>	<u>(225,017)</u>	<u>-</u>	<u>(4,369,466)</u>
Total capital assets being depreciated, net	<u>3,556,069</u>	<u>(197,406)</u>	<u>-</u>	<u>3,358,663</u>
Governmental activities capital assets, net	<u>\$ 4,859,634</u>	<u>\$ (197,406)</u>	<u>\$ -</u>	<u>\$ 4,662,228</u>

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2022</u>
Business-type activities:				
Capital assets not being depreciated:				
Construction in Progress	\$ -	\$ 25,307	\$ -	\$ 25,307
Land	116,111	-	-	116,111
	<u>116,111</u>	<u>25,307</u>	<u>-</u>	<u>141,418</u>
Capital assets being depreciated:				
Gas utility system	509,975	-	-	509,975
Water utility system	3,139,870	13,650	-	3,153,520
Sewerage utility system	3,722,940	10,800	-	3,733,740
	<u>7,372,785</u>	<u>24,450</u>	<u>-</u>	<u>7,397,235</u>
Less accumulated depreciated for:				
Gas utility system	(438,469)	(3,404)	-	(441,873)
Water utility system	(2,406,924)	(76,983)	-	(2,483,907)
Sewerage utility system	(2,634,947)	(77,260)	-	(2,712,207)
	<u>(5,480,340)</u>	<u>(157,647)</u>	<u>-</u>	<u>(5,637,987)</u>
Total capital assets being depreciated, net	<u>1,892,445</u>	<u>(133,197)</u>	<u>-</u>	<u>1,759,248</u>
Business-type activities capital assets, net	<u>\$ 2,008,556</u>	<u>\$ (107,890)</u>	<u>\$ -</u>	<u>\$ 1,900,666</u>

At June 30, 2022, the Town has outstanding construction commitments totaling approximately \$308,000.

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

Governmental Activities:	
General government	\$ 923
Culture and recreation	87,132
Public safety	44,607
Public works	<u>92,355</u>
Total depreciation expense - governmental activities	<u>\$ 225,017</u>
Business-Type Activities:	
Gas, water, and sewerage	<u>\$ 157,647</u>

On September 1, 2022, the Town entered into a cooperative endeavor agreement with the St. Mary Parish Water and Sewer Commission No. 4. This agreement consolidated water services to be provided to residents within the limits of the Town.

In accordance with the terms of the agreement, the Town has agreed to transfer title of the water system upon final confirmation of the Commission's qualification of a specified grant through the State of Louisiana Water Sector Program, Round 1. As of June 30, 2022, the net book value of assets to be transferred is approximately \$367,500. The related costs and accumulated depreciation are included in the schedule above



TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

as water utility system assets. Transfer of these assets satisfied the Town’s payable to the Commission, as described in Note 14, as of June 30, 2022.

The terms of the agreement with the Commission also requires transfer to the Commission the customer security deposits in the amount of \$25,725 currently held by the Town. The liability and related cash balances are reported under the business-type activities on the government-wide statement of net position and the proprietary fund statement of net position.

(8) Long-Term Debt

Transactions for the year ended June 30, 2022 are summarized as follows:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022
Governmental Activities:				
Certificates of Indebtedness	\$ 125,000	\$ -	\$ 125,000	\$ -
Limited Tax Revenue Bonds	<u>40,000</u>	<u>-</u>	<u>40,000</u>	<u>-</u>
Total	<u>\$ 165,000</u>	<u>\$ -</u>	<u>\$ 165,000</u>	<u>\$ -</u>

During the fiscal year ended June 30, 2022, the Town satisfied the remaining obligations under the Certificate of Indebtedness, Series 2008 and the Limited Tax Revenue Bonds, Series 2010.

(9) Net Position

Net position is presented as net investments in capital assets, restricted and/or unrestricted. The Town’s net position is affected by transactions that resulted in the recognition of deferred outflow of resources and deferred inflow of resources, and the difference between the deferred outflow of resources and deferred inflow of resources, and balance of the related asset or liability is significant. As discussed in Note 13, the Town’s recognition of net pension liability in accordance with GASBS No. 68 significantly affect the Town’s unrestricted component of net position in its governmental activities and business-type activities as of June 30, 2022.

(10) Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of 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	American Rescue Plan Act	Bond Sinking	Other Governmental Funds	Total Governmental Funds
Fund balances:								
Nonspendable -								
Prepaid items	\$ 26,292	\$ -	\$ 2,225	\$ 8,247	\$ -	\$ -	\$ -	\$ 36,764
Restricted for -								
Capital improvements	-	-	-	-	-	-	36	36
Sales and use tax restrictions	-	174,461	287,115	60,377	-	-	127,368	649,321
Special programs	-	-	-	-	440	-	2,956	3,396
Total fund balances - restricted	-	174,461	287,115	60,377	440	-	130,360	652,753
Unassigned (deficit)	199,712	-	-	-	-	(21,306)	-	178,406
Total fund balances (deficit)	\$ 226,004	\$ 174,461	\$ 289,340	\$ 68,624	\$ 440	\$ (21,306)	\$ 130,360	\$ 867,923

The Bond Sinking Fund, which is a major 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.

(11) Interfund Transfers

Operating transfers for the year ended June 30, 2022 were as follows:

	Transfers in					Total
	General	3/4% Sales Tax	1/2% Sales Tax	Bond Retirement	Utility	
Transfers out:						
General	\$ -	\$ 37,508	\$ 166,796	\$ 129,493	\$ 158,073	\$ 491,870
1% Sales Tax	349,484	-	-	-	-	349,484
3/4% Sales Tax	280,000	-	-	39,001	-	319,001
American Rescue Plan Act	21,000	-	-	-	-	21,000
Nonmajor	83,000	-	-	-	-	83,000
Utility	504	-	-	-	-	504
Total	\$ 733,988	\$ 37,508	\$ 166,796	\$ 168,494	\$ 158,073	\$ 1,264,859

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

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

(12) 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 (2022 collections \$376,403). 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 (2022 collections \$106,257). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is allocated and distributed monthly to each participating municipality. Proceeds are dedicated to the following purposes; constructing, acquiring, extending, improving and maintaining any public works or capital improvements, including but not limited to sewerage, drainage, sub-surface drainage, water and flood control extensions and improvements, streets, roads, sidewalks, and bridges.

Proceeds of a 3/4 of 1% sales and use tax levied in 1974 and 1987 (2022 collections \$361,666). 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 1/2% parish wide sales and use tax levied in 1998 (2022 collections \$120,563). 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 systems, 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.

