

TOWN OF BALDWIN, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2020



THE NICHOLS GROUP, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

**TOWN OF BALDWIN, FLORIDA
 SEPTEMBER 30, 2020
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TOWN OF BALDWIN, FLORIDA

TOWN OFFICIALS

MAYOR - COUNCILMAN

Sean Lynch

TOWN COUNCIL

Clayton Plank

Charles Highsmith

Harry Ervin

Kenneth Downs

TOWN CLERK

Lula M. Hill

TOWN ATTORNEY

Zachary R. Roth



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Independent Auditors' Report

The Honorable Town Council
Town of Baldwin, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Baldwin, Florida, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Baldwin, Florida'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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Town of Baldwin, Florida, as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

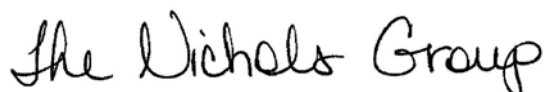
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 6 through 16, and 43 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2021, on our consideration of the Town of Baldwin, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Baldwin, Florida's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Baldwin, Florida's internal control over financial reporting and compliance.



THE NICHOLS GROUP, P.A.
Certified Public Accountants
Fleming Island, Florida

June 21, 2021

MANAGEMENT DISCUSSION AND ANALYSIS

The Town of Baldwin's (the Town) discussion and analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the Town's financial activity, identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

The Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts. The information contained with the MD&A should be considered as a part of the entire report. Please read and evaluate all sections of this report.

HIGHLIGHTS

Financial Highlights

- The Town's net assets increased by \$146,127 (or 1.30%). The governmental activity's net assets decreased by \$79,206 (or 1.54%) and the business-type activity's net assets increased by \$225,333 (or 3.67%).
- The Town created a Reserve account during the prior fiscal year. No large transfers were made to the reserve account during the current fiscal year. The reserve account remained untouched at approximately \$420,000.
- Overall cash balances increased over last year.
- The business-type activity's operating revenues decreased by \$1,364,547 (or 38.44%) from the prior year, consisting of Department of Environmental Protection capital grant funds attributable to construction of the "Wastewater Treatment Facility" project having been received in the prior year. This caused Water/Sewer revenues from grants to decrease in the current fiscal year.
- The Retail Development Fund, which includes the Baldwin Market, had its first full year of business and reported gross sales slightly over \$1 million. The prior year included less than a month of grocery sales, therefore the increase of \$987,352 in sales is attributable to a full year versus less than a month's activity.
- Due to COVID, the Market, which is managed by the Retail Development Fund, experienced some months of great sales volume.
- The regular water and sewer charges remained steady over last year.
- Impact fees were up approximately \$100,000 over last year. This is primarily due to the new travel center completed in the current fiscal year.
- Leachate Contract revenue came to an end as management decided to discontinue this service due to environmental issues. This is the final year for this type of revenue as the service has been discontinued.

- The “Wastewater Treatment Facility” (WWTF) was completed in early 2020. Total cost of the project came to \$3.5 million. The Florida Department of Environmental Protection provided 2 sources of funding for the Wastewater Treatment Facility. Payments on the loan have started and extend over the next 30 years.
- Retirements contributed to the decrease in accruals for compensated absences and an increase currently in payroll expenses related to benefit pay-outs.

Town Highlights

- The Baldwin Market started operating at the end of last year under the Town’s management. The DCA approved this use, and the mayor obtained all the required licenses to allow the grocery store to be run by the Town of Baldwin.
- During the current fiscal year, the grocery store did very well. With lockdowns in place the residents were very glad to have a local grocery store and this, in part, contributed to very robust sales.
- The interchange being build around the Town is still in progress and a new Travel center was completed and is open for business.

Using This Annual Report

The new financial statement’s focus is on both the Town as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the Town’s accountability. The Town of Baldwin’s basic financial statements comprise three components:

1. Government-wide basic financial statements.
2. Fund financial statements
3. Notes to the financial statements.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Town’s finances in a timely manner, similar to a private-sector business. The *statement of net position* presents information on all of the Town’s assets and liabilities, with the difference between the two reported as *net position*. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or declining.

The *statement of activities* presents information showing how the Town’s net position changed during most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected revenues and earned but unused compensatory leave.)

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*government activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety (law enforcement and fire services), streets and highways, and culture and recreation. The business-type activities include water and sewer and retail development.

The government-wide financial statements can be found on pages 17 and 18 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two (2) categories: governmental funds and proprietary funds. There is another type of fund called a fiduciary fund. However, the Town does not currently operate a fiduciary fund.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of expendable resources* as well as on *balances of expendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's *near-term* financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's *near-term* financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The basic government fund financial statements can be found on pages 19 through 21 of this report.

Proprietary fund: The Town maintains two proprietary funds, the Water/Sewer/Garbage Fund and the Retail Development Fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town accounts for three (3) activities in the Water/Sewer/Garbage Fund: water, wastewater, and refuse collection. The Retail Development Fund operating the grocery store known as the Baldwin Market.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide

separate information for the utility fund, which is considered to be a major fund of the Town, as well as separate information for the retail development fund.

The basic proprietary fund financial statements can be found on pages 22 through 24 of this report.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Town's own programs. The Town did not maintain any fiduciary funds for the fiscal year ended September 30, 2020.

Infrastructure Assets

Historically, a government's largest group of assets (infrastructure – buildings, roads, bridges, traffic signals, underground pipes, etc.) have not been reported nor depreciated in government financial statements. GASB 34 requires that these assets be valued and reported within the Governmental column of the Government-wide Statements. These statements reflect the Town's infrastructure assets since its adoption of GASB 34 on October 1, 2003.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found as part of the Basic Financial Statements section of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's budgetary performance with respect to the governmental funds.

GOVERNMENT-WIDE STATEMENTS

Statement of Net Position

**Statement of Net Position
September 30, 2020 and 2019**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 2,558,800	\$ 2,591,321	\$ 672,486	\$ 502,275	\$ 3,231,286	\$ 3,093,596
Capital assets	2,707,260	2,772,885	6,392,031	6,455,923	9,099,291	9,228,808
Total Assets	5,266,060	5,364,206	7,064,517	6,958,198	12,330,577	12,322,404
Other liabilities	109,162	110,325	144,207	287,422	253,369	397,747
Long-term liabilities outstanding	107,818	125,595	557,666	533,465	665,484	659,060
Total Liabilities	216,980	235,920	701,873	820,887	918,853	1,056,807
Net Position:						
Invested in capital assets	2,707,260	2,772,885	6,392,031	6,455,923	9,099,291	9,228,808
Restricted	234,679	226,828	154,096	38,850	388,775	265,678
Unrestricted	2,107,141	2,128,573	(183,483)	(357,462)	1,923,658	1,771,111
Total Net Position	\$ 5,049,080	\$ 5,128,286	\$6,362,644	\$6,137,311	\$ 11,411,724	\$ 11,265,597

The table above reflects the condensed Statement of Net Position. Net position over time may serve as a useful indicator of a government's financial position.

