

TOWN OF BALDWIN, LOUISIANA**Financial Report****Year Ended June 30, 2004**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to *the entity and other appropriate public officials*. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-26-05

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INDEPENDENT AUDITOR'S REPORT

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The Honorable Wayne Breaux, Mayor
And Members of the Board of Aldermen
Town of Baldwin, Louisiana

We have audited the accompanying financial statements of the Town of Baldwin, Louisiana, as of and for the year ended June 30, 2004. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Town of Baldwin, Louisiana, as of June 30, 2004, and the results of its operations and the cash flows of its proprietary fund type for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Town of Baldwin, Louisiana, adopted the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments; Statement No. 37, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus; and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements as of July 1, 2003. This results in a change in the format and content of the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2004 on our consideration of the Town of Baldwin's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 4 through 12 and 46 through 53, are not a required part of the basic financial statements but are supplementary information required by accounting principals generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as "Supplemental Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Town of Baldwin, Louisiana. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Dannall, Sikes & Frederick
A Corporation of Certified Public Accountants

Morgan City, Louisiana
August 27, 2004

FINANCIAL SECTION

TOWN OF BALDWIN, LOUISIANA

Management's Discussion and Analysis (Unaudited)

The Management's Discussion and Analysis (MD & A) of the Town of Baldwin's (Town) financial performance provides an overall review and an objective, easily readable analysis of the Town's financial activities for the fiscal year ended June 30, 2004. The intent of the MD & A is to look at the Town's overall financial performance and to assist readers in assessing the financial position as a result of the year's operations. Therefore, readers should read the MD & A in conjunction with the Town's Financial Statements and the Notes to the Financial Statements.

The MD & A is a new element of the Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued in June 1999. Certain comparative information between the current year (2003-2004) and prior year (2002-2003) is required to be presented in the MD & A. However, since this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare comparative data and that Statement No. 34 permits the omission of prior year data in the year of implementation, the Town's management have elected not to prepare comparative data due to the cost of adjusting the prior year's financial statements to the new reporting model. Prior-year comparative data will be available in the future to provide a more meaningful comparative analysis of the government-wide data.

FINANCIAL HIGHLIGHTS

The Town's assets exceeded its liabilities by \$4,834,953 (net assets) for the fiscal year reported. Total net assets are comprised of the following:

1. Capital assets, net of related debt, of \$3,265,455 of which include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
2. Restricted net assets of \$838,158, of which include \$527,638 for revenue bond retirement, \$1,737 for debt service and \$308,783 for capital outlay.
3. Unrestricted net assets of \$731,340 represent the portion available to maintain the Town's continuing obligations to citizens and creditors.

The Town's governmental funds reported total ending fund balance of \$1,523,826 this year. The General Fund total fund balance is \$108,382 for fiscal year 2004.

At the end of the current fiscal year, unreserved fund balance for the General Fund was \$108,382 or 9% of total General Fund expenditures including transfers and 10% of total General Fund revenues including transfers.

Overall, the Town continues to maintain a good financial position, in spite of a somewhat depressed economy.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

TOWN OF BALDWIN, LOUISIANA

Management's Discussion and Analysis (Unaudited) (Continued)

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the Town's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Town has included in this report additional information to supplement the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Town's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Town's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the Statement of Net Assets. This is the government-wide statement of position presenting information that includes all of the Town's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town as a whole is improving or deteriorating. Evaluation of the overall health of the Town would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of Town infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the Town's net assets changed during current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

Both government-wide financial statements distinguish governmental activities of the Town that are principally supported by sales taxes and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, streets and drainage, culture and recreation, sanitation services and supporting services. Business-type activities include the gas, water and sewer systems.

The government-wide financial statements are presented on pages 13-16 of this report.

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole. Major funds are separately reported while others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

TOWN OF BALDWIN, LOUISIANA

Management's Discussion and Analysis (Unaudited) (Continued)

The Town has two kinds of funds:

"Governmental funds" are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Town's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at this end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term, financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 17-22 of this report.

"Proprietary funds" are reported in the fund financial statements and generally report services for which the Town charges customers a fee. The one Town proprietary fund is classified as an enterprise fund. This enterprise fund essentially encompasses the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the Town organization for gas, water and sewer utilities.

The enterprise fund financial statements are presented on pages 23-26 of this report.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 27 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's budget presentations. Budgetary comparison statements are included as "required supplementary information" for the general fund and the four major special revenue funds. These statements and schedules demonstrate compliance with the Town's adopted and final revised budget. Required supplementary information can be found on pages 46-53 of this report.

As discussed earlier, the Town reports major funds in the basic financial statements. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report beginning on page 55.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

The Town implemented the new financial reporting model used in this report beginning with the current fiscal year ended June 30, 2004. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Town as a whole.

TOWN OF BALDWIN, LOUISIANA

Management's Discussion and Analysis (Unaudited) (Continued)

The Town's net assets at fiscal year-end are \$4,834,953. The following table provides a summary of the Town's net assets:

Town of Baldwin, Louisiana Condensed Statement of Net Assets June 30, 2004				
	Governmental Activities	Business-type Activities	Total	Percentage Total
Assets:				
Current assets and other assets	\$ 1,653,444	\$ 815,503	\$ 2,468,947	30%
Restricted assets:	-	671,980	671,980	8%
Capital assets	<u>1,054,703</u>	<u>3,927,752</u>	<u>4,982,455</u>	<u>61%</u>
Total assets	<u>2,708,147</u>	<u>5,415,235</u>	<u>8,123,382</u>	<u>100%</u>
Liabilities:				
Current liabilities	140,982	16,842	157,824	5%
Payable from restricted assets	-	147,605	147,605	4%
Long-term liabilities	<u>1,360,000</u>	<u>1,623,000</u>	<u>2,983,000</u>	<u>91%</u>
Total liabilities	<u>1,500,982</u>	<u>1,787,447</u>	<u>3,288,429</u>	<u>100%</u>
Net assets:				
Investment in capital assets, net of debt	1,054,703	2,210,752	3,265,455	68%
Restricted	310,520	527,638	838,158	17%
Unrestricted	<u>(158,058)</u>	<u>889,398</u>	<u>731,340</u>	<u>15%</u>
Total net assets	<u>\$ 1,207,165</u>	<u>\$ 3,627,788</u>	<u>\$ 4,834,953</u>	<u>100%</u>

Note that approximately 68% of the Town's net assets as of June 30, 2004 reflects the government's investment in capital assets (property, plant, equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding. Of this total amount, the portion reflected in the governmental activities is approximately 32% and the business-type activities contributed the remaining 36%. The town uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Another approximately 17% are subject to certain restrictions. \$527,638 is restricted for revenue bond retirement, \$1,737 is restricted for debt service and \$308,783 is to be used for capital outlay. The remaining 15% or \$731,340 of net assets, referred to as unrestricted, may be used to meet the ongoing obligations of the government to citizens and creditors. At the end of the current fiscal year, the Town is able to report a positive balance in total net assets.

TOWN OF BALDWIN, LOUISIANA

Management's Discussion and Analysis (Unaudited) (Continued)

Since this is the first year in which government-wide information is available, comparative data is not presented. However, comparative data will be accumulated and presented to assist analysis in future years. The following table provides a summary of the Town's changes in net assets:

Town of Baldwin, Louisiana
Condensed Statement of Activities
For the Year Ended June 30, 2004

	Governmental Activities	Business-type Activities	Total	Percentage Total
Revenues:				
Program:				
Charges for services/fines	\$ 232,157	\$ 468,477	\$ 700,634	31%
Operating grants and contributions	290,656	-	290,656	13%
Capital grants and contributions	308,679	-	308,679	13%
General:				
Sales taxes	623,836	-	623,836	27%
Other taxes	126,140	-	126,140	6%
Intergovernmental	185,929	-	185,929	8%
Interest	11,700	17,597	29,297	1%
Other	<u>26,972</u>	<u>-</u>	<u>26,972</u>	<u>1%</u>
Total Revenues	<u>1,806,069</u>	<u>486,074</u>	<u>2,292,143</u>	<u>100%</u>
Program expenses:				
General government	395,942	-	395,942	18%
Public safety:				
Police	448,407	-	448,407	21%
Fire	65,507	-	65,507	3%
Streets and drainage	186,339	-	186,339	9%
Culture and recreation	32,935	-	32,935	2%
Sanitation	172,886	-	172,886	8%
Support Services	130,214	-	130,214	6%
Interest	69,689	81,973	151,662	7%
Gas, water and sewer	<u>-</u>	<u>595,704</u>	<u>595,704</u>	<u>27%</u>
Total expenses	<u>1,501,919</u>	<u>677,677</u>	<u>2,179,596</u>	<u>100%</u>
Excess (deficiency)	304,150	(191,603)	112,547	
Transfers	<u>(41,202)</u>	<u>41,202</u>	<u>-</u>	
Change in net assets	262,948	(150,401)	112,547	
Beginning net assets	<u>944,217</u>	<u>3,778,189</u>	<u>4,722,406</u>	
Ending net assets	<u>\$ 1,207,165</u>	<u>\$ 3,627,788</u>	<u>\$ 4,834,953</u>	

TOWN OF BALDWIN, LOUISIANA

Management's Discussion and Analysis (Unaudited) (Continued)

GOVERNMENTAL REVENUES

The Town is heavily reliant on sales taxes to support governmental operations. Sales taxes provided 27% of the Town's total revenues. Sales taxes equal 35% of the revenues for governmental activities. The Town receives a percentage of the sales tax collected by the Parish of St. Mary. The percentage is based on the population of the Town to the total population of the parish. Because of the Town's financial position, we have been able to earn \$11,700 in interest earnings to support governmental activities. Also note that program revenues cover only 55% of governmental operating expenses. This means that the government's taxpayers and the Town's other general revenues fund 45% of the governmental activities. As a result, the general economy and the local businesses have a major impact on the Town's revenue streams.

GOVERNMENTAL FUNCTIONAL EXPENSES

Police services comprise 21% of the Town's total expenses and 30% of the total governmental expenses. The total public safety makes up 24% of the total expenses and 34% of the total governmental expenses. The street expenses are 12% of total Town expenses.