## TOWN OF BALDWIN, LOUISIANA

### Notes to Financial Statements (continued)

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 member meets one of the following criteria:

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

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's 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.

## TOWN OF BALDWIN, LOUISIANA

### Notes to Financial Statements (continued)

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

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

**Disability Benefits:** For Plan B, a member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser (1) an amount equal to two percent of 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, 2021, the employer contribution rate for Plan B was 15.50%.

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

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, 2022, The Town reported liabilities in its government-wide financial statements of \$150,583 and \$50,194 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, 2021 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, 2021, the Town's proportional share of MERS was 0.346580%, which was an increase of 0.017895% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Town recognized pension expense of \$36,913 in its governmental activities and pension expense of \$12,304 in its business-type activities, respectively, related to its participation in MERS.

At June 30, 2022, 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	\$ -	\$ 6,213	\$ -	\$ 2,071
Changes of assumptions	6,095	-	2,030	-
Net difference between projected and actual earnings on pension plan investments	-	40,693	-	13,564
Changes in proportion and differences between employer contributions and proportionate share of contributions	13,249	237	4,418	79
Employer contributions subsequent to the measurement date	31,590	-	10,530	-
	<u>\$ 50,934</u>	<u>\$ 47,143</u>	<u>\$ 16,978</u>	<u>\$ 15,714</u>

The \$42,120 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:

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

Year	Governmental Activities	Business-type Activities	Total
2023	\$ 2,356	\$ 786	\$ 3,142
2024	(5,301)	(1,767)	(7,068)
2025	(10,554)	(3,518)	(14,072)
2026	(14,300)	(4,767)	(19,067)
	<u>\$ (27,799)</u>	<u>\$ (9,266)</u>	<u>\$ (37,065)</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, 2021 valuation was based on the results of an experience study, for the period July 1, 2013 through June 30, 2018.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 are as follows:

	Municipal Employees' Retirement System (MERS) Plan B
Valuation Date	June 30, 2021
Actuarial cost method	Entry Age Normal
Expected remaining service lives	3 years
Investment rate of return	6.85%, 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 6.85%, which was a .10% decrease from the rate used as of June 30, 2020. 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

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

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, 2022 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public Equity	53%	2.31%
Public fixed income	38%	1.65%
Alternatives	9%	0.39%
Totals	<u>100%</u>	<u>4.35%</u>
Inflation		<u>2.60%</u>
Expected Arithmetic Nominal Return		<u>6.95%</u>

Discount Rate: The discount rate used to measure the total pension liability was 6.85%, which was a .10% decrease from the rate used as of June 30, 2020. 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>\$ 308,033</u>	<u>\$ 200,777</u>	<u>\$ 110,058</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



## TOWN OF BALDWIN, LOUISIANA

### Notes to Financial Statements (continued)

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 \$8,662 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, 2022.

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](http://www.mersla.com).

#### 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](http://www.lampers.org) or on the Louisiana Legislative Auditor's website, [www.lla.state.la.us](http://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

## TOWN OF BALDWIN, LOUISIANA

### Notes to Financial Statements (continued)

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.

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.

## TOWN OF BALDWIN, LOUISIANA

### Notes to Financial Statements (continued)

**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.

For the year ended June 30, 2021, 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 33.75% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 33.75% 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 36.25% 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, 2022, the Town reported liabilities in its government-wide financial statements of \$68,812 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, 2021, 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, 2022, the Town's proportional share of MPERS was 0.012909%, which was an increase of 0.007414% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the Town recognized pension expense of \$30,864 in its governmental activities related to its participation in MPERS.

At June 30, 2022, 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	\$ -	\$ 2,119
Changes of assumptions	7,621	1,963
Net difference between projected and actual earnings on pension plan investments	-	32,130
Changes in proportion and differences between employer contributions and proportionate share of contributions	69,946	7
Employer contributions subsequent to the measurement date	<u>11,939</u>	<u>-</u>
	<u>\$ 89,506</u>	<u>\$ 36,219</u>

The \$11,939 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>	
2023	\$ 21,870
2024	20,913
2025	9,633
2026	<u>(11,068)</u>
	<u>\$ 41,348</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.

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the assumptions used in the June 30, 2021 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. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 are as follows:

	<u>Municipal Police Employees' Retirement System (MPERS)</u>	
Valuation Date	June 30, 2021	
Actuarial cost method	Entry Age Normal Cost	
Investment Rate of Return	6.75%, 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>	

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

The investment rate of return was 6.75%, which was a .20% decrease from the rate used as of June 30, 2020. 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, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Portfolio Real Rate of Return
Equity	55.5%	3.47%
Fixed Income	30.5%	0.59%
Alternative	14%	1.01%
Totals	100%	5.07%
Inflation		2.22%
Expected Arithmetic Return		7.30%

The discount rate used to measure the total pension liability was 6.75%, which was a .20% decrease from the rate used as of June 30, 2020. 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
Net Pension Liability	\$ 119,928	\$ 68,812	\$ 26,147

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

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, 2022, the Town recognized revenue as a result of support received from non-employer contributing entities of \$2,885 for its participation in MPERS.

Payables to the Pension Plan: The Town recorded no accrued liabilities related to MPERS for the year ended June 30, 2022.

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](http://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	\$ 150,583	\$ 68,812	\$ 219,395
Business-Type Activities	50,194	-	50,194
Total	<u>\$ 200,777</u>	<u>\$ 68,812</u>	<u>\$ 269,589</u>

Deferred Outflows of Resources:

	<u>MERS</u>	<u>MPERS</u>	<u>Aggregate</u>
Governmental Activities	\$ 50,934	\$ 89,506	\$ 140,440
Business-Type Activities	16,978	-	16,978
Total	<u>\$ 67,912</u>	<u>\$ 89,506</u>	<u>\$ 157,418</u>

Deferred Inflows of Resources:

	<u>MERS</u>	<u>MPERS</u>	<u>Aggregate</u>
Governmental Activities	\$ 47,143	\$ 36,219	\$ 83,362
Business-Type Activities	15,714	-	15,714
Total	<u>\$ 62,857</u>	<u>\$ 36,219</u>	<u>\$ 99,076</u>

Pension Expense:

	<u>MERS</u>	<u>MPERS</u>	<u>Aggregate</u>
Governmental Activities	\$ 36,913	\$ 30,864	\$ 67,777
Business-Type Activities	12,304	-	12,304
Total	<u>\$ 49,217</u>	<u>\$ 30,864</u>	<u>\$ 80,081</u>

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

(14) Water Purchases

The Town purchased water for resale totaling \$337,787 from St. Mary Parish Water & Sewer Commission No. 4. Water purchases totaling \$708,257 from previous years is included in accounts payable at June 30, 2022. See Note 7.