By far, the largest portion of the Town's net position reflects its net investment in capital assets (e.g. land, buildings, infrastructure, and equipment). The Town uses these assets to provide services to citizens; consequently, these assets are not available for future spending.

Normal impacts

There are four (4) normal/customary transactions that will affect the comparability of the Statement of Net Position summary presentation.

Net Results of Activities – this will impact (increase or decrease) current assets and unrestricted net position.

Spending of Non-borrowed Current Assets on New Capital – this will reduce current assets while increasing capital assets and will reduce unrestricted net position while increasing basis in capital assets, net of debt.

Principal Payment of Debt – this will reduce current assets and long-term debt, as well as reducing unrestricted net position and increasing basis in capital assets, net of debt.

Reduction of Capital Assets through Depreciation – this will reduce capital assets and basis in capital assets, net of debt.

Statement of Activities

The following schedule compares the revenues and expenses for the current year.

	Changes in Net Position					
	For the Years Ended September 30, 2020 and 2019					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
REVENUES						
Program Revenues:						
Charges for Services	\$ 45,682	\$ 40,922	\$ 977,325	\$ 878,876	\$ 1,023,007	\$ 919,798
Capital Grants & Contributions	1,600	9,100	166,761	2,485,744	168,361	2,494,844
General Revenues:						
Property taxes	132,978	131,113	-	-	132,978	131,113
Franchise taxes	119,933	96,588	-	-	119,933	96,588
Fuel taxes	54,305	59,604	-	-	54,305	59,604
Infrastructure surtax	102,381	105,074	-	-	102,381	105,074
Sales taxes	147,812	155,361	-	-	147,812	155,361
Utility taxes	161,102	161,864	-	-	161,102	161,864
Investment income	23,875	29,927	-	-	23,875	29,927
Sales	(32,061)	-	1,026,295	38,943	994,234	38,943
Miscellaneous	75,806	88,651	15,153	146,518	90,959	235,169
Total Revenues	833,413	878,204	2,185,534	3,550,081	3,018,947	4,428,285
Program Activities						
Primary Government						
Governmental Activities:						
General Government	(323,691)	(293,490)	-	-	(323,691)	(293,490)
Public Safety	(255,684)	(267,672)	-	-	(255,684)	(267,672)
Streets and Highways	(251,701)	(263,639)	-	-	(251,701)	(263,639)
Culture/Recreation	(159,471)	(191,882)	-	-	(159,471)	(191,882)
Business-type Activities:						
Retail Development	-	-	(1,100,585)	(105,369)	(1,100,585)	(105,369)
Water and Sewer	-	-	(781,688)	(671,786)	(781,688)	(671,786)
Total Expenses	(990,547)	(1,016,683)	(1,882,273)	(777,155)	(2,872,820)	(1,793,838)
Excess of Revenues over Expenses	(157,134)	(138,479)	303,261	2,772,926	146,127	2,634,447
Transfers	77,928	261,893	(77,928)	(261,893)	-	-
Net Increase(Decrease) in Net Assets	\$ (79,206)	\$ 123,414	\$ 225,333	\$ 2,511,033	\$ 146,127	\$ 2,634,447

Normal Impacts

There are nine (9) basic impacts on revenues and expenses as listed:

Revenues

- **Economic Condition** – this can reflect a declining, stable or growing economic environment and has a substantial impact on Ad valorem, sales, gas or other tax revenue as well as public spending habits for building permits and elective user fees.
- **Changes in Council approved rates** – although certain tax rates are set by Statute, the Town Council has significant authority to impose and periodically increase or decrease rates (water, wastewater, refuse, permitting, impact fees, recreation user fees, etc.)
- **Changing Patterns in Grant and Intergovernmental Revenue (both recurring and non-recurring)** – revenue determined by state and inter-local agreements (state revenue sharing and sales/use taxes) may experience significant changes periodically, while non-recurring federal and state grant awards are inconsistent, often times material to the financial statements as a whole, and therefore may be distorting in their impact on year-to-year comparisons.
- **Contribution from the Enterprise Funds** – the Town owns and operates a Water and Sewer Utility system and provides administrative and support services for these utilities. In return, the Town receives payments from the utilities for these services as well as contributions to support other Town services. Therefore, the ongoing competitiveness and vitality of the utilities is important to the Town's well-being.
- **Markets Impacts on Investment Income** – due to varying investment rates received under the Town's investment policies, the Town investment income may fluctuate from year to year.

Expenses

- **Introduction of new programs** – within the functional expense categories (General Government, Public Safety, etc.) individual programs may be added or deleted to meet changing needs.
- **Increase in authorized personnel** – changes in service demand may cause the Council to change authorized staffing. Staffing costs (salary and related benefits) represent approximately 20% of the Town's total net budget.
- **Salary increases** – increases for cost of living, merit and market adjustments are required to attract and retain human and intellectual resources to the Town, and to begin to be competitive in the job market.
- **Inflation** – while overall inflation appears to be reasonably modest, the Town is a major consumer of certain commodities such as chemicals and supplies, fuels and parts. Some functions may experience unusual commodity specific increases. The current gas prices are an example of unforeseen changes in budgeted items and their impact on financial results.

Current Year Impacts

Revenues

- In governmental activities, revenue from taxes saw a slight increase of 1.26%.

- Intergovernmental revenue increased over last year with slight increases in most of the revenue sharing activities.
- Overall governmental activity revenues were down by 0.43% over the previous year due primarily to decrease in contributions.
- Business-type revenues decreased by 38.44% over the previous year. The decrease is primarily due to the non-recurring Department of Economic Opportunities grant received the last year to fund the “Wastewater Treatment Facility” project.
- The impact fees accounted for an increase in total water revenue over last year.

Expenses

- General Fund expenses for administrative purposes showed a net increase over last year in part due to the annual increases to payroll related expenses such as health insurance and payroll taxes and increases in various professional fees.
- General Fund expenses for public safety decreased primarily due to less expenditures on police patrols. The Town pays Jacksonville officers directly to take shifts to patrol the streets of Baldwin.
- General Fund expenses related to streets and highways decreased over last year due primarily to the retired foreman. Capital expenditures were for streets with the resurfacing of various roads during the year.
- General Fund expenses related to culture and recreation decreased over last year due to the retired foreman not being replaced, decrease in the cook expense with COVID restrictions limiting recreational and community activities.
- Business-type expenses increased overall.
- Retail Development operated the store for its first full year. Expenses are not comparable to last year when the store was first rented to IGA and then converted to a Town run store and only had less than a month of operations.
- Slight increase in Water/Sewer expenses attributable an increase in depreciation expense.

Governmental Funds

- Under GASB 54, the fund balance for the governmental funds is segregated into five categories. Restricted funds once used for their intended purpose cause distribution of restricted funds to either governmental or business-type funds depending on their intended use.

Business-type Funds

- The Enterprise Funds ended with a 1.79% increase in net assets in the amount of \$110,087. The current year net assets included completed construction of the wastewater treatment facility and transfers from the general fund to fund payroll and utility costs for the Baldwin Market.
- Transfers from the general operating account off-set an operating loss incurred in the Retail Development fund contributing to the enterprise fund’s reported net income for the year.
- The Retail Development Fund’s operating loss of \$61,362 is attributable to depreciation expense \$21,233 and staffing costs for the year.
- The Baldwin Market has started to repay the General Fund for start-up expenses transferred in and its current cash balance was financed by General Fund transfers made to cover payroll and utility cost during the year.