This table presents the cost of each of the Town's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the Town's taxpayers by each of these functions.

Town of Baldwin, Louisiana
Analysis of Governmental Activities
For the Year Ended June 30, 2004

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General government	\$ 395,942	\$ (128,296)
Public safety:		
Police	448,407	(407,840)
Fire	65,507	(65,507)
Streets and drainage	186,339	(186,339)
Culture and recreation	32,935	286,169
Sanitation	172,886	(98,925)
Support Services	130,214	-
Interest on long-term debt	69,689	(69,689)
Total	<u>\$ 1,501,919</u>	<u>\$ (670,427)</u>

BUSINESS-TYPE ACTIVITIES

Revenues vs. Costs

Within the total business type activities of the Town, these activities reported a \$127,227 operating loss for the year. However, there is a valid reason for this loss. If depreciation (a noncash expense) was removed from the expense the utility fund would have made a profit of \$50,346. This profit would be attributable to the increase in utility revenue from prior year due to the gas fuel tax adjustment.

TOWN OF BALDWIN, LOUISIANA

Management's Discussion and Analysis (Unaudited) (Continued)

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Governmental funds

As discussed earlier, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$1,523,826. Of this year-end total, \$1,213,306 is unreserved indicating availability for continuing Town service requirements. Legally restricted fund balances (i.e., the reserved fund balances) \$1,737 committed to service debt and \$308,783 committed to capital projects.

MAJOR GOVERNMENTAL FUNDS

The General Fund is the Town's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance decreased by \$207,967. The majority of the decrease was a repayment of interfund payables from prior year. Revenues collected by the General Fund decreased from prior year by \$30,321 and expenditures increased by \$20,976. However, the reader needs to remember that the Town controls these differences by the amount of resources it transfers in from the Sales tax funds.

State and federal revenues were less than 2003, primarily because of a capital grant received in prior fiscal year from FEMA for disaster assistance from Hurricane Lilly and a reduction in the amount received on the Cops Grant. The expenditures increased from prior year due to an increase in retirement expense. Finally, net transfers in from other funds were less than anticipated. However, *the primary source of resources is transfers from the sales tax funds*

The 1%, 3/10% and the 3/4% sales tax funds showed a decrease in fund balances due to transfers out in excess of revenues over expenditures. These funds also collected less sales tax revenues than anticipated.

In the Recreation Fund the improvements to the Baldwin Recreation Park were completed. This project was a joint project. The State of Louisiana through the Atchafalaya Basin Project and St. Mary Parish contributed \$283,679 and \$25,000, respectively.

THE PROPRIETARY FUND

The proprietary fund statements share the same focus as the government-wide statements, reporting both *short-term and long-term information about financial status.*

The majority of the proprietary fund's net assets \$2,210,752, is invested in the capital assets of the Town's proprietary fund, net of debt associated with the assets. Unrestricted net assets of the proprietary fund total \$889,398. Restricted net assets is comprised of \$527,638 that is set aside to pay revenue bond principal and interest. These unrestricted funds may be used to meet ongoing obligations to citizens and creditors.

TOWN OF BALDWIN, LOUISIANA

Management's Discussion and Analysis (Unaudited) (Continued)

Utility revenue has increased from prior year and is expected to continue increasing in the coming year. Water and garbage rates were increased effective July 1, 2004. The increase in the current revenue for the proprietary fund was due to gas fuel tax adjustments. The Town's number of customers changes very little from year to year.

Water purchases decreased from prior year due to the completion of the water plant renovations. The Town purchased water for several months in the prior year. Now the Town is able to produce all the water necessary for its customers. For the same reason the chemical expense increased from prior year. In the prior year the water plant was not operational for the whole year and therefore, less chemicals were need to process the water.

BUDGETARY HIGHLIGHTS

The General Fund – Both the General Fund's original revenue and expenditure budgets were larger than the actual amount reported for the year ended June 30, 2004. Video poker revenue was less than projected due to a business closing that had several video poker machines. Fines and forfeitures were 31% less than anticipated. The amount received from a mineral lease was not included in the original and was added to the final budget causing other sources to be overbudgeted by \$18,292. Interest earnings were lower than predicted due to transfers out to other funds being greater than projected.

The expenditures for the General Fund were 7% less than predicted. Retirement expense in administration was larger that anticipated due to an increase in the employer's rate. Insurance expense allocated to the General Fund was less than prior year and less than forecasted. The Town did not amend the budget for the expenditures of the General Fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Town's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2004, was \$1,054,703 and \$3,927,751 respectively. This investment in capital assets includes land, buildings and improvements, machinery and equipment, furniture and fixtures, vehicles, gas, water and sewer system and infrastructure. The total percentage increase in the Town's investment in capital assets (net of accumulated depreciation) for the current fiscal year was a net increase of 4.3%, an 8.5% increase in the governmental activities and a 4.2% decrease for the business-type activities. See Note 7 for *additional information about changes in capital assets during the fiscal year and outstanding at the end of the year.*

Major capital asset events during the current fiscal year included the following:

- Partial completion of the Martin Luther King drainage project
- Completion of the improvements to the Baldwin Recreation Park

TOWN OF BALDWIN, LOUISIANA

Management's Discussion and Analysis (Unaudited) (Continued)

Long-term debt

At the end of the fiscal year, the Town had total bonded debt outstanding of \$3,077,000. Of this amount, \$1,360,000 is backed by the full faith and credit of the Town (revenue bonds) with debt service fully funded by voter-approved sales taxes. The other major component is \$1,717,000 supported by pledged revenues generated primarily by the business-type activities of the Town (revenue bonds). During the year, the Town retired \$177,000 or 5.4% of the beginning outstanding bonded debt balance. See Note 8 for additional information about the Town's long-term debt.

ECONOMIC CONDITIONS AFFECTING THE TOWN

Since the primary revenue stream for the Town is sales taxes, the Town's sales tax revenues are subject to the changes in the economy of the Parish as discussed earlier. Sales tax collections appear to be steady but not increasing. The Town does not expect any increase in collections unless there is an economic upturn in the Parish. Since sales are considered an "elastic" revenue stream, tax collections are higher in a flourishing economy and are lower in a depressed economy. Property taxes will be increased due to the reassessment of property by the Assessor.

The Raintree Village Construction Fund is currently inactive. The Town is waiting on the plans for Phase II which is currently being drawn up. The Town anticipates that Phase II will be started in about a year.

The Town is in the process of doing a drainage project on Martin Luther King Street. This is a \$1,300,000 project. The State of Louisiana, Parish of St. Mary and the Town will contribute \$600,000, \$300,000 and \$400,000, respectively. The Town plans to fund their portion of the project through sales tax collections from the ¾% Sales Tax Fund. The Town does not plan to acquire any additional debt for this project or any other project.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Town's finances, comply with finance-related laws and regulations, and demonstrate the Town's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Town's Mayor, Mayor Wayne Breaux, Post Office Box 800, Baldwin, LA 70514.

TOWN OF BALDWIN, LOUISIANA

Statement of Net Assets
June 30, 2004

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 870,693	\$ 45,784	\$ 916,477
Interest-bearing deposits	550,000	700,830	1,250,830
Receivables:			
Taxes	56,444	-	56,444
Accounts	31,324	38,823	70,147
Accrued interest	326	1,282	1,608
Due from other governmental units	138,305	-	138,305
Bond issue costs, net of amortization	6,352	28,784	35,136
Restricted assets:			
Cash	-	111,609	111,609
Interest-bearing deposits	-	560,200	560,200
Accrued interest	-	171	171
Capital assets:			
Land	206,971	-	206,971
Buildings	557,784	-	557,784
Improvements other than buildings	392,013	-	392,013
Equipment	238,583	-	238,583
Autos and trucks	207,671	-	207,671
Utility property, plant and equipment	-	3,927,752	3,927,752
Construction in progress	77,377	-	77,377
Accumulated depreciation	(625,696)	-	(625,696)
Total assets	\$ 2,708,147	\$ 5,415,235	\$ 8,123,382

TOWN OF BALDWIN, LOUISIANA

Statement of Net Assets (Continued)
June 30, 2004

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Cash deficit	\$ 24	\$ -	\$ 24
Accounts payable	80,443	16,757	97,200
Accrued liabilities	19,457	85	19,542
Retainage payable	29,694	-	29,694
Accrued interest payable	11,364		11,364
Payable from restricted assets -			
Revenue bonds payable	-	94,000	94,000
Accrued interest payable	-	12,237	12,237
Customers' deposits	-	38,105	38,105
Contracts payable	-	3,263	3,263
Noncurrent liabilities:			
Due within one year	95,000	-	95,000
Due in more than one year	1,265,000	1,623,000	2,888,000
Total liabilities	<u>1,500,982</u>	<u>1,787,447</u>	<u>3,288,429</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,054,703	2,210,752	3,265,455
Restricted for:			
Revenue bond retirement	-	527,638	527,638
Debt service	1,737	-	1,737
Capital outlay	308,783	-	308,783
Unrestricted	<u>(158,058)</u>	<u>889,398</u>	<u>731,340</u>
Total net assets	<u>\$ 1,207,165</u>	<u>\$ 3,627,788</u>	<u>\$ 4,834,953</u>

The accompanying notes are an integral part of this statement.

