

TOWN OF BALDWIN, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2021



THE NICHOLS GROUP, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

**TOWN OF BALDWIN, FLORIDA
SEPTEMBER 30, 2021
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**TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

TOWN OF BALDWIN, FLORIDA

TOWN OFFICIALS

MAYOR - COUNCILMAN

Sean Lynch

TOWN COUNCIL

Clayton Plank

Chris Douglas

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

Opinions

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, 2021, 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.

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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Baldwin, Florida, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Baldwin Florida's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Baldwin Florida's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for

consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

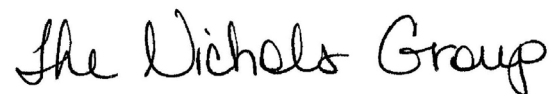
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Baldwin, Florida's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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



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

June 15, 2022

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 \$209,937 (or 1.84%). The governmental activity's net assets increased by \$279,225 (or 5.53%) and the business-type activity's net assets decreased by \$69,288 (or 1.09%).
- The Town created a Reserve account to set aside surplus funds for future projects. No large transfers were made to the reserve account during the current fiscal year. The reserve account remained untouched at approximately \$424,000.
- Overall cash balances increased over last year.
- The business-type activity's operating revenues decreased by \$57,171 (or 2.62%) from the prior year. Water sales increased slightly over last year due to the addition of two commercial accounts. This increase is offset by a loss of sales in the Baldwin Market.
- Retail Development Fund, which includes the Baldwin Market, experienced a decrease in sales primarily due to the easing of the pandemic. Prior year sales were fueled by pandemic conditions causing customers to buy excess supplies and to travel to Baldwin for items not available in their area. Market sales were down \$192,796 or approximately 19% over prior year.
- Water and sewer charges are up over last year primarily due to the addition of two large commercial customers beginning in January 2021.
- Impact fees were up last year due to the new travel center and decreased this year due to no additional commercial customers added in the current fiscal year.
- 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.

- The Water Main project made significant progress during the current fiscal year. Revenue as of September 30, 2021 represents expenditures being reimbursed through the Department of Economic Opportunity.
- The Town was awarded \$ 745,771 of Coronavirus State & Local Fiscal Recovery Funds (SLFRF) by the U.S. Department of Treasury and received 50% of this grant in August 2021. This is part of the American Rescue Plan and is meant to provide state and local governments with assistance in their response to and recovery from COVID-19 public health emergency. The grant's reporting period is March to March and as of the current fiscal year end \$10,570 of the available funds had been utilized to provide food supplies to resident seniors.

Town Highlights

- The grocery store continues to do well and is working towards break-even. A flower store was added to the front of the store and is run independently with rent being paid for the space to the Baldwin Market.
- With funds from the Department of Economic Opportunity, the water main project made significant progress.
- The interchange being built around the Town is still in progress and a new travel center was completed last year and is open for business.
- The award of funds from the State & Local Fiscal Recovery Funds will allow the Town to assist residents and move forward with maintenance projects.

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 19 and 20 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 21 through 23 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 24 through 26 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, 2021.

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, 2021 and 2020**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 3,454,781	\$ 2,558,800	\$ 552,881	\$ 672,486	\$ 4,007,662	\$ 3,231,286
Capital assets	2,559,296	2,707,260	6,513,616	6,392,031	9,072,912	9,099,291
Total Assets	6,014,077	5,266,060	7,066,497	7,064,517	13,080,574	12,330,577
Other liabilities	570,719	109,162	233,022	144,207	803,741	253,369
Long-term liabilities outstanding	115,053	107,818	540,119	557,666	655,172	665,484
Total Liabilities	685,772	216,980	773,141	701,873	1,458,913	918,853
Net Position:						
Invested in capital assets	2,559,296	2,707,260	6,513,616	6,392,031	9,072,912	9,099,291
Restricted	240,646	234,679	206,557	154,096	447,203	388,775
Unrestricted	2,528,363	2,107,141	(426,817)	(183,483)	2,101,546	1,923,658
Total Net Position	\$ 5,328,305	\$ 5,049,080	\$6,293,356	\$6,362,644	\$ 11,621,661	\$ 11,411,724

