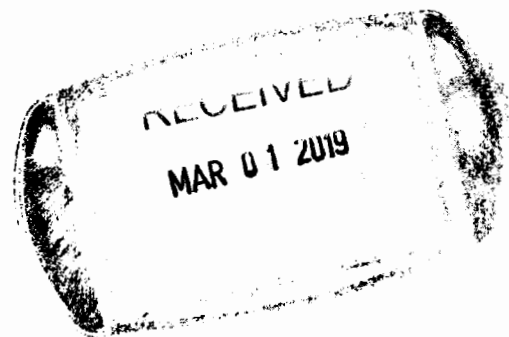




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**FINANCIAL STATEMENTS**  
**CITY OF BALDWIN, MISSISSIPPI**  
**Year Ended September 30, 2016**



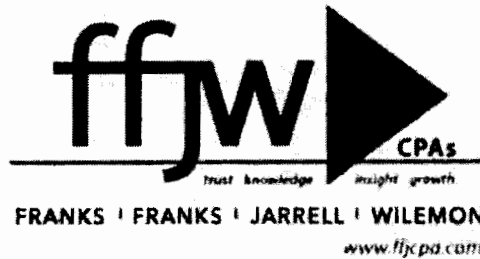
**Franks, Franks, Jarrell & Wilemon, P.A.**  
**Certified Public Accountants**

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**INDEPENDENT AUDITORS' REPORT**

Honorable Mayor and Board of Aldermen  
City of Baldwin, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Baldwin, Mississippi as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Baldwin, Mississippi, as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows and the respective budgetary comparison for the General Fund, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-11, the schedule of the City's proportionate share of the net pension liability on page 40 and the schedule of the City's contributions on page 41 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 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Baldwin, Mississippi's basic financial statements. The combining and individual fund financial statements and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and other supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2017 on our consideration of the City of Baldwin, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Baldwin, Mississippi's internal control over financial reporting and compliance.

*Franks, Franks, Jarrell & Wilemon, P.A.*

FRANKS, FRANKS, JARRELL & WILEMON, P.A.  
Tupelo, Mississippi  
September 27, 2017

# **CITY OF BALDWIN, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS**

## **Required Supplementary Information for the Year Ended September 30, 2016**

This section of the City of Baldwin's Financial Report presents our discussion and analysis of the City's financial performance during the fiscal year ending September 30, 2016. Please read it in conjunction with the City of Baldwin financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$9,447,400. Of this amount, \$255,153 may be used to meet the City of Baldwin's ongoing obligations to citizens and creditors. This compares to the previous year when assets exceeded liabilities by \$9,419,479, of which \$453,736 was available to meet the City's ongoing obligations.
- As of the close of the current fiscal year, the City of Baldwin governmental funds reported combined ending fund balances of \$302,698, a decrease of \$37,529 in comparison to the prior year. Approximately 33% of the combined fund balances, \$99,792, is considered unassigned and is available for spending at the City of Baldwin's discretion.
- The City of Baldwin's total debt is \$3,079,625. No new debt was issued in the current fiscal year. Debt in the amount of \$196,570 was repaid during the current fiscal year.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents combining statements for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the City of Baldwin.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City of Baldwin's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City of Baldwin's operations in more detail than the government-wide statements.

The Governmental Funds statements tell how general government services such as public safety were financed in the short term as well as what remains for future spending. The City of Baldwin has two Governmental Fund types: General and Special Revenue.

Proprietary Fund statements offer short- and long-term financial information about the activities the government operates in a similar manner as businesses, and includes the Water, Sewer and Gas System Fund.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. In addition to these required elements, we have included a section with combining statements that provide details about our non-major Governmental Funds, each of which are added together and presented in single columns in the basic financial statements.

# CITY OF BALDWIN, MISSISSIPPI

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Figure A-1 summarizes the major features of the City of Baldwin's financial statements, including the portion of the City of Baldwin they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1

#### Major Features of the City of Baldwin's Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City Government (except fiduciary funds) and the City's component units.	The activities of the city that are not proprietary or fiduciary, such as police, fire, and parks and recreation	Activities the city operates similar to private businesses: Water, Sewer and Gas System.
Required financial statements	Statement of Net Position; Statement of Activities	Balance Sheet; Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; Statement of Net Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid



# **CITY OF BALDWIN, MISSISSIPPI**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Government-wide Statements**

The government-wide statements report information about the City of Baldwin as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City of Baldwin's net position and how they have changed. Net position—the difference between the City of Baldwin's assets and liabilities—is one way to measure the City of Baldwin's financial health, or position.

- Over time, increases or decreases in the city of Baldwin's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City of Baldwin, the reader should consider additional non-financial factors such as changes in the City of Baldwin's property tax base.
- *Governmental activities* –Most of the City of Baldwin's basic services are included here, such as the police, fire, public works, and parks and recreation departments, and general administration. Property taxes, sales and use taxes, and state and federal grants finance most of these activities.
- *Business-type activities* – The City of Baldwin charges fees to customers to help it cover the costs of certain services it provides. The City of Baldwin's water, sewer and gas systems services are included here.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the City of Baldwin's most significant funds—not the City as a whole. The "fund" level is where the basic unit of financial organization and operation within the City of Baldwin exists. Funds are accounting tools that are used to keep track of specific sources of funding and spending for particular purposes. They are the basic budgetary and accounting entities.

- Some funds are required by State law and by bond covenants.
- The Board of Alderman establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.



## **CITY OF BALDWIN, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS**

The City of Baldwin has two types of funds:

- **Governmental funds**—most of the City of Baldwin's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the City of Baldwin's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them. The measurement focus of governmental funds is upon determination of financial position and changes in financial position (sources, uses, and balance of financial resources) rather than upon net income determination. These funds are maintained on a modified accrual basis of accounting (explained further in the notes to the financial statements under "Summary of Significant Accounting Policies"). The basic financial statements for governmental funds are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance. The City of Baldwin utilizes two types of governmental funds: the General Fund and Special Revenue Funds.
- **Proprietary funds**—Services for which the City of Baldwin charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. The City has only one type of proprietary fund—Enterprise Funds. The City of Baldwin's Enterprise Funds are the same as its business-type activities yet provide more detail and additional information, such as cash flows. The measurement focus of Proprietary Funds is upon determination of net income, financial position and change in financial position. These funds are maintained on the accrual basis of accounting. The Statement of Net Position, Statement of Revenues, Expenses and Changes in Fund Net Position, and Statement of Cash Flows are all required statements.

### **Government-wide Financial Analysis**

Net position may serve over time as a useful indicator of a government's financial position. The City of Baldwin's assets exceeded liabilities by \$9,447,400 at the close of the most recent fiscal year.

A large portion, 95 percent, of the City's net position reflects its investment in capital assets (such as land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; however, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

# CITY OF BALDWIN, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Table A-1

## City of Baldwin's Net Position

	Governmental Activities		Business-Type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and Other Assets	\$ 1,154,845	\$ 946,729	\$ 3,025,183	\$ 2,924,620	\$ 4,180,028	\$ 3,871,349
Capital Assets	<u>3,675,293</u>	<u>3,296,740</u>	<u>8,419,974</u>	<u>8,800,421</u>	<u>12,095,267</u>	<u>12,097,161</u>
Total Assets	4,830,138	4,243,469	11,445,157	11,725,041	16,275,295	15,968,510
Deferred Outflows	<u>404,889</u>	<u>376,234</u>	<u>119,200</u>	<u>121,574</u>	<u>524,089</u>	<u>497,808</u>
Total Deferred Outflows	404,889	376,234	119,200	121,574	524,089	497,808
Current and Other Liabilities	481,458	334,809	610,829	619,689	1,102,433	954,498
Long-Term Liabilities	<u>2,768,950</u>	<u>2,398,212</u>	<u>3,432,957</u>	<u>3,508,062</u>	<u>6,191,761</u>	<u>5,906,274</u>
Total Liabilities	3,250,408	2,733,021	4,043,786	4,127,751	7,294,194	6,860,772
Deferred Inflows	<u>44,646</u>	<u>140,626</u>	<u>13,144</u>	<u>45,441</u>	<u>57,790</u>	<u>186,067</u>
Total Deferred Inflows	44,646	140,626	13,144	45,441	57,790	186,067
<b>Net Position</b>						
Net Investment in Capital Assets	3,411,059	2,969,742	5,604,154	5,851,224	9,015,213	8,820,966
Restricted	177,034	144,777	0	0	177,034	144,777
Unrestricted (Deficit)	<u>(1,648,120)</u>	<u>(1,368,463)</u>	<u>1,903,273</u>	<u>1,822,199</u>	<u>255,153</u>	<u>453,736</u>
Total Net Position	<u>\$ 1,939,973</u>	<u>\$ 1,746,056</u>	<u>\$ 7,507,427</u>	<u>\$ 7,673,423</u>	<u>\$ 9,447,400</u>	<u>\$ 9,419,479</u>

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The \$255,153 of unrestricted net position provides excess funds to meet the government's ongoing obligations to citizens and creditors.

Unrestricted net position of our business-type activities was \$1,903,273 at the end of the current fiscal year. These resources cannot be used to add to the net position surplus in governmental activities. The City of Baldwin generally can only use this net position to finance the continuing operations of the business type activities.

**Changes in net position.** Approximately 13.14% of the City of Baldwin's revenue comes from sales tax and 11.82% from property taxes, with 30.94% of all revenue coming from some type of tax. (See Table A-2) Another 55.73% comes from fees charged for services, 9.15% from capital grants and contributions and the balance is from intergovernmental revenue, investment earnings and other miscellaneous receipts.

# CITY OF BALDWIN, MISSISSIPPI

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Table A-2 and the narrative that follows consider the operations of governmental and business-type activities separately.