TOWN OF BALDWIN, LOUISIANA

Statement of Activities
Year Ended June 30, 2004

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 395,942	\$ 107,204	\$ 160,442	\$ -
Public safety:				
Police	448,407	40,567	-	-
Fire	65,507	-	-	-
Streets and drainage	186,339	-	-	-
Culture and recreation	32,935	10,425	-	308,679
Sanitation	172,886	73,961	-	-
Supporting services	130,214	-	130,214	-
Interest on long term debt	<u>69,689</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>1,501,919</u>	<u>232,157</u>	<u>290,656</u>	<u>308,679</u>
Business-type activities:				
Utility fund	<u>677,677</u>	<u>468,477</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>677,677</u>	<u>468,477</u>	<u>-</u>	<u>-</u>
Total government	<u>\$ 2,179,596</u>	<u>\$ 700,634</u>	<u>\$ 290,656</u>	<u>\$ 308,679</u>

General Revenues:

- Taxes:
 - Ad valorem taxes
 - Sales
 - Franchise taxes
- Intergovernmental
- Interest and investment earnings
- Miscellaneous
- Transfers -- internal activity
- Total general revenues and transfers
- Change in net assets
- Net Assets-- beginning
- Net Assets--ending

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (128,296)	\$ -	\$ (128,296)
(407,840)	-	(407,840)
(65,507)	-	(65,507)
(186,339)	-	(186,339)
286,169	-	286,169
(98,925)	-	(98,925)
-	-	-
<u>(69,689)</u>	<u>-</u>	<u>(69,689)</u>
<u>(670,427)</u>	<u>-</u>	<u>(670,427)</u>
<u>-</u>	<u>(209,200)</u>	<u>(209,200)</u>
<u>-</u>	<u>(209,200)</u>	<u>(209,200)</u>
<u>(670,427)</u>	<u>(209,200)</u>	<u>(879,627)</u>
71,427	-	71,427
623,836	-	623,836
54,713	-	54,713
185,929	-	185,929
11,700	17,597	29,297
26,972	-	26,972
<u>(41,202)</u>	<u>41,202</u>	<u>-</u>
933,375	58,799	992,174
262,948	(150,401)	112,547
<u>944,217</u>	<u>3,778,189</u>	<u>4,722,406</u>
<u>\$ 1,207,165</u>	<u>\$ 3,627,788</u>	<u>\$ 4,834,953</u>

The accompanying notes are an integral part of this statement.

TOWN OF BALDWIN, LOUISIANA

Balance Sheet – Governmental Funds
June 30, 2004

	General Fund	1/2% Sales Tax Fund	1% Sales Tax Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash	\$ 355	\$ 3,899	\$ 34,684
Interest-bearing deposits	-	-	-
Receivables:			
Taxes	5,082	6,454	20,863
Accounts	15,881	-	-
Accrued Interest	-	-	-
Due from other funds	69,574	-	-
Due from other governmental units	58,583	-	-
Bond issue costs, net of amortization	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 149,475</u>	<u>\$ 10,353</u>	<u>\$ 55,547</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Cash deficit	\$ -	\$ -	\$ -
Accounts payable	21,636	3,873	-
Accrued liabilities	19,457	-	-
Retainage payable	-	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>41,093</u>	<u>3,873</u>	<u>-</u>
Fund balances:			
Reserved:			
Debt service	-	-	-
Capital outlay	-	-	-
Unreserved, reported in:			
General fund	108,382	-	-
Special revenue funds	-	6,480	55,547
Capital projects funds	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>108,382</u>	<u>6,480</u>	<u>55,547</u>
Total liabilities and fund balances	<u>\$ 149,475</u>	<u>\$ 10,353</u>	<u>\$ 55,547</u>

3/10% Sales Tax Fund	3/4% Sales Tax Fund	Recreation Fund	Other Governmental	Total Governmental Funds
\$ 282,521	\$ 91,441	\$ 137,505	\$ 320,288	\$ 870,693
400,000	100,000	50,000	-	550,000
4,677	19,368	-	-	56,444
-	15,443	-	-	31,324
226	72	28	-	326
-	-	-	-	69,574
-	-	79,722	-	138,305
-	-	-	6,352	6,352
<u>\$ 687,424</u>	<u>\$ 226,324</u>	<u>\$ 267,255</u>	<u>\$ 326,640</u>	<u>\$ 1,723,018</u>
\$ -	\$ -	\$ -	\$ 24	\$ 24
-	4,906	50,028	-	80,443
-	-	-	-	19,457
-	-	29,694	-	29,694
-	69,574	-	-	69,574
-	74,480	79,722	24	199,192
-	-	-	1,737	1,737
-	-	-	308,783	308,783
-	-	-	-	108,382
687,424	151,844	-	16,096	917,391
-	-	187,533	-	187,533
<u>687,424</u>	<u>151,844</u>	<u>187,533</u>	<u>326,616</u>	<u>1,523,826</u>
<u>\$ 687,424</u>	<u>\$ 226,324</u>	<u>\$ 267,255</u>	<u>\$ 326,640</u>	<u>\$ 1,723,018</u>

The accompanying notes are an integral part of this statement.

TOWN OF BALDWIN, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Assets
June 30, 2004

Total fund balances - governmental funds		\$	1,523,826
Amounts reported for governmental activities in the statement of net assets are different because:			
Cost of capital assets at June 30, 2004	1,680,399		
Less: Accumulated depreciation as of June 30, 2004:			
Buildings and improvements	(262,931)		
Equipment	(159,967)		
Autos and trucks	(202,798)		
			1,054,703
Elimination of interfund assets and liabilities			
Due from other funds	(69,574)		
Due to other funds	69,574		
			-
Long-term liabilities, which include revenue bonds payable, are not due and payable in the current period and therefore are not reported in the funds			(1,360,000)
Accrued interest payable			(11,364)
Total net assets - Governmental Activities		\$	1,207,165

The accompanying notes 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, 2004

	General Fund	1/2% Sales Tax Fund	1% Sales Tax Fund	3/10% Sales Tax Fund
Revenues:				
Taxes	\$ 71,427	\$ 86,608	\$ 240,593	\$ 62,678
Licenses and permits	110,342	-	-	-
Charges for services	-	-	-	-
Intergovernmental	226,496	-	-	-
Fines and forfeits	27,655	-	-	-
Miscellaneous	48,640	2,203	94	7,463
Total revenues	<u>484,560</u>	<u>88,811</u>	<u>240,687</u>	<u>70,141</u>
Expenditures:				
Current -				
General government	381,646	-	-	-
Public safety:				
Police	69,057	367,660	-	-
Fire	4,634	-	-	-
Streets and drainage	177,651	-	-	5,095
Culture and recreation	26,247	-	-	-
Sanitation	-	-	-	-
Supporting services	-	-	-	-
Capital outlay	3,392	2,633	-	30,009
Debt Service -				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>662,627</u>	<u>370,293</u>	<u>-</u>	<u>35,104</u>
Excess (deficiency) of revenues over expenditures	<u>(178,067)</u>	<u>(281,482)</u>	<u>240,687</u>	<u>35,037</u>
Other financing sources (uses):				
Operating transfers in	573,575	299,798	-	-
Operating transfers out	(603,475)	-	(265,600)	(48,054)
Total other financing sources (uses)	<u>(29,900)</u>	<u>299,798</u>	<u>(265,600)</u>	<u>(48,054)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(207,967)</u>	<u>18,316</u>	<u>(24,913)</u>	<u>(13,017)</u>
Fund balances, beginning of year	<u>316,349</u>	<u>(11,836)</u>	<u>80,460</u>	<u>700,441</u>
Fund balances, end of year	<u>\$ 108,382</u>	<u>\$ 6,480</u>	<u>\$ 55,547</u>	<u>\$ 687,424</u>

<u>3/4% Sales Tax Fund</u>	<u>Recreation Fund</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ 233,957	\$ -	\$ -	\$ 695,263
-	-	-	110,342
73,961	-	-	73,961
-	308,679	290,656	825,831
-	-	-	27,655
<u>1,367</u>	<u>11,122</u>	<u>2,128</u>	<u>73,017</u>
<u>309,285</u>	<u>319,801</u>	<u>292,784</u>	<u>1,806,069</u>
-	3,514	1,414	386,574
-	-	-	436,717
57,931	-	60	62,625
-	-	-	182,746
-	-	-	26,247
172,887	-	-	172,887
-	-	130,214	130,214
-	326,056	-	362,090
-	-	90,000	90,000
-	-	70,442	70,442
<u>230,818</u>	<u>329,570</u>	<u>292,130</u>	<u>1,920,542</u>
<u>78,467</u>	<u>(9,769)</u>	<u>654</u>	<u>(114,473)</u>
386,071	-	3,000	1,262,444
<u>(386,497)</u>	<u>-</u>	<u>(20)</u>	<u>(1,303,646)</u>
<u>(426)</u>	<u>-</u>	<u>2,980</u>	<u>(41,202)</u>
78,041	(9,769)	3,634	(155,675)
<u>73,803</u>	<u>197,302</u>	<u>322,982</u>	<u>1,679,501</u>
<u>\$ 151,844</u>	<u>\$ 187,533</u>	<u>\$ 326,616</u>	<u>\$ 1,523,826</u>

The accompanying notes are an integral part of this statement.

TOWN OF BALDWIN, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Year Ended June 30, 2004

Net changes in fund balances - governmental funds	\$ (155,675)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures, however, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period	327,870
Revenue bond proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of revenue bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	90,000
Excess of interest paid over interest accrued	<u>753</u>
Change in Net Assets - Governmental Activities	<u>\$ 262,948</u>

The accompanying notes are an integral part of this statement.

TOWN OF BALDWIN, LOUISIANA

Statement of Net Assets – Proprietary Fund
June 30, 2004

ASSETS

Current assets:	
Cash	\$ 45,784
Interest-bearing deposits	700,830
Receivables:	
Accounts	38,823
Accrued interest	1,282
Bond issue costs, net of amortization	28,784
Restricted assets:	
Cash	111,609
Interest-bearing deposits	560,200
Accrued interest	171
Total current assets	<u>1,487,483</u>
Noncurrent assets:	
Capital assets:	
Utility property, plant and equipment	6,697,018
Accumulated depreciation	<u>(2,769,266)</u>
Total noncurrent assets	<u>3,927,752</u>
Total assets	<u>\$ 5,415,235</u>

LIABILITIES

Current liabilities:	
Accounts payable	16,757
Accrued liabilities	85
Payable from restricted assets -	
Revenue bonds payable	94,000
Accrued interest payable	12,237
Customers' deposits	38,105
Due to other funds	-
Contracts payable	<u>3,263</u>
Total current liabilities	164,447
Noncurrent liabilities:	
Revenue bonds payable	<u>1,623,000</u>
Total liabilities	<u>1,787,447</u>

NET ASSETS

Invested in capital assets, net of related debt	2,210,752
Restricted for revenue bond retirement	527,638
Unrestricted	<u>889,398</u>
Total net assets	<u>\$ 3,627,788</u>

The accompanying notes are an integral part of this statement.