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.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
REVENUES						
Program Revenues:						
Charges for Services	\$ 44,678	\$ 45,682	\$ 896,862	\$ 977,325	\$ 941,540	\$ 1,023,007
Capital Grants & Contributions	10,570	1,600	404,991	166,761	415,561	168,361
General Revenues:						
Property taxes	135,976	132,978	-	-	135,976	132,978
Franchise taxes	85,760	119,933	-	-	85,760	119,933
Fuel taxes	57,134	54,305	-	-	57,134	54,305
Infrastructure surtax	112,207	102,381	-	-	112,207	102,381
Sales taxes	168,728	147,812	-	-	168,728	147,812
Utility taxes	168,974	161,102	-	-	168,974	161,102
Investment income	3,388	23,875	-	-	3,388	23,875
Sales	1,000	(32,061)	826,373	1,026,295	827,373	994,234
Miscellaneous	94,336	75,806	137	15,153	94,473	90,959
Total Revenues	882,751	833,413	2,128,363	2,185,534	3,011,114	3,018,947
Program Activities						
Primary Government						
Governmental Activities:						
General Government	(341,423)	(323,691)	-	-	(341,423)	(323,691)
Public Safety	(263,483)	(255,684)	-	-	(263,483)	(255,684)
Streets and Highways	(232,244)	(251,701)	-	-	(232,244)	(251,701)
Culture/Recreation	(126,015)	(159,471)	-	-	(126,015)	(159,471)
Business-type Activities:						
Retail Development	-	-	(1,004,378)	(1,100,585)	(1,004,378)	(1,100,585)
Water and Sewer	-	-	(891,033)	(781,688)	(891,033)	(781,688)
Total Expenses	(963,165)	(990,547)	(1,895,411)	(1,882,273)	(2,858,576)	(2,872,820)
Excess of Revenues over Expenses	(80,414)	(157,134)	232,952	303,261	152,538	146,127
Transfers	359,639	77,928	(359,639)	(77,928)	-	-
Net Increase(Decrease) in Net Assets	\$ 279,225	\$ (79,206)	\$ (126,687)	\$ 225,333	\$ 152,538	\$ 146,127

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.

The Town also operates a grocery store, the Baldwin Market. When various grocery stores broke or did not renew their leases, the Town decided to run the store itself. The objective is to provide the Town's citizens with a local grocery store and to break-even.

- **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 1.43%.
- Intergovernmental revenue increased over last year with slight increases in most of the revenue sharing activities.
- Overall governmental activity revenues were up by 5.92% over the previous year due primarily to various non-recurring sources including an insurance refund, rental of the community center, and clean-up reimbursements. Additionally, the first use of CARES Act funds received under a federal grant.
- Total CARES Act funds received in the current fiscal year totaled \$372,886 of which only \$10,570 was utilized in the current fiscal year. The remainder has been allocated to approved budgeted expenses in the next fiscal year. The second half of the grant is projected to be paid out in fiscal year ended September 30, 2023.
- Business-type revenues decreased by 2.62% over the previous year. The decrease is primarily due to the decreases in water sales and grocery store sales which were off-set by the grant received for the Master Pump Station and Water Main Replacement.

Expenses

- General Fund expenses for administrative purposes showed a net decrease over last year in part due to the slight decreases in repairs and professional fees over last year. Professional fees in the prior year included a few special projects.
- General Fund expenses for public safety increased slightly with expenditures on police patrols up over last year. The Town pays Jacksonville officers directly to take shifts to patrol the streets of Baldwin, so this expense fluctuates.
- General Fund expenses related to streets and highways decreased again over last year with decreased payroll expenses and less drainage improvements.
- General Fund expenses related to culture and recreation decreased over last year with additional payroll savings due to the retired foreman not being replaced, decrease in the cook expense with COVID restrictions limiting recreational and community activities and less repair and maintenance expenditures.
- Business-type expenses increased overall.
- Retail Development had decreased grocery and labor costs due to decreases in overall sales. Repairs and maintenance were up over last year with multiple repairs needed to keep the refrigeration working. Added expenses to monitor store inventory also brought expenses up over the prior year.
- Increase in Water/Sewer expenses is attributable to water system improvement projects.