**Table A-2**

### Changes in the City of Baldwin's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 367,054	\$ 326,378	\$ 2,510,599	\$ 3,177,126	\$ 2,877,653	\$ 3,503,504
Operating Grants & Contributions	0	0	0	0	0	0
Capital Grants & Contributions	472,492	113,026	0	292,778	472,492	405,804
General Revenues:						
Property Taxes	610,552	640,040	0	0	610,552	640,040
Sales Tax	678,593	660,517	0	0	678,593	660,517
Other Taxes	308,383	234,266	0	0	308,383	234,266
Intergovernmental Revenues	82,094	58,045	0	0	82,094	58,045
Gain on Sale of Assets	10,375	0	0	0	10,375	0
Investment Income	554	252	2,148	1,340	2,702	1,592
Other	<u>59,598</u>	<u>46,163</u>	<u>61,261</u>	<u>69,292</u>	<u>120,859</u>	<u>115,455</u>
Total Revenues	2,589,695	2,078,687	2,574,008	3,540,536	5,163,703	5,619,223
<b>Expenses</b>						
General Government	548,893	524,927	0	0	548,893	524,927
Public Safety	1,390,326	1,173,109	0	0	1,390,326	1,173,109
Public Works	602,459	531,088	0	0	602,459	531,088
Culture & Recreation	17,588	40,724	0	0	17,588	40,724
Health & Welfare	0	0	0	0	0	0
Tourism	179,179	165,592	0	0	179,179	165,592
Interest on Long-Term Debt	7,333	16,528	0	0	7,333	16,528
Water, Sewer & Gas System	<u>0</u>	<u>0</u>	<u>2,390,004</u>	<u>2,845,194</u>	<u>2,390,004</u>	<u>2,845,194</u>
Total Expenses	2,745,778	2,451,968	2,390,004	2,845,194	5,135,782	5,297,162
Excess (Deficit) of Revenue Over Expenses	(156,083)	(373,281)	184,004	695,342	27,921	322,061
Transfers	<u>350,000</u>	<u>350,000</u>	<u>(350,000)</u>	<u>(350,000)</u>	<u>0</u>	<u>0</u>
Increase (Decrease) in Net Position	193,917	(23,281)	(165,996)	345,342	27,921	322,061
Net Position - Beginning, as previously stated	1,746,056	3,494,230	7,673,423	7,885,449	9,419,479	11,379,679
Prior Period Adjustment	<u>0</u>	<u>(1,724,893)</u>	<u>0</u>	<u>(557,368)</u>	<u>0</u>	<u>(2,282,261)</u>
Net Position - Beginning, as restated	<u>1,746,056</u>	<u>1,769,337</u>	<u>7,673,423</u>	<u>7,328,081</u>	<u>9,419,479</u>	<u>9,097,418</u>
Net Position - Ending	\$ <u>1,939,973</u>	\$ <u>1,746,056</u>	\$ <u>7,507,427</u>	\$ <u>7,673,423</u>	\$ <u>9,447,400</u>	\$ <u>9,419,479</u>

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# **CITY OF BALDWIN, MISSISSIPPI**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Governmental Activities**

Governmental activities increased the City's net position by \$193,917, thereby accounting for 100 percent of the total increase in the net position of the City. Key elements of this increase are as follows:

The largest funding sources for the City's governmental activities, as a percent of total revenues, are sales tax (26%), property taxes (24%), charges for services (15%) and other taxes (12%).

The largest expense categories for the City's governmental activities are public safety (51%), public works (22%) and general government (20%).

### **Business-type Activities**

Business-type activities decreased the City's net position by \$165,996, thereby accounting for zero percent of the total growth in the net position of the City for the year ended September 30, 2016.

Charges for services are the major revenue categories for the enterprise funds. Total business-type charges for services revenues are comprised of \$2,510,599 for the water, sewer and gas system.

### **Financial Analysis of the Government's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds**—The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

**General Fund**—The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$99,792. As a measure of the general fund's liquidity, it may be useful to compare both the fund balance, assigned and unassigned, to total fund expenditures. Total unassigned fund balance represents 4 percent of total fund expenditures. The fund balance of the City's general fund decreased by \$16,904 during the current fiscal year.

**Special Revenue Fund**—The special revenue fund is used to account for the programs and projects primarily funded by grants from the federal and state governments. At the end of the current fiscal year, the fund balance was \$191,908, which will be used for future expenditures.

**Proprietary Funds**—The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The net position of the proprietary funds at the end of the current fiscal year totaled \$7,507,427.

# CITY OF BALDWIN, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

## Budgetary Highlights

The City's annual budget, which is prepared on an operating basis, includes estimated revenues and annual appropriations for the proprietary funds as well as the governmental funds.

The City's 2015-16 general fund operating budget remained constant with no change in total budgeted expenditures.

The City's tax millage for the 2016 fiscal year was unchanged from the prior year.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets**—In accordance with GASB 34, the City has recorded depreciation expense associated with all of its capital assets, including infrastructure. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2016, amounted to \$12,094,838, net of accumulated depreciation of \$11,996,019. This investment in capital assets includes land, buildings, improvements other than buildings, machinery & equipment, infrastructure, and construction in progress.

Table A-3

### City of Baldwin's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 282,614	\$ 282,614	\$ 244,816	\$ 244,816	\$ 527,430	\$ 527,430
Plant, Buildings & Improvements	2,323,773	2,321,473	16,475,759	16,406,878	18,799,532	18,728,351
Machinery & Equipment	1,562,980	1,475,633	878,024	809,649	2,441,004	2,285,282
Infrastructure	1,857,962	1,835,380	0	0	1,857,962	1,835,380
Construction in Progress	464,929	0	0	0	464,929	0
Accumulated Depreciation	(2,816,965)	(2,618,361)	(9,179,054)	(8,660,921)	(11,996,019)	(11,279,282)
Total	\$ 3,675,293	\$ 3,296,739	\$ 8,419,545	\$ 8,800,422	\$ 12,094,838	\$ 12,097,161

# CITY OF BALDWIN, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

**Long-term Debt**—At year-end, the city had \$3,079,625 in bonds, notes and capital leases outstanding. More detailed information about the City of Baldwin's long-term liabilities is presented in the notes to the financial statements.

**Table A-4**

## City of Baldwin's Outstanding Debt

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
General Obligation Bonds	\$ 250,000	\$ 295,000	\$ 865,000	\$ 900,000	\$ 1,115,000	\$ 1,195,000
Promissory Notes	0	0	1,950,391	2,049,197	1,950,391	2,049,197
Capital Lease Payable	14,234	31,998	0	0	14,234	31,998
Total	<u>\$ 264,234</u>	<u>\$ 326,998</u>	<u>\$ 2,815,391</u>	<u>\$ 2,949,197</u>	<u>\$ 3,079,625</u>	<u>\$ 3,276,195</u>

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City considered current year operational expenses and estimated increases based on economic factors when establishing the fiscal year 2016 budget. The total budgeted appropriation for the City general fund operations is \$2,775,643. This is an increase of \$352,493 from the prior year budget. The increase is primarily related to capital outlay in the public works department.

## CONTACTING THE CITY OF BALDWIN FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City of Baldwin finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Baldwin's Finance Department, P.O. Box 40 Baldwin, MS 38824.

**CITY OF BALDWIN, MISSISSIPPI**  
**STATEMENT OF NET POSITION**  
**September 30, 2016**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b><u>ASSETS:</u></b>			
Cash and Cash Equivalents	\$ 579,492	\$ 1,898,868	\$ 2,478,360
Money Market, CD's	67,949	824,198	892,147
Due From Other Governments	50,230	-	50,230
Accounts Receivable, net of allowance for doubtful accounts of \$38,774	-	289,997	289,997
Court Fines Receivable, net of allowance for doubtful accounts of \$252,308	201,847	-	201,847
Property Taxes Receivable	225,167	-	225,167
Due From Other Funds	30,020	12,120	42,140
Utility Deposits	140	429	569
Capital Assets:			
Land	282,614	244,816	527,430
Construction in Progress	464,929	-	464,929
Plant, Buildings and Improvements	2,323,773	16,475,759	18,799,532
Machinery and Equipment	1,562,980	878,024	2,441,004
Infrastructure	1,857,962	-	1,857,962
Accumulated Depreciation	(2,816,965)	(9,179,054)	(11,996,019)
<b>TOTAL ASSETS</b>	<b>\$ 4,830,138</b>	<b>\$ 11,445,157</b>	<b>\$ 16,275,295</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES:</u></b>			
Deferred Outflows - Pensions	404,889	119,200	524,089
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 404,889</b>	<b>\$ 119,200</b>	<b>\$ 524,089</b>



**CITY OF BALDWIN, MISSISSIPPI**  
**STATEMENT OF NET POSITION**  
**September 30, 2016**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b><u>LIABILITIES:</u></b>			
Accounts Payable and Accrued Expenses	\$ 370,462	\$ 82,227	\$ 452,689
Accrued Compensated Absences	10,146	7,177	17,323
Checks Issued in Excess of Deposits	12,531	-	12,531
Due to Other Funds	42,140	-	42,140
Customer Deposits	-	388,003	388,003
Net Pension Liability	2,550,895	750,988	3,301,883
Long-Term Liabilities:			
Due Within One Year	56,325	140,599	196,924
Due in More Than One Year	207,909	2,674,792	2,882,701
<b>TOTAL LIABILITIES</b>	<b>\$ 3,250,408</b>	<b>\$ 4,043,786</b>	<b>\$ 7,294,194</b>
<b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>			
Deferred Inflows - Pensions	44,646	13,144	57,790
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 44,646</b>	<b>\$ 13,144</b>	<b>\$ 57,790</b>
<b><u>NET POSITION (DEFICIT):</u></b>			
Net Investment in Capital Assets	\$ 3,411,059	\$ 5,604,154	\$ 9,015,213
Restricted for:			
Cemetery	224	-	224
Fire Insurance Rebate	144,622	-	144,622
Police/Narcotics	10,774	-	10,774
Tourism	21,414	-	21,414
Unrestricted (Deficit)	(1,648,120)	1,903,273	255,153
<b>TOTAL NET POSITION</b>	<b>\$ 1,939,973</b>	<b>\$ 7,507,427</b>	<b>\$ 9,447,400</b>

The accompanying notes are an integral part of these financial statements.