TOWN OF BALDWIN, LOUISIANA

Statement of Revenues, Expenses and Changes in Fund Net Assets
 Proprietary Fund
 Year Ended June 30, 2004

Operating revenues:	
Charges for services -	
Gas sales and services	\$ 258,743
Water sales and services	108,195
Sewerage services	83,576
Delinquent charges	15,065
Commissions, transfers and reconnections	<u>2,898</u>
Total operating revenues	<u>468,477</u>
Operating expenses:	
Gas department	235,470
Water department	105,230
Sewerage department	77,431
Depreciation	<u>177,573</u>
Total operating expenses	<u>595,704</u>
Operating loss	<u>(127,227)</u>
Nonoperating revenues (expenses):	
Interest income	17,597
Interest and fiscal charges	<u>(81,973)</u>
Total nonoperating revenues (expenses)	<u>(64,376)</u>
Loss before transfers	(191,603)
Other financing sources:	
Operating transfers in	65,952
Operating transfers out	<u>(24,750)</u>
Total other financing sources	<u>41,202</u>
Change in net assets	(150,401)
Net assets at beginning of year	<u>3,778,189</u>
Net assets at end of year	<u>\$ 3,627,788</u>

The accompanying notes are an integral part of this statement.

TOWN OF BALDWIN, LOUISIANA

Statement of Cash Flows -- Proprietary Fund
Year Ended June 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 462,058
Payments to suppliers for goods and services	(357,271)
Payments to employees	<u>(63,974)</u>
Net cash provided by operating activities	<u>40,813</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received from other funds	65,952
Cash paid to other funds	<u>(24,750)</u>
Net cash provided by noncapital financing activities	<u>41,202</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments on revenue bonds	(87,000)
Interest payments on revenue bonds	(82,612)
Decrease in bond issue costs	2,026
Short-term and long-term repayments	(39,166)
Purchase of capital assets	<u>(7,390)</u>
Net cash used by capital and related financing activities	<u>(214,142)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Net redemption of interest-bearing deposits	169,986
Interest on interest bearing deposits	<u>17,597</u>
Net cash used by investing activities	<u>187,583</u>
Net increase in cash and cash equivalents	55,456
Cash and cash equivalents, beginning of period	<u>158,432</u>
Cash and cash equivalents, end of period	<u>\$ 213,888</u>
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating loss	\$ <u>(127,227)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	177,573
Decrease (increase) in accounts receivable	15,888
Decrease (increase) in prepaid expenses	6,237
Increase (decrease) in accounts payable	(31,769)
Increase (decrease) in accrued liabilities	(374)
Increase (decrease) in customer meter deposits	<u>485</u>
Total adjustments	<u>168,040</u>
Net cash provided by operating activities	<u>\$ 40,813</u>

The accompanying notes are an integral part of this statement.

TOWN OF BALDWIN, LOUISIANA

Statement of Cash Flows – Proprietary Fund (Continued)
Year Ended June 30, 2004

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

Cash and cash equivalents beginning of period -	
Cash - unrestricted	\$ 38,713
Interest-bearing deposits - unrestricted	897,965
Cash - restricted	119,719
Interest bearing deposits - restricted	503,706
Less: Interest-bearing deposits with a maturity over three months	<u>(1,401,671)</u>
Total cash and cash equivalents	<u>158,432</u>
Cash and cash equivalents, end of period -	
Cash - unrestricted	45,784
Interest-bearing deposits - unrestricted	700,830
Cash - restricted	111,609
Interest-bearing deposits - restricted	560,200
Less: Interest-bearing deposits with a maturity over three months	<u>(1,204,535)</u>
Total cash and cash equivalents	<u>213,888</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ 55,456</u>

The accompanying notes are an integral part of this statement.

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting and reporting policies of the Town of Baldwin 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*. In accordance with Statement No. 20 of the Governmental Accounting Standards Board (GASB), "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting," it is the Town of Baldwin's policy to apply all applicable GASB pronouncements as well as all Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued prior to December 1, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The Town of Baldwin has not adopted any Financial Accounting Standards Board Statements or Interpretations, Accounting Principles Board Opinions or Accounting Research Bulletins of the Committee on Accounting Procedure issued after November 30, 1989.

The following is a summary of certain significant accounting policies:

Financial Reporting Entity

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

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

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

Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the activities of the Town. The effect of interfund

TOWN OF BALDWIN, LOUISIANA

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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.

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.

Debt Service Funds

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

TOWN OF BALDWIN, LOUISIANA

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 of Baldwin's enterprise fund is the Utility Fund.

Major and Nonmajor Funds

The funds are further classified as major or nonmajor as follows:

Major Funds:

General Fund—primary operating fund of the Town.

Special Revenue Funds:

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

3/10% Sales Tax Collection Fund—accounts for the receipt and use of proceeds of the Town's 3/10% sales and use tax. These taxes are dedicated to operating and maintaining the municipal police department, paying or supplementing salaries of municipal employees, and purchasing, constructing, acquiring, extending and/or improving public works or capital improvements.

TOWN OF BALDWIN, LOUISIANA

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Capital Projects Fund:

Raintree Village Construction Fund—to account for proceeds of Revenue Bonds issued for the purpose of paying the costs of planning, designing, acquiring and constructing certain infrastructure improvements.

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.

Nonmajor Funds:

Special Revenue Fund:

Special Fire Equipment Fund—to account for funds designated by the Town to be used for the purchase of equipment for the fire department.

Debt Service Fund:

Revenue Bond Sinking Fund—to accumulate funds for payment of the principal and interest on the outstanding Revenue Bonds.

Capital Projects Funds:

Recreation Fund—to account for financing and construction of improvements to the recreation park and other recreation facilities of the Town.

LCDBG Housing Rehabilitation Program—accounts for the receipt and disbursement of federal grant funds passed through the State of Louisiana for rehabilitation of certain substandard residences located within the Town.

TOWN OF BALDWIN, LOUISIANA

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned including unbilled water, sewer and gas services which are accrued. Expenses are recognized at the time the liability is incurred.

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

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

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.

TOWN OF BALDWIN, LOUISIANA

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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	10-40 years
Equipment	4-20 years
Autos and trucks	5-7 years

Budgets and Budgetary Accounting

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

1. The Town Clerk prepares a proposed budget and submits it to the Mayor and 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.
7. Budgets for the General and Special Revenues Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen.

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest-Bearing Deposits

Interest-bearing deposits are stated at cost, which approximates market.

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.

Bad Debts

Uncollectible amounts due for ad valorem taxes and customers' utility receivables 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 valuation method required.

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 liability the Town might have in this regard at June 30, 2004, is considered immaterial; therefore, no liability has been recorded in the accounts.

Capitalization of Interest Expense

It is the policy of the Town of Baldwin to capitalize material amounts of interest resulting from borrowings in the course of the construction of fixed assets. For the year ended June 30, 2004, no interest was capitalized.

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.

NOTE 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

TOWN OF BALDWIN, LOUISIANA

Notes to the Financial Statements

NOTE 2 CASH AND INTEREST-BEARING DEPOSITS (CONTINUED)

June 30, 2004, the Town has cash and interest-bearing deposits (book balances) totaling \$2,839,131 as follows:

Demand deposits	\$ 1,084,481
Time deposits	1,754,535
Petty cash	<u>100</u>
Total	<u>\$ 2,839,116</u>

These 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. Bank balances at June 30, 2004 are secured as follows:

Bank balances	<u>\$ 2,558,789</u>
Federal deposit insurance	\$ 1,001,349
Pledged securities (Category 3)	<u>2,701,072</u>
Total	<u>\$ 3,702,421</u>
Excess of federal insurance & pledged securities over bank balance	<u>\$ 1,143,632</u>

Pledged securities in Category 3 includes uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the Town's name. Even though the pledged securities are considered uncollateralized (Category 3), Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 AD VALOREM TAXES

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

TOWN OF BALDWIN, LOUISIANA

Notes to the Financial Statements

NOTE 3 AD VALOREM TAXES (CONTINUED)

For the year ended June 30, 2004, taxes of 11.81 mills were levied on property with assessed valuations totaling \$6,070,208 and were dedicated as follows:

General corporate purposes 11.81 mills

Total taxes levied were \$71,690. The total amount of taxes receivable at June 30, 2004, was \$3,458.

NOTE 4 INTERFUND RECEIVABLES/PAYABLES

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund		
3/4% Sales Tax Fund	\$ 69,574	\$ -
Special Revenue Funds - 3/4% Sales Tax Fund		
General Fund	<u>-</u>	<u>69,574</u>
Total interfund receivables/payables	<u>\$ 69,574</u>	<u>\$ 69,574</u>

There were no interfund receivable/payables in the nonmajor funds. 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.