(15) On-Behalf Payments of Salaries

During the year ended June 30, 2022, the State of Louisiana paid the Town's policemen \$17,539 of supplemental pay, which is included in the accompanying financial statements as intergovernmental revenues and public safety expenses/expenditures.

(16) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended June 30, 2022, 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, 2022, payments made to Mayor Abel Prejean requiring disclosure are as follows:

Salary	\$ 36,336
Benefits-retirement	5,632
Car allowance	4,800
Reimbursements	2,226
	<u>\$ 48,994</u>



## TOWN OF BALDWIN, LOUISIANA

### Notes to Financial Statements (continued)

#### (17) Litigation and Claims

The Town is involved in multiple lawsuits claiming damages. In the opinion of the Town's legal representative, resolution of these lawsuits would not create a liability to the Town in excess of insurance coverage. For those cases in which insurance coverage is not maintained, an unfavorable outcome is not expected.

#### (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, 2022. 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. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement requires that Public-Private and Public-Public Partnerships (PPPs) that meet the definition of a lease apply the guidance in Statement No. 87, *Leases*, as amended, if existing assets of the transferor that are not required to be improved by the operator as part of the PPP arrangement are the only underlying PPP assets and the PPP does not meet the definition of an SCA. This Statement provides accounting and financial reporting requirements for all other PPPs: those that either (1) meet the definition of an SCA or (2) are not within the scope of Statement 87, as amended (as clarified by this Statement). The provisions of GASB Statement No. 94 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.

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, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 223,000	\$ 245,514	\$ 245,317	\$ (197)
Licenses and permits	35,200	34,562	88,984	54,422
Intergovernmental	34,600	3,911	6,446	2,535
Charges for services	40,050	40,901	44,774	3,873
Fines and forfeits	101,100	101,028	96,483	(4,545)
Interest	178	121	121	-
Miscellaneous	37,850	40,085	64,552	24,467
Total revenues	<u>471,978</u>	<u>466,122</u>	<u>546,677</u>	<u>80,555</u>
<b>Expenditures:</b>				
General government				
Administrative	493,033	469,356	467,723	1,633
Public safety:				
Police	4,000	3,758	4,124	(366)
Public works:				
Streets and drainage	102,900	126,444	112,104	14,340
Culture and recreation	13,100	82,509	70,790	11,719
Supporting services	67,798	46,003	35,356	10,647
Capital outlay	550	12,631	27,611	(14,980)
Total expenditures	<u>681,381</u>	<u>740,701</u>	<u>717,708</u>	<u>22,993</u>
Deficiency of revenues over expenditures	<u>(209,403)</u>	<u>(274,579)</u>	<u>(171,031)</u>	<u>103,548</u>
<b>Other financing sources (uses):</b>				
Proceeds from sale of assets	2,800	2,997	-	(2,997)
Transfers in	593,000	732,721	733,988	1,267
Transfers out	(354,095)	(363,511)	(491,870)	(128,359)
Total other financing sources (uses)	<u>241,705</u>	<u>372,207</u>	<u>242,118</u>	<u>(130,089)</u>
Net change in fund balance	32,302	97,628	71,087	(26,541)
Fund balance, beginning	<u>154,917</u>	<u>154,917</u>	<u>154,917</u>	<u>-</u>
Fund balance, ending	<u>\$ 187,219</u>	<u>\$ 252,545</u>	<u>\$ 226,004</u>	<u>\$ (26,541)</u>

See notes to required supplementary information.

TOWN OF BALDWIN, LOUISIANA  
1% Sales Tax Collection Fund

Budgetary Comparison Schedule  
Year Ended June 30, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes - sales tax	\$ 300,000	\$ 351,710	\$ 376,403	\$ 24,693
Interest	<u>50</u>	<u>67</u>	<u>68</u>	<u>1</u>
Total revenues	<u>300,050</u>	<u>351,777</u>	<u>376,471</u>	<u>24,694</u>
Expenditures:				
General government				
Administrative	<u>17,350</u>	<u>23,645</u>	<u>-</u>	<u>23,645</u>
Excess of revenues over expenditures	<u>282,700</u>	<u>328,132</u>	<u>376,471</u>	<u>48,339</u>
Other financing sources (uses):				
Transfers out	<u>(280,000)</u>	<u>(307,607)</u>	<u>(349,484)</u>	<u>(41,877)</u>
Net change in fund balance	2,700	20,525	26,987	6,462
Fund balance, beginning	<u>147,474</u>	<u>147,474</u>	<u>147,474</u>	<u>-</u>
Fund balance, ending	<u>\$ 150,174</u>	<u>\$ 167,999</u>	<u>\$ 174,461</u>	<u>\$ 6,462</u>

*See notes to required supplementary information.*

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

Budgetary Comparison Schedule  
Year Ended June 30, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes - sales tax	\$ 300,000	\$ 342,197	\$ 361,666	\$ 19,469
Charges for services	195,500	196,355	200,565	4,210
Interest	60	79	85	6
Other	1,500	-	-	-
Total revenues	<u>497,060</u>	<u>538,631</u>	<u>562,316</u>	<u>23,685</u>
<b>Expenditures:</b>				
<b>Public Safety:</b>				
Fire	82,200	83,506	95,850	(12,344)
Sanitation	165,500	175,230	180,087	(4,857)
<b>Debt Service:</b>				
Bond interest & fiscal charges	25,000	39,001	-	39,001
Total expenditures	<u>272,700</u>	<u>297,737</u>	<u>275,937</u>	<u>21,800</u>
Excess of revenues over expenditures	<u>224,360</u>	<u>240,894</u>	<u>286,379</u>	<u>45,485</u>
<b>Other financing sources (uses):</b>				
Transfers in	12,500	41,248	37,508	(3,740)
Transfers out	(221,000)	(280,000)	(319,001)	(39,001)
Total other financing sources (uses)	<u>(208,500)</u>	<u>(238,752)</u>	<u>(281,493)</u>	<u>(42,741)</u>
Net change in fund balance	15,860	2,142	4,886	2,744
Fund balance, beginning	<u>284,454</u>	<u>284,454</u>	<u>284,454</u>	<u>-</u>
Fund balance, ending	<u>\$ 300,314</u>	<u>\$ 286,596</u>	<u>\$ 289,340</u>	<u>\$ 2,744</u>