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**CITY OF BALDWIN, MISSISSIPPI**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended September 30, 2016

FUNCTIONS/ PROGRAMS	PROGRAM REVENUES					Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	PRIMARY GOVERNMENT		
						Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT								
Government Activities:								
General Government	\$ 548,893	\$ 169,786	\$ -	\$ 22,492	\$ 192,278	\$ (356,615)	\$ -	\$ (356,615)
Public Safety	1,390,326	187,841	-	-	187,841	(1,202,485)	-	(1,202,485)
Public Works	602,459	-	-	450,000	450,000	(152,459)	-	(152,459)
Culture and Recreation	17,588	9,427	-	-	9,427	(8,161)	-	(8,161)
Tourism	179,179	-	-	-	-	(179,179)	-	(179,179)
Interest on Long-Term Debt	7,333	-	-	-	-	(7,333)	-	(7,333)
TOTAL GOVERNMENTAL ACTIVITIES	2,745,778	367,054	-	472,492	839,546	(1,906,232)	-	(1,906,232)
Business-Type Activities:								
Water, Sewer & Gas System	2,390,004	2,510,599	-	-	2,510,599	-	120,595	120,595
TOTAL BUSINESS-TYPE ACTIVITIES	2,390,004	2,510,599	-	-	2,510,599	-	120,595	120,595
TOTAL PRIMARY GOVERNMENT	\$ 5,135,782	\$ 2,877,653	\$ -	\$ 472,492	\$ 3,350,145	\$ (1,906,232)	\$ 120,595	\$ (1,785,637)
GENERAL REVENUES:								
Taxes:								
Property Taxes, Levied for General Purposes						\$ 610,552	\$ -	\$ 610,552
Property Taxes, Levied for Special Revenue Purposes						106,309	-	106,309
Sales Taxes						678,593	-	678,593
County Pro Rata Taxes						124,078	-	124,078
Licenses and Permits						36,512	-	36,512
In Lieu Taxes						77,996	-	77,996
Gasoline Taxes & Other Taxes						25,891	-	25,891
Homestead Reimbursement						56,203	-	56,203
Penalties and Late Fees						-	42,983	42,983
Gain (Loss) on Disposition of Fixed Assets						10,375	-	10,375
Investment Earnings						554	2,148	2,702
Miscellaneous						23,086	18,278	41,364
Transfers						350,000	(350,000)	-
TOTAL GENERAL REVENUES AND TRANSFERS						2,100,149	(286,591)	1,813,558
CHANGE IN NET POSITION						193,917	(165,996)	27,921
NET POSITION--BEGINNING						1,746,056	7,673,423	9,419,479
NET POSITION--ENDING						\$ 1,939,973	\$ 7,507,427	\$ 9,447,400

The accompanying notes are an integral part of these financial statements.

**CITY OF BALDWIN, MISSISSIPPI**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**September 30, 2016**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b><u>ASSETS:</u></b>			
Cash on Deposit	\$ 413,045	\$ 166,447	\$ 579,492
Money Market, CD's	67,949	-	67,949
Due From Other Governments	39,060	11,170	50,230
Due From Other Funds	5,004	25,016	30,020
Utility Deposits	140	-	140
<b>TOTAL ASSETS</b>	<b>\$ 525,198</b>	<b>\$ 202,633</b>	<b>\$ 727,831</b>
<b><u>LIABILITIES AND FUND BALANCES:</u></b>			
<b><u>Liabilities:</u></b>			
Accounts Payable and Accrued Expenses	\$ 364,741	\$ 5,721	\$ 370,462
Checks Issued in Excess of Deposits	12,531	-	12,531
Due to Investors	-	-	-
Due to Other Governments	-	-	-
Due to Other Funds	37,136	5,004	42,140
<b>TOTAL LIABILITIES</b>	<b>414,408</b>	<b>10,725</b>	<b>425,133</b>
<b><u>FUND BALANCES:</u></b>			
Nonspendable:			
Cemetery Trust Fund	224	-	224
Restricted for:			
Police/Narcotics	10,774	-	10,774
Tourism	-	21,414	21,414
Fire Insurance Rebate	-	144,622	144,622
Committed to:			
Library	-	25,872	25,872
Unassigned	99,792	-	99,792
<b>TOTAL FUND BALANCES</b>	<b>110,790</b>	<b>191,908</b>	<b>302,698</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 525,198</b>	<b>\$ 202,633</b>	<b>\$ 727,831</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF BALDWIN, MISSISSIPPI**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
**September 30, 2016**

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 302,698

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. 3,675,293

Long-term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet. (264,234)

Accrued compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet. (10,146)

Net pension liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet. (2,550,895)

Deferred outflows and inflows related to pensions are applicable to future periods and therefore they are not reported in the Governmental Funds Balance Sheet.

Deferred outflows of resources related to defined benefit pension plan. 404,889

Deferred inflows of resources related to defined benefit pension plan. (44,646)

Deferred revenues for delinquent property taxes deferred in the governmental funds because they will not be received within sixty days of the Consolidated Government's year end. 225,167

Accrual of court fine revenues to qualify as financial resources. 201,847

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 1,939,973

The accompanying notes are an integral part of these financial statements.

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**CITY OF BALDWIN, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended September 30, 2016**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>			
General Property Taxes	\$ 599,027	\$ 106,309	\$ 705,336
Sales and Tourism Taxes	538,720	139,873	678,593
Licenses and Permits	36,512	-	36,512
In Lieu of Taxes	77,996	-	77,996
Intergovernmental Revenues	172,953	33,219	206,172
Charges for Services	149,236	-	149,236
Rentals	29,977	-	29,977
Fines and Forfeits	106,801	-	106,801
Interest Income	402	152	554
Grant Income	472,492	-	472,492
Miscellaneous Revenues	22,850	236	23,086
<b>TOTAL REVENUES</b>	<b>2,206,966</b>	<b>279,789</b>	<b>2,486,755</b>
<b>EXPENDITURES:</b>			
Current:			
General Government	470,711	-	470,711
Public Safety	1,097,651	98,823	1,196,474
Public Works	945,786	-	945,786
Culture and Recreation	-	22,412	22,412
Tourism	-	179,179	179,179
Debt Service	70,097	-	70,097
<b>TOTAL EXPENDITURES</b>	<b>2,584,245</b>	<b>300,414</b>	<b>2,884,659</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(377,279)</b>	<b>(20,625)</b>	<b>(397,904)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from Debt Issuance	-	-	-
Gain (Loss) on Disposition of Fixed Assets	10,375	-	10,375
Transfers from Other Funds	350,000	-	350,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>360,375</b>	<b>-</b>	<b>360,375</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(16,904)</b>	<b>(20,625)</b>	<b>(37,529)</b>
<b>FUND BALANCES - Beginning</b>	<b>127,694</b>	<b>212,533</b>	<b>340,227</b>
<b>FUND BALANCES - Ending</b>	<b>\$ 110,790</b>	<b>\$ 191,908</b>	<b>\$ 302,698</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF BALDWIN, MISSISSIPPI**  
**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended September 30, 2016**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (37,529)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental Funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period. 577,158

Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds. (198,604)

Because some property taxes will not be collected for several months after the Government's fiscal year ends, they are not considered "available" revenues in the governmental funds. 11,525

Payments received related to deferred revenues reported as revenue on the Governmental Funds financial statements as received. 81,040

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount represents the (increase) decrease in accrual of compensated absences. (2,465)

Changes to net pension liability, deferred inflows and deferred outflows are reported in pension expense in the statement of activities but do not provide or require the use of current financial resources; therefore, pension expense related to these changes are not reported as expenditures in the governmental funds. (299,972)

Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Position. Repayment of bond principal is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Position.

This amount represents long-term debt proceeds.

This amount represents long-term debt repayments.

62,764

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 193,917

The accompanying notes are an integral part of these financial statements.

**CITY OF BALDWIN, MISSISSIPPI**  
**GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES-BUDGET AND ACTUAL -**  
**BUDGETARY BASIS**  
**For the Fiscal Year Ended September 30, 2016**

	Budget			Variance with Final Budget (Unfavorable)
	Original	Final	Actual	
<b>REVENUES:</b>				
General Property Taxes	\$ 574,397	\$ 574,397	\$ 599,027	\$ 24,630
Sales and Use Taxes	535,000	535,000	535,921	921
Licenses and Permits	30,500	30,500	36,512	6,012
In Lieu of Taxes	98,000	98,000	77,074	(20,926)
Penalties and Interest	500	500	-	(500)
Intergovernmental Revenues	811,853	811,853	645,445	(166,408)
Charges for Services	166,643	166,643	149,236	(17,407)
Rentals	38,000	38,000	29,977	(8,023)
Fines and Forfeits	82,384	82,384	106,801	24,417
Interest Income	200	200	402	202
Miscellaneous Revenues	3,550	3,550	22,850	19,300
<b>TOTAL REVENUES</b>	<b>2,341,027</b>	<b>2,341,027</b>	<b>2,203,245</b>	<b>(137,782)</b>
<b>EXPENDITURES:</b>				
Current:				
General Government	466,226	466,226	470,711	(4,485)
Public Safety	1,136,286	1,131,036	1,097,651	33,385
Public Works	1,016,500	1,016,500	945,786	70,714
Debt Service	72,015	77,265	70,097	7,168
<b>TOTAL EXPENDITURES</b>	<b>2,691,027</b>	<b>2,691,027</b>	<b>2,584,245</b>	<b>106,782</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(350,000)</b>	<b>(350,000)</b>	<b>(381,000)</b>	<b>(31,000)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Gain (Loss) on Disposition of Fixed Assets	-	-	10,375	10,375
Proceeds from Debt Issuance	-	-	-	-
Transfers (to) from Other Funds	350,000	350,000	350,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>350,000</b>	<b>350,000</b>	<b>360,375</b>	<b>10,375</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER FINANCING AND OTHER USES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (20,625)</b>	<b>\$ (20,625)</b>

The accompanying notes are an integral part of these financial statements.