Budgetary Highlights – General Fund

Actual revenues were \$37,996 less than the final budget. All revenue sources are slightly less than final budget, showing a revision upward was a little too optimistic. Overall, the total revenue was up over the original budget.

Actual expenses were under budgeted amounts by \$337,397. This difference is due in part to the fact that the planned park project did not materialize. Various operating expenses also came in under budget. Public safety was under budget due to reduced extra patrols. Streets and Highways budgeted for additional repair work which in part is captured under Capital Outlay and accounts for the difference there. Street resurfacing was partially completed this year. Changes in payroll and staffing created cost differences. Timing of the completion of projects creates a budget vs actual cost difference under Capital outlays.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of the year end, the Town had \$9,095,421 invested in a variety of net capital assets. This amount represents a net decrease in capital assets (addition, disposition/deletion and depreciation) of \$133,387 or 1.45% from the end of last year.

The current year additions represent completion of the wastewater treatment facility and resurfacing of streets less the write-off of prior year resurfacing costs.

The changes in the capital assets for the year are reflected in the following schedule:

Governmental Activities

	<u>9/30/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>9/30/2020</u>
Buildings	\$ 1,573,154	\$ -	\$ -	\$ 1,573,154
Land	117,712	-	-	117,712
Improvements	1,041,720	-	-	1,041,720
Equipment	216,268	-	-	216,268
Furniture & Fixtures	27,851	-	-	27,851
Infrastructure	1,359,715	121,570	59,463	1,421,822
Computer software	3,559	-	-	3,559
Vehicles	82,640	-	2,600	80,040
Total capital assets	<u>4,422,619</u>	<u>121,570</u>	<u>62,063</u>	<u>4,482,126</u>
Less accumulated depreciation	1,649,734	\$ 151,477	\$ 26,345	1,774,866
Governmental activities capital assets, net	<u><u>\$ 2,772,885</u></u>			<u><u>\$ 2,707,260</u></u>

Business-Type activities

	9/30/2019	Additions	Deletions	9/30/2020
Buildings	\$ 791,521	\$ -	\$ -	\$ 791,521
Land	98,818	-	-	98,818
Sanitation facilities	2,415,996	-	-	2,415,996
Equipment	171,435	-	-	171,435
Waste water plant	2,460,286	3,479,956	-	5,940,242
Water distribution system	2,758,883	-	-	2,758,883
Computer software	12,111	-	-	12,111
Construction in progress	3,305,529	-	3,305,529	-
Total capital assets	12,014,579	3,479,956	3,305,529	12,189,006
Less accumulated depreciation	5,558,656	\$ 238,319	\$ -	5,796,975
Business-Type activities capital assets, net	<u>\$ 6,455,923</u>			<u>\$ 6,392,031</u>
Total Government Capital Assets, net	<u>\$ 9,228,808</u>			<u>\$ 9,099,291</u>

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 38,135
Public safety	2,950
Streets and highways	77,987
Culture/recreation	32,405
Total governmental activities depreciation expense	<u>\$ 151,477</u>

Business-Type activities:

Water and sewer	\$ 217,086
Retail development	21,233
Total business-type activities depreciation expense	<u>\$ 238,319</u>

Debt Outstanding

As of September 30, 2020, the Town had \$694,437 in debt (notes, capital leases, etc.) outstanding compared to \$683,199 as of September 30, 2019, a 1.6% increase. Additional borrowing for the year consisted of \$29,448 which represents the portion of the funds provided by the Department of Environmental Protection subject to repayment over the next 30 years.

	Outstanding Debt	
	September 30,	
	<u>2020</u>	<u>2019</u>
Government Activities:		
Compensated absences	\$ 114,126	\$ 134,620
Governmental activities long-term liabilities	<u>114,126</u>	<u>134,620</u>
Business-Type Activities:		
Due to other governmental units	575,285	545,837
Compensated absences	<u>5,026</u>	<u>2,742</u>
Business-Type activities long-term liabilities	<u>580,311</u>	<u>548,579</u>
Total Debt	<u><u>\$ 694,437</u></u>	<u><u>\$ 683,199</u></u>

ECONOMIC FACTORS

The State of Florida, by Constitution, does not have a state personal income tax and, therefore the State operates primarily using sales, gasoline and corporate income tax revenues. Local governments primarily rely on property and a limited array of permitted other authorized taxes (sales, gasoline, utilities services, etc.) and fees (franchise, occupational licenses, etc.) to support their governmental activities. There are a limited number of state shared revenues and recurring and non-recurring (one-time) grants from both the state and federal governments.

For the business-type activities and certain governmental activities, the user (of services) pays a related fee (or charge) associated therewith. The Town does not face demand to add personnel in order to extend current levels of services to new areas.

FINANCIAL CONTACT

The Town's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the Town's finances and to demonstrate the Town's accountability. Questions about the report or requests for additional financial information should be addressed to the Town of Baldwin, Town Clerk, 10 U.S. Highway 90 West, Baldwin, FL 32234.

TOWN OF BALDWIN, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and cash equivalents, unrestricted	\$ 2,205,186	\$ 325,790	\$ 2,530,976
Cash and cash equivalents, restricted	234,679	154,096	388,775
Accounts receivable (net of allowance for doubtful accounts)	32,723	120,365	153,088
Franchise fees receivable	11,955	-	11,955
Due from other governmental units	72,084	-	72,084
Prepaid expenses	2,173	2,609	4,782
Inventory	-	69,626	69,626
Total Current Assets	<u>2,558,800</u>	<u>672,486</u>	<u>3,231,286</u>
Noncurrent Assets			
Capital assets (net of accumulated depreciation)	<u>2,707,260</u>	<u>6,392,031</u>	<u>9,099,291</u>
Total Noncurrent Assets	<u>2,707,260</u>	<u>6,392,031</u>	<u>9,099,291</u>
TOTAL ASSETS	<u>5,266,060</u>	<u>7,064,517</u>	<u>12,330,577</u>
LIABILITIES			
Accounts payable and other accrued liabilities	102,854	52,985	155,839
Accrued compensated absences	6,308	3,228	9,536
Due to other governmental units	-	19,417	19,417
Payable from restricted assets:			
Customer deposits	-	68,577	68,577
Noncurrent Liabilities:			
Accrued compensated absences (net of current portion)	107,818	1,798	109,616
Due to other governmental units	-	555,868	555,868
TOTAL LIABILITIES	<u>216,980</u>	<u>701,873</u>	<u>918,853</u>
NET POSITION			
Net investment in capital assets	2,707,260	6,392,031	9,099,291
Restricted for:			
Capital expansion and improvement	121,691	154,096	275,787
Convention development	112,988	-	112,988
Unrestricted	<u>2,107,141</u>	<u>(183,483)</u>	<u>1,923,658</u>
Total Net Position	<u>\$ 5,049,080</u>	<u>\$ 6,362,644</u>	<u>\$ 11,411,724</u>