*See notes to required supplementary information.*

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

Budgetary Comparison Schedule  
Year Ended June 30, 2022

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Taxes - sales tax	\$ 110,000	\$ 114,568	\$ 120,563	\$ 5,995
Intergovernmental	-	-	17,539	17,539
Interest	40	14	15	1
Total revenues	<u>110,040</u>	<u>114,582</u>	<u>138,117</u>	<u>23,535</u>
<b>Expenditures:</b>				
Public Safety:				
Police	<u>284,440</u>	<u>316,450</u>	<u>335,436</u>	<u>(18,986)</u>
Deficiency of revenues over expenditures	<u>(174,400)</u>	<u>(201,868)</u>	<u>(197,319)</u>	<u>4,549</u>
<b>Other financing sources:</b>				
Transfers in	<u>176,000</u>	<u>176,782</u>	<u>166,796</u>	<u>(9,986)</u>
Net change in fund balance	1,600	(25,086)	(30,523)	(5,437)
Fund balance, beginning	<u>99,147</u>	<u>99,147</u>	<u>99,147</u>	<u>-</u>
Fund balance, ending	<u>\$ 100,747</u>	<u>\$ 74,061</u>	<u>\$ 68,624</u>	<u>\$ (5,437)</u>

*See notes to required supplementary information.*

TOWN OF BALDWIN, LOUISIANA  
American Rescue Plan Act

Budgetary Comparison Schedule  
Year Ended June 30, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 410,000	\$ 21,700	\$ 21,700	\$ -
Expenditures:				
General government				
Administrative	-	-	260	(260)
Excess of revenues over over expenditures	410,000	21,700	21,440	(260)
Other financing sources (uses):				
Transfers out	(410,000)	(21,700)	(21,000)	700
Net change in fund balance	-	-	440	440
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ -	\$ -	\$ 440	\$ 440

*See notes to required supplementary information.*

TOWN OF BALDWIN, LOUISIANA

Schedule of Employer's Share of Net Pension Liability  
Year Ended June 30, 2022

<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>
<b>Municipal Employees' Retirement System</b>					
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%
2021	0.346580%	200,777	266,353	75.4%	79.14%
<b>Municipal Police Employees' Retirement System</b>					
2020	0.005495%	50,787	16,972	299.2%	70.94%
2021	0.012909%	68,812	39,385	174.7%	84.09%

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available. See notes to required supplementary information.*



TOWN OF BALDWIN, LOUISIANA

Schedule of Employer Contributions  
Year Ended June 30, 2022

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
<b>Municipal Employees' Retirement System</b>					
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%
2022	42,121	42,120	-	271,747	15.50%
<b>Municipal Police Employees' Retirement System</b>					
2020	5,516	5,516	-	16,972	32.50%
2021	13,292	13,292	-	39,385	33.75%
2022	11,939	11,939	-	40,131	29.75%

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.  
See notes to required supplementary information.*

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, 2022, expenditures and other uses exceeded appropriations in the 1/2% Sales Tax Collection Fund and the American Rescue Plan Act fund by \$18,986 and \$2 60, respectively.

(4) Retirement Systems

A. Municipal Employees' Retirement System

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

TOWN OF BALDWIN, LOUISIANA

Notes to Required Supplementary Information (continued)

2. Changes of assumptions –

MERS					
*					
Year ended June 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2015	7.75%	7.75%	3.00%	4	5.8%
2016	7.50%	7.50%	2.88%	4	5.0%
2017	7.50%	7.50%	2.88%	4	5.0%
2018	7.40%	7.40%	2.78%	4	5.0%
2019	7.28%	7.28%	2.60%	3	5.0%
2020	7.00%	7.00%	2.50%	3	4.9% - 7.4%
2021	6.95%	6.95%	2.50%	3	4.9% - 7.4%
2022	6.85%	6.85%	2.50%	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 –

MPERS					
*					
Year ended June 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2020	7.13%	7.13%	2.50%	4	4.25% - 9.75%
2021	6.95%	6.95%	2.50%	4	4.7% - 12.3%
2022	6.75%	6.97%	2.50%	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, 2022

	First Six Month Period Ended <u>12/31/2021</u>	Second Six Month Period Ended <u>6/30/2022</u>
Beginning Balance of Amounts Collected	\$ -	\$ -
Add: Collections		
Criminal Fines and Costs	<u>62,073</u>	<u>34,007</u>
Less: Disbursements to Governments and Nonprofits		
Louisiana Supreme Court - Criminal Fines	145	71
Acadiana Criminalistics Lab - Criminal Fines	500	160
Louisiana Commission on Law Enforcement - Criminal Fines	568	278
Louisiana State Treasurer CMIS - Criminal Fines	870	426
LA Dept of Health & Hospitals THI/SCI - Criminal Fines	<u>680</u>	<u>325</u>
	<u>2,763</u>	<u>1,260</u>
Less: Amounts Retained by Collecting Agency		
Amounts "Self-disbursed" to Collecting Agency - Criminal Fines	<u>59,285</u>	<u>32,747</u>
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Bond Fee Refunds	<u>25</u>	<u>-</u>
Subtotal Disbursements/Retainage	<u>62,073</u>	<u>34,007</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, 2022

	Special Revenue		Capital Projects Fund		Total Nonmajor Governmental Funds
	3/10% Sales Tax	LCDBG Housing	Flood Protection Levee System Project		
<b>ASSETS</b>					
Cash and interest bearing deposits	\$ 84,713	\$ 4,756	\$ 36		\$ 89,505
Receivables:					
Accounts receivable	17,921	-	-		17,921
Due from other funds	24,734	-	-		24,734
Total assets	\$ 127,368	\$ 4,756	\$ 36		\$ 132,160
<b>LIABILITIES</b>					
Liabilities-					
Due to other funds	\$ -	\$ 1,800	\$ -		\$ 1,800
<b>FUND BALANCES</b>					
Fund balances -					
Restricted	127,368	2,956	36		130,360
Total liabilities and fund balances	\$ 127,368	\$ 4,756	\$ 36		\$ 132,160

TOWN OF BALDWIN, LOUISIANA  
Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2022