**CITY OF BALDWIN, MISSISSIPPI**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**September 30, 2016**

**ASSETS**

**Current Assets**

Cash and Cash Equivalents	\$ 2,723,066
Accounts Receivable, net of allowance for doubtful accounts of \$38,774	289,997
Due from Other Funds	12,120
<b>Total Current Assets</b>	<b>3,025,183</b>

**Noncurrent Assets**

Water, Sewer, and Gas System	17,353,783
Buildings, Vehicles and Equipment	244,816
Land	(9,179,054)
<b>Less: Accumulated Depreciation</b>	<b>8,419,545</b>

**Other Assets**

Utility Deposits	429
<b>Total Other Assets</b>	<b>429</b>

**TOTAL ASSETS**

**\$ 11,445,157**

**Deferred Outflows of Resources**

Deferred Outflows - Pensions	119,200
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**TOTAL DEFERRED OUTFLOWS OF RESOURCES**

**\$ 119,200**

**LIABILITIES**

**Current Liabilities**

Accounts Payable and Accrued Expenses	\$ 82,227
Refundable Meter Deposits	388,003
Notes, Bonds and Capital Leases Payable - Due Within One Year	140,599
<b>Total Current Liabilities</b>	<b>610,829</b>

**Noncurrent Liabilities**

Net Pension Liability	750,988
Accrued Compensated Absences	7,177
Notes, Bonds and Capital Leases Payable	2,674,792
<b>Less Current Portion</b>	<b>3,432,957</b>

**Total Noncurrent Liabilities**

**TOTAL LIABILITIES**

**\$ 4,043,786**

**Deferred Inflows of Resources**

Deferred Inflows - Pensions	13,144
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**TOTAL DEFERRED INFLOWS OF RESOURCES**

**\$ 13,144**

**NET POSITION**

Net Investment in Capital Assets	5,604,154
Unrestricted	1,903,273
<b>TOTAL NET POSITION</b>	<b>7,507,427</b>

The accompanying notes are an integral part of these financial statements.

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**CITY OF BALDWIN, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**FUND NET POSITION - PROPRIETARY FUNDS**  
**For the Fiscal Year Ended September 30, 2016**

**OPERATING REVENUES**

Charges for Services	\$ 2,510,599
Service Charges and Penalties	42,983
Other Receipts	18,278
Total Operating Revenues	<u>2,571,860</u>

Less: Gas Purchased	<u>582,578</u>
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Net Income Before Operating Expenses	<u>1,989,282</u>
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**OPERATING EXPENSES**

Personnel Services	443,982
Contractual Services	339,988
Supplies	322,359
Depreciation	518,133
Bad Debts	5,930
Other Services	90,570
Total Operating Expenses	<u>1,720,962</u>

Operating Income	<u>268,320</u>
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**NON-OPERATING REVENUES (EXPENSES)**

Interest Income	2,148
Interest and Fiscal Charges	<u>(86,464)</u>

Total Non-Operating Revenues (Expenses)	<u>(84,316)</u>
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Income (Loss) before Operating Transfers	184,004
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Operating Transfers (Out)	<u>(350,000)</u>
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CHANGE IN NET POSITION	(165,996)
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NET POSITION - OCTOBER 1,	<u>7,673,423</u>
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NET POSITION - SEPTEMBER 30,	<u>\$ 7,507,427</u>
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The accompanying notes are an integral part of these financial statements.

**CITY OF BALDWIN, MISSISSIPPI**  
**STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS**  
**For the Fiscal Year Ended September 30, 2016**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash Received from Customers	\$ 2,650,496
Cash Payments for Gas Purchases	(597,998)
Cash Payments for Personnel Services	(408,322)
Cash Payments for Contractual Services	(371,973)
Cash Payments for Supplies	(319,482)
Cash Payments for Other Services	(87,114)
Net Cash Provided By (Used In) Operating Activities	<u>865,607</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:**

Operating Transfers - In from (Out) to Other Funds	<u>(271,607)</u>
Net Cash Flows Provided By (Used In) Noncapital Financing Activities	<u>(271,607)</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

Acquisition Fixed Assets	(137,256)
Principal Paid on Bonds, Notes and Capital Lease Payables	(133,806)
Interest Paid on Bonds, Notes and Capital Lease Payables	(86,933)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>(357,995)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest on Investments	<u>2,148</u>
Net Cash Provided By (Used In) Investing Activities	<u>2,148</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	238,153
CASH AND CASH EQUIVALENTS, OCTOBER 1	<u>2,484,913</u>
CASH AND CASH EQUIVALENTS, SEPTEMBER 30	<u>\$ 2,723,066</u>

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:**

Operating Income	\$ 268,320
Adjustments to Reconcile Operating Income to Net Cash Provided By (Used In) Operating Activities	
Depreciation	518,133
Net Pension Expense	33,993
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	58,768
Increase (Decrease) in Accounts Payable - operating activities	(35,142)
Increase (Decrease) in Accrued Compensated Absences	1,667
Increase in Customer Deposits	19,868
Total Adjustments	<u>597,287</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 865,607</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF BALDWIN, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Baldwin, Mississippi operates under the Home-Rule authority granted by the 1985 Mississippi Legislature. A mayor-board of aldermen form of government is used and the City provides the following services: public safety (police and fire), street maintenance, sanitation, water, sewer, and gas services and general administrative services.

**Government-Wide and Fund Financial Statements**

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net position and the statement of activities display information on all nonfiduciary activities of the primary government and its component units. The statements distinguish between those activities of the City that are governmental, which are normally supported by taxes and intergovernmental revenues, and those that are considered business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position presents the financial condition of the governmental and business-type activities for the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods and services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

**Fund Financial Statements**

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Separate financial statements are provided for governmental funds and proprietary funds. The focus of governmental and enterprise fund financial statements are on major funds. Each major fund is presented in a separate column. Nonmajor funds, where applicable, are aggregated and presented in a single column.

**CITY OF BALDWIN, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible in the current period or soon enough thereafter to pay liabilities of the current period. For this purposes, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Significant revenues considered to be susceptible to accrual in addition to general property taxes include sales tax and various categorical grants.

The City reports the following governmental funds:

*General Fund* – The General Fund is used to account for all financial resources of the primary government except those required to be accounted for in another fund. The majority of current operations are financed by this fund. Transfers to other funds and agencies are made from this fund. Monies from other funds may be received unless prohibited by the purpose and object of such funds. This is a major fund.

*Special Revenue Fund* – The Special Revenue Fund is used to account for the proceeds of specific federal and state grants that are legally restricted to expenditures for specified purposes. This is a nonmajor governmental fund.

The City reports the following major proprietary funds:

*The Water, Sewer and Gas Fund* – This fund is used to account for the City's water and sewer treatment and distribution system as well as the gas distribution system. This fund is responsible for water and gas delivery to the residents of the City of Baldwin.

The City has elected to apply all Governmental Accounting Standards Board (GASB) pronouncements, applicable Financial Accounting Standards Board (FASB) pronouncements, and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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**CITY OF BALDWIN, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Amounts reported as program revenues include: 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues are those which cannot be associated directly with program activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the proprietary funds are as follows: sale of water, charges for sewer treatment and sale of gas. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

Financial Reporting Entity

The City's combined financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City'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 City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is a fiscal dependency by the organization on the City

Included within the reporting entity:

*City of Baldwin gas, water and sewer system.* The rates for user charges and bond issuance authorizations also are approved by the government's governing body and the legal liability for the general obligation portion of the gas, water and sewer debt remains with the government.

Excluded from the reporting entity:

*City of Baldwin Separate School District.* This potential component unit has a separate elected and/or appointed board and provides services to residents, generally within the geographic boundaries of the government. This is excluded from the reporting entity because the government does not have the ability to exercise influence or control over their daily operations, approve budgets or provide funding.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**CITY OF BALDWIN, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Budgets and Budgetary Accounting**

The mayor and board of aldermen generally follow the following proposed budget calendar of the State Department of Audit in establishing the budgetary data reflected in the financial statements:

- (1) The mayor and board of aldermen formulate the budget policy at the May board meeting.
- (2) Department budget requests are prepared by the appropriate people and submitted by the July board meeting.
- (3) A proposed budget is presented at the August meeting and a notice of public budget hearings and availability of the budget for inspection is published.
- (4) Between August 15th-30th a public hearing is held and the budget is adopted. The anticipated tax levy is reviewed to determine whether public notice is required on any levy.
- (5) Between September 1st-15th the budget must be adopted and the tax levy set.
- (6) Between September 1st-30th, in accordance with the City's population, the budget must be posted in three public places.
- (7) And, between September 15th-30th the budget as adopted should be written up, filed with the municipal clerk and public notice given of the availability of the budget for inspection. Expenditures may not legally exceed budgeted appropriations at the activity level. During the year, several supplementary appropriations were necessary.
- (8) Further, budgets are used as management control devices in the Proprietary Fund. This budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), except the Proprietary Fund recognizes all expenditures for debt as expense and no depreciation expense is recognized.