NOTE 5 DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at June 30, 2004, consisted of the following:

Beer, video poker and Indian gaming mitigation taxes due from the State of Louisiana	\$ 45,939
Police salaries due from St. Mary Parish School Board	12,644
Recreation Park Improvement Project grant monies due from the State of Louisiana	<u>79,722</u>
Total due from other governmental units	<u>\$ 138,305</u>

NOTE 6 RESTRICTED ASSETS – PROPRIETARY FUND TYPE

Restricted assets were applicable to the following at June 30, 2004:

Revenue bond sinking fund	\$ 56,494
Revenue bond reserve fund	168,706
Revenue bond construction fund	348,675
Contingencies fund	60,000
Customers' deposits	<u>38,105</u>
	<u>\$ 671,980</u>

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements

NOTE 7 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2004, was as follows:

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 206,971	\$ -	\$ -	\$ 206,971
Construction in progress	<u>-</u>	<u>77,377</u>	<u>-</u>	<u>77,377</u>
	<u>206,971</u>	<u>77,377</u>	<u>-</u>	<u>284,348</u>
Capital assets being depreciated:				
Buildings	557,784	-	-	557,784
Improvements other than buildings	65,957	326,056	-	392,013
Equipment	232,558	6,025	-	238,583
Autos and trucks	<u>210,401</u>	<u>-</u>	<u>2,730</u>	<u>207,671</u>
Total capital assets being depreciated	<u>1,066,700</u>	<u>332,081</u>	<u>2,730</u>	<u>1,396,051</u>
Less accumulated depreciation for:				
Buildings	(229,199)	13,945	-	(243,144)
Improvements other than buildings	(16,489)	3,298	-	(19,787)
Equipment	(143,347)	16,620	-	(159,967)
Autos and trucks	<u>(205,171)</u>	<u>357</u>	<u>(2,730)</u>	<u>(202,798)</u>
Total accumulated depreciation	<u>(594,206)</u>	<u>34,220</u>	<u>(2,730)</u>	<u>(625,696)</u>
Total capital assets, being depreciated, net	<u>472,494</u>	<u>297,861</u>	<u>-</u>	<u>770,355</u>
Governmental activities capital assets, net	<u>\$ 679,465</u>	<u>\$ 375,238</u>	<u>\$ -</u>	<u>\$ 1,054,703</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 116,110	\$ -	\$ -	\$ 116,110
Capital assets being depreciated:				
Gas utility system	431,409	-	-	431,409
Water utility system	2,597,974	4,240	-	2,602,214
Sewerage utility system	<u>3,544,135</u>	<u>3,150</u>	<u>-</u>	<u>3,547,285</u>
Total capital assets being depreciated	<u>6,573,518</u>	<u>7,390</u>	<u>-</u>	<u>6,580,908</u>
Less accumulated depreciation for:				
Gas utility system	(396,428)	9,508	-	(405,936)
Water utility system	(1,027,704)	89,532	-	(1,117,236)
Sewerage utility system	<u>(1,167,562)</u>	<u>78,533</u>	<u>-</u>	<u>(1,246,095)</u>
Total accumulated depreciation	<u>(2,591,694)</u>	<u>177,573</u>	<u>-</u>	<u>(2,769,267)</u>
Total capital assets, being depreciated, net	<u>3,981,824</u>	<u>(170,183)</u>	<u>-</u>	<u>3,811,641</u>
Business-type activities capital assets, net	<u>\$ 4,097,934</u>	<u>\$ (170,183)</u>	<u>\$ -</u>	<u>\$ 3,927,751</u>

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements

NOTE 7 CAPITAL ASSETS (CONTINUED)

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

Governmental activities:	
General government and administration	\$ 9,368
Public safety:	
Police	11,690
Fire	2,881
Streets and drainage	3,593
Culture and recreation	<u>6,688</u>
Total depreciation expense, governmental activities	<u>\$ 34,220</u>
Business-type activities:	
Utilities	<u>\$ 177,573</u>

NOTE 8 LONG-TERM DEBT

The Town of Baldwin has the following revenue bond issues outstanding as of June 30, 2004:

	<u>Governmental</u>	<u>Business-type</u>
\$750,000 Utilities Revenue Bonds, Series 1999, interest payable semi-annually on May 1 and November 1, bearing interest at 4.95% per annum, with varying annual principal maturities from May 2000 to 2014.	\$ -	\$560,000
\$1,250,000 Utilities Revenue Bonds, Series 2001, interest payable semi-annually on May 1 and November 1, bearing interest at 3.45% per annum, plus a .5% per annum administrative fee, with varying annual principal maturities from May 2003 to 2021.	-	1,157,000
\$1,000,000 Revenue Bonds, Series 2001, interest payable semi-annually on May 1 and November 1, bearing interest at 5.10% per annum, with varying annual principal maturities from November 2002 to 2014.	890,000	-

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements

NOTE 8 LONG-TERM DEBT (CONTINUED)

	<u>Governmental</u>	<u>Business-type</u>
\$500,000 Revenue Bonds, Series 2002, interest payable semi-annually on May 1 and November 1, bearing interest at 4.85% per annum, with varying annual principal maturities from November 2003 to 2014.	470,000	-
Total bonds payable	<u>\$ 1,360,000</u>	<u>\$ 1,717,000</u>

Transactions for the year ended June 30, 2004 are summarized as follows:

	<u>Balance June 30, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2004</u>	<u>Due Within One Year</u>
<u>Governmental activities:</u>					
Revenue bonds payable	\$ 1,450,000	\$ -	\$ 90,000	\$ 1,360,000	\$ 95,000
<u>Business-type activities:</u>					
Revenue bonds payable	1,804,000	-	87,000	1,717,000	94,000
Total government	<u>\$ 3,254,000</u>	<u>\$ -</u>	<u>\$ 177,000</u>	<u>\$ 3,077,000</u>	<u>\$ 189,000</u>

The annual requirements to amortize all debt outstanding as of June 30, 2004 are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 95,000	\$ 65,806	\$ 94,000	\$ 67,637
2006	100,000	60,921	96,000	63,718
2007	100,000	55,909	103,000	59,732
2008	110,000	50,648	105,000	55,428
2009	115,000	45,010	112,000	51,056
2010 - 2014	840,000	133,148	638,000	180,955
2015 - 2019	-	-	390,000	72,277
2020 - 2021	-	-	179,000	9,315
Total	<u>\$ 1,360,000</u>	<u>\$ 411,442</u>	<u>\$ 1,717,000</u>	<u>\$ 560,118</u>

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements

NOTE 9 INTERFUND TRANSFERS

Operating Transfers

	Transfers in	Transfers out
	<u> </u>	<u> </u>
Governmental Funds:		
General Fund:		
Enterprise Funds	-	12,055
Special Revenue Fund	573,555	588,420
Nonmajor Governmental		
Capital Project Fund	20	-
Special Revenue Fund	-	3,000
Total General Fund	<u>573,575</u>	<u>603,475</u>
Special Revenue:		
Enterprise Funds	24,750	53,897
General Fund	588,420	573,555
Special Revenue Fund	<u>72,698</u>	<u>72,698</u>
Total Special Revenue Funds	<u>685,868</u>	<u>700,150</u>
Enterprise Funds:		
General Fund	12,055	-
Special Revenue Funds	<u>53,897</u>	<u>24,750</u>
Total Enterprise Funds	<u>65,952</u>	<u>24,750</u>
Nonmajor Governmental Funds		
Capital Projects:		
LCDBG Housing Rehabilitation Program	-	20
Special Revenue:		
Special Fire Equipment Fund	<u>3,000</u>	-
Total Nonmajor Governmental Funds	<u>3,000</u>	<u>20</u>
Grand Total of Interfund Transfers	<u>\$ 1,328,395</u>	<u>\$ 1,328,395</u>

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

NOTE 10 LONG TERM CONTRACT

The Town of Baldwin has entered into a contract for the costs of renovating a water tank and a three-year maintenance plan as required by R.S. 38:2212(G). The total contract price is \$156,664 and is being financed over four years with monthly payments of \$3,264. At June 30, 2004 the balance remaining is \$3,263.

NOTE 11 FLOW OF FUNDS; RESTRICTIONS ON USE – UTILITIES REVENUES

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

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

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

Funds totaling \$60,000 will also be set aside into a "Contingencies Fund." These funds may be used for the making of extensions, additions, improvements, renewals and replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operation expense. However, a balance of \$5,000 must be maintained for the making of emergency repairs or replacements.

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

NOTE 12 DEDICATION OF PROCEEDS AND FLOW OF FUNDS – SALES AND USE TAXES

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

Proceeds of a 1% parish wide sales and use tax levied in 1966 (2004 collections \$240,593). 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

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements

NOTE 12 DEDICATION OF PROCEEDS AND FLOW OF FUNDS – SALES AND USE TAXES
(CONTINUED)

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 (2004 collections \$62,678). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is allocated and distributed monthly as above. Proceeds are dedicated to the following purposes; operating and maintaining the police department, including the acquisition and maintenance of *equipment and supplies*; *paying or supplementing the salaries of municipal employees*; and purchasing, constructing, acquiring, extending and/or improving all or any portion of public works or capital improvements, including but not limited to the construction, improvement and maintenance of drainage, water, and flood control extensions and improvements and the acquisition, construction, improvement, maintenance and repair of streets, roads, and bridges.

Proceeds of a 3/4 of 1% sales and use tax levied in 1974 (2004 collections \$233,957). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is allocated and distributed monthly as above. 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; 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 (2004 collections \$86,608). 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.

NOTE 13 PENSION PLAN

Eligible employees of the Town participate in one of three multiple-employer public employee retirement systems (PERS), which are controlled and administered by a separate board of trustees. These retirement systems provide retirement, disability and death benefits to plan members and their beneficiaries. Pertinent information relative to each plan follows:

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements

NOTE 13 PENSION PLAN (CONTINUED)

Municipal Employees' Retirement System

Plan members are required to contribute 5.0 percent of their annual covered salary to the system while the Town is required to contribute the statutory rate of 7.75 percent of the total annual covered salary. The Town's contributions to the system for the years ended June 30, 2004, 2003 and 2002 were \$26,748, \$20,710, and \$14,306, respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Municipal Employees' Retirement System, 7937 Office Park Bldg., Baton Rouge, Louisiana 70809.

Municipal and State Police Retirement System of Louisiana

Plan members are required to contribute 7.5 percent of their annual covered salary to the system while the Town is required to contribute the statutory rate of 15.25 percent of the total annual covered salary. The Town's contributions to the system for the years ended June 30, 2004, 2003 and 2002 were \$17,248, \$10,395, and \$13,379, respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Municipal Police Employees' Retirement System, P. O. Box 94095 – Capital Station, Baton Rouge, Louisiana 70804.

Firefighters' Retirement System

Plan members are required to contribute 8.0 percent of their annual covered salary to the system while the Town is required to contribute the statutory rate of 9.0 percent of the total annual covered salary through December 31, 2002 and 18.25 percent thereafter. The Town's contributions to the system for the years ended June 30, 2004, 2003 and 2002 were \$2,214, \$3,455, and \$2,149, respectively, equal to the required contribution for each year. A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Firefighters' Retirement System, P. O. Box 94095 – Capital Station, Baton Rouge, Louisiana 70804.