	Special Revenue		Capital Projects Fund	
	3/10% Sales Tax	LCDBG Housing	Flood Protection Levee System Project	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$106,257	\$ -	\$ -	\$ 106,257
Interest	<u>45</u>	<u>-</u>	<u>-</u>	<u>45</u>
Total revenues	<u>106,302</u>	<u>-</u>	<u>-</u>	<u>106,302</u>
Other financing sources (uses):				
Transfers out	<u>(83,000)</u>	<u>-</u>	<u>-</u>	<u>(83,000)</u>
Net changes in fund balances	23,302	-	-	23,302
Fund balances, beginning	<u>104,066</u>	<u>2,956</u>	<u>36</u>	<u>107,058</u>
Fund balances, ending	<u>\$127,368</u>	<u>\$ 2,956</u>	<u>\$ 36</u>	<u>\$ 130,360</u>

TOWN OF BALDWIN, LOUISIANA

Schedule of Number of Utility Customers  
June 30, 2022

Records maintained by the Town indicated the following number of customers were being serviced during the months of June 2022 and 2021:

<u>Department</u>	<u>2022</u>	<u>2021</u>
Gas	475	477
Water	667	669
Sewerage	729	729



TOWN OF BALDWIN, LOUISIANA

Schedule of Utility Rates  
Year Ended June 30, 2022

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, 2022

Records maintained by the Town indicated the following amounts billed for services during the year ended June 30, 2022:

<u>Department</u>		
Gas	\$	158,098
Water		390,236
Sewerage		194,976

TOWN OF BALDWIN, LOUISIANA

Schedule of Average Monthly Billing Per User  
Year Ended June 30, 2022

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

<u>Department</u>	
Gas	\$ 28
Water	49
Sewerage	22

TOWN OF BALDWIN, LOUISIANA

Analysis of Additions, Replacements, and Improvements to Utility System  
Year Ended June 30, 2022

The following addition was added to the utility system:

John Deere Raptor	\$ 5,150
Vehicle- 2005 Ford D-150	8,500
Vehicle- 2009 Chevrolet	<u>10,800</u>
	<u>\$ 24,450</u>

**INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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Of Counsel

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, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 22, 2022.

### Report on 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 which are described in the accompanying schedule of audit results and findings as items 2022-001, 2022-002, and 2022-003.

## **Report on 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 2022-004, 2022-005, and 2022-006.

## **Town's Responses to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town's responses to the findings identified in our audit and described in the accompanying schedule audit results and findings. The Town's response were not subjected to the other 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. However, under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Morgan City, Louisiana  
December 22, 2022

TOWN OF BALDWIN, LOUISIANA

Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2022

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

A. Internal Control-

2021-001 – 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 condition is unresolved. See current year finding 2022-001.

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.

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 condition is unresolved. See current year finding 2022-002.

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.

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 condition has been resolved.

2021-004 – 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.

STATUS: This condition has been partially resolved.



TOWN OF BALDWIN, LOUISIANA

Summary Schedule of Prior Audit Findings (continued)  
Year Ended June 30, 2022

B. Compliance-

2021-005 – Reserve Fund Requirements

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

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

STATUS: This condition did not reoccur.

2021-006 – Obligation to Adjust Rates

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

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

STATUS: This condition did not reoccur.

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.

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

STATUS: This condition reoccurred. See current year finding 2022-004.

C. Management Letter-

2021-ML-1 Ordinance Book

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, Town (or Town, or Village) of .....” In which he shall file the original of every ordinance which has been adopted by the board immediately after its passage and attach a note to the ordinance stating the date of its enactment and a reference to the book and page of the board’s minutes containing the record of its adoption.”

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

STATUS: Comment is again reported in a separate letter to management dated December 22, 2022.

TOWN OF BALDWIN, LOUISIANA

Schedule of Audit Results and Findings  
Year Ended June 30, 2022

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
American rescue plan act	Unmodified
Bond retirement	Unmodified
Utility	Unmodified
Aggregate remaining fund information	Unmodified

2. Internal control over financial reporting:

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

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

4. Management letter issued?   ✓   yes        no

TOWN OF BALDWIN, LOUISIANA

Schedule of Audit Results and Findings (continued)  
Year Ended June 30, 2022

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

A. Internal Control-

2022-001 – Segregation of Duties

Year Initially Occurring: Unknown

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.

2022-002 – Material Financial Statement Adjustments

Year Initially Occurring: Unknown

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.

TOWN OF BALDWIN, LOUISIANA

Schedule of Audit Results and Findings (continued)  
Year Ended June 30, 2022

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

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

2022-003 – Controls Over Fuel Purchases

Year Initially Occurring: 2022

**CONDITION:** The Town’s police department maintains multiple means for purchasing fuel. Fuel may be purchased using a gas fleet card service or an invoicing system established with a local vendor. The Town’s public works department uses one gas fleet card service. However, certain metrics, such as odometer readings, are often excluded or inaccurately reported.

**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 Town does not have adequate controls over fuel purchases.

**EFFECT:** Misstatements in the financial statements, including excessive fuel usage, may not be prevented, detected and corrected timely.

**RECOMMENDATION:** We recommend that the Town implement policies and procedures that would allow management or employees to prevent, detect or correct misstatements on a timely basis. The Town should consider utilizing the available evaluations provided by the fleet service such as cost per mile and miles per gallon or evaluate fuel purchases inhouse to identify excessive purchases.

B. Compliance-

2022-004 – Written Minutes

Year Initially Occurring: 2020

**CONDITION:** The Town failed to publish minutes in its official journal for one of its public meetings held during the year.

**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

TOWN OF BALDWIN, LOUISIANA

Schedule of Audit Results and Findings (continued)  
Year Ended June 30, 2022

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 furnish the minutes to its official journal for publication.

EFFECT: The Town may be noncompliant with the Open Meetings Law.

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

2022-005 – Annual Reporting of Coronavirus State and Local Fiscal Recovery Fund (SLFRF) Expenditures

Year Initially Occurring: 2022

CONDITION: The Town did not submit the Annual Project and Expenditure Report to the U.S. Department of the Treasury in accordance with the established requirements.

CRITERIA: On May 17, 2021, the Secretary of the Treasury adopted the final rule on the SLFRF established under the American Rescue Plan Act (ARPA). Provisions of the final rule required submission of an annual project and expenditure report for all nonentitlement units (NEUs) of local governments. The first annual report was due on April 30, 2022 and covered the period of March 3, 2021-March 31, 2022.

CAUSE: Failure to comply with reporting requirements.