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 1.09% decrease in net assets in the amount of \$69,288. The current year net assets included construction in process on the Water Main Project which made substantial progress during the current year and a full year of depreciation on the recently completed Wastewater treatment facility. The Baldwin Market transferred its cash account to the general fund in repayment of accumulated operating expenses adding to the decrease of net assets for the year.
- Transfers from the general operating account off-set an operating loss incurred in the Retail Development fund which is then off-set by the enterprise fund's transfers out. The result is a current decrease in net position.
- The Retail Development Fund's operating loss of \$178,005 is attributable to depreciation expense \$21,233, inventory adjustments, repairs to the store freezer and staffing costs for the year.

Budgetary Highlights – General Fund

Actual revenues were \$31,487 less than the final budget. All revenue sources are slightly less than final budget, except for grant awards and miscellaneous. The grant was still being reviewed to determine which expenditures qualified, next year's amounts should be closer to budget. Revision upward of most regular revenue sources was a little too optimistic. Overall, the total revenue was up slightly over the original budget.

Actual expenses were under budgeted amounts by \$214,058. This difference is due in part to the fact that some planned projects did not materialize or were delayed due to ongoing problems related to COVID-19. Various operating expenses also came in under budget. Public safety was under budget due to reduced extra patrols and slightly lower fire station maintenance expenses than budgeted. Streets and Highways budgeted for additional repair work which was not completed in the current fiscal 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 \$9,072,912 invested in a variety of net capital assets. This amount represents a net decrease in capital assets (addition, disposition/deletion and depreciation) of \$83,779 or .91% from the end of last year as restated.

The current year additions represent construction in progress for the Water Main project and new equipment net of the write-off of equipment replaced.

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

Governmental Activities

	9/30/2020	Additions	Deletions	9/30/2021
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	1,421,822	-	-	1,421,822
Computer software	3,559	-	-	3,559
Vehicles	80,040	-	-	80,040
Total capital assets	<u>4,482,126</u>	-	-	<u>4,482,126</u>
Less accumulated depreciation	1,774,866	\$ 147,964	\$ -	1,922,830
Governmental activities capital assets, net	<u>\$ 2,707,260</u>			<u>\$ 2,559,296</u>

Business-Type activities

	9/30/2020	Additions	Deletions	9/30/2021
Buildings	\$ 791,521	\$ -	\$ -	\$ 791,521
Land	98,818	-	-	98,818
Sanitation facilities	2,415,996	-	-	2,415,996
Equipment	171,435	21,823	40,697	152,561
Waste water plant	5,940,242	-	-	5,940,242
Water distribution system	2,758,883	-	-	2,758,883
Computer software	12,111	-	6,540	5,571
Construction in progress	57,400	325,403	-	382,803
Total capital assets	<u>12,246,406</u>	<u>347,226</u>	<u>47,237</u>	<u>12,546,395</u>
Less accumulated depreciation	5,796,975	\$ 283,041	\$ 47,237	6,032,779
Business-Type activities capital assets, net	<u>\$ 6,449,431</u>			<u>\$ 6,513,616</u>
Total Government Capital Assets, net	<u>\$ 9,156,691</u>			<u>\$ 9,072,912</u>

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 37,228
Public safety	2,852
Streets and highways	75,670
Culture/recreation	32,214
Total governmental activities depreciation expense	\$ 147,964

Business-Type activities:

Water and sewer	\$ 261,807
Retail development	21,234
Total business-type activities depreciation expense	\$ 283,041

Debt Outstanding

As of September 30, 2021, the Town had \$686,025 in debt (notes, capital leases, etc.) outstanding compared to \$694,437 as of September 30, 2020, a 1.2% decrease. Additional deferred compensation netted with the principal payment made on the loan with the Department of Environmental Protection decrease of \$8,412.