Unused appropriations for all of the above annually budgeted funds lapse at the end of the year. The budget amounts shown in the financial statements are the final authorized amounts after appropriate revisions during the year.

Expenditures may not legally exceed budgeted appropriations at the activity level except for capital outlays, election expenses and emergency expenditures.

**Cash and Investments**

Deposits- The collateral for public entities' deposits in financial institutions is now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under this program, the entity's deposits are protected through a collateral pool administered by the State Treasurer.



**CITY OF BALDWIN, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

Investments - State statutes, City bond ordinances and City resolutions authorize the City's investments. The City is authorized to invest in any bonds or other direct obligations of the United States of America or the State of Mississippi, or of any county or municipality of this state, or of any school district, which such county or municipal or school district bonds have been approved by a reputable bond attorney or have been validated by a decree of the chancery court, or in obligations issued or guaranteed in full as to principal and interest by the United States of America which are subject to a repurchase agreement with a qualified depository or in interest-bearing time certificates of deposit with municipal depositories serving in accordance with Section 27-105-353 at a rate of interest not less than a simple interest rate numerically equal to the average bank discount rate on United States Treasury bills of comparable maturity.

The City's investments as of September 30, 2016 are:

Investments:

Certificates of Deposit	\$ 892,147
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These certificates of deposit are classified as cash and cash equivalents on the financial statements since they have a maturity of three months or less.

Revenue Recognition - Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent February 1 of the following year.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within thirty days after year end.

General Obligation Enterprise Bonds

The enterprise funds provide the annual debt service requirements on certain general obligation enterprise bonds (not secured by system revenues) issued to finance system improvements.

Since the enterprise funds provide the annual debt service on these general obligation enterprise bonds, the bonds are considered to be obligations of the enterprise funds and have been reported on the balance sheets of the enterprise funds.

Although the general obligation enterprise bonds are reported on the balance sheets of the enterprise funds, they are backed by the full faith and credit of the City and are therefore a contingent liability to the general government.

**CITY OF BALDWIN, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Compensated Absences**

The City's policy allows employees to accumulate unused sick leave up to 42 days. The City also allows employees to accumulate comp time. Upon termination, any accumulated comp time will be paid to the employee.

**Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates. Significant estimates used in preparing these financial statements include those assumed in computing the provision for uncollectible court fines, the provision for uncollectible proprietary fund accounts receivable, and the defined benefit pension plan liability. It is at least reasonably possible that the significant estimates used will change within the next year.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash and cash equivalents include demand deposit accounts and certificates of deposit with an original maturity of three months or less from the date of acquisition.

**Fund Balance Classification**

The City has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions. In accordance with GASB Statement No. 54, the governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City's Board of Aldermen. These amounts cannot be used for any other purpose unless the Board of Aldermen removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

**CITY OF BALDWIN, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- **Assigned:** This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Aldermen or through the Board of Aldermen delegating this responsibility to the City's management through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- **Unassigned:** This classification includes the residual fund balance for the General Fund and all other amounts not included in other spendable classifications.

**Encumbrances**

State law does not require that funds be available when goods or services are ordered, only when paid for. Due to this circumstance the city does not employ an encumbrance system.

**Business Information**

The City of Baldwin provides gas, water, and sewer services to customers located within the city limits of Baldwin, Mississippi as well as a limited number of customers outside the city limits. Credit is extended to all of these customers for services.

**Pensions**

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

**CITY OF BALDWIN, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE 2 - FIXED ASSETS**

The following is a summary of capital asset activity as of September 30, 2016:

Primary Government:

	Balance 10-01-15	Additions	Transfers	Balance 09-30-16
Capital Assets, not being depreciated:				
Land	\$ 282,614	\$ 0	\$ 0	\$ 282,614
Construction-in-progress	<u>0</u>	<u>464,929</u>	<u>0</u>	<u>464,929</u>
Total Capital Assets, not being Depreciated:	282,614	464,929	0	747,543
Capital Assets being depreciated:				
Plant, Buildings, & Improvements	2,321,473	2,300	0	2,323,773
Infrastructure	1,835,380	22,582	0	1,857,962
Machinery and Equipment	<u>1,475,633</u>	<u>87,347</u>	<u>0</u>	<u>1,562,980</u>
Total Capital Assets being depreciated:	5,632,486	112,229	0	5,744,715
Less Accumulated Depreciation for:				
Plant, Buildings, & Improvements	(1,052,811)	(58,520)	0	(1,111,331)
Machinery and Equipment	(1,062,515)	(81,292)	0	(1,143,807)
Infrastructure	<u>(503,035)</u>	<u>(58,792)</u>	<u>0</u>	<u>(561,827)</u>
Total Accumulated Depreciation	(2,618,361)	(198,604)	0	(2,816,965)
Total Capital Assets, depreciated, net Governmental Activities	<u>3,014,125</u>	<u>(86,375)</u>	<u>0</u>	<u>2,927,750</u>
Capital Assets, net	<u>\$ 3,296,739</u>	<u>\$ 378,554</u>	<u>\$ 0</u>	<u>\$ 3,675,293</u>

The City's capitalization threshold is \$1,000 for general fixed assets and \$5,000 for infrastructure assets. The City retroactively applied these thresholds to all general fixed assets in service at September 30, 2004 pursuant to GASB requirements. Donated assets are recorded at fair market value.

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**CITY OF BALDWIN, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE 2 - FIXED ASSETS (continued)**

A summary of business-type capital asset activity at September 30, 2016 follows:

	Balance 10-01-15	Additions	Transfers	Balance 09-30-16
Capital Assets, not being depreciated:				
Land	\$ 244,816	\$ 0	\$ 0	\$ 244,816
Total Capital Assets, not being Depreciated:	244,816	0	0	244,816
Capital Assets being depreciated:				
Plant, Buildings, & Improvements	16,406,878	68,881	0	16,475,759
Machinery and Equipment	809,649	68,375	0	878,024
Total Capital Assets being depreciated:	17,216,527	137,256	0	17,353,783
Less Accumulated Depreciation for:				
Plant, Buildings, & Improvements	(8,244,783)	(452,067)	0	(8,696,850)
Machinery and Equipment	(416,138)	(66,066)	0	(482,204)
Total Accumulated Depreciation	(8,660,921)	(518,133)	0	(9,179,054)
Total Capital Assets, depreciated, net Business-type Activities	8,555,606	(380,877)	0	8,174,729
Capital Assets, net	\$ 8,800,422	\$ (380,877)	\$ 0	\$ 8,419,545

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. Depreciation has been calculated on the fixed assets using the following useful lives:

Plant, building, and Improvements	5 – 40 Years
Machinery and Equipment	5 – 15 Years
Furniture and Fixtures	5 – 20 Years
Vehicles	5 – 10 Years

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

Governmental Activities:	
General Government	\$ 44,336
Public Safety	76,045
Public Works	60,460
Culture and Recreation	14,763
Total Depreciation Expense – Governmental Activities	\$ 198,604
Depreciation Expense for Water, Sewer and Gas	\$ 518,133

**CITY OF BALDWIN, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE 3 - RECEIVABLES**

Receivables at September 30, 2016, consisted primarily of property and other taxes, accounts (billings for user charged services including unbilled utility services), intergovernmental receivables arising from entitlements and shared revenues, and accrued interest on investments.

All accounts receivable are shown net of an allowance for uncollectible amounts where applicable. The allowance is based on management estimates and the average age of receivables.

**NOTE 4 - LONG-TERM DEBT**

The following is a summary of bond transactions of the City for the year ended September 30, 2016:

	<u>Notes &amp; Bonds Payable</u>	<u>Capital Leases</u>	<u>Total</u>
Bonds and Other Long-Term Debt at 10/1/15	\$ 3,244,197	\$ 31,998	\$ 3,276,195
Add: Bonds and Other Long-Term Debt Acquired	0	0	0
Less: Bonds and Other Long-Term Debt Retired	<u>178,806</u>	<u>17,764</u>	<u>196,570</u>
Bonds and Other Long-Term Debt at 9/30/16	<u>\$ 3,065,391</u>	<u>\$ 14,234</u>	<u>\$ 3,079,625</u>

Bonds and other long-term debt at September 30, 2016 are comprised of the following issues:

**General Obligation Bonds:**

\$600,000 Public Improvement Bonds due in annual installments of \$30,000 to \$55,000 through July 1, 2021; interest at 5.75 percent to 4.10 percent \$ 250,000

**Revenue Bonds:**

\$1,180,000 Combined Water, Sewer and Gas System Revenue Bond due in annual installments of \$25,000 to \$70,000 through June 1, 2032; interest at 3.7 percent to 4.7 percent \$ 865,000

**Notes Payable:**

\$638,549 Note due in 237 monthly installments of \$3,189 through October 2030; interest at 1.75 percent \$ 477,300

\$1,610,110 Note due in 236 monthly installments of \$8,220 through June 1, 2034; interest at 1.95 percent 1,473,091  
\$ 1,950,391

**CITY OF BALDWIN, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE 4 - LONG-TERM DEBT (continued)**

**Capital Leases Payable:**

\$32,750 Capital Lease Payable due in 36 monthly installments of \$982 through January 1, 2018; interest at 5.00 percent

\$ 14,234  
\$ 14,234

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

The Annual requirements to amortize all debt outstanding as of September 30, 2016 including interest payments of \$715,876 are as follows:

Year Ending September 30	Governmental Funds		Proprietary Funds		Total	Total
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 56,325	\$ 11,235	\$ 140,599	\$ 70,700	\$ 196,924	\$ 81,935
2018	52,909	8,893	142,517	69,642	195,426	78,535
2019	50,000	6,744	144,472	66,182	194,472	72,926
2020	50,000	4,594	151,464	60,319	201,464	64,913
2021	55,000	2,406	153,494	56,354	208,494	58,760
2022 - 2026	0	0	834,310	232,467	834,310	232,467
2027 - 2031	0	0	922,430	116,126	922,430	116,126
2032 - 2036	0	0	326,105	10,214	326,105	10,214
	<u>\$ 264,234</u>	<u>\$ 33,872</u>	<u>\$ 2,815,391</u>	<u>\$ 682,004</u>	<u>\$ 3,079,625</u>	<u>\$ 715,876</u>

**NOTE 5 - INTERFUND RECEIVABLES AND PAYABLE**

Individual fund interfund receivable and payable balances at September 30, 2016, were:

	Interfund Receivables	Interfund Payables
General Fund	\$ 5,004	\$ 37,136
Special Revenue Fund:		
Fire Truck Maintenance Fund		5,004
Library O&M Fund	25,016	
Enterprise Fund:		
Water, Sewer, and Gas System Fund	<u>12,120</u>	<u>0</u>
	<u>\$ 42,140</u>	<u>\$ 42,140</u>



**CITY OF BALDWIN, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE 6 - LITIGATION**

Certain claims, suits, and complaints arising in the ordinary course of business have been filed or are pending against the City. In the opinion of the elected officials, all such matters are adequately covered by insurance, or if not so covered, are without merit or are of such kind, or involve such amounts, as would not have a significant effect on the financial position or results of operations of the City if disposed of unfavorably.

**NOTE 7 - DEFINED BENEFIT PENSION PLAN**

*Plan Description-* Employees of the City of Baldwin are provided a defined benefit pension plan through the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing agent multiple-employer pension plan. The Public Employees' Retirement System of Mississippi (PERS) was created with the purpose to provide pension benefits for all state and public education employees, sworn officers of the Mississippi Highway Safety Patrol, other public employees whose employers have elected to participate in the System, and elected members of the State Legislature and the President of the Senate. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

*Benefits Provided-* For the cost-sharing plan participating members who are vested and retire at or after age 60 or those retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.00% of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.50% for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service.

A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary. Retirees and beneficiaries who have been receiving benefit payments for at least one full fiscal year are eligible to receive an annual Cost-of-Living Adjustment (COLA). Designed to help offset the effects of inflation, the COLA is equal to 3% of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3% compounded for each fiscal year thereafter.

**CITY OF BALDWIN, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE 7 - DEFINED BENEFIT PENSION PLAN (continued)**

Employee membership data related to the Plan, as of June 30, 2016 was as follows:

Retirees and Survivors	99,483
Terminated Vested Employees	19,400
Inactive Nonvested Members	123,235
Active Members	<u>154,104</u>
Total	<u>396,222</u>

*Contributions-* The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. PERS members are required to contribute 9.00% of their annual covered salary and the City of Baldwin is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. The contributions are deducted from the employees' wages or salary and remitted by the City to PERS on a monthly basis. By law, employer contributions are required to be paid. The employer's actuarially determined contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

For the year ended September 30, 2016, the City of Baldwin's total payroll for all employees was \$1,318,680. Total covered payroll was \$1,214,962. Covered payroll refers to all compensation paid by the City to active employees covered by the Plan.

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions-* At September 30, 2016, the City of Baldwin reported a liability of \$3,301,883 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Baldwin's proportion of the net pension liability was based on a projection of the City of Baldwin's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2016, the City of Baldwin's proportion was 0.018485%.

**CITY OF BALDWIN, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE 7 - DEFINED BENEFIT PENSION PLAN (continued)**

For the year ended September 30, 2016, the City of Baldwin recognized pension expense of \$299,972. At September 30, 2016, the City of Baldwin reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Results - Pensions	\$ 92,098	\$ 0
City Pension Contributions Subsequent to the Measurement Date	52,646	0
Changes of Assumptions	155,658	8,774
Net Difference Between Projected and Actual Investment Earnings on Investments	223,687	0
Changes in Proportion and Differences Between ER Contributions and Proportionate Share Of ER Contributions	0	49,016
Total	\$ <u>524,089</u>	\$ <u>57,790</u>

The \$52,646 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	<u>Amount</u>
2017	\$ 140,863
2018	101,176
2019	106,384
2020	65,230
Total	\$ <u>413,653</u>

**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75-19.00%, average, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2016, with male rates set forward one year.

**CITY OF BALDWIN, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2016

**NOTE 7 - DEFINED BENEFIT PENSION PLAN (continued)**

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Broad	34.00%	5.20%
International Equity	19.00%	5.00%
Emerging Markets Equity	8.00%	5.45%
Fixed Income	20.00%	0.25%
Real Assets	10.00%	4.00%
Private Equity	8.00%	6.15%
Cash	1.00%	(0.50)%
Total	100.00%	

**Discount Rate**-The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City of Baldwin's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**-The following presents the City of Baldwin's proportionate share of the net pension liability using the discount rate of 7.75%, as well as what the City of Baldwin's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	Discount Rate	City's Proportionate Share of Net Pension Liability
1% decrease	6.75%	\$4,233,754
Current discount rate	7.75%	\$3,301,883
1% increase	8.75%	\$2,528,732

**CITY OF BALDWIN, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2016**

**NOTE 7 - DEFINED BENEFIT PENSION PLAN (continued)**

*Plan Fiduciary Net Position*-Detailed information about the Plan's fiduciary net position is available in the separately issued Public Employees' Retirement System of Mississippi (PERS) financial report.

**NOTE 8 - FUND BALANCE RECONCILIATION - GENERAL FUND BUDGET BASIS**

Mississippi state law requires, for budget purposes, that the general fund record revenues on the cash basis. Generally accepted accounting principles (GAAP) would require that the revenues be accounted for on the modified accrual basis; therefore, the required budgetary basis would not be considered to be GAAP. Any accruals of revenues included on the "Combined Statement of Revenues, Expenditures and Changes - All Governmental Fund Types" are eliminated for budget purposes. In the current fiscal year accrued revenues were \$3,721 more than cash revenues.

**NOTE 9 - RISK MANAGEMENT**

The City of Baldwin is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs of the City except for certain employment practices liabilities, certain environmental liabilities, worker's compensation liabilities funded through a public entity risk pool, and catastrophic natural disasters that may exceed insurance coverages for which the City retains the risk of loss.

Risk of loss related to workers compensation for injuries to City employees is covered through the Mississippi Municipal Workers' Compensation Group, a public entity risk pool. The pool was formed on March 28, 1989, by the Mississippi Nonprofit Corporation Act, pursuant to Section 71-3-75, Mississippi Code Annotated (1972), to provide public entities within the State of Mississippi workers compensation and employer's liability coverage. The City pays premiums to the pool for its workers' compensation insurance coverage based on total payroll.

The participation agreement provides that the pool will be self-sustaining through member premiums. The risk of loss is remote for claims exceeding the pool's retention liability. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. For insured programs there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The City Attorney estimates that the amount of actual or potential claims against the City as of September 30, 2016, will not materially affect the financial condition of the City. Therefore, no provisions have been made for estimated claims. There have been no material claims paid by the City during the current or prior year.

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**CITY OF BALDWIN, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE 10 - EXPENDITURES OVER APPROPRIATIONS FOR INDIVIDUAL FUNDS**

Any expenditure over appropriations at the legal level or budgetary control for the respective funds are disclosed in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual for the respective fund. Expenditures over appropriations at the legal level of budgetary control are as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Overage</u>
<b>General Fund:</b>			
Public Works			
Other Services and Charges	\$ 89,500	95,625	6,125
<b>Tourism Fund:</b>			
Tourism			
Supplies	\$ 5,200	\$ 33,649	\$ 28,449
Other Services and Charges	75,215	80,347	5,132

**NOTE 11 - COMMITMENTS**

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

**NOTE 12 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through September 27, 2017, the date on which the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF BALDWIN, MISSISSIPPI**  
**SCHEDULE OF THE CITY'S PROPORTIONATE**  
**SHARE OF THE NET PENSION LIABILITY**  
**Last 10 Fiscal Years**  
**For the Year Ended September 30, 2016**

	2016	2015
A. Baldwin's proportion of net pension liability (%)	0.018485%	0.018200%
B. Baldwin's proportionate share of net pension liability	\$3,301,883	\$2,813,361
C. Baldwin's covered employee payroll	\$1,214,962	\$1,133,723
D. Baldwin's proportionate share of net pension liability as a percentage of its covered employee payroll (%)	271.77%	248.15%
E. Plan fiduciary net position as a percentage of total pension liability	57.47%	61.70%

The notes to the required supplementary information are an integral part of this schedule.

The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/2015, and until a full 10-year trend is compiled, the City has only presented information for the years in which information was available.

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**CITY OF BALDWIN, MISSISSIPPI**  
**SCHEDULE OF THE CITY'S CONTRIBUTIONS**  
**For the Last 10 Fiscal Years**  
**For the Year Ended September 30, 2016**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
A. Statutorily required contributions	\$191,356	\$178,563	\$184,891
B. Contributions in relation to statutorily required contributions	\$191,356	\$178,563	\$184,891
C. Contribution deficiency (excess)	\$0	\$0	\$0
D. Baldwin's covered employee payroll	\$1,214,962	\$1,133,723	\$1,173,892
E. Contributions as a percentage of covered employee payroll	15.75%	15.75%	15.75%

The notes to the required supplementary information are an integral part of this schedule.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/2015, and until a full 10-year trend is compiled, the City has only presented information for the years in which information was available.