EFFECT: The Town incurred eligible expenditures that were not reported in accordance with the applicable requirement. Further, the report was submitted three business days after the deadline of April 30, 2022.

RECOMMENDATION: We recommend that the Town review the final rule issued by the Department of the Treasury on the SLFRF to prevent future noncompliance.

TOWN OF BALDWIN, LOUISIANA

Schedule of Audit Results and Findings (continued)  
Year Ended June 30, 2022

2022-006 – Local Government Budget Act

Year Initially Occurring: 2022

CONDITION: Budget variances in excess of 5% were incurred in the General Fund, 1% Sales Tax Fund and ½% Sales Tax Fund.

CRITERIA: LSA-RS 39:1311 et seq, Budget Authority and Control, section A. (2) and B, provide for the following, respectively:

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

(2) Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more.

B. The written notification as required by this Section as well as any responsive action taken by the governing authority or independently elected official shall be transmitted to and retained by the chief executive or administrative officer. The written notification as required by this Section and the resulting budget amendment shall only be statutorily required for a special revenue fund with anticipated expenditures that equal or exceed five hundred thousand dollars. Furthermore, only the written notification of Paragraph (A)(2) of this Section shall be required for special revenue funds whose revenues are expenditure driven.”

CAUSE: The condition results from overspending and failure to budget for on-behalf salaries in the ½% Sales Tax Fund (Police) and failure to budget for certain interfund transfers in the General Fund and 1% Sales Tax Fund.

EFFECT: The Town may be noncompliant with certain provisions of the Local Government Budget Act.

RECOMMENDATION: We recommend that the Town monitor activity to ensure compliance with the Local Government Budget Act.

Part III: Findings and questioned costs for Federal awards defined in the Uniform Guidance

This section is not applicable for the year ended June 30, 2022.

**CORRECTIVE ACTION PLAN FOR CURRENT AUDIT FINDINGS**

**APPENDIX A**

# TOWN OF BALDWIN

December 27, 2022

Kolder, Slaven & Company, LLC  
1201 David Drive  
Morgan City, LA 70380

The following is in response to the findings resulting from the Town of Baldwin's audit for the fiscal year ended June 30, 2022

## Part II: Findings relating to an Audit in Accordance with Gvoernmental Auditing Standards

### 2022-001 - Segregation of Duties

**Findings:** *Accounting and financial funtions 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 A new employee was hired in 2022 to help elevate some of the segregation issues. There are many reasons the segregation of certain job-related functions is not possible. Because of the size of our office, other internal controls will be implemented by Denette Trahan, Town Clerk to remain in compliance with State and Federal Law. This matter will be addressed with the new Mayor in January of 2023 and to be completed soon after.

### 2022-002 - 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 Denette Trahan the clerk will be working to identify other accounts in need of adjustments and make those accordinglywith the help of an independent contractor, Tammy Richard of Accounting and Software concepts. The accounts will be scrutinized for misstatements and errors will be fixed timely monthly while preparing financial statements for meetings.

### 2022-003 – Controls over Fuel Purchases

**Findings:** *The Town does not have adequate controls over fuel purchases.*

**Response:** The town clerk, Denette Trahan will create a policy with regards to fuel purchases and have the Board vote to establish the policy for all employees to follow. To be addressed at the first Town hall meeting on January 12, 2023

### 2022-004- Written Minutes



# TOWN OF BALDWIN

**Findings:** *The town failed to prepare and publish minutes for one public meeting held during the year.*

**Response:** The Clerk Denette Trahan failed to publish minutes for April 2022 due to an oversight because of an illness. The Minutes have been published and will continue to be published following the required schedule. A procedure will be established for Cheryl Wilson, utility clerk to verify that all publications for the year are accounted for to avoid any missed publications. This will be established in January of 2023 after minutes are published for each month.

**2022-005** – Annual Reporting of Coronavirus State and Local Fiscal Recovery Funds (SLFRF) Expenditures

**Findings:** *The Town did not submit the Annual Project and Expenditure Report to the U.S. Department of the Treasury in accordance with the established requirements.*

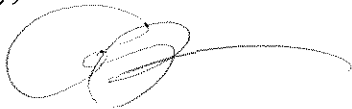
**Response:** The Town Clerk Denette Trahan was not aware of a new deadline for reporting expended funds. The report will be filed by January 30, 2023 and a backup hard copy will be on hand for future audits.

**2022-006** – Local Government Budget Act

**Findings:** *Budget Variances in excess of 5% were incurred in the General Fund, 1% Sales tax fund, and ½% Sales tax fund.*

**Response:** Budget preparation begins in March of the fiscal year. The 1% variance was due to an increase in general insurance unforeseen for the FYE 2022. The variance for ½% was due to overspending beyond the assumed limits for the remainder of the year by the Police Department for fuel expenses along with a rise in gasoline prices at that time. General fund variance was due to a failure to use the Debt service expense account to pay out a bond for the Community Center, an adjustment was made by ordinance to correct that error in reporting. Denette Trahan, town clerk with the help of Tammy Richard contractor with Accounting and Software Concepts will hold a budget workshop to receive input from department heads for a more accurate estimate for future budgets to avoid any misstatements from happening in the future.

Sincerely,



Abel P. Prejean, Mayor

**TOWN OF BALDWIN**

Statewide Agreed-Upon Procedures

Fiscal period July 1, 2021 through June 30, 2022

# KOLDER, SLAVEN & COMPANY, LLC

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below on the control and compliance areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. Town of Baldwin's (hereinafter "Town") management is responsible for those control and compliance areas identified in the SAUPs.

The Town has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the control and compliance areas identified in LLA's SAUPs. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. However, this report may not be suitable for any other purpose. This agreed-upon procedures engagement involves performing specific procedures that the Town and LLA have agreed to and acknowledged to be appropriate for the intended purposes of the engagement and reporting on exceptions based upon the procedures performed for the fiscal period July 1, 2021 through June 30, 2022. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated exceptions, if any, are as follows:

### *Written Policies and Procedures*

---

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

*The Town does not have formally adopted written policies and procedures addressing the categories and subcategories below.*

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

*Not applicable*

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

*Not applicable*

- c) **Disbursements**, including processing, reviewing, and approving.

*Not applicable*

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

*Not applicable*

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employees(s) rate of pay or approval and maintenance of pay rate schedules.