	Outstanding Debt	
	September 30,	
	<u>2021</u>	<u>2020</u>
Government Activities:		
Compensated absences	\$ 120,667	\$ 114,126
Governmental activities long-term liabilities	<u>120,667</u>	<u>114,126</u>
Business-Type Activities:		
Due to other governmental units	555,869	575,285
Compensated absences	<u>9,489</u>	<u>5,026</u>
Business-Type activities long-term liabilities	<u>565,358</u>	<u>580,311</u>
Total Debt	<u><u>\$ 686,025</u></u>	<u><u>\$ 694,437</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, 2021

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and cash equivalents, unrestricted	\$ 3,118,481	\$ -	\$ 3,118,481
Cash and cash equivalents, restricted	240,646	206,557	447,203
Accounts receivable (net of allowance for doubtful accounts)	33,273	140,546	173,819
Franchise fees receivable	19,836	-	19,836
Due from other governmental units	39,994	142,723	182,717
Prepaid expenses	2,551	2,952	5,503
Inventory	-	60,103	60,103
Total Current Assets	<u>3,454,781</u>	<u>552,881</u>	<u>4,007,662</u>
Noncurrent Assets			
Capital assets (net of accumulated depreciation)	<u>2,559,296</u>	<u>6,513,616</u>	<u>9,072,912</u>
Total Noncurrent Assets	<u>2,559,296</u>	<u>6,513,616</u>	<u>9,072,912</u>
TOTAL ASSETS	<u>6,014,077</u>	<u>7,066,497</u>	<u>13,080,574</u>
LIABILITIES			
Accounts payable and other accrued liabilities	202,789	134,631	337,420
Accrued compensated absences	5,614	4,090	9,704
Due to other governmental units	-	21,149	21,149
Deferred Income	362,316	-	362,316
Payable from restricted assets:			
Customer deposits	-	73,152	73,152
Noncurrent Liabilities:			
Accrued compensated absences (net of current portion)	115,053	5,399	120,452
Due to other governmental units	-	534,720	534,720
TOTAL LIABILITIES	<u>685,772</u>	<u>773,141</u>	<u>1,458,913</u>
NET POSITION			
Net investment in capital assets	2,559,296	6,513,616	9,072,912
Restricted for:			
Capital expansion and improvement	121,691	206,557	328,248
Convention development	118,955	-	118,955
Unrestricted	<u>2,104,183</u>	<u>(426,817)</u>	<u>1,677,366</u>
Total Net Position	<u>\$ 4,904,125</u>	<u>\$ 6,293,356</u>	<u>\$ 11,197,481</u>

See accompanying notes

TOWN OF BALDWIN, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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	\$ (341,423)	\$ 44,678	\$ -	\$ 10,570	\$ (286,175)	\$ -	\$ (286,175)
Public Safety	(263,483)	-	-	-	(263,483)	-	(263,483)
Streets and Highways	(232,244)	-	-	-	(232,244)	-	(232,244)
Culture/Recreation	(126,015)	-	-	-	(126,015)	-	(126,015)
TOTAL GOVERNMENTAL ACTIVITIES	(963,165)	44,678	-	10,570	(907,917)	-	(907,917)
BUSINESS-TYPE ACTIVITIES							
Retail Development	(1,004,378)	-	-	-	-	(1,004,378)	(1,004,378)
Water and Sewer	(891,033)	896,862	-	404,991	-	410,820	410,820
TOTAL BUSINESS-TYPE ACTIVITIES	(1,895,411)	896,862	-	404,991	-	(593,558)	(593,558)
TOTAL PRIMARY GOVERNMENT	\$ (2,858,576)	\$ 941,540	\$ -	\$ 415,561	(907,917)	(593,558)	(1,501,475)
General Revenues:							
Taxes:							
Property Taxes					135,976	-	135,976
Franchise Taxes					85,760	-	85,760
Fuel Taxes					57,134	-	57,134
Infrastructure Surtax					112,207	-	112,207
Sales Taxes					168,728	-	168,728
Utility Taxes					168,974	-	168,974
Sales					-	826,373	826,373
Investment Income					3,388	-	3,388
Gain on Sale of Fixed Assets					1,000	-	1,000
Miscellaneous					94,336	137	94,473
Transfers					359,639	(359,639)	-
Total General Revenues and Transfers					1,187,142	466,871	1,654,013
Change in Net Position					279,225	(126,687)	152,538
Net Position, Beginning as restated					5,049,080	6,420,043	11,469,123
Net Position, Ending					\$ 5,328,305	\$ 6,293,356	\$ 11,621,661