NOTE 14 SEGMENT INFORMATION FOR THE ENTERPRISE FUND

The Town of Baldwin maintains one enterprise fund with three departments which provide gas, water and sewerage services. Segment information for the years ended June 30, 2004 and June 30, 2003 is presented on page 67-68.

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements

NOTE 15 COMPENSATION OF TOWN OFFICIALS

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended June 30, 2004, follows:

Wayne J. Breaux, Mayor	\$ 33,000
Aldermen:	
Herbert Druilhet, Jr.	3,600
Gene St. Germain	3,600
Mike Lancelin	3,600
Mike Ceaser	3,600
Clarence Vappie	<u>3,600</u>
	<u>\$ 51,000</u>

NOTE 16 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. There were no significant changes in coverage's, retentions, or limits during the year ended June 30, 2004. Settled claims have not exceeded the commercial coverage's in any of the previous three fiscal years.

NOTE 17 COOPERATIVE ENDEAVOR AGREEMENT

The Town has also entered into an agreement with the Parish of St. Mary and the Chitimacha Tribe of Louisiana, whereby the Town will contract for necessary engineering and construction of certain infrastructure improvements near the Ralph Darden Parkway in the amount not to exceed \$2,500,000. The Town of Baldwin shall issue revenue bonds not to exceed \$2,500,000 to cover the costs of the improvements. The agreement states that debt service requirements related to the subsequent bond issuance shall be funded by grant payments by the Chitimacha Tribe to St. Mary Parish which will then be transferred to the Town of Baldwin prior to the due dates of the bond principal and interest. In October 2001, the Town issued \$1,000,000 of revenue bonds to begin the first phase of this project, and in October 2002 the Town issued the next \$500,000 of revenue bonds to continue project development.

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements

NOTE 18 INDIVIDUAL FUND DEFICIT REQUIRING DISCLOSURE

The LCDBG Housing Rehabilitation Program has a fund deficit of \$24, which is not apparent from the face of the combined financial statements, requiring disclosure. It is anticipated that the deficit will be funded by an appropriation from the General Fund.

NOTE 19 LEASE COMMITMENT

The Town of Baldwin entered into a noncancelable operating lease for a piece of equipment. The lease calls for 39 monthly payments of \$146. Rent expense for the operating lease was \$1,752 for the fiscal year. The following is a schedule of future minimum rental payments required under the noncancelable operating lease:

<u>Year ended June 30,</u>	
2005	\$ 5,694
2006	5,694
2007	<u>730</u>
Total future minimum lease payments	<u>\$ 12,118</u>

The Town also has a lease of moveable property under a cancelable lease.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BALDWIN, LOUISIANA

Budgetary Comparison Schedule
 General Fund
 Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Ad valorem taxes	\$ 75,000	\$ 75,000	\$ 71,427	\$ (3,573)
Licenses and permits:				
Occupational licenses	50,000	50,000	54,836	4,836
Franchise fees	50,000	50,000	54,713	4,713
Permits	1,500	1,500	793	(707)
Intergovernmental:				
Federal grants	-	-	10,492	10,492
State of Louisiana -				
Beer taxes	5,000	5,000	5,401	401
Video poker	10,000	10,000	5,528	(4,472)
Indian gaming	175,000	175,000	175,000	-
St. Mary Parish School Board	25,000	25,000	30,075	5,075
Fines and forfeits	40,000	40,000	27,655	(12,345)
Miscellaneous:				
Interest	10,000	10,000	12	(9,988)
Collection fees	3,500	3,500	3,091	(409)
Mosquito control fees	20,000	20,000	20,829	829
Other sources	20,000	43,000	24,708	(18,292)
Total revenues	<u>485,000</u>	<u>508,000</u>	<u>484,560</u>	<u>(23,440)</u>

TOWN OF BALDWIN, LOUISIANA

Budgetary Comparison Schedule (Continued)
 General Fund
 Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
General government:				
Administration:				
Salaries	66,000	66,000	72,472	(6,472)
Payroll taxes	44,000	44,000	47,221	(3,221)
Retirement contributions	20,000	20,000	26,748	(6,748)
Group insurance	67,000	67,000	85,568	(18,568)
General insurance	90,000	90,000	56,722	33,278
Professional fees	15,000	15,000	17,427	(2,427)
Aldermen fees	18,000	18,000	18,000	-
Dues	2,200	2,200	816	1,384
Office expense	12,500	12,500	14,292	(1,792)
Assessment rolls and tax notices	1,300	1,300	1,769	(469)
Telephone	4,500	4,500	3,266	1,234
Tools and supplies	10,000	10,000	8,231	1,769
Maintenance and repairs	6,000	6,000	6,119	(119)
Fuel	1,800	1,800	1,833	(33)
Printing and advertising	3,500	3,500	3,063	437
Mosquito abatement	20,000	20,000	16,515	3,485
Miscellaneous	7,500	7,500	1,584	5,916
Total administrative	389,300	389,300	381,646	7,654
Public safety:				
Police-				
Retirement contributions	25,000	25,000	17,248	7,752
Insurance	55,000	55,000	49,170	5,830
Miscellaneous	-	-	2,639	(2,639)
Total police	80,000	80,000	69,057	10,943
Fire-				
Convention expenses	1,800	1,800	2,420	(620)
Retirement contributions	8,800	8,800	2,214	6,586
Total fire	10,600	10,600	4,634	5,966
Total public safety	90,600	90,600	73,691	16,909

TOWN OF BALDWIN, LOUISIANA

Budgetary Comparison Schedule (Continued)
 General Fund
 Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Streets and drainage:				
Salaries	105,000	105,000	108,758	(3,758)
Lights	20,000	20,000	21,076	(1,076)
Materials and supplies	6,000	6,000	15,332	(9,332)
Insurance	25,000	25,000	25,743	(743)
Other	3,000	3,000	165	2,835
Equipment maintenance	<u>10,000</u>	<u>10,000</u>	<u>6,577</u>	<u>3,423</u>
Total streets and drainage	<u>169,000</u>	<u>169,000</u>	<u>177,651</u>	<u>(8,651)</u>
Culture and recreation:				
Utilities	-	-	3,553	(3,553)
Beautification project	5,000	5,000	3,191	1,809
Maintenance and repair	-	-	2,801	(2,801)
Miscellaneous	<u>45,000</u>	<u>45,000</u>	<u>16,702</u>	<u>28,298</u>
Total culture and recreation	<u>50,000</u>	<u>50,000</u>	<u>26,247</u>	<u>23,753</u>
Capital outlay:				
Administrative equipment	5,000	5,000	3,392	1,608
Street equipment	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total capital outlay	<u>10,000</u>	<u>10,000</u>	<u>3,392</u>	<u>6,608</u>
Total expenditures	<u>708,900</u>	<u>708,900</u>	<u>662,627</u>	<u>46,273</u>
Deficiency of revenues over expenditures	<u>(223,900)</u>	<u>(200,900)</u>	<u>(178,067)</u>	<u>22,833</u>
Other financing sources (uses):				
Operating transfers in	220,000	220,000	573,575	353,575
Operating transfers out	<u>(3,000)</u>	<u>(3,000)</u>	<u>(603,475)</u>	<u>(600,475)</u>
Total other financing sources (uses)	<u>217,000</u>	<u>217,000</u>	<u>(29,900)</u>	<u>(246,900)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(6,900)	16,100	(207,967)	(224,067)
Fund balance, beginning of year	<u>316,349</u>	<u>316,349</u>	<u>316,349</u>	<u>-</u>
Fund balance, end of year	<u>\$ 309,449</u>	<u>\$ 332,449</u>	<u>\$ 108,382</u>	<u>\$ (224,067)</u>

TOWN OF BALDWIN, LOUISIANA

Budgetary Comparison Schedule
 1% Sales Tax Collection Fund
 Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes - sales tax	\$ 245,000	\$ 245,000	\$ 240,593	\$ (4,407)
Miscellaneous - interest on deposits	-	-	94	94
Total revenues	<u>245,000</u>	<u>245,000</u>	<u>240,687</u>	<u>(4,313)</u>
Expenditures	-	-	-	-
Excess of revenues over expenditures	<u>245,000</u>	<u>245,000</u>	<u>240,687</u>	<u>(4,313)</u>
Other financing uses:				
Operating transfers in	-	-	-	-
Operating transfers out	<u>(220,000)</u>	<u>(220,000)</u>	<u>(265,600)</u>	<u>(45,600)</u>
Total other financing uses	<u>(220,000)</u>	<u>(220,000)</u>	<u>(265,600)</u>	<u>(45,600)</u>
Excess (deficiency) of revenues over and other financing uses	25,000	25,000	(24,913)	(49,913)
Fund balance, beginning of year	<u>80,460</u>	<u>80,460</u>	<u>80,460</u>	-
Fund balance, end of year	<u>\$ 105,460</u>	<u>\$ 105,460</u>	<u>\$ 55,547</u>	<u>\$ (49,913)</u>

TOWN OF BALDWIN, LOUISIANA

Budgetary Comparison Schedule
 3/10% Sales Tax Collection Fund
 Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes - sales tax	\$ 65,000	\$ 65,000	\$ 62,678	\$ (2,322)
Miscellaneous				
Interest on deposits	<u>-</u>	<u>-</u>	<u>7,463</u>	<u>7,463</u>
Total revenues	<u>65,000</u>	<u>65,000</u>	<u>70,141</u>	<u>5,141</u>
Expenditures:				
Streets and drainage	250,000	250,000	5,095	244,905
Capital outlay	<u>-</u>	<u>-</u>	<u>30,009</u>	<u>(30,009)</u>
Total expenditures	<u>250,000</u>	<u>250,000</u>	<u>35,104</u>	<u>214,896</u>
Excess (deficiency) of revenues over expenditures	<u>(185,000)</u>	<u>(185,000)</u>	<u>35,037</u>	<u>220,037</u>
Other financing uses:				
Operating transfers in	-	-	-	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>(48,054)</u>	<u>(48,054)</u>
Total other financing uses	<u>-</u>	<u>-</u>	<u>(48,054)</u>	<u>(48,054)</u>
Excess (deficiency) of revenues and other financing sources other expenditures and other financing uses	(185,000)	(185,000)	(13,017)	171,983
Fund balance, beginning of year	<u>700,441</u>	<u>700,441</u>	<u>700,441</u>	<u>-</u>
Fund balance, end of year	<u>\$ 515,441</u>	<u>\$ 515,441</u>	<u>\$ 687,424</u>	<u>\$ 171,983</u>