**CITY OF BALDWIN, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended September 30, 2016**

**Pension Schedules**

**(1) Changes in benefit provisions**

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

**(2) Changes of assumptions**

In 2015 and later, the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. In 2015, the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively. In 2016, the assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

**(3) The comparative information presented on the Schedule of the Department's Contributions does not include information for years prior to 2014 because GASB 68 was implemented in the 2015 fiscal year. Information for the 2014 year was included because it was necessary to record the prior period adjustment in the implementation of GASB 68.**

## COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

**CITY OF BALDWIN, MISSISSIPPI**  
**COMPARATIVE BALANCE SHEET - GENERAL FUND**  
**September 30, 2016 and 2015**

	GENERAL	
	SEPTEMBER 30, 2016	SEPTEMBER 30, 2015
<b><u>ASSETS</u></b>		
Cash and Cash Equivalents	\$ 413,045	\$ 241,468
Money Market, CD's	67,949	67,915
Due From Other Governments	39,060	35,100
Due From Other Funds	5,004	24,849
Utility Deposits	140	140
	<hr/>	<hr/>
Total Assets	\$ 525,198	\$ 369,472
	<hr/>	<hr/>
<b><u>LIABILITIES AND FUND BALANCE</u></b>		
<b><u>Liabilities</u></b>		
Accounts Payable and Accrued Expenses	\$ 364,741	\$ 47,988
Checks Issued in Excess of Deposits	12,531	53,481
Due to Investors	-	22,228
Due to Other Governments	-	6,489
Due to Other Funds	37,136	111,592
	<hr/>	<hr/>
Total Liabilities	414,408	241,778
	<hr/>	<hr/>
<b><u>Fund Balance</u></b>		
Restricted for:		
Police/Narcotics	10,774	10,845
Nonspendable:		
Cemetery Trust Fund	224	4,054
Assigned	-	-
Unassigned	99,792	112,795
	<hr/>	<hr/>
Total Fund Balance	110,790	127,694
	<hr/>	<hr/>
Total Liabilities and Fund Balance	\$ 525,198	\$ 369,472
	<hr/>	<hr/>

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - BUDGET AND ACTUAL - GENERAL FUND  
For the Fiscal Year Ended September 30, 2016**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b><u>REVENUES</u></b>			
Ad Valorem Taxes	\$ 574,397	\$ 599,027	\$ 24,630
Privilege Licenses and Fees	15,500	16,690	1,190
Road Maintenance	95,650	112,004	16,354
Sales Tax	535,000	535,921	921
State Aid	10,000	4,746	(5,254)
Homestead Reimbursement	56,203	56,203	-
Fines and Forfeits	82,384	106,801	24,417
TVA In-Lieu Tax	48,000	29,307	(18,693)
PCEPA In-Lieu Tax	50,000	47,767	(2,233)
School Tax Collection Fees	115,000	120,292	5,292
Concessions & Park Commission	10,000	9,427	(573)
Miscellaneous	3,550	22,850	19,300
Cable Franchise Fees	15,000	19,822	4,822
Museum Income	41,643	19,517	(22,126)
Interest Income	200	402	202
Penalties and Interest	500	-	(500)
Chamber Reimbursement	8,000	-	(8,000)
Grant Income - Police	42,000	-	(42,000)
Grant Income - Small Munic.	600,000	472,492	(127,508)
Rent Income	38,000	29,977	(8,023)
Total revenues	<u>2,341,027</u>	<u>2,203,245</u>	<u>(137,782)</u>
<b><u>EXPENDITURES</u></b>			
General Government			
Personnel Services	264,234	262,988	1,246
Supplies	21,450	20,894	556
Other Services and Charges	180,542	161,947	18,595
Capital Outlay	-	24,882	(24,882)
Total	<u>466,226</u>	<u>470,711</u>	<u>(4,485)</u>
Public Safety			
Personnel Services	899,402	876,407	22,995
Supplies	99,000	93,956	5,044
Other Services and Charges	82,984	82,038	946
Capital Outlay	49,650	45,250	4,400
Total	<u>1,131,036</u>	<u>1,097,651</u>	<u>33,385</u>
Public Works			
Personnel Services	355,000	319,813	35,187
Supplies	65,000	64,994	6
Other Services and Charges	89,500	95,625	(6,125)
Capital Outlay	507,000	465,354	41,646
Total	<u>1,016,500</u>	<u>945,786</u>	<u>70,714</u>

**CITY OF BALDWIN, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES - BUDGET AND ACTUAL - GENERAL FUND - Continued**  
**For the Fiscal Year Ended September 30, 2016**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Debt service			
Principal Retirement	70,018	62,850	7,168
Interest and Fiscal Charges	<u>7,247</u>	<u>7,247</u>	<u>-</u>
Total	<u>77,265</u>	<u>70,097</u>	<u>7,168</u>
Total expenditures	<u>2,691,027</u>	<u>2,584,245</u>	<u>106,782</u>
Excess (Deficit) revenues over (under) expenditures	<u>(350,000)</u>	<u>(381,000)</u>	<u>(31,000)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Gain (Loss) on Disposition of Fixed Assets	-	10,375	10,375
Proceeds from Debt Issuance	-	-	-
Transfers (to) from Other Funds	<u>350,000</u>	<u>350,000</u>	<u>-</u>
Total other financing sources (uses)	<u>350,000</u>	<u>360,375</u>	<u>10,375</u>
Excess (Deficit) of revenues and other sources over (under) expenditures and other uses	-	(20,625)	(20,625)
Fund balances at October 1, 2015	<u>127,694</u>	<u>127,694</u>	<u>-</u>
Fund balances at September 30, 2016	\$ <u>127,694</u>	107,069	\$ <u>(20,625)</u>
Adjustments To GAAP Basis:			
Less: Accrued revenue		<u>3,721</u>	
Fund Balance GAAP September 30, 2016		\$ <u>110,790</u>	

**CITY OF BALDWIN, MISSISSIPPI**  
**COMBINING BALANCE SHEET - ALL SPECIAL REVENUE FUNDS**  
**SEPTEMBER 30, 2016**

				<u>TOTALS</u>	
	<u>FIRE TRUCK MAINTENANCE</u>	<u>LIBRARY OPERATION AND MAINTENANCE</u>	<u>TOURISM FUND</u>	<u>SEPTEMBER 30, 2016</u>	<u>SEPTEMBER 30, 2015</u>
<b><u>ASSETS</u></b>					
Cash and Cash Equivalents	\$ 153,060	\$ 856	\$ 12,531	\$ 166,447	\$ 210,274
Due from Other Governments	-	-	11,170	11,170	11,455
Due from Other Funds	-	25,016	-	25,016	21,079
<b>Total Assets</b>	<b>\$ 153,060</b>	<b>\$ 25,872</b>	<b>\$ 23,701</b>	<b>\$ 202,633</b>	<b>\$ 242,808</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b><u>Liabilities</u></b>					
Accounts Payable	\$ 3,434	\$ -	\$ 2,287	\$ 5,721	\$ 5,426
Due to Other Funds	5,004	-	-	5,004	24,849
<b>Total Liabilities</b>	<b>8,438</b>	<b>-</b>	<b>2,287</b>	<b>10,725</b>	<b>30,275</b>
<b><u>Fund Balances</u></b>					
Restricted for:					
Fire Insurance Rebate	144,622	-	-	144,622	129,878
Tourism	-	-	21,414	21,414	60,720
Committed to:					
Library	-	25,872	-	25,872	21,935
<b>Total Fund Balances</b>	<b>144,622</b>	<b>25,872</b>	<b>21,414</b>	<b>191,908</b>	<b>212,533</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 153,060</b>	<b>\$ 25,872</b>	<b>\$ 23,701</b>	<b>\$ 202,633</b>	<b>\$ 242,808</b>

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**CITY OF BALDWIN, MISSISSIPPI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES - BUDGET AND ACTUAL - ALL SPECIAL REVENUE FUNDS**  
**For the Fiscal Year Ended September 30, 2016**

	FIRE TRUCK MAINTENANCE			LIBRARY OPERATION & MAINTENANCE			TOURISM FUND			TOTALS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>												
Ad Valorem Taxes	\$ 72,000	\$ 79,960	\$ 7,960	\$ 26,800	\$ 26,349	\$ (451)	\$ -	\$ -	\$ -	\$ 98,800	\$ 106,309	\$ 7,509
Fire Protection -	19,000	21,145	2,145	-	-	-	-	-	-	19,000	21,145	2,145
Lee County	10,000	12,074	2,074	-	-	-	-	-	-	10,000	12,074	2,074
Grants	-	-	-	-	-	-	-	-	-	-	-	-
Interest Income	50	152	102	75	-	(75)	-	-	-	125	152	27
Miscellaneous Income	200	236	36	-	-	-	-	-	-	200	236	36
Tourism Tax	-	-	-	-	-	-	146,560	140,158	(6,402)	146,560	140,158	(6,402)
Total revenues	101,250	113,567	12,317	26,875	26,349	(526)	146,560	140,158	(6,402)	274,685	280,074	5,389
<b>EXPENDITURES</b>												
Public Safety												
Personnel Services	11,000	10,092	908	-	-	-	-	-	-	11,000	10,092	908
Supplies	50,000	30,780	19,220	-	-	-	-	-	-	50,000	30,780	19,220
Other Services and Charges	20,250	16,279	3,971	-	-	-	-	-	-	20,250	16,279	3,971
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	20,000	41,672	(21,672)	-	-	-	-	-	-	20,000	41,672	(21,672)
Culture & Recreation												
Personnel Services	-	-	-	11,675	11,502	173	-	-	-	11,675	11,502	173
Supplies	-	-	-	400	204	196	-	-	-	400	204	196
Other Services and Charges	-	-	-	14,800	10,706	4,094	-	-	-	14,800	10,706	4,094
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-
Tourism												
Personnel Services	-	-	-	-	-	-	66,145	65,183	962	66,145	65,183	962
Supplies	-	-	-	-	-	-	5,200	33,649	(28,449)	5,200	33,649	(28,449)
Other Services and Charges	-	-	-	-	-	-	75,215	80,347	(5,132)	75,215	80,347	(5,132)
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-
Total	101,250	98,823	2,427	26,875	22,412	4,463	146,560	179,179	(32,619)	274,685	300,414	(25,729)
Total expenditures	101,250	98,823	2,427	26,875	22,412	4,463	146,560	179,179	(32,619)	274,685	300,414	(25,729)
Excess (deficit) revenues over (under) expenditures	-	14,744	14,744	-	3,937	3,937	-	(39,021)	(39,021)	-	(20,340)	(20,340)
<b>OTHER FINANCING SOURCES (USES)</b>												
Proceeds from Debt Issuance	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-	-	-	-
Excess (Deficit) of revenues and other sources over (under) expenditures and other uses	-	14,744	14,744	-	3,937	3,937	-	(39,021)	(39,021)	-	(20,340)	(20,340)
Fund balances at October 1, 2015	129,878	129,878	-	21,935	21,935	-	60,720	60,720	-	212,533	212,533	-
Fund balances at September 30, 2016	\$ 129,878	144,622	14,744	\$ 21,935	25,872	3,937	\$ 60,720	21,699	(39,021)	\$ 212,533	192,193	(20,340)
Adjustments to GAAP Basis:												
Less: Accrued revenue	-	-	-	-	-	-	-	(285)	(285)	-	(285)	(285)
Fund balance GAAP September 30, 2016	\$ 129,878	144,622	14,744	\$ 21,935	25,872	3,937	\$ 60,720	21,414	(39,021)	\$ 212,533	191,908	(20,340)