See accompanying notes

**TOWN OF BALDWIN, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2021**

	General Fund
ASSETS	
Cash and cash equivalents, unrestricted	\$ 3,118,481
Cash and cash equivalents, restricted	240,646
Accounts receivable	33,273
Franchise fees receivable	19,836
Due from other governmental units	39,994
Prepaid expenses	2,551
TOTAL ASSETS	\$ 3,454,781
LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts payable and other accrued liabilities	\$ 192,969
Accrued payroll and related taxes	9,820
Accrued matured compensated absences	5,614
Deferred Income	362,316
Total Liabilities	570,719
Fund Balances	
Fund balances:	
Nonspendable	
Prepays	2,551
Restricted	
Convention development	118,955
Street Lighting	1,110
Skate park capital improvement	120,581
Assigned	
Recreation improvements	192,052
Working Capital	424,180
Unassigned	2,024,633
Total Fund Balances	2,884,062
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,454,781

**Amounts reported for governmental activities in the
Statement of Net Position are different because:**

Total fund balances of governmental funds	\$ 2,884,062
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	2,559,296
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(115,053)
Net Position of Governmental Activities	\$ 5,328,305

TOWN OF BALDWIN, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General Fund
REVENUES	
Taxes	\$ 560,051
Licenses and permits	14,816
Intergovernmental revenues	263,327
Charges for services	900
Interest	3,388
Grant awards and Donations	10,570
Miscellaneous	29,699
TOTAL REVENUES	882,751
EXPENDITURES	
Current:	
General government	297,015
Public safety	260,631
Streets and highway	156,519
Culture and recreation	93,801
Capital outlay	-
TOTAL EXPENDITURES	807,966
EXCESS EXPENDITURES OVER REVENUES	74,785
OTHER FINANCING SOURCES	
Operating transfers from other funds	527,589
Operating transfers to other funds	(167,950)
TOTAL OTHER FINANCING SOURCES	359,639
NET CHANGE IN FUND BALANCES	434,424
FUND BALANCES, BEGINNING	2,449,638
FUND BALANCES, ENDING	\$ 2,884,062

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, 2021

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

Net change in fund balances - total governmental funds	\$	434,424
<p>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.</p>		
Capital assets acquired by use of financial resources		-
Current year depreciation		(147,964)
<p>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:</p>		
Increases in compensated absences payable		<u>(7,235)</u>
Change in net position of governmental activities	\$	<u>279,225</u>

TOWN OF BALDWIN, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2021

	Enterprise Funds		
	Water and Sewer	Retail Development	Total
ASSETS			
Current Assets			
Cash and cash equivalents, restricted	\$ 206,557	\$ -	\$ 206,557
Accounts receivable (net of allowance for doubtful accounts)	136,461	4,085	140,546
Due from other governmental units	142,723	-	142,723
Prepaid insurance	1,693	1,259	2,952
Inventory	-	60,103	60,103
Total Current Assets	487,434	65,447	552,881
Noncurrent Assets			
Capital assets (net of accumulated depreciation)	5,984,201	529,415	6,513,616
TOTAL ASSETS	6,471,635	594,862	7,066,497
LIABILITIES			
Accounts payable	109,278	16,004	125,282
Accrued compensated absences	1,722	2,368	4,090
Accrued payroll taxes	9,349	-	9,349
Due to other governmental units	21,149	-	21,149
Payable from restricted assets:			
Customer deposits	73,152	-	73,152
Noncurrent liabilities:			
Accrued compensated absences (net of current portion)	4,215	1,184	5,399
Due to other governmental units	534,720	-	534,720
TOTAL LIABILITIES	753,585	19,556	773,141
NET POSITION			
Invested in capital assets	5,984,201	529,415	6,513,616
Restricted for:			
Capital expansion and improvement	206,557	-	206,557
Unrestricted	(472,708)	45,891	(426,817)
TOTAL NET POSITION	\$ 5,718,050	\$ 575,306	\$ 6,293,356

See accompanying notes

TOWN OF BALDWIN, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Enterprise Funds		
	Water and Sewer	Retail Development	Total
OPERATING REVENUES			
Charges for service	\$ 895,827	\$ -	\$ 895,827
Impact fees	1,035	-	1,035
Grants & awards	404,991	-	404,991
Sales	-	826,373	826,373
Miscellaneous	137	-	137
TOTAL OPERATING REVENUES	1,301,990	826,373	2,128,363
OPERATING EXPENSES			
Personal services	173,863	137,820	311,683
Contractual services	175,079	7,000	182,079
Cost of Goods Sold	-	710,042	710,042
Utilities	62,840	45,567	108,407
Depreciation	261,807	21,234	283,041
Repairs, maintenance and supplies	164,555	49,465	214,020
Insurance	13,683	25,524	39,207
Other expenses	34,978	7,726	42,704
TOTAL OPERATING EXPENSES	886,805	1,004,378	1,891,183
OPERATING INCOME (LOSS)	415,185	(178,005)	237,180
NON-OPERATING REVENUES (EXPENSES)			
Interest and fiscal charges	(4,228)	-	(4,228)
NET NON-OPERATING REVENUES	(4,228)	-	(4,228)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	410,957	(178,005)	232,952
OPERATING TRANSFERS			
Operating transfers in	-	167,950	167,950
Operating transfers out	(175,167)	(352,422)	(527,589)
NET OPERATING TRANSFERS	(175,167)	(184,472)	(359,639)
CHANGE IN NET POSITION	235,790	(362,477)	(126,687)
NET POSITION, BEGINNING, AS PREVIOUSLY REPORTED	5,424,860	937,783	6,362,643
Prior period adjustment	57,400	-	57,400
NET POSITION, BEGINNING, AS RESTATED	5,482,260	937,783	6,420,043
NET POSITION, ENDING	\$ 5,718,050	\$ 575,306	\$ 6,293,356

See accompanying notes

TOWN OF BALDWIN, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Enterprise Fund		
	Water and Sewer	Retail Development	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received for goods and services	\$ 881,256	\$ 826,373	\$ 1,707,629
Grants & awards	242,852	-	242,852
Other cash receipts	137	-	137
Cash paid to employees	(144,227)	(137,820)	(282,047)
Cash paid to outside parties	(400,935)	(829,871)	(1,230,806)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	579,083	(141,318)	437,765
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Operating transfers in	-	167,950	167,950
Operating transfers out	(175,167)	(352,422)	(527,589)
NET CASH USED IN NON-CAPITAL FINANCING ACTIVITIES	(175,167)	(184,472)	(359,639)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(347,227)	-	(347,227)
Interest payments to other governmental units	(4,228)	-	(4,228)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(351,455)	-	(351,455)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	52,461	(325,790)	(273,329)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	154,096	325,790	479,886
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 206,557	\$ -	\$ 206,557
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 415,185	\$ (178,005)	\$ 237,180
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	261,807	21,234	283,041
Increase in accounts receivable	(20,181)	-	(20,181)
Increase in prepaid expenses	(261)	(82)	(343)
Increase in due from other government units	(142,723)	-	(142,723)
Decrease in inventory	-	9,523	9,523
Increase in accounts payable	73,311	4,236	77,547
Increase in accrued payroll and related taxes	4,099	-	4,099
Increase in accrued compensated absences	2,687	1,776	4,463
Decrease in due to other government units	(19,416)	-	(19,416)
Increase in customer deposits	4,575	-	4,575
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 579,083	\$ (141,318)	\$ 437,765

See accompanying notes

TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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, 2021**

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, 2021**

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, 2021**

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 \$49,289. 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, 2021**

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, 2021

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, 2021

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, 2021 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, 2021, the Town's deposits exceeded this amount by \$2,603,903. The Town has not experienced any losses as a result of this excess in the past. As of September 30, 2021, the total carrying amount of all deposits in qualified public depositories covered by the Florida Security for Public Deposits Act was \$2,252,000 and the bank balance was \$2,259,860.

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, 2021

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, 2021, is 49 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, 2021, the total carrying amount and the balance on record of all deposits in these accounts was \$1,312,934. 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, 2021

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, 2021, 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 9/30/2020	Additions	Deletions	Balance 9/30/2021
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	1,421,822	-	-	1,421,822
Computers and software	3,559	-	-	3,559
Vehicles	80,040	-	-	80,040
Total other capital assets	4,364,414	-	-	4,364,414
Less accumulated depreciation for:				
Buildings	519,709	38,488	-	558,197
Improvements	421,452	43,638	-	465,090
Equipment	199,852	2,704	-	202,556
Furniture & Fixtures	26,000	361	-	26,361
Infrastructure	525,386	62,582	-	587,968
Computer software	3,559	-	-	3,559
Vehicles	78,908	191	-	79,099
Total accumulated depreciation	1,774,866	147,964	-	1,922,830
Other capital assets, net	2,589,548			2,441,584
Governmental activities capital assets, net	\$ 2,707,260			\$ 2,559,296

TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 3 CAPITAL ASSETS (CONTINUED)

Business-type Activities

	Balance 9/30/2020	Additions	Deletions	Balance 9/30/2021
Capital assets not being depreciated:				
Land	\$ 98,818	\$ -	\$ -	\$ 98,818
Construction in progress	57,400	325,403	-	382,803
Total capital assets not being depreciated	<u>156,218</u>	<u>325,403</u>	<u>-</u>	<u>481,621</u>
Other capital assets:				
Buildings	791,521	-	-	791,521
Sanitation facilities	2,415,996	-	-	2,415,996
Equipment	171,435	21,823	40,697	152,561
Waste water plant	5,940,242	-	-	5,940,242
Water distribution system	2,758,883	-	-	2,758,883
Computer software	12,111	-	6,540	5,571
Total other capital assets	<u>12,090,188</u>	<u>21,823</u>	<u>47,237</u>	<u>12,064,774</u>
Less accumulated depreciation for:				
Buildings	307,781	19,678	-	327,459
Sanitation facilities	1,715,146	60,873	-	1,776,019
Equipment	139,692	7,682	40,697	106,677
Waste water plant	1,677,878	148,742	-	1,826,620
Water distribution system	1,944,367	46,066	-	1,990,433
Computer software	12,111	-	6,540	5,571
Total accumulated depreciation	<u>5,796,975</u>	<u>283,041</u>	<u>47,237</u>	<u>6,032,779</u>
Other capital assets, net	<u>6,293,213</u>			<u>6,031,995</u>
Business-Type activities capital assets, net	<u><u>\$ 6,449,431</u></u>			<u><u>\$ 6,513,616</u></u>

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 37,228
Public safety	2,852
Streets and highways	75,670
Culture/recreation	32,214
Total governmental activities depreciation expense	<u><u>\$ 147,964</u></u>

Business-Type activities:

Water and sewer	\$ 261,807
Retail development	21,234
Total business-type activities depreciation expense	<u><u>\$ 283,041</u></u>

Construction in progress beginning balance restated for amount previously expensed. See Note 7 Prior Period Adjustment.

**TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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, 2021, are as follows:

Governmental Projects general fund - Convention Development Tax Fund	\$ 118,955
CSX Donation for Street Lighting	1,110
Capital Projects general fund - Skate Park capital improvement	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 1px solid black; width: 50px; margin-right: 5px;">120,581</div> <div style="margin-right: 5px;">240,646</div> </div>
Water, Sewer & Garbage enterprise fund - Water expansion improvement trust	184,273
Wastewater capital improvement	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 1px solid black; width: 50px; margin-right: 5px;">22,284</div> <div style="margin-right: 5px;">206,557</div> </div>
Total Restricted Assets	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 3px double black; width: 50px; margin-right: 5px;">\$ 447,203</div> </div>

NOTE 5 LINE OF CREDIT

The total credit available at September 30, 2021 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, 2021 is zero.

**TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 6 LONG-TERM LIABILITIES

Governmental Activities:

As of September 30, 2021, the governmental long-term debt consisted of the following:

Accrued compensated absences	\$ 120,667
Less current portion	<u>(5,614)</u>
Total Governmental activity long-term liabilities	<u>\$ 115,053</u>

Business-Type Activities:

As of September 30, 2021, 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	\$ 98,654
Unsecured interest-free Clean Water State Revolving Fund loan, semi-annual installment of \$8,301	457,215
Accrued compensated absences	<u>9,489</u>
	565,358
Less current portion	<u>(25,239)</u>
Total Business-Type activity long-term liabilities	<u>\$ 540,119</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.

**TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

The annual debt service requirements to maturity as of September 30, 2021, are as follows:

Year Ending September 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2022	\$ -	\$ -	\$ 21,149	\$ 1,938
2023	-	-	21,251	1,836
2024	-	-	21,355	1,732
2025	-	-	21,461	1,625
2026	-	-	21,570	1,517
thereafter	-	-	449,083	8,919
Total	\$ -	\$ -	\$ 555,869	\$ 17,567

Long-term Debt Activities

	Beginning			Ending		Amounts
	Balance	Additions	Reductions	Balance		Due within One Year
Government Activities:						
Compensated absences	\$ 114,126	\$ 6,541	\$ -	\$ 120,667		\$ 5,614
Governmental activities long-term liabilities	\$ 114,126	\$ 6,541	\$ -	\$ 120,667		\$ 5,614
Business-Type Activities:						
Due to other governmental units	\$ 575,285	\$ -	\$ 19,416	\$ 555,869		\$ 21,149
Compensated absences	5,026	4,463	-	9,489		4,090
Business-Type activities long-term liabilities	\$ 580,311	\$ 4,463	\$ 19,416	\$ 565,358		\$ 25,239

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.

**TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 7 PRIOR PERIOD ADJUSTMENT

The Town determined that engineering fees of \$57,400 for the Master Pump Station & Water Main Replacement project were inadvertently expensed in the prior year. As such, beginning net position balance for the Enterprise Funds were restated to capitalize the project costs.

NOTE 8 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.

The restricted fund balance as of September 30, 2021 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, 2021 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, 2021, \$192,052 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, 2021, the governmental fund's fund balance included the following fund balance classifications:

Non spendable Fund Balance –		
Prepaid Expenses	\$	2,551
Restricted Fund Balance –		
General Fund –		
Convention Development Tax Fund	118,955	
CSX Donation for Street Lighting	1,110	
Skate Park capital improvement	<u>120,581</u>	
		240,646
Assigned Fund Balance –		
Recreation Projects		192,052
Working Capital		424,180
Unassigned Fund Balance –		<u>2,024,633</u>
		<u>\$ 2,884,062</u>

**TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 9 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.

NOTE 10 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 11 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.

TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 12 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.

NOTE 13 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 14 SUBSEQUENT EVENTS

The Town evaluated subsequent events through June 15, 2022, 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, 2021, 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 15, 2022.

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.

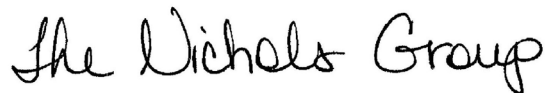
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not 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

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

June 15, 2022

TOWN OF BALDWIN, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes	\$ 577,127	\$ 603,761	\$ 560,051	\$ (43,710)
Licenses and permits	14,000	15,000	14,816	(184)
Intergovernmental revenues	232,008	263,327	263,327	-
Charges for services	1,500	4,800	900	(3,900)
Interest	22,000	4,000	3,388	(612)
Grant awards	5,000	5,000	10,570	5,570
Miscellaneous	24,000	18,350	29,699	11,349
TOTAL REVENUES	<u>875,635</u>	<u>914,238</u>	<u>882,751</u>	<u>(31,487)</u>
EXPENDITURES				
Current				
General government	296,146	305,146	297,015	(8,131)
Public safety	294,658	297,658	260,631	(37,027)
Streets and highway	231,920	245,920	156,519	(89,401)
Culture and recreation	158,500	173,300	93,801	(79,499)
Capital outlay	40,801	-	-	-
TOTAL EXPENDITURES	<u>1,022,025</u>	<u>1,022,024</u>	<u>807,966</u>	<u>(214,058)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(146,390)</u>	<u>(107,786)</u>	<u>74,785</u>	<u>182,571</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers from other funds	2,782,682	2,884,807	527,589	(2,357,218)
Operating transfers to other funds	<u>(2,636,292)</u>	<u>(2,777,021)</u>	<u>(167,950)</u>	<u>2,609,071</u>
TOTAL OTHER FINANCING SOURCES AND USES	<u>146,390</u>	<u>107,786</u>	<u>359,639</u>	<u>251,853</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 434,424</u>	<u>\$ 434,424</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, 2021, and have issued our report thereon dated June 15, 2022.

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 15, 2022, 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.

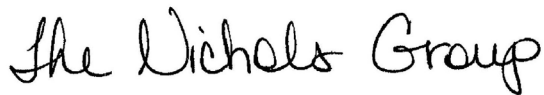
Section 10.554(1)(i)2, Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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 15, 2022



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, 2021, 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, 2021.

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

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

June 15, 2022