TOWN OF BALDWIN, LOUISIANA

Budgetary Comparison Schedule
 ¾% Sales Tax Collection Fund
 Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes - sales tax	\$ 241,000	\$ 241,000	\$ 233,957	\$ (7,043)
Charges for services	75,000	75,000	73,961	(1,039)
Miscellaneous -				
Interest on deposits	-	-	1,302	1,302
Other	-	-	65	65
Total revenues	<u>316,000</u>	<u>316,000</u>	<u>309,285</u>	<u>(6,715)</u>
Expenditures:				
Public safety -				
Fire:				
Salaries	20,400	20,400	20,556	(156)
Insurance	18,000	22,600	17,556	5,044
Telephone	3,100	3,100	2,945	155
Building maintenance	3,500	3,500	1,952	1,548
Equipment maintenance	-	-	3,065	(3,065)
Utilities	2,400	2,400	2,889	(489)
Fuel	4,000	4,000	3,650	350
Supplies	1,200	2,500	2,058	442
Uniforms	400	400	1,061	(661)
Miscellaneous	<u>2,000</u>	<u>2,000</u>	<u>2,199</u>	<u>(199)</u>
Total fire	<u>55,000</u>	<u>60,900</u>	<u>57,931</u>	<u>2,969</u>

TOWN OF BALDWIN, LOUISIANA

Budgetary Comparison Schedule (Continued)
 ¾% Sales Tax Collection Fund
 Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Sanitation -				
Salaries	104,000	104,000	108,067	(4,067)
Equipment maintenance	4,000	4,000	6,683	(2,683)
Waste disposal fees	50,000	50,000	49,129	871
Miscellaneous	<u>5,300</u>	<u>5,300</u>	<u>9,008</u>	<u>(3,708)</u>
Total sanitation	<u>163,300</u>	<u>163,300</u>	<u>172,887</u>	<u>(9,587)</u>
Capital outlay -				
Sanitation	<u>35,000</u>	<u>35,000</u>	-	<u>35,000</u>
Total capital outlay	<u>35,000</u>	<u>35,000</u>	-	<u>35,000</u>
Total expenditures	<u>253,300</u>	<u>259,200</u>	<u>230,818</u>	<u>28,382</u>
Deficiency of revenue over expenditures	62,700	56,800	78,467	21,667
Other financing sources (uses):				
Operating transfers in	-	-	386,071	386,071
Operating transfers out	<u>(240,000)</u>	<u>(240,000)</u>	<u>(386,497)</u>	<u>(146,497)</u>
Total other financing sources	<u>(240,000)</u>	<u>(240,000)</u>	<u>(426)</u>	<u>239,574</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(177,300)	(183,200)	78,041	261,241
Fund balance, beginning of year	<u>73,803</u>	<u>73,803</u>	<u>73,803</u>	-
Fund balance, end of year	<u>\$ (103,497)</u>	<u>\$ (109,397)</u>	<u>\$ 151,844</u>	<u>\$ 261,241</u>

TOWN OF BALDWIN, LOUISIANA

Budgetary Comparison Schedule
 1/2% Sales Tax Collection Fund
 Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes - sales tax	\$ 79,000	\$ 79,000	\$ 86,608	\$ 7,608
Intergovernmental -				
State	1,500	1,500	-	(1,500)
Federal	15,000	15,000	-	(15,000)
Miscellaneous -				
Interest on deposits	-	-	4	4
Other	-	-	2,199	2,199
Total revenues	<u>95,500</u>	<u>95,500</u>	<u>88,811</u>	<u>(6,689)</u>
Expenditures:				
Public safety -				
Police:				
Salaries	245,000	266,000	264,797	1,203
Telephone	7,800	7,800	7,174	626
Building maintenance	4,000	9,000	9,491	(491)
Equipment maintenance	19,000	26,500	23,826	2,674
Prison expense	3,000	3,000	4,826	(1,826)
Supplies	12,000	12,000	19,809	(7,809)
Utilities	6,500	6,500	6,699	(199)
Fuel	16,000	16,000	15,146	854
Uniforms	3,500	3,500	4,046	(546)
Autopsy expenses	1,000	1,000	2,504	(1,504)
Miscellaneous	5,000	5,000	9,342	(4,342)
Total police	<u>322,800</u>	<u>356,300</u>	<u>367,660</u>	<u>(11,360)</u>
Capital outlay	14,000	14,000	2,633	11,367
Total expenditures	<u>336,800</u>	<u>370,300</u>	<u>370,293</u>	<u>7</u>
Excess of revenues over expenditures	<u>(241,300)</u>	<u>(274,800)</u>	<u>(281,482)</u>	<u>(6,682)</u>
Other financing uses:				
Operating transfers in	240,000	240,000	299,798	59,798
Operating transfers out	-	-	-	-
Total other financing uses	<u>240,000</u>	<u>240,000</u>	<u>299,798</u>	<u>59,798</u>
Excess (deficiency) of revenues over and other financing uses	(1,300)	(34,800)	18,316	53,116
Fund balance, beginning of year	(11,836)	(11,836)	(11,836)	-
Fund balance, end of year	<u>\$ (13,136)</u>	<u>\$ (46,636)</u>	<u>\$ 6,480</u>	<u>\$ 53,116</u>

SUPPLEMENTAL INFORMATION SECTION

TOWN OF BALDWIN, LOUISIANA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2004

ASSETS

Cash	\$ 16,096	\$ 1,737	\$ 302,455	\$ -	\$ 320,288
Interest-bearing deposits	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Sales tax receivable	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-
Bond issue costs, net of amortization	-	-	6,352	-	6,352
Total assets	<u>\$ 16,096</u>	<u>\$ 1,737</u>	<u>\$ 308,807</u>	<u>\$ -</u>	<u>\$ 326,640</u>

LIABILITIES AND FUND BALANCES

Liabilities:					
Cash deficit	\$ -	\$ -	\$ -	\$ 24	\$ 24
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>24</u>	<u>24</u>
Fund balances:					
Reserved -					
Debt service	-	1,737	-	-	1,737
Capital outlay	-	-	308,807	(24)	308,783
Unreserved -					
Undesignated	16,096	-	-	-	16,096
Total fund balances	<u>16,096</u>	<u>1,737</u>	<u>308,807</u>	<u>(24)</u>	<u>326,616</u>
Total liabilities and fund balances	<u>\$ 16,096</u>	<u>\$ 1,737</u>	<u>\$ 308,807</u>	<u>\$ -</u>	<u>\$ 326,640</u>

TOWN OF BALDWIN, LOUISIANA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended June 30, 2004

Revenues:					
Taxes	\$	-	\$	-	\$
Intergovernmental					
Federal grant		-		-	130,214
Parish grant		-	160,442		-
Miscellaneous					
Interest on deposits		6	116	2,006	-
Other		-	-	-	-
Total revenues		<u>6</u>	<u>160,558</u>	<u>2,006</u>	<u>130,214</u>
Expenditures:					
General government		-	-	1,390	24
Public safety:					
Police		-	-	-	-
Fire		60			60
Supporting services -					
Housing rehabilitation		-	-	-	130,214
Capital outlay		-	-	-	-
Debt Service -					
Principal		-	90,000	-	-
Interest		-	70,442	-	-
Total expenditures		<u>60</u>	<u>160,442</u>	<u>1,390</u>	<u>130,238</u>
Excess (deficiency) of revenues over expenditures		<u>(54)</u>	<u>116</u>	<u>616</u>	<u>(24)</u>
Other financing sources (uses):					
Operating transfers in		3,000	-	-	-
Operating transfers out		-	-	-	(20)
Total other financing sources (uses)		<u>3,000</u>	<u>-</u>	<u>-</u>	<u>(20)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses		2,946	116	616	(44)
Fund balances, beginning of year		<u>13,150</u>	<u>1,621</u>	<u>308,191</u>	<u>20</u>
Fund balances, end of year	\$	<u>16,096</u>	\$ <u>1,737</u>	\$ <u>308,807</u>	\$ <u>(24)</u>

INTERNAL CONTROL

AND

COMPLIANCE



(A Corporation of Certified Public Accountants)

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

The Honorable Wayne Breaux, Mayor
And Members of the Board of Aldermen
Town of Baldwin, Louisiana

We have audited the financial statements of the Town of Baldwin, Louisiana as of and for the year ended June 30, 2004, and have issued our report thereon dated August 27, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town of Baldwin, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The result of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 2004-2 through 2004-5.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town of Baldwin, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted one matter involving the internal control over reporting and its operations that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Town of Baldwin, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2004-1

Eugene H. Darnall, CPA, Retired 1990
Paula D. Bihm, CPA Deceased 2002

E. Larry Sikes, CPA, CVA, CFP™
Danny P. Frederick, CPA
Clayton E. Darnall, CPA, CVA
Eugene H. Darnall, III, CPA
Stephanie M. HigginBotham, CPA
John P. Armato, CPA
Jennifer S. Ziegler, CPA, CFP™
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Stephen R. Dischler, MBA, CPA
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Michelle B. Borrello, CPA
Jeremy C. Meaux, CPA
Kevin S. Young, CPA
Barbara Ann Watts, CPA
Adam J. Curry, CPA

Member of:
American Institute of
Certified Public Accountants

Society of Louisiana
Certified Public Accountants

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control structure over financial reporting would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe this reportable condition described above as 2004-1 is a material weaknesses.