See accompanying notes

**TOWN OF BALDWIN, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Functions/Programs	Expenses	Program Services			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
GOVERNMENTAL ACTIVITIES							
General Government	\$ (323,691)	\$ 45,682	\$ -	\$ 1,600	\$ (276,409)	\$ -	\$ (276,409)
Public Safety	(255,684)	-	-	-	(255,684)	-	(255,684)
Streets and Highways	(251,701)	-	-	-	(251,701)	-	(251,701)
Culture/Recreation	(159,471)	-	-	-	(159,471)	-	(159,471)
TOTAL GOVERNMENTAL ACTIVITIES	(990,547)	45,682	-	1,600	(943,265)	-	(943,265)
BUSINESS-TYPE ACTIVITIES							
Retail Development	(1,100,585)	-	-	-	-	(1,100,585)	(1,100,585)
Water and Sewer	(781,688)	977,325	-	166,761	-	362,398	362,398
TOTAL BUSINESS-TYPE ACTIVITIES	(1,882,273)	977,325	-	166,761	-	(738,187)	(738,187)
TOTAL PRIMARY GOVERNMENT	\$ (2,872,820)	\$ 1,023,007	\$ -	\$ 168,361	(943,265)	(738,187)	(1,681,452)
General Revenues:							
Taxes:							
Property Taxes					132,978	-	132,978
Franchise Taxes					119,933	-	119,933
Fuel Taxes					54,305	-	54,305
Infrastructure Surtax					102,381	-	102,381
Sales Taxes					147,812	-	147,812
Utility Taxes					161,102	-	161,102
Sales					-	1,026,295	1,026,295
Investment Income					23,875	-	23,875
Loss on Sale of Fixed Assets					(32,061)	-	(32,061)
Miscellaneous					75,806	15,153	90,959
Transfers					77,928	(77,928)	-
Total General Revenues and Transfers					864,059	963,520	1,827,579
Change in Net Position					(79,206)	225,333	146,127
Net Position, Beginning					5,128,286	6,137,311	11,265,597
Net Position, Ending					\$ 5,049,080	\$ 6,362,644	\$ 11,411,724

See accompanying notes

**TOWN OF BALDWIN, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2020**

	General Fund
ASSETS	
Cash and cash equivalents, unrestricted	\$ 2,205,186
Cash and cash equivalents, restricted	234,679
Accounts receivable	32,723
Franchise fees receivable	11,955
Due from other governmental units	72,084
Prepaid expenses	2,173
TOTAL ASSETS	\$ 2,558,800
LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts payable and other accrued liabilities	\$ 88,189
Accrued payroll and related taxes	14,665
Accrued matured compensated absences	6,308
Total Liabilities	109,162
Fund Balances	
Fund balances:	
Nonspendable	
Prepays	2,173
Restricted	
Convention development	112,988
Street Lighting	1,110
Skate park capital improvement	120,581
Assigned	
Recreation improvements	189,620
Unassigned	2,023,166
Total Fund Balances	2,449,638
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,558,800
 Amounts reported for governmental activities in the Statement of Net Position are different because:	
Total fund balances of governmental funds	\$ 2,449,638
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	2,707,260
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(107,818)
Net Position of Governmental Activities	\$ 5,049,080

See accompanying notes

TOWN OF BALDWIN, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General Fund
REVENUES	
Taxes	\$ 570,699
Licenses and permits	15,518
Intergovernmental revenues	235,200
Charges for services	850
Interest	23,875
Grant awards and Donations	1,600
Miscellaneous	21,388
TOTAL REVENUES	869,130
EXPENDITURES	
Current:	
General government	303,332
Public safety	252,734
Streets and highway	173,714
Culture and recreation	127,066
Capital outlay	121,570
TOTAL EXPENDITURES	978,416
EXCESS EXPENDITURES OVER REVENUES	(109,286)
OTHER FINANCING SOURCES	
Operating transfers from other funds	77,928
TOTAL OTHER FINANCING SOURCES	77,928
NET CHANGE IN FUND BALANCES	(31,358)
FUND BALANCES, BEGINNING	2,480,996
FUND BALANCES, ENDING	\$ 2,449,638

See accompanying notes

TOWN OF BALDWIN, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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

Net change in fund balances - total governmental funds	\$	(31,358)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Also, certain capital assets are contributed to the Town upon completion, requiring recognition of income not reported in the funds.

Capital assets acquired by use of financial resources		121,570
Current year depreciation		(151,477)
Capital assets disposed of by use of financial resources		(35,718)

Some expenses reported in the statement of activities did not require the use of or provide current financial resources and therefore are not reported in governmental funds:

Decreases in compensated absences payable		<u>17,777</u>
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Change in net position of governmental activities	\$	<u>(79,206)</u>
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TOWN OF BALDWIN, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2020

	Enterprise Funds		
	Water and Sewer	Retail Development	Total
ASSETS			
Current Assets			
Cash and cash equivalents, restricted	\$ 154,096	\$ -	\$ 154,096
Cash and cash equivalents		325,790	325,790
Accounts receivable (net of allowance for doubtful accounts)	116,280	4,085	120,365
Prepaid insurance	1,432	1,177	2,609
Inventory	-	69,626	69,626
Total Current Assets	<u>271,808</u>	<u>400,678</u>	<u>672,486</u>
Noncurrent Assets			
Capital assets (net of accumulated depreciation)	<u>5,841,382</u>	<u>550,649</u>	<u>6,392,031</u>
TOTAL ASSETS	<u>6,113,190</u>	<u>951,327</u>	<u>7,064,517</u>
LIABILITIES			
Accounts payable	35,967	11,768	47,735
Accrued compensated absences	1,452	1,776	3,228
Accrued payroll taxes	5,250	-	5,250
Due to other governmental units	19,417	-	19,417
Payable from restricted assets:			
Customer deposits	68,577	-	68,577
Noncurrent liabilities:			
Accrued compensated absences (net of current portion)	1,798	-	1,798
Due to other governmental units	<u>555,868</u>		<u>555,868</u>
TOTAL LIABILITIES	<u>688,329</u>	<u>13,544</u>	<u>701,873</u>
NET POSITION			
Invested in capital assets	5,841,382	550,649	6,392,031
Restricted for:			
Capital expansion and improvement	154,096	-	154,096
Unrestricted	<u>(570,617)</u>	<u>387,134</u>	<u>(183,483)</u>
TOTAL NET POSITION	<u>\$ 5,424,861</u>	<u>\$ 937,783</u>	<u>\$ 6,362,644</u>