*Not applicable*

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

*Not applicable*

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

*Not applicable*

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

*Not applicable*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

*Not applicable*

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*Not applicable*

- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

*Not applicable*

- l) ***Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

*Not applicable*

### ***Board or Finance Committee***

---

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

*No exceptions were found as a result of this procedure.*

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum on all special revenue funds. *Alternatively, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

*No exceptions were found as a result of this procedure.*

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

*No exceptions were found as a result of this procedure.*

### ***Bank Reconciliations***

---

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

*Obtained a listing of bank accounts for the fiscal period from management and management's representation that the listing is complete. Management identified the main operating account, and four (4) additional accounts were randomly selected.*

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

*No exceptions were found as a result of this procedure.*

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

*Bank reconciliations did not include evidence that a member of management who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.*

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

*The bank reconciliations for two (2) of the five (5) accounts selected did not reflect documentation of management researching reconciling items that have been outstanding for more than 12 months from the statement closing date.*

#### ***Collections (excluding EFTs)***

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4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

*Obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Selected the Town's one (1) deposit site.*

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies and procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

*Obtained a listing of collection locations for the Town's deposit site from management and management's representation that the listing is complete. Selected the Town's one (1) collection location.*

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

*No exceptions were found as a result of this procedure.*

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

*The employee responsible for preparing/making bank deposits is also responsible for collecting cash in the absence of the two employees primarily responsible for collecting cash.*

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

*No exceptions were found as a result of this procedure.*

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

*No exceptions were found as a result of this procedure.*

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.

*No exceptions were found as a result of this procedure.*

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

*Randomly selected two (2) deposit dates for the bank accounts selected under procedure #3 and obtained supporting documentation for each of the deposits.*

- a) Observe that receipts are sequentially pre-numbered.

*No exceptions were found as a result of this procedure.*

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

*No exceptions were found as a result of this procedure.*

- c) Trace the deposit slip total to the actual deposit per the bank statement.

*No exceptions were found as a result of this procedure.*

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

*No exceptions were found as a result of this procedure.*

- e) Trace the actual deposit per the bank statement to the general ledger.

*No exceptions were found as a result of this procedure.*

**Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)**

8. Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

*Obtained a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Selected the Town’s one (1) location that processes payments.*

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

*No exceptions were found as a result of this procedure.*

- b) At least two employees are involved in processing and approving payments to vendors.

*No exceptions were found as a result of this procedure.*

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

*No exceptions were found as a result of this procedure.*

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

*No exceptions were found as a result of this procedure.*

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.]]

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

*Obtained the Town's non-payroll disbursement transaction population and management's representation that the population is complete. Randomly selected five (5) disbursements for the Town's one (1) location that processes payments.*

- a) Observe that the disbursement matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.

*No exceptions were found as a result of this procedure.*

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

*Four (4) of the five (5) disbursements selected did not include documentation of involvement of two employees in initiating, approving, and making the purchases. However, three (3) of the selected transactions were for routine purchases. None of the selected disbursements included documentation that at least two employees were involved in processing and approving payments to vendors.*

#### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

*Obtained the listing of all active credit cards, bank debit cards, fuel cards, and P-cards, including the card numbers from management, the names of the persons who maintained possession of the cards, and management's representation that the listing is complete.*

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported]]

*Selected statements and supporting documents were not approved in writing, as applicable. Statements for two of the selected cards (fuel cards) could not be obtained.*

- b) Observe that finance charges and late fees were not assessed on the selected statements.

*Finance charges were assessed for two (2) of the five (5) statements tested.*



13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

*Selected the one transaction from the selected statements. The transaction did not include documentation of the business/public purpose.*

#### ***Travel and Travel-Related Expense Reimbursements (excluding card transactions)***

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

*Obtained listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing is complete. Randomly selected five (5) reimbursements.*

- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

*No exceptions were found as a result of this procedure.*

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

*No exceptions were found as a result of this procedure.*

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

*Two (2) of the five (5) reimbursements selected did not include documentation of the business/public purpose.*

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*Four (4) of the five (5) reimbursements selected did not evidence review/approval.*

#### ***Contracts***

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:

*Obtained listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period and management’s representation that the listing is complete. Selected the Town’s three (3) contracts.*

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

*No contracts selected were subject to requirements of the Louisiana Public Bid Law.*

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

*No exceptions were found as a result of this procedure.*

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g. if approval is required for any amendment was approval documented).

*There were no amendments to the selected contracts.*

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

*The original agreement for one selected contract could not be obtained. No other exceptions identified.*

### ***Payroll and Personnel***

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16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

*Obtained listing of all employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected five (5) employees or officials and agreed paid salaries to authorized salaries/pay rates in personnel files noting four (4) of the employee's pay rates did not agree.*

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

*No exceptions were found as a result of this procedure.*

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

*No exceptions were found as a result of this procedure.*

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

*No exceptions were found as a result of this procedure.*

- d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

*The rate paid during the selected pay period did not agree to the authorized pay rate found within the personnel files for three (3) of the five (5) employees selected.*

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. Agree the hours to the employee or officials' cumulate leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

*Obtained listing of all employees and officials that received termination payments during the fiscal period and management's representation that the listing is complete. Randomly selected two (2) employees or officials. Pay rates did not agree to personnel files. No other exceptions identified.*

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g. payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

*Obtained management's representation that all amounts have been paid, and any associated forms have been filed, by required deadlines.*

### ***Ethics***

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

*Selected employees did not complete an hour of ethics training during the fiscal period.*

- b. Observe that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

*Not applicable - The Town does not have a formally adopted ethics policy.*

### ***Debt Service***

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21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

*The Town did not issue any bonds/notes during the fiscal period.*

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

*The Town has no outstanding debt at the end of the fiscal period.*

### ***Fraud Notice***

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23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*Obtained management's representation that there were no misappropriations of public funds and assets during the fiscal period.*

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

*No exceptions were found as a result of this procedure.*

### ***Information Technology Disaster Recovery/Business Continuity***

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25. Perform the following procedures:

- a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

*We performed the procedure and discussed the results with management.*

- b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

*We performed the procedure and discussed the results with management.*

- c. Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

*We performed the procedure and discussed the results with management.*

### ***Sexual Harassment***

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26. Using the 5 randomly selected employees/officials from procedure #16 under 'Payroll and Personnel' above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

*Selected employees did not complete an hour of sexual harassment training during the fiscal period.*

27. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

*The Town does not have a formally adopted sexual harassment policy.*

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344:

*The Town did not prepare the annual sexual harassment report in accordance with R.S. 42:344.*

- a. Number and percentage of public servants in the agency who have completed the training requirements;

*Not applicable*

- b. Number of sexual harassment complaints received by the agency;

*Not applicable*

- c. Number of complaints which resulted in a finding that sexual harassment occurred;

*Not applicable*

- d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

*Not applicable*

- e. Amount of time it took to resolve each complaint.