This report is intended for the information of the management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Dannall, Sikes & Frederick
A Corporation of Certified Public Accountants

Morgan Town, Louisiana
August 27, 2004

TOWN OF BALDWIN, LOUISIANA

Summary Schedule of Prior Year Findings
Year Ended June 30, 2004

- 2003-1 Finding: Inadequate Segregation of Accounting Functions
Status: This finding is unresolved. See current year finding 2004-1.
- 2003-2 Finding: Lack of Control over Fines
Status: This finding has been resolved.
- 2003-3 Finding: Expenses were paid out of the incorrect fund
Status: This finding has been resolved.
- 2003-4 Finding: Sinking fund transfer not done timely
Status: This finding is unresolved. See current year finding 2004-2.
- 2003-5 Finding: Bond covenants were violated
Status: This finding is unresolved. See current year finding 2004-3.

TOWN OF BALDWIN, LOUISIANA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2004

Part 1 Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report

An unqualified opinion has been issued on the Town of Baldwin, Louisiana's financial statements as of and for the year ended June 30, 2004.

Reportable Conditions – Financial Reporting

A reportable condition in internal control over financial reporting was disclosed during the audit of the financial statements and is shown as item 2004-1 in Part 2 and is considered a material weakness.

Material Noncompliance – Financial Reporting

The results of our tests disclosed instances of noncompliance which are required to be reported under *Government Auditing Standards* which are shown as items 2004-2 through 2004-5 in Part 2.

FEDERAL AWARDS

This section is not applicable for the year ended June 30, 2004.

Part 2: Findings Relating to an Audit in Accordance with *Governmental Auditing Standards*

2004-1 Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of accounting personnel, the Town of Baldwin, Louisiana did not have adequate segregation of functions within the accounting system.

Recommendation:

Based upon the size of the operation and the cost benefit of additional personal, it may not be feasible to achieve complete segregation of duties.

TOWN OF BALDWIN, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2003

2004-2 Sinking fund transfer not done timely

Finding:

Sinking fund transfers were not consistently made on or before the twentieth of the month.

Recommendation:

The Town of Baldwin should transfer sinking fund payments on or before the twentieth of the month.

2004-3 Bond covenants were violated

Finding:

Reserve and contingency accounts were not set up as required by bond covenants. Sinking fund transfers were not made as required by bond covenants.

Recommendation:

The Town of Baldwin should set up reserve and contingency accounts as required. The Town of Baldwin should make required deposits into the sinking fund.

2004-4 Unclaimed customer deposits not turned over to the State of Louisiana

Finding:

Customers that have deposits remaining after the deposit has been applied to the final utility bill has not been turned over to the State of Louisiana as required by law.

Recommendation:

State law requires that the deposit be refunded or turned over to the State after one year.

2004-5 Bond payments should be made timely

Finding:

The November 2003 bond payment was paid late, causing additional interest and administrative fees to be paid.

Recommendation:

Bond payments should be made as required.

TOWN OF BALDWIN, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2004

Part 3: Findings and Questioned Costs Relating to Federal Programs

At June 30, 2004, the Town of Baldwin, Louisiana did not meet the requirements to have a single audit in accordance with OMB Circular A-133, therefore this section is not applicable.

TOWN OF BALDWIN, LOUISIANA

Management's Corrective Action Plan for Current Year Findings
Year Ended June 30, 2004

Response to Finding 2004-1:

No response is considered necessary.

Response to Finding 2004-2:

The Town has been consistently paying the sinking fund requirements by the twentieth of the month since they were made aware of this after the conclusion of the prior year audit. The Town will make every effort to continue to pay the sinking fund requirements timely.

Response to Finding 2004-3:

The Town erroneously transferred the wrong amounts to the reserve and contingency fund. The Town will correct this when a certificate of deposit matures and transfer the additional funds into the reserve and contingency funds.

Response to Finding 2004-4:

The Town will transfer the deposits remaining to the State of Louisiana as soon as the information can be computed.

Response to Finding 2004-5:

The payment for the bond was inadvertently set aside and not paid timely. The Town will pay bonds timely in the future.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF BALDWIN, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Number of Utility Customers
(Unaudited)
June 30, 2004

Records maintained by the Town indicated the following numbers of customers were being served during the month of June 2004 and 2003:

<u>Department</u>	<u>2004</u>	<u>2003</u>
Gas	652	668
Water	776	767
Sewerage	848	843

TOWN OF BALDWIN, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Departmental Analysis of Revenues and Expenses
Years Ended June 30, 2004 and 2003

Total operating revenues	<u>468,477</u>	<u>453,550</u>
Operating expenses:		
Salaries	63,600	58,300
Gas purchases	172,459	168,501
Water purchases	-	34,303
Meter expense and supplies	13,305	10,944
Insurance	4,174	3,097
Power	35,227	27,264
Postage and stationery	2,764	3,027
Drug testing	1,500	1,510
Inspection and tests	10,579	996
Depreciation	177,573	163,317
Bad debts	22,792	17,978
Repairs and maintenance	51,066	50,890
Waste water analysis	1,590	1,690
Brine and chemicals	26,985	19,999
Miscellaneous	<u>12,090</u>	<u>13,381</u>
Total operating expenses	<u>595,704</u>	<u>575,197</u>
Operating income (loss)	(127,227)	(121,647)
Nonoperating revenues:		
Interest income	17,597	27,848
Interest and fiscal charges	<u>(81,973)</u>	<u>(66,998)</u>
Total nonoperating revenues (expenses)	<u>(64,376)</u>	<u>(39,150)</u>
Loss before other financing sources	(191,603)	(160,797)
Other financing sources:		
Operating transfers in	65,952	-
Operating transfers out	<u>(24,750)</u>	<u>70,830</u>
Total other financing sources	<u>41,202</u>	<u>70,830</u>
Net loss	<u>(150,401)</u>	<u>(89,967)</u>

<u>267,796</u>	<u>253,633</u>	<u>113,263</u>	<u>112,220</u>	<u>87,418</u>	<u>87,697</u>
24,000	22,000	21,600	19,800	18,000	16,500
172,459	168,501	-	-	-	-
-	-	-	34,303	-	-
3,869	2,237	8,096	6,468	1,340	2,239
4,174	3,097	-	-	-	-
-	-	18,984	13,276	16,243	13,988
2,764	3,027	-	-	-	-
1,500	1,510	-	-	-	-
10,579	996	-	-	-	-
9,508	9,797	89,532	75,286	78,533	78,234
6,461	6,459	7,898	6,739	8,433	4,780
7,306	5,908	15,980	14,875	27,780	30,107
-	-	-	-	1,590	1,690
-	-	26,419	19,999	566	-
<u>2,358</u>	<u>754</u>	<u>6,253</u>	<u>9,550</u>	<u>3,479</u>	<u>3,077</u>
<u>244,978</u>	<u>224,286</u>	<u>194,762</u>	<u>200,296</u>	<u>155,964</u>	<u>150,615</u>
<u>\$ 22,818</u>	<u>\$ 29,347</u>	<u>\$ (81,499)</u>	<u>\$ (88,076)</u>	<u>\$ (68,546)</u>	<u>\$ (62,918)</u>

TOWN OF BALDWIN

Schedule of Insurance in Force
(Unaudited)
June 30, 2004

<u>Description of Coverage</u>	<u>Name of Insurer</u>	<u>Expiration Date</u>	<u>Coverage Amounts</u>
Workmen's compensation	LMA		Statutory
Commercial fire: Buildings and contents	Allstate	8/18/2004	\$ 839,000
Surety bonds:			
Mrs. Lorraine Boudreaux	Western Surety	11/2/2004	5,000
Mrs. Lorraine Thibodeaux	Western Surety	12/14/2004	5,000
Mrs. Sonia Charles	Western Surety	11/30/2004	5,000
Wayne Breaux	Western Surety	2/2/2005	5,000
Gerald Minor	Western Surety	11/18/2004	5,000
Bell South	Western Surety	6/24/2005	10,000
General liability	St. Paul	7/1/2004	500,000
Law enforcement liability	St. Paul	7/1/2004	500,000
Commercial automobile liability	St. Paul	7/1/2004	500,000
Professional liability	St. Paul	7/1/2004	500,000

TOWN OF BALDWIN, LOUISIANA

Schedule of Utility Rates
June 30, 2004

Monthly Water Rates:

\$5.00 for the first 2000 gallons used or consumed and \$1.35 per thousand gallons thereafter.

Monthly Natural Gas Rates:

\$5.00 for the first 100 mcf used or consumed and \$8.00 per mcf thereafter.

Monthly Sewer Rates:

\$5.00 for the first 4,000 gallons of water used or consumed and \$1.00 per thousand gallons thereafter up to 50,000 gallons and \$.50 per thousand gallons thereafter.

TOWN OF BALDWIN, LOUISIANA

Schedule of Certificates of Deposits – All Funds
June 30, 2004

	<u>Term</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
3/10% Sales Tax Fund -				
Certificate of deposit	6 months	6/16/2004	1.25%	\$ 200,000
Certificate of deposit	6 months	6/6/2004	1.39%	<u>200,000</u>
Total 3/10% Sales Tax Fund				<u>400,000</u>
3/4% Sales Tax Fund-				
Certificate of deposit	6 months	7/5/2004	1.25%	<u>100,000</u>
Total special revenue funds				<u>500,000</u>
Capital projects funds:				
Recreation fund -				
Certificate of deposit	1 year	12/19/2004	1.15%	<u>50,000</u>
Utility funds:				
Certificate of deposit	1 year	12/28/2003	1.15%	104,130
Certificate of deposit	6 months	9/5/2003	0.86%	100,000
Certificate of deposit	1 year	6/23/2005	1.74%	35,864
Certificate of deposit	1 year	6/23/2005	1.74%	89,541
Certificate of deposit	6 months	7/8/2004	1.14%	100,000
Certificate of deposit	1 year	9/24/2004	0.85%	100,000
Certificate of deposit	1 year	6/29/2005	1.25%	100,000
Certificate of deposit	1 year	12/17/2004	1.25%	300,000
Certificate of deposit	9 months	10/8/2004	0.79%	100,000
Certificate of deposit	1 year	7/5/2004	1.25%	<u>175,000</u>
Total utility funds				<u>1,204,535</u>
Total - all funds				<u>\$ 1,754,535</u>