See accompanying notes

TOWN OF BALDWIN, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Enterprise Funds		
	Water and Sewer	Retail Development	Total
OPERATING REVENUES			
Charges for service	\$ 860,747	\$ -	\$ 860,747
Impact fees	116,578	-	116,578
Grants & awards	166,761	-	166,761
Sales	-	1,026,295	1,026,295
Miscellaneous	2,225	12,928	15,153
TOTAL OPERATING REVENUES	1,146,311	1,039,223	2,185,534
OPERATING EXPENSES			
Personal services	147,449	164,255	311,704
Contractual services	178,700	-	178,700
Cost of Goods Sold	-	809,119	809,119
Utilities	58,654	42,879	101,533
Depreciation	217,086	21,233	238,319
Repairs, maintenance and supplies	140,316	39,297	179,613
Insurance	16,623	15,460	32,083
Other expenses	20,761	8,342	29,103
TOTAL OPERATING EXPENSES	779,589	1,100,585	1,880,174
OPERATING INCOME (LOSS)	366,722	(61,362)	305,360
NON-OPERATING REVENUES (EXPENSES)			
Interest and fiscal charges	(2,099)	-	(2,099)
NET NON-OPERATING REVENUES	(2,099)	-	(2,099)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	364,623	(61,362)	303,261
OPERATING TRANSFERS			
Operating transfers in	-	359,641	359,641
Operating transfers out	(437,569)	-	(437,569)
NET OPERATING TRANSFERS	(437,569)	359,641	(77,928)
CHANGE IN NET POSITION	(72,946)	298,279	225,333
NET POSITION, BEGINNING	5,497,807	639,504	6,137,311
NET POSITION, ENDING	\$ 5,424,861	\$ 937,783	\$ 6,362,644

See accompanying notes

TOWN OF BALDWIN, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Enterprise Fund		
	Water and Sewer	Retail Development	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received for goods and services	\$ 996,241	\$ 1,026,295	\$ 2,022,536
Grants & awards	427,949	-	427,949
Other cash receipts	2,225	12,928	15,153
Cash paid to employees	(122,934)	(164,255)	(287,189)
Cash paid to outside parties	(574,140)	(922,024)	(1,496,164)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	729,341	(47,056)	682,285
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Operating transfers in	-	359,641	359,641
Operating transfers out	(437,569)	-	(437,569)
NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES	(437,569)	359,641	(77,928)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(174,427)	-	(174,427)
Interest payments to other governmental units	(2,099)	-	(2,099)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(176,526)	-	(176,526)
NET INCREASE IN CASH AND CASH EQUIVALENTS	115,246	312,585	427,831
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	38,850	13,205	52,055
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 154,096	\$ 325,790	\$ 479,886
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 366,722	\$ (61,362)	\$ 305,360
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	217,086	21,233	238,319
Decrease in accounts receivable	15,736	-	15,736
(Increase) decrease in prepaid expenses	6,264	(420)	5,844
Decrease in due from other government units	231,740	-	231,740
(Increase) decrease in inventory	5,945	(1,645)	4,300
Decrease in accounts payable	(144,420)	(6,638)	(151,058)
Decrease in accrued payroll and related taxes	(2,868)	-	(2,868)
Increase in accrued compensated absences	508	1,776	2,284
Increase in due to other government units	29,448	-	29,448
Increase in customer deposits	3,180	-	3,180
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 729,341	\$ (47,056)	\$ 682,285

See accompanying notes

TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Baldwin, Florida (the Town) is a Florida municipality, which operates under a Town Council-Town Clerk form of government. The Town was originally incorporated on October 9, 1876. In 1913, by Charter 6663, the Town was incorporated by Legislative Act. The Town's major operations include parks, recreation, public works, and general administrative services. Fire and police protection are provided through a contract with the City of Jacksonville. In addition, the Town owns and operates a water and sewer system and manages commercial rental property. The accounting policies of the Town conform to generally accepted accounting principles as applicable to governments.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations) and is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The accompanying financial statements present the financial position, results of operations and cash flows of the applicable fund types governed by the Council of the Town (the Town Council), the reporting entity of government for which the Town Council is considered to be financially accountable. There are no potential component units or related organizations of the Town that meet the criteria for inclusion in the Town's basic financial statements.

Basic Financial Statements – Government-wide Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Town's fire protection, parks, recreation, public works, and general administrative services are classified as governmental activities. The Town's water and sewer services and retail development fund are classified as business-type activities. The Town has a contract with the City of Jacksonville for police and fire protection. The Town maintains certain assets to assist in providing this service.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position are reported in three parts-invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (public safety, culture and recreation, etc.). The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (public safety, culture and recreation etc.) or a business-type activity.

**TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc.). This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

Basic Financial Statements – Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Town:

1. Governmental Funds:

The focus of the governmental fund's measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

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

b. Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the Town:

Proprietary funds distinguish operating revenues and expenses from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the funds' principal ongoing operation. The principal operating revenues for the Town's enterprise funds are charges to customers for sales and services. Operating expenses include direct expenses of providing the goods or services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Town's enterprise funds consist of the water and sewer fund and the retail development fund.

**TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the related cash flows.

The governmental fund financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, and payments for compensated absences which are recognized when due.

Budgets and Budgetary Accounting

Annual budgets are legally adopted for all governmental funds. Each budget is prepared on a basis that does not differ materially from generally accepted accounting principles. Budget amounts reflected in the accompanying financial statements represent "revised" budgetary data; i.e., the effects of budget amendments have been applied to "original" budgetary data. The Town's procedures in establishing the budgetary data for the General Fund reflected in the financial statements as Requires Supplementary Information generally are as follows:

- On or before the first part of September, a Council member designated as Budget Chairperson submits a proposed operating budget for the fiscal year commencing the following October 1st. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Usually prior to October 1st, the budget is legally enacted by Council approval.
- The County Property Appraiser is advised as to the final Town millage, prepares the final tax rolls, and turns them over to the County Tax Collector for billing and collecting.
- Appropriations lapse at year-end.
- Expenditures may not legally exceed appropriations for each budgeted fund of the Town.

**TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrances

The Town does not utilize an encumbrance accounting system.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Uncollectible Accounts Receivable

Accounts receivables held by the Enterprise Fund are reported net of an allowance for uncollectible accounts receivable in the amount of \$45,865. Accounts receivable held by the General Fund are deemed to be wholly collectible, therefore no allowance has been recognized.

Investments

The Town follows the State of Florida investment policy as set forth in Florida Statutes 218.415. Investments in the Local Government Surplus Funds Trust Fund Investment Pool (LGIP), known as Florida PRIME, as administered by the State Board of Administration (SBA) are valued and accounted for in accordance with Rule 2a-7 under the SEC Investment Company Act of 1940, as prescribed in GASB 31 and amended by GASB 59.

Inventory

Inventory is valued at cost under the first-in, first-out method.

Capital Assets

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	10–50 years
Water and sewer system	15–50 years
Machinery and equipment	5-10 years
Computer software	3 years
Vehicles	5-10 years
Improvements	15–50 years
Other infrastructure	30–50 years

TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As a result of adopting GASB No. 34, the Town reported and depreciated new infrastructure assets effective as of October 1, 2003. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. Neither their historical cost nor related depreciation had historically been reported in the financial statements. Retroactive reporting of infrastructure assets was not considered necessary.

Compensated Absences

Full-time, permanent employees are granted vacation benefits, sick leave, and compensatory time accruals in varying amounts depending on tenure with the Town. The Town's policy is to vest vacation time as soon as earned and allows employees to accumulate vacation time annually from the date of hire. Any employees hired after July 8, 2014 are limited to a carryover of 80 hours of vacation to the next year. The policy allows for employee vesting of sick pay up to a maximum of sixty days. The compensatory time accrual program allows eligible employees to defer pay and accumulate overtime hours for paid time off in subsequent periods. All accruals are due and payable at the termination of participating employees.

The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

Fund Equity Reservations and Designations

GASB Statement No. 54 established classifications for the fund balance for governmental funds based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which the funds may be used.

Classifications consist of:

- Nonspendable Fund Balance - constitutes amounts that cannot be spent because they are either:
 - a) Not in spendable form
 - b) Legally or contractually required to be maintained intact
- Restricted Fund Balance - constitutes amounts that have constraints placed on their use by either:
 - a) Creditors or donors
 - b) Constitutional provisions
- Committed Fund Balance - constitutes amounts restricted to a specific purpose pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.
- Assigned Fund Balance - constitutes amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed and are subject to change based on managerial plans.

**TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Unassigned Fund Balance – is the residual classification for the general fund and represents the amount that has not been restricted, committed or assigned to a specific purpose.

Net Position – Net position represents the difference between assets and liabilities. The net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets, and adding back unspent proceeds.

The Town has a policy of opening special accounts to maintain restricted funds. These accounts help establish the restricted use of the funds and facilitate the proper use of restricted versus unassigned funds. The town council has the authority to assign funds to be used for a specific purpose.

Loss Contingencies

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Town, but which will only be resolved when one or more future events occur or fail to occur. The Town's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Town or unasserted claims that may result in such proceedings, the Town's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Town's financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed.

Interfund Activity

Interfund activity is reported as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

New Accounting Pronouncements

GASB Statement No. 87, Leases – this Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement will be effective for the year ended September 30, 2022.

**TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period – the objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The Town has adopted this change. The interest cost was recognized as an expense. See Note 3 for further discussion of capital assets.

NOTE 2 DEPOSITS AND INVESTMENTS

All monies collected by the Town are required to be deposited in accordance with the laws of the State of Florida. State Statutes authorize the Town to invest in the following:

- direct obligations of, or obligations guaranteed by, the U.S. Government;
- interest-bearing time deposits or savings accounts in qualified institutions;
- obligations of the Federal Farm Credit Banks;
- obligations of the Federal National Mortgage Association; and
- the Local Government Surplus Funds Trust Fund.

All bank accounts of the Town are placed in banks that qualify as public depositories, pursuant to law (Florida Security for Public Deposits Act). The Town utilizes a sweep account with its main commercial bank allowing the main general fund operating account to earn additional interest income utilizing the sweep account.

Therefore, the Town's total bank balances on deposit at September 30, 2020 are fully insured through the Bureau of Collateral Securities, Division of Treasury, State of Florida Department of Insurance. The Federal Deposit Insurance Corporation (FDIC) also covers deposits up to \$250,000. As of September 30, 2020, the Town's deposits exceeded this amount by \$2,634,198. The Town has not experienced any losses as a result of this excess in the past. As of September 30, 2020, the total carrying amount of all deposits in qualified public depositories covered by the Florida Security for Public Deposits Act was \$1,743,023 and the bank balance was \$1,756,985.

Under Section 218.415 of the Florida Statute, municipalities and other agencies in or of the state may join with other municipalities and/or agencies of the state for the purpose of investing and reinvesting surplus public funds in a pooled fund. The Town holds two such accounts with investments in the Florida Local Government Surplus Funds Trust Fund Investment Pool (LGIP), currently known as Florida PRIME, administered by the State Board of Administration (SBA). Florida PRIME is considered an SEC 2a-7 like fund, such that the fair value of the position in the pool is the same as the value of the pool shares. Florida PRIME is rated by Standard and Poor's, with a current rating of AAAm.

A separate financial report for Florida PRIME is prepared by the State Board of Administration in accordance with GASB Statement No. 31, *Accounting for Financial Reporting for Certain Investments and for External Investment Pools*. Copies of the report can be obtained from the Florida State Board of Administration, 1801 Hermitage Blvd, Tallahassee, FL 32308.

TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Risks associated with Florida PRIME include *interest rate risks*, where the prices of the fixed income securities in which Florida PRIME will invest rise and fall in response to changes in the interest rates paid by similar securities. Generally, when interest rates rise, prices of fixed income securities fall. However, market factors, such as demand for particular fixed income securities, may cause the price of certain fixed income securities to fall while the price of other securities rise or remain unchanged. Interest rate changes have a greater effect on the price of fixed income securities with longer maturities. The dollar weighted average days to maturity (WAM) at September 30, 2020, is 48 days.

Florida PRIME is also subject to *credit risk*, which is the possibility that an issuer of a fixed income security held by Florida PRIME will default on the security by failing to pay interest or principal when due. If an issuer defaults, Florida PRIME will lose money.

As of September 30, 2020, the total carrying amount and the balance on record of all deposits in these accounts was \$1,149,883. These trust funds are not considered qualified public depositories and are therefore not covered by the State of Florida Department of Insurance or the Federal Deposit Insurance Corporation.

Florida PRIME currently meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost, therefore, the Town's participant account balance is considered the fair value of the Town's investment. It is the Florida PRIME State Board of Administration's interpretation that the Town's Florida PRIME investments are exempt from the GASB 72 fair value hierarchy disclosures.

GASB Statement No. 79 says that if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements.

With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity or the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days."

TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

As of September 30, 2020, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

NOTE 3 CAPITAL ASSETS

A summary of changes in Capital Assets is as follows:

Governmental Activities

	Balance 9/30/2019	Additions	Deletions	Balance 9/30/2020
Capital assets not being depreciated:				
Land	\$ 117,712	\$ -	\$ -	\$ 117,712
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	117,712	-	-	117,712
Other capital assets:				
Buildings	1,573,154	-	-	1,573,154
Improvements	1,041,720	-	-	1,041,720
Equipment	216,268	-	-	216,268
Furniture & Fixtures	27,851	-	-	27,851
Infrastructure	1,359,715	121,570	59,463	1,421,822
Computers and software	3,559	-	-	3,559
Vehicles	82,640	-	2,600	80,040
Total other capital assets	4,304,907	121,570	62,063	4,364,414
Less accumulated depreciation for:				
Buildings	481,221	38,488	-	519,709
Improvements	377,669	43,783	-	421,452
Equipment	193,307	6,545	-	199,852
Furniture & Fixtures	25,639	361	-	26,000
Infrastructure	487,481	61,650	23,745	525,386
Computer software	3,559	-	-	3,559
Vehicles	80,858	650	2,600	78,908
Total accumulated depreciation	1,649,734	151,477	26,345	1,774,866
Other capital assets, net	2,655,173			2,589,548
Governmental activities capital assets, net	\$ 2,772,885			\$ 2,707,260

**TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 3 CAPITAL ASSETS (CONTINUED)

Business-type Activities

	Balance 9/30/2019	Additions	Deletions	Balance 9/30/2020
Capital assets not being depreciated:				
Land	\$ 98,818	\$ -	\$ -	\$ 98,818
Construction in progress	3,305,529	-	3,305,529	-
Total capital assets not being depreciated	<u>3,404,347</u>	-	<u>3,305,529</u>	<u>98,818</u>
Other capital assets:				
Buildings	791,521	-	-	791,521
Sanitation facilities	2,415,996	-	-	2,415,996
Equipment	171,435	-	-	171,435
Waste water plant	2,460,286	3,479,956	-	5,940,242
Water distribution system	2,758,883	-	-	2,758,883
Computer software	12,111	-	-	12,111
Total other capital assets	<u>8,610,232</u>	<u>3,479,956</u>	-	<u>12,090,188</u>
Less accumulated depreciation for:				
Buildings	288,103	19,676	-	307,779
Sanitation facilities	1,654,244	60,902	-	1,715,146
Equipment	133,414	6,278	-	139,692
Waste water plant	1,572,636	105,242	-	1,677,878
Water distribution system	1,898,146	46,221	-	1,944,367
Computer software	12,113	-	-	12,113
Total accumulated depreciation	<u>5,558,656</u>	<u>238,319</u>	-	<u>5,796,975</u>
Other capital assets, net	<u>3,051,576</u>			<u>6,293,213</u>
Business-Type activities capital assets, net	<u>\$ 6,455,923</u>			<u>\$ 6,392,031</u>

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 38,135
Public safety	2,950
Streets and highways	77,987
Culture/recreation	32,405
Total governmental activities depreciation expense	<u>\$ 151,477</u>

Business-Type activities:

Water and sewer	\$ 217,086
Retail development	21,233
Total business-type activities depreciation expense	<u>\$ 238,319</u>

Construction of the wastewater treatment facility and water valve and fire hydrant replacement was completed and financed by specifically designated resources.

**TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 4 RESTRICTED ASSETS

During the fiscal year ended September 30, 2008 the Town completed work on construction of a skate park. A grant of \$371,927 from the City of Jacksonville was awarded to help fund the construction of this skate park. The award was made in full and deposited in a new bank account designated for the skate park during 2007. The award is to be used exclusively for the construction of the skate park. The balance remaining in the bank at year-end is restricted and pending approval of additional projects. It cannot be used for the operation of the skate park.

During the fiscal year ended September 30, 2009 CSX donated \$10,000 to the Town to be used to improve lighting at the crossing on U.S. Highway 90. A portion of these funds were used to install solar lights.

Actual balances of the restricted cash and investment accounts in the Town's general and enterprise funds at September 30, 2020, are as follows:

Governmental Projects general fund -		
Convention Development Tax Fund		\$ 112,988
CSX Donation for Street Lighting		1,110
Capital Projects general fund -		
Skate Park capital improvement		<u>120,581</u>
		234,679
Water, Sewer & Garbage enterprise fund -		
Water expansion improvement trust	131,812	
Wastewater capital improvement	<u>22,284</u>	
		<u>154,096</u>
Total Restricted Assets		<u><u>\$ 388,775</u></u>

NOTE 5 LINE OF CREDIT

The total credit available at September 30, 2020 is \$25,000. The line of credit was obtained from Ameris Bank on August 21, 2019 to allow the Baldwin Market to order and receive groceries from its main supplier. There were no advances made and the ending line of credit balance due to the Bank at September 30, 2020 is zero.

**TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 6 LONG-TERM LIABILITIES

Governmental Activities:

As of September 30, 2020, the governmental long-term debt consisted of the following:

Accrued compensated absences	\$ 114,126
Less current portion	<u>(6,308)</u>
Total Governmental activity long-term liabilities	<u>\$ 107,818</u>

Business-Type Activities:

As of September 30, 2020, the long-term debt payable from proprietary fund resources consisted of the following:

Unsecured 1.99% Clean Water State Revolving Fund loan, semi-annual installment of \$3,522 including interest	\$ 101,469
Unsecured interest-free Clean Water State Revolving Fund loan, semi-annual installment of \$8,301 including interest	473,816
Accrued compensated absences	<u>5,026</u>
	580,311
Less current portion	<u>(22,645)</u>
Total Business-Type activity long-term liabilities	<u>\$ 557,666</u>

The Town signed 2 agreements with Florida Department of Environmental Protection ("State"), which the State funded \$331,705 for pre-construction costs (WW758040) and \$2,191,445 (WW758041) for construction costs of a wastewater treatment facility.

With Agreement WW758040, 66.96% is forgiven by the State. The remaining 33.04% is payable in semi-annual installments of \$3,522 through 2038.

With Agreement WW758041, 80% of the proceeds is funded by a grant (SG758042). The remaining 20% is payable in semi-annual installments of \$8,301 until paid in full. As of the financial statements issuance date, the State is in the process of finalizing this agreement.

**TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

The annual debt service requirements to maturity as of September 30, 2020 are as follows:

Year Ending September 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2021	\$ -	\$ -	\$ 19,417	\$ 2,037
2022	-	-	21,708	1,938
2023	-	-	21,810	1,836
2024	-	-	21,914	1,732
2025	-	-	22,020	1,625
thereafter	-	-	468,416	10,436
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 575,285</u>	<u>\$ 19,604</u>

Long-term Debt Activities

	Beginning			Ending		Amounts
	Balance	Additions	Reductions	Balance		Due within One Year
Government Activities:						
Compensated absences	\$ 134,620	\$ -	\$ 20,494	\$ 114,126		\$ 6,308
Governmental activities long-term liabilities	<u>\$ 134,620</u>	<u>\$ -</u>	<u>\$ 20,494</u>	<u>\$ 114,126</u>		<u>\$ 6,308</u>
Business-Type Activities:						
Due to other governmental units	\$ 545,837	\$ 43,110	\$ 13,662	\$ 575,285		\$ 19,417
Compensated absences	2,742	2,284	-	5,026		3,228
Business-Type activities long-term liabilities	<u>\$ 548,579</u>	<u>\$ 45,394</u>	<u>\$ 13,662</u>	<u>\$ 580,311</u>		<u>\$ 22,645</u>

Compensated Absences

Inasmuch as records kept for compensated absences relate only to hours earned, used, and available, the effect of changes in individual employee compensation rates and gross additions and deletions to the reported value of the liability for compensated absences cannot be reasonably determined. Accordingly, only the net change in the accumulated value of compensated absences is shown for the current fiscal year.

NOTE 7 FUND BALANCE

GASB Statement No. 54 established classifications for the fund balance for governmental funds based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which the funds may be used.

**TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 7 FUND BALANCE (CONTINUED)

The restricted fund balance as of September 30, 2020 consists of cash reserves held separately based on the restrictions placed on them by outside governmental authorities providing the grant or corporate donors making a contribution with the use thereof specified. Note 4 Restricted Assets addresses the specific restrictions placed on these funds. The establishment of separate bank accounts for the majority of these restricted funds safeguards them from being utilized to fund operating expenditures throughout the year.

Assigned fund balance as of September 30, 2020 consists of cash received in January 2009 from the sale of the Town's cell tower for \$300,000. Net proceeds from the sale were deposited in a separate account to be reserved for future recreation projects per decision of the town council. During the fiscal year ended September 30, 2014, the town council voted to also use these funds as needed to cover expenses for special projects while waiting for the grant monies to be released. As of September 30, 2020, \$189,620 remains in this account to be used for future recreation projects. The town council has in the past decided to fund recreation project with operating funds when available in order to retain this reserve account.

As of September 30, 2020, the governmental fund's fund balance included the following fund balance classifications:

Non spendable Fund Balance –			
Prepaid Expenses		\$	2,173
Restricted Fund Balance –			
General Fund –			
Convention Development Tax Fund	112,988		
CSX Donation for Street Lighting	1,110		
Skate Park capital improvement	120,581		
			234,679
Assigned Fund Balance –			
Recreation Projects			189,620
Unassigned Fund Balance –			2,023,166
		\$	2,449,638

NOTE 8 SEGMENTS OF ENTERPRISE ACTIVITIES

The Town provides services for water, sewer and garbage which are financed by user charges. Financial data for water, sewer and garbage services are combined in these financial statements under the Water and Sewer Enterprise Fund of the Proprietary Fund Type. The Town also leases real property in the form of retail space. Financial data for the Town's leasing activity can be found under the Retail Development Fund of the Proprietary Fund Type. Enterprise Fund segment disclosures are not presented as the water, sewer and garbage services are homogeneous.

TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 9 PROPERTY TAXES

The County Tax Collector bills and collects property taxes for the Town. Town property tax revenues are recognized when levied, to the extent that they result in current receivables.

Details of the Town's property tax calendar are presented below:

Lien date	January 1
Levy date	October 1
Installment payments:	
1st Installment	No later than June 30
2nd Installment	No later than September 30
3rd Installment	No later than December 31
4th Installment	No later than March 31
Regular payments:	
Discount periods	November - February
No discount period	March
Delinquent date	April 1

NOTE 10 DEFERRED COMPENSATION PLAN

Employees of the Town may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457, "Deferred Compensation Plans with Respect to Service for State and Local Governments."

Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until available for withdrawal at termination, retirement, death or unforeseeable emergency. An independent plan administrator (Nationwide Retirement Solutions) administers the plan through administrative service agreements. Plan assets are held in trust for the exclusive benefit of participants and their beneficiaries. The Town has very little administrative involvement, performs no direct investing function and has no fiduciary responsibility for these Plans. Changes in investment offerings are presented by the plan administrator and allows the Town to opt in or out of new offerings, but this is the extent of the Town's involvement in the Plan's investments. All amounts of compensation deferred under the Plans, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are solely the property and rights of the participants and are not subject to claims of the Town's creditors. Accordingly, these Plan assets are not reported as a part of these financial statements.

NOTE 11 PARTICIPATION IN PUBLIC ENTITY RISK POOL

The Town pays an annual premium to the self-insurance fund for its general liability, property, and workers' compensation coverage. The self-insurance fund is self-sustaining through member premiums and provides, through commercial company reinsurance contracts, individual stop loss coverage for claims in excess of the Town's insured amounts.

TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 12 CONTINGENCIES AND COMMITMENTS

The Town is a party to lawsuits and claims arising out of the normal conduct of its activities. While the results of lawsuits or other proceedings against the City cannot be predicted with certainty, management does not expect that these matters will have a material adverse effect on the financial condition of the Town.

NOTE 13 SUBSEQUENT EVENTS

The Town evaluated subsequent events through June 21, 2021 the date these financial statements were issued. With the exception of those matters discussed in this Note, there were no material subsequent events that required recognition or additional disclosure in these financial statements.



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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*

The Honorable Town Council
Town of Baldwin, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Baldwin, Florida, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Baldwin, Florida's basic financial statements and have issued our report thereon dated June 21, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Baldwin, Florida'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 Town of Baldwin, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Baldwin, Florida'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we

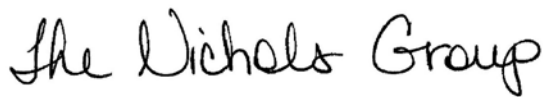
consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Baldwin, Florida's financial statements are free of 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.



THE NICHOLS GROUP, P.A.
Certified Public Accountants
Fleming Island, Florida

June 21, 2021

TOWN OF BALDWIN, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes	\$ 568,717	\$ 582,217	\$ 570,699	\$ (11,518)
Licenses and permits	8,000	15,700	15,518	(182)
Intergovernmental revenues	243,089	245,589	235,200	(10,389)
Charges for services	500	500	850	350
Interest	12,000	24,000	23,875	(125)
Grant awards	5,000	5,000	1,600	(3,400)
Miscellaneous	28,500	43,100	21,388	(21,712)
TOTAL REVENUES	<u>865,806</u>	<u>916,106</u>	<u>869,130</u>	<u>(46,976)</u>
EXPENDITURES				
Current				
General government	311,056	311,056	303,332	(7,724)
Public safety	294,490	294,490	252,734	(41,756)
Streets and highway	480,071	480,071	173,714	(306,357)
Culture and recreation	176,915	176,915	127,066	(49,849)
Capital outlay	53,281	53,281	121,570	68,289
TOTAL EXPENDITURES	<u>1,315,813</u>	<u>1,315,813</u>	<u>978,416</u>	<u>(337,397)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(450,007)</u>	<u>(399,707)</u>	<u>(109,286)</u>	<u>290,421</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers from other funds	2,933,239	2,882,939	77,928	(2,805,011)
Operating transfers to other funds	<u>(2,483,232)</u>	<u>(2,483,232)</u>	-	<u>2,483,232</u>
TOTAL OTHER FINANCING SOURCES AND USES	<u>450,007</u>	<u>399,707</u>	<u>77,928</u>	<u>(321,779)</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (31,358)</u>	<u>\$ (31,358)</u>



Independent Auditors' Management Letter

The Honorable Town Council
Town of Baldwin, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Baldwin, Florida, as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated June 21, 2021.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 21, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no findings or recommendations made in the preceding annual financial report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity to be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 of the financial statements. There are no component units related to the Town of Baldwin, Florida.

Financial Condition and Management

Section 10.554(1)(i)5.a and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Town of Baldwin, Florida met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Town of Baldwin, Florida did not meet any of the conditions described in Section 218.503 (1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Town of Baldwin, Florida. It is management's responsibility to monitor the Town of Baldwin, Florida's financial condition, and our financial condition assessment was based in part on the representations made by the management and review of financial information provided by same.

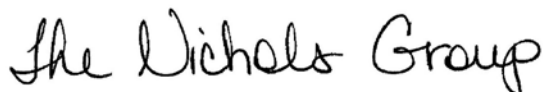
Section 10.554(1)(i)2, Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)(3)., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Mayor and Town Council members, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



THE NICHOLS GROUP, P.A.
Certified Public Accountants
Fleming Island, Florida

June 21, 2021



THE NICHOLS GROUP, P.A.
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Independent Accountants' Report

The Honorable Town Council
Town of Baldwin, Florida

We have examined the Town of Baldwin, Florida's (the Town) compliance with Section 218.415, Florida Statutes, as of and for the year ended September 30, 2020, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Town's compliance with specified requirements.

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Mayor, and Town Council members, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

The Nichols Group

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