*Not applicable*

### **Management's Response**

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The Town concurs with the exceptions and is working to address the deficiencies identified.

We were engaged by Town to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable provisions of *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those control and compliance areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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WWW.KCSRCPAS.COM

## MANAGEMENT LETTER

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

In planning and performing our audit of the financial statements of the Town of Baldwin, Louisiana (hereinafter "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 became aware of matters involving internal control or compliance that is summarized below for your consideration. Communication of the matters presents an opportunity for strengthening the Town's internal control or improving its compliance with laws, regulations, contracts, or grant agreements or other matters. Our opinions dated December 22, 2022 on the Town's financial statements are not affected by these matters. Our comments are not intended to reflect upon the ability or integrity of the Town's personnel.

### 2022-ML-1 Ordinance Book

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 continue with efforts to recreate the ordinance books and timely file all newly adopted ordinances in accordance with state statute.

2022-ML-2 Confidential Records

Third parties may have access to confidential records maintained in the Town's police department.

Louisiana Revised Statute (RS) 44:4.1 provides certain exceptions, exemptions and limitations to the laws pertaining to public records. Further, Attorney General Opinion No. 06-0007 concluded that the Children's Code privacy provisions supersede the public records doctrine with regard to non-victim complainants and the general public.

The Chief of Police should seek legal guidance regarding third party access to records that may be exempted from the public records laws.

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.

We will review the status of this comment during our next audit engagement. We have already discussed the comment and suggestion with various Town personnel, and we will be pleased to discuss them in further detail at your convenience.

This communication 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 for the courtesies and assistance rendered to us in the performance of our audit. Should you have any questions or need additional assistance, please feel free to contact us.

***KOLDER, SLAVEN & COMPANY, LLC***  
Certified Public Accountants

Morgan City, Louisiana  
December 22, 2022

# TOWN OF BALDWIN

December 27, 2022

Kolder, Slaven & Company, LLC  
1201 David Drive  
Morgan City, LA 70380

The following is in response to the Management letter resulting from the Town of Baldwin's audit for the fiscal year ended June 30, 2022.

## **2022-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.

It has come to our attention that an Ordinance book from a previous administration is missing and cannot be located. Ms. Alida Carter, Utility Clerk has begun revamping the Ordinance books and is currently recreating (without signatures) the missing Ordinances. To be completed by April 30, 2023.

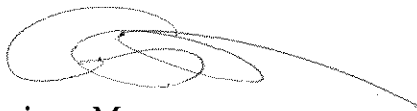
## **2022-ML-2 Confidential Records**

Third parties may have access to confidential records maintained in the Town's police department. Louisiana Revised Statute (RS) 44:4.1 provides certain exceptions, exemptions and limitations to the laws pertaining to public records. Further, Attorney General Opinion No. 06-0007 concluded that the Children's Code privacy provisions supersede the public records doctrine with regard to non-victim complainants and the general public. The Chief of Police should see legal guidance regarding third party access to records that may be exempted from the public records laws.

Attached with the Town's response to this finding is a copy of a consent judgment signed by the Mayor and the Chief in May of 2022 where it was so ordered that Chief Harry Smith Jr. prevent certain persons and/or any other non-board approved person from accessing information.

A town policy will be written by Denette Trahan, Town clerk concerning this matter and passed by the Board to guarantee that this no longer happens. To be addressed in the first meeting of the year January 12, 2023.

Sincerely,



Abel Prejean, Mayor



TOWN OF BALDWIN,  
THROUGH THE MAYOR, PHIL ABEL PREJEAN  
AND THE BOARD OF ALDERMAN

16TH JUDICIAL DIST. COURT

VS.

PARISH OF ST. MARY

HARRY SMITH, JR.  
IN HIS CAPACITY OF  
CHIEF OF POLICE FOR THE TOWN OF BALDWIN

STATE OF LOUISIANA

---

CONSENT JUDGMENT

THIS MATTER came before the Court pursuant to the mutual agreement and joint stipulation of the parties. Plaintiff, The Town of Baldwin, through the Mayor, Phil Abel Prejean and the Board of Alderman, is represented by Joseph A. Tabb. The Defendant, Harry Smith, Jr., in his capacity as Chief of Police for the Town of Baldwin, Pro Se.

THE COURT, considering that there are issues before the Court which the Plaintiff and Defendant desire to settle amicably, without the need for any judicial proceedings which involve the said issues and that, in consideration of the mutual agreements contained herein, the facts, the law, and the joint stipulation of the parties:

CONSIDERING THE STIPULATION OF THE PARTIES, THE COURT  
RENDERS THE FOLLOWING:

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that the Chief of Police,  
Harry Smith Jr. shall:

1. Allow employee, D.C, to return to the employee's position as Part-Time Police Department Administrator;
2. Allow employee, D.C, to return to the employee's office (or a comparable office), during and consistent with hours previously/routinely worked (daytime hours at a minimum of 23 hours per week), and with restoration of all privileges, including office access, passwords, and other functions to which the employee was customarily accustomed (those necessary to do her job), without threat of fear, retaliation or harassment of any kind. This Judgment does not prohibit the Chief of Police from exercising his inherent powers regarding future warranted/justified discipline nor does it prohibit the Board of Alderman from exercising their inherent power to reviewing and approve/not approve disciplinary actions of the Chief of Police.
3. Prevent persons D.W. and K.G. and/or any other non-board approved person from accessing Department or Town Information and/or functioning in capacity of Department Administrator and/or any other position not approved by the Board of Alderman;

THUS DONE AND ORDERED ON THIS \_\_\_\_\_ DAY OF

\_\_\_\_\_, 2022 IN FRANKLIN, St. Mary Parish, Louisiana.

\_\_\_\_\_  
HONORABLE ANTHONY THIBODEAUX  
16<sup>TH</sup> JUDICIAL DISTRICT JUDGE

AGREED TO AS TO FORM AND SUBSTANCE:

Harry Smith, Jr.  
HARRY SMITH, JR. CHIEF OF POLICE

Phil Abel Prejean  
PHIL ABEL PREJEAN, MAYOR FOR TOWN OF BALDWIN

5/19/2022  
Date:  
5-23-22  
Date: