

**TOWN OF BALDWIN, LOUISIANA**

**Financial Report**

**Year Ended June 30, 2012**

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## INDEPENDENT AUDITOR'S REPORT

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 governmental activities, the business-type activities, and each major fund of the Town of Baldwin, Louisiana (hereinafter "Town"), as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2013 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Accounting principles generally accepted in the United States of America require that budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the budgetary comparison information on pages 41 through 45 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information is the responsibility of the Town's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The combining financial statements on pages 47 through 48 have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are fairly stated in all material respects in relation to the financial statements as a whole. The remaining supplementary information on pages 49 through 54 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on that information.

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

Morgan City, Louisiana  
February 13, 2013

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

TOWN OF BALDWIN, LOUISIANA

Statement of Net Assets  
June 30, 2012

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and interest-bearing deposits	\$ 79,808	\$ 6,164	\$ 85,972
Receivables, net	242,242	101,669	343,911
Due from other governmental units	162,144	1,953	164,097
Internal balances	(6,602)	6,602	-
Prepaid expenses	5,750	769	6,519
Total current assets	<u>483,342</u>	<u>117,157</u>	<u>600,499</u>
Noncurrent assets:			
Restricted assets	-	2,095	2,095
Capital assets not being depreciated	512,254	116,110	628,364
Capital assets net of accumulated depreciation	4,256,580	3,091,302	7,347,882
Bond issue costs, net of amortization	18,879	12,568	31,447
Total noncurrent assets	<u>4,787,713</u>	<u>3,222,075</u>	<u>8,009,788</u>
Total assets	<u>5,271,055</u>	<u>3,339,232</u>	<u>8,610,287</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts and other payables	367,653	87,989	455,642
Bonds payable	259,000	132,000	391,000
Loans and other agreements payable	67,512	-	67,512
Deferred revenue	65,293	-	65,293
Total current liabilities	<u>759,458</u>	<u>219,989</u>	<u>979,447</u>
Noncurrent liabilities:			
Customers' deposits payable	-	52,688	52,688
Bonds payable	1,221,000	709,000	1,930,000
Loans and other agreements payable	168,085	-	168,085
Total noncurrent liabilities	<u>1,389,085</u>	<u>761,688</u>	<u>2,150,773</u>
Total liabilities	<u>2,148,543</u>	<u>981,677</u>	<u>3,130,220</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	3,288,834	2,366,412	5,655,246
Restricted for:			
Capital projects	84	2,095	2,179
Sales and use tax restrictions	297,048	-	297,048
Special programs	3,785	-	3,785
Unrestricted (deficit)	(467,239)	(10,952)	(478,191)
Total net assets	<u>\$ 3,122,512</u>	<u>\$ 2,357,555</u>	<u>\$ 5,480,067</u>

TOWN OF BALDWIN, LOUISIANA

Statement of Activities  
Year Ended June 30, 2012

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets		Total
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental activities:							
General government	\$ 387,839	\$ 87,812	\$ 156,537	\$ -	\$ (143,490)	\$ -	\$ (143,490)
Culture and recreation	164,779	12,820	9,000	-	(142,959)	-	(142,959)
Public safety	712,984	76,802	18,105	89,293	(528,784)	-	(528,784)
Public works	620,150	162,046	-	29,780	(428,324)	-	(428,324)
Supporting services	329,468	16,038	311,625	-	(1,805)	-	(1,805)
Interest on long-term debt	58,055	-	-	-	(58,055)	-	(58,055)
Total governmental activities	<u>2,273,275</u>	<u>355,518</u>	<u>495,267</u>	<u>119,073</u>	<u>(1,303,417)</u>	<u>-</u>	<u>(1,303,417)</u>
Business-type activities:							
Gas, water and sewer	515,196	527,828	28,350	-	-	40,982	40,982
Interest on long-term debt	42,193	-	-	-	-	(42,193)	(42,193)
Total business-type activities	<u>557,389</u>	<u>527,828</u>	<u>28,350</u>	<u>-</u>	<u>-</u>	<u>(1,211)</u>	<u>(1,211)</u>
Total	<u>\$ 2,830,664</u>	<u>\$ 883,346</u>	<u>\$ 523,617</u>	<u>\$ 119,073</u>	<u>(1,303,417)</u>	<u>(1,211)</u>	<u>(1,304,628)</u>
General revenues:							
Taxes -							
Property taxes					94,395	-	94,395
Sales and use taxes					866,184	-	866,184
Franchise taxes					161,294	-	161,294
Grants and contributions not restricted to specific programs -							
State sources					37,411	-	37,411
Interest and investment earnings					225	105	330
Miscellaneous					30,236	-	30,236
Transfers					125,322	(125,322)	-
Total general revenues and transfers					<u>1,315,067</u>	<u>(125,217)</u>	<u>1,189,850</u>
Change in net assets					11,650	(126,428)	(114,778)
Net assets - July 1, 2011					<u>3,110,862</u>	<u>2,483,983</u>	<u>5,594,845</u>
Net assets - June 30, 2012					<u>\$ 3,122,512</u>	<u>\$ 2,357,555</u>	<u>\$ 5,480,067</u>

## **FUND FINANCIAL STATEMENTS**

TOWN OF BALDWIN, LOUISIANA

Balance Sheet  
Governmental Funds  
June 30, 2012

	General	1% Sales Tax	3/4% Sales Tax
<b>ASSETS</b>			
Cash and interest bearing deposits	\$ 29,257	\$ 5,894	\$ 1,393
Receivables:			
Taxes	-	64,148	59,099
Accounts	23,752	-	59,460
Due from other funds	-	-	100,000
Due from other governmental units	51,206	-	-
Prepaid expenditures	5,750	-	-
Total assets	<u>\$ 109,965</u>	<u>\$ 70,042</u>	<u>\$ 219,952</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 79,179	\$ -	\$ 54,140
Accrued liabilities	82,367	-	-
Due to other funds	110,000	-	1,628
Deferred revenue	95,345	-	-
Total liabilities	<u>366,891</u>	<u>-</u>	<u>55,768</u>
Fund balances:			
Nonspendable	5,750	-	-
Restricted	-	70,042	164,184
Unassigned (deficit)	(262,676)	-	-
Total fund balances (deficit)	<u>(256,926)</u>	<u>70,042</u>	<u>164,184</u>
Total liabilities and fund balances	<u>\$ 109,965</u>	<u>\$ 70,042</u>	<u>\$ 219,952</u>

<u>1/2% Sales Tax</u>	<u>LCDBG Housing</u>	<u>Bond Sinking</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 7,248	\$ 394	\$ 4,919	\$ 30,703	\$ 79,808
19,695	-	-	-	142,942
-	-	-	16,088	99,300
19,796	-	1,628	32,934	154,358
-	64,745	-	46,193	162,144
-	-	-	-	5,750
<u>\$ 46,739</u>	<u>\$ 65,139</u>	<u>\$ 6,547</u>	<u>\$ 125,918</u>	<u>\$ 644,302</u>
\$ 23,640	\$ 64,745	\$ -	\$ 46,485	\$ 268,189
10,129	-	-	-	92,496
-	-	22,934	26,398	160,960
-	-	-	1,637	96,982
<u>33,769</u>	<u>64,745</u>	<u>22,934</u>	<u>74,520</u>	<u>618,627</u>
-	-	-	-	5,750
12,970	394	-	53,327	300,917
-	-	(16,387)	(1,929)	(280,992)
<u>12,970</u>	<u>394</u>	<u>(16,387)</u>	<u>51,398</u>	<u>25,675</u>
<u>\$ 46,739</u>	<u>\$ 65,139</u>	<u>\$ 6,547</u>	<u>\$ 125,918</u>	<u>\$ 644,302</u>

(continued)



TOWN OF BALDWIN, LOUISIANA

Balance Sheet (continued)

Governmental Funds

June 30, 2012

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets:

Total fund balances for governmental funds \$ 25,675

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	\$ 385,278
Buildings, net of accumulated depreciation	2,227,773
Improvements, net of accumulated depreciation	1,464,312
Equipment, furniture, and fixtures net of accumulated depreciation	44,306
Autos and trucks, net of accumulated depreciation	520,189
Construction in progress	126,976
	<u>4,768,834</u>

Receivables from reimbursement grants are not available to pay for current year expenditures and are deferred in the fund statements. 31,689

Certain costs related to the issuance of long-term debt are expensed in the fund financial statements but amortized over the life of the issuance in the governmental funds. 18,879

Long-term liabilities, including bonds payable, not due and payable in the current period and therefore are not reported as liabilities in the funds:

Bonds payable	(1,480,000)
Accrued interest payable	(6,968)
Intergovernmental agreement payable	(43,671)
Insurance payable	(191,926)
	<u>(1,722,565)</u>

Total net assets of governmental activities \$ 3,122,512

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

TOWN OF BALDWIN, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2012

	General	1% Sales Tax	3/4% Sales Tax
Revenues:			
Taxes	\$ 255,689	\$ 340,938	\$ 329,269
Licenses and permits	87,812	-	-
Intergovernmental	63,937	-	-
Charges for services	28,858	-	162,046
Fines and forfeits	76,802	-	-
Interest	55	41	68
Miscellaneous	28,838	-	4
Total revenues	<u>541,991</u>	<u>340,979</u>	<u>491,387</u>
Expenditures:			
Current -			
General government			
Administrative	377,835	-	-
Public safety:			
Police	17,280	-	-
Fire	-	-	48,026
Public works:			
Streets and drainage	309,016	-	222,081
Culture and recreation	72,264	-	-
Supporting services	17,737	-	-
Capital outlay	-	-	-
Debt service -			
Payment on intergovernmental agreement	6,329	-	-
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>800,461</u>	<u>-</u>	<u>270,107</u>
Excess (deficiency) of revenues over expenditures	<u>(258,470)</u>	<u>340,979</u>	<u>221,280</u>
Other financing sources (uses):			
Transfers in	822,828	7,000	150,707
Transfers out	(624,275)	(338,373)	(363,256)
Total other financing sources (uses)	<u>198,553</u>	<u>(331,373)</u>	<u>(212,549)</u>
Net changes in fund balances	(59,917)	9,606	8,731
Fund balances (deficit), beginning	<u>(197,009)</u>	<u>60,436</u>	<u>155,453</u>
Fund balances (deficit), ending	<u>\$ (256,926)</u>	<u>\$ 70,042</u>	<u>\$ 164,184</u>

<u>1/2% Sales Tax</u>	<u>LCDBG Housing</u>	<u>Bond Sinking</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 109,727	\$ -	\$ -	\$ 86,250	\$ 1,121,873
-	-	-	-	87,812
15,645	311,625	156,537	116,936	664,680
-	-	-	-	190,904
-	-	-	-	76,802
16	-	19	26	225
894	500	-	-	30,236
<u>126,282</u>	<u>312,125</u>	<u>156,556</u>	<u>203,212</u>	<u>2,172,532</u>
-	-	-	-	377,835
541,775	-	-	-	559,055
-	-	-	-	48,026
-	-	-	-	531,097
-	-	-	-	72,264
-	311,731	-	-	329,468
-	-	-	119,329	119,329
-	-	-	-	6,329
-	-	249,000	-	249,000
-	-	57,229	-	57,229
<u>541,775</u>	<u>311,731</u>	<u>306,229</u>	<u>119,329</u>	<u>2,349,632</u>
<u>(415,493)</u>	<u>394</u>	<u>(149,673)</u>	<u>83,883</u>	<u>(177,100)</u>
431,448	-	149,603	20,548	1,582,134
<u>(19,845)</u>	<u>(84)</u>	<u>-</u>	<u>(110,979)</u>	<u>(1,456,812)</u>
<u>411,603</u>	<u>(84)</u>	<u>149,603</u>	<u>(90,431)</u>	<u>125,322</u>
(3,890)	310	(70)	(6,548)	(51,778)
<u>16,860</u>	<u>84</u>	<u>(16,317)</u>	<u>57,946</u>	<u>77,453</u>
<u>\$ 12,970</u>	<u>\$ 394</u>	<u>\$ (16,387)</u>	<u>\$ 51,398</u>	<u>\$ 25,675</u>

# TOWN OF BALDWIN, LOUISIANA

## Statement of Revenues, Expenditures, and Changes in Fund Balances (continued) Governmental Funds Year Ended June 30, 2012

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

Total net changes in fund balances per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ (51,778)
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The change in net assets reported for governmental activities in the statement of activities is 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.

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	119,329
Depreciation expense	<u>(297,475)</u>
	<u>(178,146)</u>

Contributions of capital assets are not reported in governmental funds, since such contributions do not result in transfers of financial resources.	<u>500</u>
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	<u>1,637</u>
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Some revenues reported in the governmental funds were reported as revenues in the statement of activities in a prior year.	<u>(15,066)</u>
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Payment on intergovernmental agreement	6,329
Principal payment	249,000
Change in accrued interest	2,897
Bond issue costs incurred in the current year	-
Bond issue costs amortized	<u>(3,723)</u>
	<u>254,503</u>

Total changes in net assets per Statement of Activities	<u>\$ 11,650</u>
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# TOWN OF BALDWIN, LOUISIANA

## Statement of Net Assets Proprietary Funds June 30, 2012

### ASSETS

Current assets:	
Cash and interest-bearing deposits	\$ 6,164
Receivables, net	101,669
Due from other funds	26,398
Due from other governments	1,953
Prepaid expenses	769
Total current assets	<u>136,953</u>
Noncurrent assets:	
Restricted assets -	
Cash and interest-bearing deposits	2,095
Capital assets not being depreciated	116,110
Capital assets, net of accumulated depreciation	3,091,302
Bond issue cost, net of amortization	12,568
Total noncurrent assets	<u>3,222,075</u>
Total assets	<u>3,359,028</u>

### LIABILITIES

Current liabilities:	
Accounts payable	82,353
Due to other funds	19,796
Payable from restricted assets -	
Revenue bonds	132,000
Accrued interest payable	5,636
Total current liabilities	<u>239,785</u>
Noncurrent liabilities:	
Payable from restricted assets -	
Customers' deposits payable	52,688
Revenue bonds and notes payable	709,000
Total noncurrent liabilities	<u>761,688</u>
Total liabilities	<u>1,001,473</u>

### NET ASSETS

Invested in capital assets, net of related debt	2,366,412
Restricted for -	
Capital projects	2,095
Unrestricted (deficit)	(10,952)
Total net assets	<u>\$ 2,357,555</u>

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

# TOWN OF BALDWIN, LOUISIANA

## Statement of Revenues, Expenses, and Changes in Fund Net Assets Proprietary Funds Year Ended June 30, 2012

Operating revenues:	
Charges for services -	
Gas sales and services	\$ 194,414
Water sales and services	178,269
Sewerage services	133,048
Delinquent charges	18,912
Commissions, transfers and reconnections	3,185
Intergovernmental	28,350
Total operating revenues	<u>556,178</u>
Operating expenses:	
Gas department	104,125
Water department	183,487
Sewerage department	44,250
Depreciation	183,334
Total operating expenses	<u>515,196</u>
Operating income	<u>40,982</u>
Nonoperating revenues (expenses):	
Interest income	105
Interest and fiscal charges	(42,193)
Total nonoperating revenues (expenses)	<u>(42,088)</u>
Loss before operating transfers	(1,106)
Transfers in	79,692
Transfers out	<u>(205,014)</u>
Change in net assets	(126,428)
Net assets, beginning	<u>2,483,983</u>
Net assets, ending	<u>\$ 2,357,555</u>

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

# TOWN OF BALDWIN, LOUISIANA

## Statement of Cash Flows Proprietary Funds Year Ended June 30, 2012

Cash flows from operating activities:	
Receipts from customers	\$ 528,372
Receipts from other governmental entities	28,350
Payments to suppliers	<u>(315,390)</u>
Net cash provided by operating activities	<u>241,332</u>
Cash flows from noncapital financing activities:	
Receipts from other funds	53,294
Payments to other funds	<u>(205,014)</u>
Net cash used in noncapital financing activities	<u>(151,720)</u>
Cash flows from capital and related financing activities:	
Interest and fiscal charges paid	(41,103)
Principal paid on bonds	<u>(129,000)</u>
Net cash used in capital and related financing activities	<u>(170,103)</u>
Cash flows from investing activities:	
Maturities of investments and interest-bearing time deposits	70,299
Interest on investments	<u>105</u>
Net cash provided by investing activities	<u>70,404</u>
Net decrease in cash and cash equivalents	(10,087)
Cash and cash equivalents, beginning of period	<u>18,346</u>
Cash and cash equivalents, end of period	<u>\$ 8,259</u>

(continued)

TOWN OF BALDWIN, LOUISIANA

Statement of Cash Flows (continued)  
 Proprietary Funds  
 Year Ended June 30, 2012

Reconciliation of operating loss to net cash provided by operating activities:	
Operating income	\$ 40,982
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	183,334
Changes in current assets and liabilities:	
(Increase) decrease in accounts receivable	(6,005)
(Increase) decrease in due from other governmental entities	(1,953)
(Increase) decrease in prepaid expenses	(149)
Increase (decrease) in accounts payable	17,761
Increase (decrease) in accrued liabilities	(1,140)
Increase (decrease) in customer deposits	<u>8,502</u>
Net cash provided by operating activities	<u>\$ 241,332</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:	
Cash and cash equivalents, beginning of period -	
Cash - unrestricted	\$ 16,250
Cash - restricted	2,096
Interest-bearing deposits-restricted	70,299
Less: Interest bearing time deposits with maturity in excess of ninety days	<u>(70,299)</u>
Total cash and cash equivalents, beginning of period	<u>18,346</u>
Cash and cash equivalents, end of period -	
Cash - unrestricted	\$ 6,163
Cash - restricted	<u>2,096</u>
Total cash and cash equivalents, end of period	<u>8,259</u>
Net decrease in cash and cash equivalents	<u>\$ (10,087)</u>

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



## TOWN OF BALDWIN, LOUISIANA

### Notes to Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

## TOWN OF BALDWIN, LOUISIANA

### Notes to Financial Statements (continued)

#### 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 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 Financial Statements (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'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.

*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.

*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 Financial Statements (continued)

#### Debt Service Fund:

*Bond Sinking Fund*—to accumulate funds for payment of the principal and interest on the outstanding Revenue Bonds, Certificates of Indebtedness, and Limited Tax Revenue Bonds.

#### 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 Funds:

*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.

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

#### Capital Projects Funds:

*Flood Protection Levee System Project Fund*—to account for financing and construction of a flood protection levee system.

*Fire Station Construction Fund*—to account for financing and construction of a new Fire Station.

## TOWN OF BALDWIN, LOUISIANA

### Notes to Financial Statements (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.

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

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

## TOWN OF BALDWIN, LOUISIANA

### Notes to Financial Statements (continued)

#### Equity classifications

##### *Government-wide financial statements:*

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

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

##### *Fund financial statements:*

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

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

## TOWN OF BALDWIN, LOUISIANA

### Notes to Financial Statements (continued)

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

#### Interest-Bearing Deposits

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

#### Revenues, Expenditures, and Expenses

##### Operating Revenues and Expenses

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

##### Expenditures/Expenses

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

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

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

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

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



## TOWN OF BALDWIN, LOUISIANA

### Notes to Financial Statements (continued)

#### Vacation and Sick Leave

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

#### Capitalization of Interest Expense

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

#### 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 June 30, 2012, the Town has cash and interest-bearing deposits (book balances) totaling \$88,067 as follows:

Demand deposits	\$ 87,967
Petty Cash	100
	<u>\$ 88,067</u>

The Town's deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. At June 30, 2012, the Town has \$108,676 in deposits (bank balances). These deposits are secured from risk by federal deposit insurance and therefore not exposed to custodial credit risk.



# TOWN OF BALDWIN, LOUISIANA

## Notes to Financial Statements (continued)

### 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.

For the year ended June 30, 2012, taxes of 11.81 mills were levied on property with assessed valuations totaling \$8,419,316 and were dedicated for general corporate purposes.

Total taxes levied were \$99,432.

### NOTE 4 RECEIVABLES

Receivables at June 30, 2012 of \$343,911 consist of the following:

	Governmental Activities	Business-Type Activities	Total
Accounts	59,237	104,293	163,530
Taxes—			
Ad valorem	13,479	-	13,479
Sales	159,030	-	159,030
Other—			
Franchise fees	22,909	-	22,909
	254,655	104,293	358,948
Less: allowance for uncollectible	(12,413)	(2,624)	(15,037)
Net receivables	242,242	101,669	343,911

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

NOTE 5 INTERFUND RECEIVABLES/PAYABLES

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major governmental:		
General Fund	\$ -	\$110,000
Special Revenue Funds:		
3/4% Sales Tax Fund	100,000	1,628
1/2% Sales Tax Fund	19,796	-
Debt Service Fund	1,628	22,934
Utility Fund	26,398	19,796
Nonmajor governmental	32,934	26,398
Total interfund receivables/payables	<u>\$ 180,756</u>	<u>\$180,756</u>

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

NOTE 6 DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at June 30, 2012, consisted of the following:

Governmental activities:	
Housing reimbursements due from State of LA - Division of Administration LCDBG Program	\$ 64,745
FEMA reimbursements due from the State of LA -- Department of Homeland Security	45,118
Flood protection reimbursements due from State of LA - Division of Administration	29,780
Fire Station construction reimbursements due from State of LA - Facility Planning and Control	16,413
Salary reimbursements due from LA Highway Safety Commission	2,460
Grass cutting reimbursements due from the State of Louisiana	2,100
Beer taxes due from the State of Louisiana	1,528
Business-type activities:	
Water enrichment grant reimbursements due from State of LA - Division of Administration	1,953
	<u>\$ 164,097</u>

NOTE 7 RESTRICTED ASSETS – PROPRIETARY FUND TYPE

Restricted assets were applicable to the following at June 30, 2012:

Revenue bond construction fund	<u>\$ 2,095</u>
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TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

NOTE 8 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012, was as follows:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 385,278	\$ -	\$ -	\$ 385,278
Construction in progress	7,647	119,329	-	126,976
	<u>392,925</u>	<u>119,329</u>	<u>-</u>	<u>512,254</u>
Capital assets being depreciated:				
Buildings	2,724,194	-	-	2,724,194
Improvements other than buildings	2,076,966	-	-	2,076,966
Equipment	297,519	-	-	297,519
Autos and trucks	1,632,949	500	-	1,633,449
	<u>6,731,628</u>	<u>500</u>	<u>-</u>	<u>6,732,128</u>
Less accumulated depreciation for:				
Buildings	(418,582)	(77,839)	-	(496,421)
Improvements other than buildings	(525,155)	(87,499)	-	(612,654)
Equipment	(230,622)	(22,591)	-	(253,213)
Autos and trucks	(1,003,714)	(109,546)	-	(1,113,260)
	<u>(2,178,073)</u>	<u>(297,475)</u>	<u>-</u>	<u>(2,475,548)</u>
Total capital assets being depreciated, net	<u>4,553,555</u>	<u>(296,975)</u>	<u>-</u>	<u>4,256,580</u>
Governmental activities capital assets, net	<u>\$ 4,946,480</u>	<u>\$ (177,646)</u>	<u>\$ -</u>	<u>\$ 4,768,834</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 116,110	\$ -	\$ -	\$ 116,110
Capital assets being depreciated:				
Gas utility system	573,374	-	-	573,374
Water utility system	2,905,002	-	-	2,905,002
Sewerage utility system	3,745,917	-	-	3,745,917
	<u>7,224,293</u>	<u>-</u>	<u>-</u>	<u>7,224,293</u>
Less accumulated depreciated for:				
Gas utility system	(458,725)	(8,140)	-	(466,865)
Water utility system	(1,654,708)	(86,407)	-	(1,741,115)
Sewerage utility system	(1,836,224)	(88,787)	-	(1,925,011)
	<u>(3,949,657)</u>	<u>(183,334)</u>	<u>-</u>	<u>(4,132,991)</u>
Total capital assets being depreciated, net	<u>3,274,636</u>	<u>(183,334)</u>	<u>-</u>	<u>3,091,302</u>
Business-type activities capital assets, net	<u>\$ 3,390,746</u>	<u>\$ (183,334)</u>	<u>\$ -</u>	<u>\$ 3,207,412</u>

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

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

Governmental Activities:	
General government	\$ 10,004
Culture and recreation	92,515
Public safety	105,903
Public works	<u>89,053</u>
 Total depreciation expense - governmental activities	 <u>\$ 297,475</u>
 Business-Type Activities:	
Gas, water, and sewerage	<u>\$ 183,334</u>

At June 30, 2012, the Town had an uncompleted contract with a remaining commitment of approximately \$918,578, which is expected to be reimbursed by grant proceeds.

NOTE 9 BONDS ISSUE COSTS

In previous years, expenses, primarily legal fees, were incurred in connection with the issuance of long-term debt. Accounting principles require such costs to be reported as deferred charges on the statement of net assets and amortized from the date of sale until the maturity of the obligation.

At June 30, 2012, the Town has unamortized bond issue costs as follows:

Governmental activities	\$ 31,395
Business-type activities	<u>36,485</u>
Total bond issue costs	67,880
 Amortization recognized	 <u>36,433</u>
 Bond issue costs, net of amortization	 <u>\$ 31,447</u>

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

NOTE 10 LONG-TERM DEBT

Bonds and certificates outstanding at June 30, 2012 are as follows:

Governmental Activities:

\$980,000 Revenue Refunding Bonds, Series 2008,  
interest payable semi-annually on May 1 and  
November 1, bearing interest at 3.35% per  
annum, with varying annual principal maturities  
from November 2008 to 2014. \$ 454,000

\$500,000 Certificate of Indebtedness, Series 2008,  
interest payable semi-annually on May 1  
and November 1, bearing interest at 4.17% per  
annum, with varying annual principal maturities  
from November 2009 to 2023. 420,000

\$140,000 Certificates of Indebtedness, Series 2008,  
interest payable semi-annually on May 1 and  
November 1, bearing interest at 3.25% per annum,  
with varying annual principal maturities from  
November 2009 to 2013. 59,000

\$400,000 Limited Tax Revenue Bonds, Series 2009,  
interest payable semi-annually on June 1 and  
December 1, bearing interest at 3.7% per annum,  
with varying annual principal maturities from  
June 2011 to 2020. 331,000

\$250,000 Limited Tax Revenue Bonds, Series 2010,  
interest payable semi-annually on June 1 and  
December 1, bearing interest at 4.5% per annum,  
with varying annual principal maturities from  
June 1, 2011 to 2023. 216,000

Total \$1,480,000

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

## TOWN OF BALDWIN, LOUISIANA

### Notes to Financial Statements (continued)

The Town has unpaid balances for insurance policies totaling \$191,926 at June 30, 2012. The Town has entered into an agreement with its insurance company to pay \$5,000 each month toward its past due balances. The liability for the insurance agreement is expected to be liquidated by any available funds.

The Town entered into an Intergovernmental Agreement with St. Mary Parish School Board to purchase property formerly known as Baldwin Elementary School. The Town purchased the property for the sum of \$50,000 to be paid by the Town by waiving all utility payments owed to the Town by the St. Mary Parish School Board for such period as will satisfy the amount of \$50,000. As of June 30, 2012, the Town has waived utility payments owed to the Town by the St. Mary Parish School Board totaling \$6,329. A balance of \$43,671 remains.

#### Business-Type Activities:

\$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.	\$ 135,000
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\$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.	<u>706,000</u>
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Total	<u>\$ 841,000</u>
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Long term liabilities for business-type activities are satisfied by the Town's Proprietary Funds.

# TOWN OF BALDWIN, LOUISIANA

## Notes to Financial Statements (continued)

Transactions for the year ended June 30, 2012 are summarized as follows:

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Due within one year
<b>Governmental Activities:</b>					
Revenue Refunding Bonds	\$ 593,000	\$ -	\$ 139,000	\$ 454,000	\$ 147,000
Certificates of Indebtedness	537,000	-	58,000	479,000	59,000
Limited Tax Revenue Bonds	599,000	-	52,000	547,000	53,000
Intergovernmental Agreement	50,000	-	6,329	43,671	7,512
Insurance Agreement	191,926	-	-	191,926	60,000
Total Governmental Activities	1,970,926	-	255,329	1,715,597	326,512
<b>Business-type Activities:</b>					
Revenue Bonds	970,000	-	129,000	841,000	132,000
Total	\$ 2,940,926	\$ -	\$ 384,329	\$ 2,556,597	\$ 458,512

The annual requirements to service all formal debt issues outstanding as of June 30, 2012 are as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
June 30,	Principal	Interest	Principal	Interest
2013	259,000	49,739	132,000	34,570
2014	265,000	42,098	140,000	28,705
2015	243,000	34,349	72,000	22,476
2016	88,000	28,612	75,000	19,632
2017	90,000	25,071	78,000	16,670
2018-2022	426,000	67,797	344,000	34,640
2023-2024	109,000	4,728	-	-
Total	1,480,000	252,394	841,000	156,693

At June 30, 2012, the Town was not in compliance with ordinances authorizing the issuance of Utilities Revenue Bonds, Series A of 1999, Utilities Revenue Bonds, Series 2001, \$140,000 Certificates of Indebtedness, Series 2008, \$500,000 Certificate of Indebtedness, Series 2008, \$250,000 Limited Tax Revenue Bonds, Series 2010, or \$400,000 Limited Tax Revenue Bonds, Series 2009 related to the following:

The Town did not make the required monthly transfers from the Utility Revenue Fund to the Utility Revenue Bond Sinking Fund. Utilities Revenue Bonds, Series A of 1999 requires a transfer into the Sinking Fund monthly, in advance, on or before the 20th day of each month of each year equal to one-sixth (1/6) of the interest falling due on the next interest payment and a sum equal to one-twelfth (1/12th) of the principal falling due on the next principal payment date, together with such additional proportionate sum as may be required to pay principal and interest as the same respectively becomes due. Utilities Revenue Bonds, Series 2001 requires a transfer into the Sinking Fund monthly, in advance, on or before the twentieth (20th) day of each month of each year an amount equal to the principal, interest, and an administrative fee, together with such additional proportionate sum as may be required to pay principal, interest, and the administrative fee as the same respectively become due.

## TOWN OF BALDWIN, LOUISIANA

### Notes to Financial Statements (continued)

The Town has not maintained a Utilities Revenue Bond Reserve Fund. The following reserve funds are required:

Utilities Revenue Bonds, Series A of 1999-requires the establishment and maintenance of the Town of Baldwin Utilities Revenue Bond Reserve Fund, by depositing from existing funds, simultaneously with the delivery of the Bonds, the sum of \$74,900, which equals the Reserve Fund Requirement.

Utilities Revenue Bonds, Series 2001-requires a transfer from the Revenue Fund into the Reserve Fund monthly in advance on or before the twentieth (20th) day of each month of each year a sum equal to 25% of the amount required to be paid into the Sinking Fund.

The Town has not maintained a Utilities System Capital Additions and Contingencies Fund. Utilities Revenue Bonds, Series A of 1999 and Utilities Revenue Bonds, Series 2001 require the establishment and maintenance of a Utilities System Capital Additions and Contingencies Fund (the "Depreciation and Contingencies Fund"), by transferring from the Revenue Fund to the Depreciation and Contingencies Fund monthly on or before the 20th day of each month of each year a sum of \$2,000, until such time as there has been accumulated in said Fund the sum of \$30,000. These funds may be used for the making of extensions, additions, improvements, renewals and replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operation expense. However, a balance of \$5,000 must be maintained for the making of emergency repairs or replacements.

The Town did not adjust utility rates to maintain required revenues. Utilities Revenue Bonds, Series A of 1999 and Utilities Revenue Bonds, Series 2001 require utility rates to be established and maintained to provide revenues in each year at least sufficient to pay (i) the necessary expenses of administering, operating and maintaining the System in such year, (ii) the principal and interest maturing on the Bonds payable in each year, (iii) all reserve or sinking funds or other payments required for such year by the Bond Ordinance, and (iv) all other obligations and indebtedness payable out of the income and revenues of the System during such year, and which will provide revenues in each year, after paying all reasonable and necessary expenses of administering, operating and maintaining the System in such year, at least equal to 130% of the largest amount of principal and interest maturing on the Bonds.

The Town does not disconnect services in accordance with its Utility Revenue Bond Ordinances. Utilities Revenue Bonds, Series A of 1999 and Utilities Revenue Bonds, Series 2001 require the Town to shut off water and gas services to affected premises when a bill, including interest and penalties accrued, is not paid within ten days from the date on which it became delinquent.

The Town was delinquent on bond payments. The \$140,000 Certificate of Indebtedness, Series 2008 and the \$500,000 Certificate of Indebtedness, Series 2008 require principal payments to be made prior to November 1 of each year and interest payments to be made prior to May 1 and November 1 of each year. The \$250,000 Limited Tax Revenue Bonds, Series 2010 and the \$400,000 Limited Tax Revenue Bonds, Series 2009 require principal payments to be made prior to June 1 of each year and interest payments to be made prior to June 1 and December 1 of each year.



# TOWN OF BALDWIN, LOUISIANA

## Notes to Financial Statements (continued)

### NOTE 11 FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

	General	1% Sales Tax	3/4% Sales Tax	1/2% Sales Tax	LCDBG Housing	Bond Sinking	Other Governmental Funds	Total Governmental Funds
Fund balances:								
Nonspendable -								
Prepaid items	\$ 5,750	\$ -	\$ -	\$ -	\$ -	\$ -		\$ 5,750
Restricted for -								
Capital improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84	\$ 84
Sales and use tax restrictions	-	70,042	164,184	12,970	-	-	49,852	297,048
Special programs	-	-	-	-	394	-	3,391	3,785
Total fund balances - restricted	5,750	70,042	164,184	12,970	394	-	53,327	306,667
Unassigned (deficit)	(262,676)	-	-	-	-	(16,387)	(1,929)	(280,992)
Total fund balances	<u>\$ (256,926)</u>	<u>\$ 70,042</u>	<u>\$ 164,184</u>	<u>\$ 12,970</u>	<u>\$ 394</u>	<u>\$ (16,387)</u>	<u>\$ 51,398</u>	<u>\$ 25,675</u>

The General Fund, the Bond Sinking Fund, and the Fire Station Construction Fund, which is a nonmajor fund, have unassigned fund balances of \$262,676, \$16,387, and \$1,929, respectively. These deficits are expected to be eliminated in future years by identifying and assessing additional revenue sources, expenditure reduction through employee attrition, and transfers from other funds.

Effective July 2012, the Town increased water rates by \$2.00 for the first 2,000 gallons consumed, by \$1.00 per thousand gallons consumed after the first 2,000 gallons up to 20,000 gallons, by \$0.75 per thousand gallons consumed between 20,001 gallons up to 50,000 gallons, and by \$.050 per thousand gallons consumed above 50,000 gallons. This increase is expected to provide the Town additional revenues of approximately \$8,000 per month.

The Town has implemented a plan of employee reduction through attrition as opposed to lay-offs. Since implementation, only essential personnel positions are being filled once vacated by retirements or voluntary departures. The Town also continues to review operations in an effort to reduce expenditures to those necessary to provide minimum service requirements.

TOWN OF BALDWIN, LOUISIANA

Notes to Financial Statements (continued)

NOTE 12 INTERFUND TRANSFERS

Operating transfers for the year ended June 30, 2012 were as follows:

	Transfers in							Total
	General	1% Sales Tax	3/4% Sales Tax	1/2% Sales Tax	Bond Sinking	Nonmajor	Utility	
Transfers out:								
General	\$ -	-	\$ 125,707	\$ 403,334	\$ 93,453	\$ -	\$ 1,781	\$ 624,275
1% Sales Tax	268,224	-	-	28,114	-	10,000	32,035	338,373
3/4% Sales Tax	256,730	4,500	-	-	56,150	5,000	40,876	363,256
1/2% Sales Tax	19,845	-	-	-	-	-	-	19,845
LCDBG Housing	-	-	-	-	-	84	-	84
Nonmajor	98,015	2,500	-	-	-	5,464	5,000	110,979
Utility	180,014	-	25,000	-	-	-	-	205,014
Total	<u>\$ 822,828</u>	<u>\$ 7,000</u>	<u>\$ 150,707</u>	<u>\$ 431,448</u>	<u>\$ 149,603</u>	<u>\$ 20,548</u>	<u>\$ 79,692</u>	<u>\$ 1,661,826</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 (continued)

#### NOTE 13 FLOW OF FUNDS; RESTRICTIONS ON USE – UTILITIES REVENUES

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

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

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

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

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

#### NOTE 14 DEDICATION OF PROCEEDS AND FLOW OF FUNDS – SALES AND USE TAXES

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

Proceeds of a 1% parish wide sales and use tax levied in 1966 (2012 collections \$340,938). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is remitted to each participating municipality on a monthly basis. Proceeds of this tax shall be used for the following purposes: construction, acquisition, improvement, maintenance and repairs of streets, capital improvements, public works and buildings (including the acquisition of sites and necessary fixtures, equipment, furnishings and appurtenances, and the payment of obligations and refunding obligations which have been or may be issued for the purpose of acquiring and improving public works and buildings); for payment or supplementing salaries of all municipal employees; for the operation of recreational facilities; for the acquisition, maintenance, repairs and payment of operating expenses of equipment, vehicles, and other machinery owned by the municipality, and for any other public purpose authorized by state law.

## TOWN OF BALDWIN, LOUISIANA

### Notes to Financial Statements (continued)

Proceeds of a 3/10 of 1% sales and use tax levied in 1982 (2012 collections \$86,250). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is allocated and distributed monthly to each participating municipality. Proceeds are dedicated to the following purposes; constructing, acquiring, extending, improving and maintaining any public works or capital improvements, including but not limited to sewerage, drainage, sub-surface drainage, water and flood control extensions and improvements, streets, roads, sidewalks, and bridges.

Proceeds of a 3/4 of 1% sales and use tax levied in 1974 and 1987 (2012 collections \$329,269). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is allocated and distributed monthly to each participating municipality. Proceeds are to be used for the construction, acquisition, extension, improvement, operation and maintenance of solid waste collection and disposal facilities, sewers and sewerage disposal works and other facilities for pollution control and abatement; fire and police protection, and to pay debt service requirements on bonds issued for any of the above-mentioned purposes. This tax is to be collected until all bonds payable shall have been paid in full in principal and interest.

Proceeds of a 1/2% parish wide sales and use tax levied in 1998 (2012 collections \$109,727). 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 15 PENSION PLANS

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:

##### Municipal Employees' Retirement System

Plan members are required to contribute 5.00 percent of their annual covered salary to the system while the Town is required to contribute the statutory rate of 8.00 percent of the total annual covered salary. The Town's contributions to the system for the years ended June 30, 2012, 2011, and 2010 were \$21,387, \$16,015, and \$15,371, 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.

## TOWN OF BALDWIN, LOUISIANA

### Notes to Financial Statements (continued)

#### Municipal and State Police Retirement System of Louisiana

Plan members are required to contribute 10.00 percent of their annual covered salary to the system while the Town is required to contribute the statutory rate of 26.50 percent of the total annual covered salary. The Town's contributions to the system for the years ended June 30, 2012, 2011, and 2010 were \$22,065, \$30,963, and \$16,272, 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, 7722 Office Park Boulevard – Suite 200, Baton Rouge, LA 70809

#### NOTE 16 COMPENSATION OF TOWN OFFICIALS

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended June 30, 2012, follows:

Wayne J. Breaux, Mayor	\$ 36,336
Aldermen:	
Thor Frederick	3,600
Tony Gibson	3,600
Michael Lancelin	3,600
Gene St. Germain	3,600
Clarence Vappie	3,600
	<u>\$ 54,336</u>

#### NOTE 17 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. The Town terminated its general liability coverage as of July 1, 2011. There were no other significant changes in coverage's, retentions, or limits during the year ended June 30, 2012. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

## TOWN OF BALDWIN, LOUISIANA

### Notes to Financial Statements (continued)

#### NOTE 18 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. On July 10, 2008, the Town issued \$980,000 Revenue Refunding Bonds, Series 2008 to refund Revenue Bonds, Series 2001 and Revenue Bonds, Series 2002.

#### NOTE 19 NEW ACCOUNTING PRONOUNCEMENTS

In December 2010, the Governmental Accounting Standards Board (GASB) approved Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The statement specifically identifies and consolidates the accounting and financial reporting provisions that apply to the governmental and business type activities and proprietary funds of state and local governments. The provisions of GASB No. 62 must be implemented by the Town for the year ending June 30, 2013. The effect of implementation on the Town's financial statements has not yet been determined.

In June 2011, the Governmental Accounting Standards Board (GASB) approved Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. The statement changes how governments will organize their statements of financial position (such as the current government-wide statement of net assets). Under this standard, financial statements will include deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities, and will report net position instead of net assets. The provisions of GASB No. 63 must be implemented by the Town for the year ending June 30, 2013. The effect of implementation on the Town's financial statements has not yet been determined.

## **REQUIRED SUPPLEMENTARY INFORMATION**

TOWN OF BALDWIN, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
Year Ended June 30, 2012

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 247,000	\$ 257,000	\$ 255,689	\$ (1,311)
Licenses and permits	92,000	92,000	87,812	(4,188)
Intergovernmental	157,000	155,200	63,937	(91,263)
Charges for services	40,000	40,000	28,858	(11,142)
Fines and forfeits	120,000	80,000	76,802	(3,198)
Interest	100	100	55	(45)
Miscellaneous	10,500	10,500	28,838	18,338
Total revenues	<u>666,600</u>	<u>634,800</u>	<u>541,991</u>	<u>(92,809)</u>
Expenditures:				
General government—				
Administrative	347,000	347,000	377,835	(30,835)
Public safety—				
Police	12,000	12,000	17,280	(5,280)
Public works—				
Streets and drainage	261,000	261,000	309,016	(48,016)
Culture and recreation	50,000	40,000	72,264	(32,264)
Supporting services	24,000	28,000	17,737	10,263
Capital outlay	30,000	-	-	-
Debt service	-	-	6,329	(6,329)
Total expenditures	<u>724,000</u>	<u>688,000</u>	<u>800,461</u>	<u>(112,461)</u>
Deficiency of revenues over expenditures	<u>(57,400)</u>	<u>(53,200)</u>	<u>(258,470)</u>	<u>(205,270)</u>
Other financing sources (uses):				
Transfers in	61,000	61,000	822,828	761,828
Transfers out	(3,000)	(3,000)	(624,275)	(621,275)
Total other financing sources	<u>58,000</u>	<u>58,000</u>	<u>198,553</u>	<u>140,553</u>
Net changes in fund balances	600	4,800	(59,917)	(64,717)
Fund balance (deficit), beginning	<u>500</u>	<u>500</u>	<u>(197,009)</u>	<u>(197,509)</u>
Fund balance (deficit), ending	<u>\$ 1,100</u>	<u>\$ 5,300</u>	<u>\$ (256,926)</u>	<u>\$ (262,226)</u>



TOWN OF BALDWIN, LOUISIANA  
1% Sales Tax Collection Fund

Budgetary Comparison Schedule  
Year Ended June 30, 2012

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes - sales tax	\$ 353,000	\$ 353,000	\$ 340,938	\$ (12,062)
Interest	100	100	41	(59)
Total revenues	<u>353,100</u>	<u>353,100</u>	<u>340,979</u>	<u>(12,121)</u>
Other financing sources (uses):				
Operating Transfers in	-	-	7,000	7,000
Transfers out	<u>(353,000)</u>	<u>(353,000)</u>	<u>(338,373)</u>	<u>14,627</u>
Total other financing sources	<u>(353,000)</u>	<u>(353,000)</u>	<u>(331,373)</u>	<u>21,627</u>
Net changes in fund balances	100	100	9,606	9,506
Fund balance, beginning	<u>5,000</u>	<u>5,000</u>	<u>60,436</u>	<u>55,436</u>
Fund balance, ending	<u>\$ 5,100</u>	<u>\$ 5,100</u>	<u>\$ 70,042</u>	<u>\$ 64,942</u>

*See accompanying notes to budgetary comparison schedules.*

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

Budgetary Comparison Schedule  
Year Ended June 30, 2012

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes - sales tax	\$365,000	\$365,000	\$ 329,269	\$ (35,731)
Intergovernmental	-	-	-	-
Charges for services	140,000	150,000	162,046	12,046
Interest	200	200	68	(132)
Other	-	-	4	4
Total revenues	<u>505,200</u>	<u>515,200</u>	<u>491,387</u>	<u>(23,813)</u>
Expenditures:				
Public Safety -				
Fire	57,800	64,800	48,026	16,774
Sanitation	228,000	214,000	222,081	(8,081)
Capital outlay	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Total expenditures	<u>300,800</u>	<u>293,800</u>	<u>270,107</u>	<u>23,693</u>
Excess (deficiency) of revenues over expenditures	<u>204,400</u>	<u>221,400</u>	<u>221,280</u>	<u>(120)</u>
Other financing sources (uses):				
Transfers in	-	-	150,707	150,707
Transfers out	<u>(204,000)</u>	<u>(204,000)</u>	<u>(363,256)</u>	<u>(159,256)</u>
Total other financing sources (uses)	<u>(204,000)</u>	<u>(204,000)</u>	<u>(212,549)</u>	<u>(8,549)</u>
Net changes in fund balances	400	17,400	8,731	(8,669)
Fund balance, beginning	<u>4,000</u>	<u>4,000</u>	<u>155,453</u>	<u>151,453</u>
Fund balance, ending	<u>\$ 4,400</u>	<u>\$ 21,400</u>	<u>\$ 164,184</u>	<u>\$ 142,784</u>

*See accompanying notes to budgetary comparison schedules.*

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

Budgetary Comparison Schedule  
Year Ended June 30, 2012

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes - sales tax	\$ 120,000	\$120,000	\$109,727	\$ (10,273)
Intergovernmental - State	15,000	15,000	15,645	645
Interest	-	-	16	16
Miscellaneous	1,000	1,000	894	(106)
Total revenues	<u>136,000</u>	<u>136,000</u>	<u>126,282</u>	<u>(9,718)</u>
Expenditures:				
Public Safety -				
Police	488,200	488,200	541,775	(53,575)
Capital outlay	7,000	7,000	-	7,000
Total expenditures	<u>495,200</u>	<u>495,200</u>	<u>541,775</u>	<u>(46,575)</u>
(Deficiency) of revenues over expenditures	(359,200)	(359,200)	(415,493)	(56,293)
Other financing sources (uses):				
Transfers in	360,000	360,000	431,448	71,448
Transfers out	-	-	(19,845)	(19,845)
Total other financing sources	<u>360,000</u>	<u>360,000</u>	<u>411,603</u>	<u>51,603</u>
Net changes in fund balances	800	800	(3,890)	(4,690)
Fund balance, beginning	<u>500</u>	<u>500</u>	<u>16,860</u>	<u>16,360</u>
Fund balance, ending	<u>\$ 1,300</u>	<u>\$ 1,300</u>	<u>\$ 12,970</u>	<u>\$ 11,670</u>

*See accompanying notes to budgetary comparison schedules.*

## TOWN OF BALDWIN, LOUISIANA

### Notes to Budgetary Comparison Schedules

(1) Basis of Accounting

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

(2) Budget Adoption

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

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

(3) Excess of Expenditures Over Appropriations

For the year ended June 30, 2012, expenditures exceeded appropriations in the General Fund and ½% Sales Tax Fund by \$112,461 and \$46,575, respectively. These excess expenditures were covered by available fund balance in the funds or transfers from other funds.

## **OTHER SUPPLEMENTARY INFORMATION**

TOWN OF BALDWIN, LOUISIANA  
Nonmajor Governmental Funds

Combining Balance Sheet  
June 30, 2012

	Special Revenue Funds		Capital Project Funds		Total Nonmajor Governmental Funds
	3/10% Sales Tax	Special Fire Equipment	Flood Protection Levee System Project	Fire Station Construction	
<b>ASSETS</b>					
Cash and interest bearing deposits	\$ 830	\$ 3,391	\$ 26,482	\$ -	\$ 30,703
Receivables:					
Accounts receivable	16,088	-	-	-	16,088
Due from other funds	32,934	-	-	-	32,934
Due from other governmental units	-	-	29,780	16,413	46,193
Total assets	<u>\$ 49,852</u>	<u>\$ 3,391</u>	<u>\$ 56,262</u>	<u>\$ 16,413</u>	<u>\$ 125,918</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities-					
Accounts payable	\$ -	\$ -	\$ 29,780	\$ 16,705	\$ 46,485
Due to other funds	-	-	26,398	-	26,398
Deferred revenue	-	-	-	1,637	1,637
Total liabilities	<u>-</u>	<u>-</u>	<u>56,178</u>	<u>18,342</u>	<u>74,520</u>
Fund balances -					
Restricted	49,852	3,391	84	-	53,327
Unassigned	-	-	-	(1,929)	(1,929)
Total fund balances	<u>49,852</u>	<u>3,391</u>	<u>84</u>	<u>(1,929)</u>	<u>51,398</u>
Total liabilities and fund balances	<u>\$ 49,852</u>	<u>\$ 3,391</u>	<u>\$ 56,262</u>	<u>\$ 16,413</u>	<u>\$ 125,918</u>

TOWN OF BALDWIN, LOUISIANA  
Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2012

	Special Revenue Funds		Capital Project Funds		Total Nonmajor Governmental Funds
	3/10% Sales Tax	Special Fire Equipment	Flood Protection Levee System Project	Fire Station Construction	
Revenues:					
Taxes	\$ 86,250	\$ -	\$ -	\$ -	\$ 86,250
Intergovernmental	-	-	29,780	87,156	116,936
Interest	10	16	-	-	26
Total revenues	86,260	16	29,780	87,156	203,212
Expenditures:					
Capital outlay	-	-	29,780	89,549	119,329
Excess (deficiency) of revenues over expenditures	86,260	16	-	(2,393)	83,883
Other financing sources (uses):					
Transfers in	-	20,000	84	464	20,548
Transfers out	(90,515)	(20,464)	-	-	(110,979)
Total other financing sources (uses)	(90,515)	(464)	84	464	(90,431)
Net changes in fund balances	(4,255)	(448)	84	(1,929)	(6,548)
Fund balances, beginning,	54,107	3,839	-	-	57,946
Fund balances, ending	\$ 49,852	\$ 3,391	\$ 84	\$ (1,929)	\$ 51,398

TOWN OF BALDWIN, LOUISIANA

Schedule of Number of Utility Customers  
June 30, 2012

Records maintained by the Town indicated the following number of customers were being serviced during the months of June, 2012 and 2011:

<u>Department</u>	<u>2012</u>	<u>2011</u>
Gas	575	593
Water	765	766
Sewerage	825	826



TOWN OF BALDWIN, LOUISIANA

Schedule of Utility Rates  
Year Ended June 30, 2012

Monthly Water Rates:

\$7.00 for the first 2000 gallons used or consumed and \$3.00 per thousand gallons thereafter.

Monthly Natural Gas Rates:

\$7.00 for the first 100 cf used or consumed and the actual cost plus \$4.00 for each 1,000 cubic feet used or consumed thereafter.

Monthly Sewer Rates:

\$7.00 for the first 4,000 gallons of water used or consumed and \$1.50 per thousand gallons thereafter.

TOWN OF BALDWIN, LOUISIANA

Schedule of Amounts Billed for Services  
Year Ended June 30, 2012

Records maintained by the Town indicated the following amounts billed for services during the year ended June 30, 2012:

<u>Department</u>	<u>2012</u>
Gas	\$ 198,831
Water	\$ 178,483
Sewerage	\$ 111,520

TOWN OF BALDWIN, LOUISIANA

Schedule of Average Monthly Billing Per User  
Year Ended June 30, 2012

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

<u>Department</u>	<u>2012</u>
Gas	\$ 28
Water	\$ 19
Sewerage	\$ 11

TOWN OF BALDWIN, LOUISIANA

Analysis of Additions, Replacements, and Improvements to Utility System  
Year Ended June 30, 2012

There were no additions, replacements, or improvements to the Utility System for the year ended June 30, 2012.

TOWN OF BALDWIN, LOUISIANA

Schedule of Insurance in Force  
June 30, 2012

<u>Description of Coverage</u>	<u>Name of Insurer</u>	<u>Expiration Date</u>	<u>Coverage Amounts</u>
Workmen's compensation	LMA		Statutory
Surety bonds:			
Lorraine Boudreaux	Western Surety	11/2/2012	5,000
Debbie Boudreaux	Western Surety	11/22/2012	5,000
Sonya Charles	Western Surety	11/30/2012	5,000
Wayne Breaux	Western Surety	2/2/2013	5,000
Gerald Minor	Western Surety	11/18/2012	5,000
AT&T	Western Surety	6/24/2013	10,000
Law enforcement liability	Indian Harbor Insurance Company	7/1/2012	500,000
Professional liability	Indian Harbor Insurance Company	7/1/2012	500,000
Commercial automobile liability	Southern Insurance Company	7/5/2012	500,000
Commercial property	LA Citizens Fair Plan	5/18/2013	2,609,900
Commercial umbrella policy			
Each occurrence	Ameraiac Alternative Insurance	6/30/2012	1,000,000
Aggregate	Ameraiac Alternative Insurance	6/30/2012	2,000,000

**INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS**

C. Burton Kolder, CPA\*  
 Russell F. Champagne, CPA\*  
 Victor R. Slaven, CPA\*  
 P. Troy Courville, CPA\*  
 Gerald A. Thibodeaux, Jr., CPA\*  
 Robert S. Carter, CPA\*  
 Arthur R. Mixon, CPA\*  
 Penny Angelle Scruggins, CPA  
 Christine C. Doucet, CPA

Wanda F. Arcement, CPA,CVA  
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 Kristin B. Dauzat, CPA  
 Matthew E. Margaglio, CPA  
 Jane R. Hebert, CPA  
 Bryan K. Joubert, CPA  
 Stephen J. Anderson, CPA  
 W. Jeffrey Lowry, CPA

Retired:  
 Conrad O. Chapman, CPA\* 2006  
 Tynes E. Mixon, Jr., CPA 2011

\* A Professional Accounting Corporation

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Baldwin, Louisiana (hereinafter "Town") as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements and have issued our report thereon dated February 13, 2013. 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.

### Internal Control over Financial Reporting

Management is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of audit results and findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of audit results and findings as items 2012-1, 2012-2, 2012-3, and 2012-4 to be material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of audit results and findings as items 2012-5, 2012-6, 2012-7, 2012-8, 2012-9, 2012-10, 2012-11, 2012-12, 2012-13, and 2012-14.

We noted certain matters that we reported to the management of the Town in a separate letter dated February 13, 2013.

The Town's responses to the findings identified in our audit are included in the accompanying corrective action plan for current year findings. We did not audit the Town's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the Board of Aldermen, management and others within the organization, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report may be limited under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

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

Morgan City, Louisiana  
February 13, 2013



TOWN OF BALDWIN, LOUISIANA

Summary Schedule of Prior Year Findings  
Year Ended June 30, 2012

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

A. Internal Control-

2011-1 Inadequate segregation of accounting functions

CONDITION: Accounting and financial functions are not adequately segregated.

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

STATUS: This finding is unresolved. See current year finding 2012-1.

2011-2 Unrecorded Items

CONDITION: On several occasions, money was withdrawn from certificates of deposit, and the withdrawals were not recorded on the Town's financial books and records.

RECOMMENDATION: We recommend that the Town design and implement policies and procedures to ensure that funds withdrawn from certificates of deposit are recorded on the Town's accounting software/general ledger.

STATUS: This finding is unresolved. See current year finding 2012-2.

B. Compliance-

2011-3 Garbage Service Charges

CONDITION: The service charge for garbage fees was not assessed in accordance with the Town's Code of Ordinances. On December 9, 2010, the Town adopted Ordinance No. 316, which amended Ordinance No. 305 and added a disposal fee for every household of \$3 per month and for every commercial establishment of \$5 per month. The Town failed to record the adjustment in its billing system for some customers.

RECOMMENDATION: We recommend that the Town amend its utility billing system to comply with the provisions included in the Town's Code of Ordinances and implement policies and procedures to ensure that adjustments are added to the system for all customers.

STATUS: This finding is unresolved. See current year finding 2012-5.

TOWN OF BALDWIN, LOUISIANA

Summary Schedule of Prior Year Findings (continued)  
Year Ended June 30, 2012

2011-4 Budget variance

CONDITION: The Town did not advertise the proposed budget for the year ended June 30, 2011 at least 15 days prior to the beginning of the fiscal year, did not publish a notice of the public hearing at least 10 days prior to the hearing, budget variances in excess of 5% were incurred, and the total of proposed and amended expenditures exceeded the total of estimated funds available for the fiscal year.

RECOMMENDATION: We recommend that the Town advertise proposed budgets at least fifteen days prior to its year end, publish notification of public hearing at least ten days prior to public hearing, and compare actual activity to budgeted amounts and adopt budgetary amendments as necessary to cause compliance with state statute.

STATUS: This finding is partially resolved. See current year finding 2012-6.

2011-5 Required Monthly Transfers

CONDITION: The Town does not make the required monthly transfers from the Utility Revenue Fund to the Utility Revenue Bond Sinking Fund.

RECOMMENDATION: We recommend that the Town make monthly transfers as required by bond requirements.

STATUS: This finding is unresolved. See current year finding 2012-7.

2011-6 Obligation to Fix Rates

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

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

STATUS: This finding is unresolved. See current year finding 2012-10.

2011-7 Disconnecting Services

CONDITION: The Town does not disconnect services in accordance with its Utility Revenue Bond Ordinances.

RECOMMENDATION: We recommend that the Town shut off water and gas services to premises with a bill not paid within ten (10) days from the date on which it became delinquent.

STATUS: This finding is unresolved. See current year finding 2012-11.

TOWN OF BALDWIN, LOUISIANA

Summary Schedule of Prior Year Findings (continued)  
Year Ended June 30, 2012

2011-8 Late Payments of Debt Obligations

CONDITION: The Town was delinquent on bond payments.

RECOMMENDATION: We recommend that the Town pay principal and interest payments prior to each due date.

STATUS: This finding is unresolved. See current year finding 2012-12.

2011-9 Incurrence of Debt without Approval from State Bond Commission

CONDITION: The Town entered into an agreement to incur debt for a period exceeding 90 days without approval from the State Bond Commission.

RECOMMENDATION: We recommend that the Town institute policies and procedures to obtain approval from the State Bond Commission prior to incurring any debt obligations exceeding 90 days.

STATUS: This finding has been resolved.

2011-10 Improper Use of Sales and Use Taxes

CONDITION: Support for the purpose of the use of sales proceeds could not be provided.

RECOMMENDATION: We recommend that the Town institute policies and procedures to ensure that support is maintained for all expenditures paid with sales and uses tax proceeds.

STATUS: This finding is unresolved. See current year finding 2012-13.

2011-11 Late Audit Submission

CONDITION: The Town's audit report was not completed and submitted to the Office of the Legislative Auditor within six months of year end.

RECOMMENDATION: We recommend that the Town institute policies and procedures to ensure that its audit report is completed and submitted to the Office of the Legislative Auditor within six months of year end.

STATUS: This finding is unresolved. See current year finding 2012-14.

TOWN OF BALDWIN, LOUISIANA

Schedule of Audit Results and Findings  
Year Ended June 30, 2012

Part I: Summary of Auditor's Results

*Financial Statements:*

1. Unqualified opinions have been issued on the financial statements of the Town's governmental activities, business-type activities, each major fund (General Fund, 1% Sales Tax Fund,  $\frac{3}{4}$ % Sales Tax Fund,  $\frac{1}{2}$ % Sales Tax Fund, LCDBG Housing Fund, Bond Sinking Fund, and Utility Fund) and the aggregate remaining fund information.
2. Deficiencies in internal control over financial reporting were disclosed during the audit of the financial statements and are shown as items 2012-1, 2012-2, 2012-3, and 2012-4 in Part II. All of the conditions are considered to be material weaknesses.
3. The results of our tests disclosed instances of noncompliance which are required to be reported under *Government Auditing Standards* and are shown as items 2012-5, 2012-6, 2012-7, 2012-8, 2012-9, 2012-10, 2012-11, 2012-12, 2012-13, and 2012-14 in Part II.
4. A management letter was issued.

TOWN OF BALDWIN, LOUISIANA

Schedule of Audit Results and Findings (continued)  
Year Ended June 30, 2012

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

A. Internal Control-

2012-1 - Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

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

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

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

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

TOWN OF BALDWIN, LOUISIANA

Schedule of Audit Results and Findings (continued)  
Year Ended June 30, 2012

2012-2 – Unrecorded Items

CONDITION: On several occasions, money was withdrawn from certificates of deposit, and the withdrawals were not recorded on the Town's financial books and records.

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

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

EFFECT: Failure to record withdrawals to the Town's accounting software/ general ledger increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected. It also results in inaccurate financial reporting.

RECOMMENDATION: We recommend that the Town design and implement policies and procedures to ensure that funds withdrawn from certificates of deposit are recorded on the Town's accounting software/general ledger.

2012-3–Material Financial Statement Adjustments

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

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

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

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

TOWN OF BALDWIN, LOUISIANA

Schedule of Audit Results and Findings (continued)  
Year Ended June 30, 2012

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

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

2012-4–Changes Made to Police Department Timecards Without Explanations

CONDITION: Hours worked on timecards maintained by the Town’s police department were altered without supporting documentation.

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

Further, RS 14:138(A) states that “public payroll fraud is committed when (1) any person shall knowingly receive any payment or compensation, or knowingly permit his name to be carried on any employment list or payroll for any payment or compensation from the state, for services not actually rendered by himself, or for services grossly inadequate for the payment or compensation received or to be received according to such employment list or payroll; or (2) any public officer or public employee shall carry, cause to be carried, or permit to be carried, directly or indirectly, upon the employment list or payroll of his office, the name of any person as employee, or shall pay any employee, with knowledge that such employee is receiving payment or compensation for services not actually rendered by said employee or for services grossly inadequate for such payment or compensation.”

CAUSE: The condition results in a failure to comply with adopted policies and procedures.

EFFECT: Employees may have been paid for time not worked.

RECOMMENDATION: We recommend that the Town implement policies and procedures to ensure that support is maintained for any alterations made to police timecards.

TOWN OF BALDWIN, LOUISIANA

Schedule of Audit Results and Findings (continued)  
Year Ended June 30, 2012

B. Compliance-

2012-5 – Garbage Service Charges

CONDITION: The service charge for garbage fees was not assessed in accordance with the Town's Code of Ordinances. On December 9, 2010, the Town adopted Ordinance No. 316, which amended Ordinance No. 305 and added a disposal fee for every household of \$3 per month and for every commercial establishment of \$5 per month. The Town failed to record the adjustment in its billing system for some new customers and old customers' accounts reactivated during the fiscal year.

CRITERIA: Code of Ordinances, Ordinance No. 316, Town of Baldwin, Louisiana states the following:

"There shall be a monthly fee payable by each household and each commercial establishment for the disposal of solid waste. The disposal fee for every household shall be \$3.00 per month. The disposal fee for every commercial establishment shall be \$5.00 per month."

CAUSE: The cause of the conditions is the result of a failure to design and implement policies and procedures necessary to ensure that adjustments are added to the system for all customers.

EFFECT: Failure to charge the correct fee per the Code of Ordinances results in a loss of revenues and noncompliance with the adopted ordinance.

RECOMMENDATION: We recommend that the Town amend its utility billing system to comply with the provisions included in the Town's Code of Ordinances and implement policies and procedures to ensure that adjustments are added to the system for all customers.



TOWN OF BALDWIN, LOUISIANA

Schedule of Audit Results and Findings (continued)  
Year Ended June 30, 2012

2012-6 – Local Government Budget Act

CONDITION: The Town incurred budget variances in excess of 5% in certain funds.

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

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

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

CAUSE: The condition results from a failure to comply with state statutes and to properly monitor the revenues and expenditures of the special revenue funds.

EFFECT: The Town may not prevent and/or detect compliance violations due to over expenditure of the appropriated budget, and/or errors or irregularities on a timely basis.

RECOMMENDATION: We recommend that the Town adopt budgetary amendments as necessary to cause compliance with state statute.

TOWN OF BALDWIN, LOUISIANA

Schedule of Audit Results and Findings (continued)  
Year Ended June 30, 2012

2012-7- Required Monthly Transfers

CONDITION: The Town did not make the required monthly transfers from the Utility Revenue Fund to the Utility Revenue Bond Sinking Fund.

CRITERIA: Ordinances authorizing the issuance of Utilities Revenue Bonds, Series A of 1999 and Utilities Revenue Bonds, Series 2001 require the establishment and maintenance of a Utilities Revenue Bond Sinking Fund. The following transfers are required:

Utilities Revenue Bonds, Series A of 1999-requires a transfer from the Revenue Fund to the Sinking Fund monthly in advance on or before the 20th day of each month of each year equal to one –sixth (1/6) of the interest falling due on the next interest payment and a sum equal to one-twelfth (1/12th) of the principal falling due on the next principal payment date, together with such additional proportionate sum as may be required to pay said principal and interest as the same respectively became due.

Utilities Revenue Bonds, Series 2001-requires a transfer from the Revenue Fund into the Sinking Fund monthly in advance on or before the twentieth (20th) day of each month of each year an amount equal to the principal, interest, and Administrative Fee accruing with respect to the Borrower Bonds for such calendar month, together with such additional proportionate sum as may be required to pay such principal, interest, and Administrative fee as the same respectively become due.

Also, LSA-RS 39:1410.62 states in part:

“All parishes, municipalities, and any other unit of local government, including but not limited to school boards and special districts, authorized by law to perform governmental functions, as well as any political subdivision creating same, shall notify the commission, in writing, whenever:

(1) Transfers to any funds required to be established by resolution authorizing the issuance of bonds, certificates of indebtedness, or otherwise authorizing the incurring of indebtedness, have not been made timely.”

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

EFFECT: The Town is not in compliance with bond ordinances and may be in violation of LSA-RS39:1410.62.

RECOMMENDATION: We recommend that the Town make monthly transfers as required by bond requirements.

TOWN OF BALDWIN, LOUISIANA

Schedule of Audit Results and Findings (continued)  
Year Ended June 30, 2012

2012-8- Reserve Fund Requirements

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

CRITERIA: Ordinances authorizing the issuance of Utilities Revenue Bonds, Series A of 1999 and Utilities Revenue Bonds, Series 2001 require the establishment and maintenance of a Utilities Revenue Bond Sinking Fund. The following reserve amounts are required:

Utilities Revenue Bonds, Series A of 1999-requires the establishment and maintenance of the Town of Baldwin Utilities Revenue Bond Reserve Fund, by depositing from existing funds, simultaneously with the delivery of the Bonds, the sum of \$74,900, which equals the Reserve Fund Requirement.

Utilities Revenue Bonds, Series 2001-requires a transfer from the Revenue Fund into the Reserve Fund monthly in advance on or before the twentieth (20th) day of each month of each year a sum equal to 25% of the amount required to be paid into the Sinking Fund.

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

EFFECT: The Town is not in compliance with bond ordinances.

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

2012-9- Contingency Fund Requirements

CONDITION: The Town has not maintained a Utilities System Capital Additions and Contingencies Fund.

CRITERIA: Ordinances authorizing the issuance of Utilities Revenue Bonds, Series A of 1999 and Utilities Revenue Bonds, Series 2001 require the establishment and maintenance of a Utilities System Capital Additions and Contingencies Fund (the "Depreciation and Contingencies Fund"), by transferring from the Revenue Fund to the Depreciation and Contingencies Fund monthly on or before the 20th day of each month of each year a sum of \$2,000, until such time as there has been accumulated in said Fund the sum of \$30,000. These funds may be used for the making of extensions, additions, improvements, renewals and replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operation expense. However, a balance of \$5,000 must be maintained for the making of emergency repairs or replacements.

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

EFFECT: The Town is not in compliance with bond ordinances.

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

TOWN OF BALDWIN, LOUISIANA

Schedule of Audit Results and Findings (continued)  
Year Ended June 30, 2012

2012-10- Obligation to Adjust Rates

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

CRITERIA: Ordinances authorizing the issuance of Utilities Revenue Bonds, Series A of 1999 and Utilities Revenue Bonds, Series 2001 state in part:

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

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

EFFECT: The Town is not in compliance with bond ordinances.

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

2012-11 - Disconnecting Services

CONDITION: The Town does not disconnect services in accordance with its Utility Revenue Bond Ordinances.

CRITERIA: Ordinances authorizing the issuance of Utilities Revenue Bonds, Series A of 1999 and Utilities Revenue Bonds, Series 2001 state in part:

“The Issuer agrees that all charges owned by any individual, partnership or corporation for services rendered by the System shall be billed and collected as a unit, that the failure of any Person to pay the charges for any service rendered by the System within fifteen (15) days of the date on which it is billed shall cause such charge to become delinquent; that if such delinquent charge, with interest and penalties accrued thereon, is not paid within ten (10) days from the date on which it became delinquent, the Issuer will shut off water and gas services to the affected premises...”

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

EFFECT: The Town is not in compliance with bond ordinances.

RECOMMENDATION: We recommend that the Town shut off water and gas services to premises with a bill not paid within ten (10) days from the date on which it became delinquent.

TOWN OF BALDWIN, LOUISIANA

Schedule of Audit Results and Findings (continued)  
Year Ended June 30, 2012

2012-12- Late Payments of Debt Obligations

CONDITION: The Town was delinquent on certain principal and interest payments for \$140,000 Certificates of Indebtedness, Series 2008, \$500,000 Certificate of Indebtedness, Series 2008, \$250,000 Limited Tax Revenue Bonds, Series 2010, and \$400,000 Limited Tax Revenue Bonds, Series 2009. Also, the Town did not notify the State Bond Commission of such delinquencies.

CRITERIA: The ordinances authorizing the issuance of \$140,000 Certificate of Indebtedness, Series 2008 and \$500,000 Certificate of Indebtedness, Series 2008 state in part:

“The Certificates shall be numbered and shall mature serially on November 1 of the years and in the principal amounts...”

The ordinances authorizing the issuance of \$140,000 Certificate of Indebtedness, Series 2008 and \$500,000 Certificate of Indebtedness, Series 2008 also state in part:

““Interest payment date”...shall mean May 1 and November 1 of each year during which the Certificates are outstanding...”

The ordinances authorizing the issuance of \$250,000 Limited Tax Revenue Bonds, Series 2010 and \$400,000 Limited Tax Revenue Bonds, Series 2009 state in part:

“The Bonds...shall mature serially on June 1 of each year...”

The ordinances authorizing the issuance of \$250,000 Limited Tax Revenue Bonds, Series 2010 and \$400,000 Limited Tax Revenue Bonds, Series 2009 also state in part:

““Interest payment date” means June 1 and December 1 of each year in which the Bonds are outstanding...”

LSA-RS 1410.62 states “all parishes, municipalities, and any other unit of local government...shall notify the commission, in writing, whenever... (2) principal, interest, premiums, or other payments due on outstanding indebtedness have not been made timely.”

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

EFFECT: The Town is not in compliance with bond ordinances.

RECOMMENDATION: We recommend that the Town make principal and interest payments before they become due as required by the issuing ordinances, and, if such payments are delinquent, notify the State Bond Commission, in writing, as required by statute.

TOWN OF BALDWIN, LOUISIANA

Schedule of Audit Results and Findings (continued)  
Year Ended June 30, 2012

2012-13- Improper Use of Sales and Use Taxes

CONDITION: Support for the purpose of the use of sales proceeds could not be provided.

CRITERIA: Proceeds remitted to the Town from sales and use taxes are to be used for costs specified in the sales and use tax propositions.

CAUSE: The condition results from a failure to monitor the nature of the usage of restricted funds.

EFFECT: The Town may spend restricted money for nonallowable costs.

RECOMMENDATION: We recommend that the Town institute policies and procedures to ensure that support is maintained for all expenditures paid with sales and uses tax proceeds.

2012-14- Late Audit Submission

CONDITION: The Town's audit report was not completed and submitted to the Office of the Legislative Auditor within six months of year end.

CRITERIA: LSA-RS 24:513 et seq, provides for the following:

"Such audits shall be completed within six months of the close of the entity's fiscal year."

Also, ordinances authorizing the issuance of bonds and certificates that are outstanding at June 30, 2012 state in part:

"Not later than six months after the close of each fiscal year the Issuer shall cause an audit of such books and accounts to be made by a recognized independent firm of certified public accountants..."

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

EFFECT: The Town is not in compliance with LSA-RS 24:513 et seq and bond ordinances.

RECOMMENDATION: We recommend that the Town institute policies and procedures to ensure that its audit report is completed and submitted to the Office of the Legislative Auditor within six months of year end.

Part III: Findings and Questioned Costs Relating to Federal Programs

This section is not applicable for the year ended June 30, 2012.

**CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS**

**APPENDIX A**

SONYA L. CHARLES-JONES, CMC  
TOWN CLERK  
VINCENT BORNE  
TOWN ATTORNEY  
GERALD MINOR  
CHIEF-OF-POLICE



## TOWN OF BALDWIN

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ALDERMAN  
THOR D. FREDERICK  
TONY GIBSON  
MICHAEL LANCELIN, SR.  
GENE ST. GERMAIN  
CLARENCE VAPPIE

### Management response Audit Findings - 2012

#### 2012-1 Segregation of Duties

*Management Response* – Due to the size of the staff it is not possible to achieve total separation of duties but the Town will strive to accomplish it as much as possible.

#### 2012-2 Unrecorded Items

*Management Response* – The Town will implement policies and procedures to ensure that funds withdrawn from certificates of deposit are recorded on the Town's accounting software/general ledger.

#### 2012-3 Material Financial statements adjustment

*Management Response* – The Town will follow implemented policies and procedures and where current policies fail to achieve their goal the Town will design and implement additional policies.

#### 2012-4 Changes made to Police Department timecards without explanation

*Management Response* – The Police Chief and police department secretary has been instructed that when altering the automated time clock system with the manual override documentation must be submitted to the payroll clerk advising of reason for override.



**2012-5      Garbage service charges**

*Management Response* – The Town Clerk has been advised to review the billing system for compliance and to review each individual customer to assure accuracy and compliance.

**2012-6      Local Government Budget Act**

*Management Response* – The Mayor will ensure that actual expenditures are compared to budgeted amounts and budgetary amendments are adopted for compliance.

**2012-7      Required Monthly Transfers**

*Management Response* – Available funds did not allow the transfers to be made. Utility rates have been increased twice to alleviate this finding.

**2012-8      Reserve fund requirements**

*Management Response* – Available funds did not allow the Town to meet the requirements. The anticipated increase in revenue from utility rate adjustments will allow the Town to maintain the required reserve fund.

**2012-9      Contingency fund requirements**

*Management Response* – Increase in revenues will allow the Town to maintain the required contingency fund.

**2012-10      Obligation to adjust rates**

*Management Response* – The Town has adjusted rates twice since the fiscal year end.

**2012-11      Disconnecting services**

*Management Response* – The Town has reviewed its disconnect policies and will adjust them to meet Bond Ordinances where feasible.

**2012-12      Late payment of debt obligations**


*Management Response* – The Town will establish procedures to ensure that Bond Payments will be made in a timely manner.

**2012-13      Improper Use of Sales and Use Taxes**

*Management Response* – Some sales taxes have restricted purposes, policies and procedures will be implemented to assure that the restricted sales taxes are spent properly.

**2012-14      Late audit submission**

*Management Response* – The Town will institute policies and procedures to ensure that the audit is completed and submitted to the Office of the Legislative Auditor within six months of year end.

  
Wayne J. Breaux  
MAYOR

C. Burton Kolder, CPA\*  
Russell F. Champagne, CPA\*  
Victor R. Slaven, CPA\*  
P. Troy Courville, CPA\*  
Gerald A. Thibodeaux, Jr., CPA\*  
Robert S. Carter, CPA\*  
Arthur R. Mixon, CPA\*  
Penny Angelle Scruggins, CPA  
Christine C. Doucet, CPA

Wanda F. Arcement, CPA,CVA  
Allen J. LaBry, CPA  
Albert R. Leger, CPA,PFS,CSA\*  
Marshall W. Guidry, CPA  
Stephen R. Moore, Jr., CPA,PFS,CFP®,ChFC®  
James R. Roy, CPA  
Robert J. Metz, CPA  
Alan M. Taylor, CPA  
Kelly M. Doucet, CPA  
Cheryl L. Bartley, CPA  
Mandy B. Self, CPA  
Paul L. Delcambre, Jr., CPA  
Kristin B. Dauzat, CPA  
Matthew E. Margaglio, CPA  
Jane R. Hebert, CPA  
Bryan K. Joubert, CPA  
Stephen J. Anderson, CPA  
W. Jeffrey Lowry, CPA

Retired:  
Conrad O. Chapman, CPA\* 2006  
Tynes E. Mixon, Jr., CPA 2011

\* A Professional Accounting Corporation

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

## OFFICES

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--	--

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--	--

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## MANAGEMENT LETTER

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

During our audit of the financial statements of the Town of Baldwin as of June 30, 2012 and for the year then ended, we noted certain areas in which the efficiency and effectiveness of the operations and/or compliance with certain laws and regulations could be improved. Our comments are not intended to reflect upon the ability or integrity of the Town's personnel.

### 2012-ML-1 Sold Vehicle Not Taken off Insurance Policy

The Town sold a vehicle in June 2011, and the vehicle remained insured on the Town's policy as of June 30, 2012. Therefore, the Town incurred unnecessary costs.

We recommend that the Town implement policies and procedures to insure that a vehicle is taken off the Town's insurance policy when a vehicle is no longer owned by the Town.

### 2012-ML-2 Worker's Compensation

The Town failed to pay worker's compensation insurance premiums in a timely manner.

RS 23:1168, A. (5); Ways of securing compensation to employees, states in part:

"A. An employer shall secure compensation to his employees in one of the following ways:

5. By furnishing satisfactory proof to the director of the employer's financial ability to pay such compensation. The director, pursuant to rules adopted by the office for an individual self-insured or own risk carrier, including but not limited to rules relative to security and excess coverage, shall require that an employer:

(a) Deposit with the director securities or a surety bond in an amount determined by the director which would be at least an average of the yearly claims for the last three years.

The Honorable Wayne Breaux, Mayor  
and Members of the Board of Aldermen  
Town of Baldwin  
Management Letter

(b) Provide proof of excess coverage with such terms and conditions as is commensurate with their ability to pay the benefits required by the provisions of the Workers' Compensation Act."

We recommend that the Town implement policies and procedures to pay worker's compensation premiums in a timely manner.

2012-ML-3 Police Ticket Fines Reduced

The Town participates in a Criminal Patrol program in which police officers are paid double their normal hourly rate to patrol the Town during hours beyond their normal work schedule. Twelve out of twenty-five tickets tested, which is 48% of the tickets tested, were reduced. Therefore, the cost of the program may outweigh the benefits.

We recommend that the Town review the costs and benefits of the program. The Town should also review the amount of tickets being reduced and consider the appropriateness of the reductions given the Town's financial condition.

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

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

Morgan City, Louisiana  
February 13, 2013

SONYA L. CHARLES-JONES, CMC  
TOWN CLERK  
VINCENT BORNE  
TOWN ATTORNEY  
GERALD MINOR  
CHIEF-OF-POLICE



## TOWN OF BALDWIN

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CLARENCE VAPPIE

### Management Letter Responses

**2012-ML -1      Sold vehicle not taken off insurance policy**

Annually all department heads will review insurance policies and match vehicles to insurance policies.

**2012-ML -2      Worker's compensation**

The Town will establish and implement policies to pay worker's comp premiums timely.

**2012-ML -3      Police Ticket fines reduced**

The Town will review the cost of the Criminal Patrol Program as it relates to the benefits. The program will be adjusted or eliminated. The Police Chief has been advised that tickets can only be adjusted through proceedings of Mayor's Court.

Mayor