## OTHER SUPPLEMENTARY INFORMATION

**CITY OF BALDWIN, MISSISSIPPI**  
**SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS**  
**September 30, 2016**

<b>NAME</b>	<b>POSITION</b>	<b>COMPANY</b>	<b>BOND</b>
Nan Nanney	City Clerk	Brierfield	\$ 50,000
Michael James	Mayor	Scott Insurance Agency	50,000
Angela Hasting	Water Dept. Clerk	Brierfield	50,000
Lynn Miley	Water Dept. Clerk	Brierfield	50,000
Mariea Burress	Court Clerk	Travelers Casualty and Surety Co.	50,000
Lora Stubbs	Police Dept. Clerk	Travelers Casualty and Surety Co.	50,000
Troy Agnew	Police Chief	Travelers Casualty and Surety Co.	50,000
Ted Trollinger	Park Director	Travelers Casualty and Surety Co.	50,000
Lori Tucker	Asst. to Mayor	Travelers Casualty and Surety Co.	50,000
Tom Nelson	Alderman	Scott Insurance Agency	50,000
Lynda Conlee	Alderman	Scott Insurance Agency	50,000
Leonardo Bowdry	Alderman	Scott Insurance Agency	50,000
Ricky Massengill	Alderman	Scott Insurance Agency	50,000
Barbara Kohleim	Alderman	Scott Insurance Agency	50,000
Richard Alexander	Code Officer	Travelers Casualty and Surety Co.	50,000

**CITY OF BALDWIN, MISSISSIPPI**  
**SCHEDULE OF LONG TERM DEBT**  
**For the Fiscal Year Ended September 30, 2016**

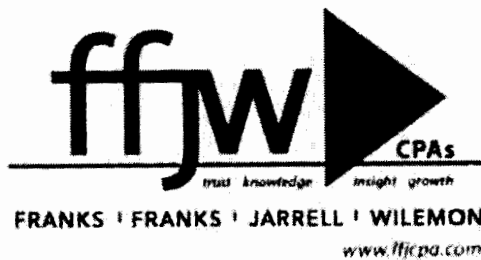
	BALANCE OUTSTANDING October 1, 2015	TRANSACTIONS DURING FISCAL YEAR		BALANCE OUTSTANDING September 30, 2016
		ISSUED	REDEEMED	
<u>General Obligation Bonds</u>				
Public Improvement Bonds	\$ 295,000	\$ -	\$ 45,000	\$ 250,000
<u>Revenue Bonds</u>				
Combined Water, Sewer and Gas System	900,000	-	35,000	865,000
<u>Other Long Term Debt</u>				
Notes Payable - State of Mississippi				
Proprietary Fund-SRF	1,542,268	-	69,177	1,473,091
Capital Lease Payable	25,016	-	10,782	14,234
Capital Lease Payable	6,982	-	6,982	-
Note Payable - State of Mississippi				
Proprietary Fund-SRF	506,929	-	29,629	477,300
TOTAL	\$ 3,276,195	\$ -	\$ 196,570	\$ 3,079,625

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## OTHER REPORTS

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Rudolph Franks, CPA (emeritus)

**INDEPENDENT AUDITORS' 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**

Honorable Mayor and Board of Aldermen  
City of Baldwin, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Baldwin, Mississippi, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Baldwin, Mississippi's basic financial statements and have issued our report thereon dated September 27, 2017.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as findings 2016-1, 2016-2 and 2016-3 that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Baldwin, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of 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 findings and responses as findings 2016-1 and 2016-2.

### **City of Baldwin, Mississippi's Response to Findings**

City of Baldwin, Mississippi's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. City of Baldwin, Mississippi's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

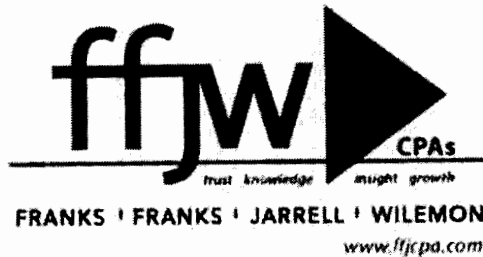
*Franks, Franks, Jarrell & Wilemon, P.A.*

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Tupelo, Mississippi  
September 27, 2017

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**INDEPENDENT AUDITORS' REPORT  
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS**

Honorable Mayor and Board of Alderman  
City of Baldwin, Mississippi

We have audited the basic financial statements of the City of Baldwin, Mississippi, as of and for the year ended September 30, 2016, and have issued our report dated September 27, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*.

As required by the State legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of those procedures and our audit of the general purpose financial statements disclosed the following material instances of noncompliance with state laws and regulations. Our findings and recommendations and your responses are included in the accompanying schedule of findings and responses as items 2016-1 and 2016-2.

The Office of the State Auditor or a public accounting firm will review, on a subsequent year's audit engagement, the findings in this report to ensure that corrective action has been taken.

This report is intended for the information of the City's management and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Franks, Franks, Jarrell & Wilemon, P.A.*

FRANKS, FRANKS, JARRELL & WILEMON, P.A.  
Tupelo, Mississippi  
September 27, 2017

**CITY OF BALDWIN, MISSISSIPPI  
SCHEDULE OF FINDINGS AND RESPONSES  
SEPTEMBER 30, 2016**

**FINANCIAL STATEMENT FINDINGS:**

**Finding No. 2016-1 Fixed Assets (Material Weakness, Noncompliance)**

**Criteria:** The City is required, by state statutes, to maintain adequate subsidiary records substantiating the existence, completeness and valuation of its fixed assets.

**Effect:** The City did not conduct a complete annual inventory of its fixed assets as needed to maintain proper accountability. The City maintains a listing of fixed assets; however, the listing was found to be incomplete during our audit. Several assets were observed that did not have inventory control tags, and several assets were purchased that were not added to the inventory listing.

**Recommendation:** The City should conduct an annual year-end inventory observation of its fixed assets as required by state statutes. The City should also implement a system of controls that ensures all new assets purchased are charged to the proper capital outlay accounts, properly tagged and added to the inventory listing as soon as they are placed into service.

**Response:** The City will review the current internal controls over fixed assets and implement changes as needed to ensure compliance with state statutes. An annual inventory will be performed near year-end to ensure all assets are properly tagged and accounted for.

**Finding No. 2016-2 Budget (Material Weakness, Noncompliance)**

**Criteria:** The City is required, by state statutes, to prepare a budget for all funds of the City and to monitor and modify the budget as necessary to ensure all expenditures are within the budgeted amounts. Also, Section 21-35-13, Mississippi Code Ann. (1972), requires the City Clerk to prepare a budget report to be presented to the governing authority at the regular meetings each month for monitoring budget status.

**Effect:** The city had budget overages in three expenditure categories for the year ended September 30, 2016.

**Recommendation:** The City should ensure that all expenditures are within the final amended budget amounts.

**Response:** The City will take necessary steps to ensure that budgets are amended prior to budget overages occurring.



**CITY OF BALDWIN, MISSISSIPPI  
SCHEDULE OF FINDINGS AND RESPONSES  
SEPTEMBER 30, 2016**

**Finding No. 2016-3 Segregation of Duties (Material Weakness)**

**Criteria:** The City is to maintain adequate internal controls to ensure accurate processing of transactions for the fair presentation of its financial records.

**Effect:** The City's internal control did not provide for adequate segregation of duties in relation to the utility systems. Specifically, most employees have the capability of adding and deleting accounts, downloading meter readings, billings, adjustments, collections, deposits, and posting of payments. There is no clear defined segregation of duties between the utility personnel. The City's size and number of personnel limit the segregation of duties.

**Recommendation:** The City should consider segregation of duties in all areas of the accounting system. The City should consider job descriptions for various employees. Due to the size and number of employees, optimal segregation of duties will be difficult, however, the City should strengthen segregation of duties in all areas possible.

**Response:** The City will analyze the accounting system and establish procedures that provide clear segregation of duties.

Findings 2016-1, 2016-2 and 2016-3 were findings in the prior year.

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