

TOWN OF BALDWIN, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2022



THE NICHOLS GROUP, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

**TOWN OF BALDWIN, FLORIDA
SEPTEMBER 30, 2022
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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, 2022, 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, 2022, 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.

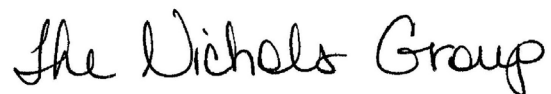
Supplementary Information

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 22, 2023

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 \$99,245 (or .85%). The governmental activity's net assets increased by \$145,993 (or 2.74%) and the business-type activity's net assets decreased by \$46,748 (or .74%).
- 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.
- Charges for services increased by \$141K over the prior year. With services for water and sewer increasing by \$133k, primarily due to an increase of waste disposal fees from \$13 to \$26 per month to alleviate rising subcontract waste collection charges.
- Overall cash balances increased over last year.
- Capital grants and contributions for water and sewer projects decreased by \$72k, consisting mostly of (a) \$170k reduction in reimbursements as the Master Pump Statement and Water Main Replacement project was completed during the current fiscal year, offset by (b) \$80k revenue recognized from the Florida Care Act Pandemic Grant..
- The business-type activity's operating revenues increased by \$48,986 (or 2.3%) from the prior year.
- The Retail Development Fund, which includes the Baldwin Market, experienced a decrease in sales primarily due to loss of pandemic fueled sales. Market sales were down \$12,559 or approximately 1.5% below prior 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 30 years.

- 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 and the remaining 50% in July 2022. 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 \$151,872 of the available funds had been utilized to provide food supplies to resident seniors, make improvements to water and sewer lines, complete needed road repairs and issue a water bill rebate to the Town residents.

Town Highlights

- The grocery store continues to move closer towards break-even even though total sales were less than last year. Overall loss from the grocery store is approximately \$6,500 less than in the prior year.
- 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.
- 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, 2022.

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, 2022 and 2021**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 3,554,088	\$ 3,454,781	\$ 601,793	\$ 552,881	\$ 4,155,881	\$ 4,007,662
Capital assets	2,439,782	2,559,296	6,586,133	6,513,616	9,025,915	9,072,912
Total Assets	5,993,870	6,014,077	7,187,926	7,066,497	13,181,796	13,080,574
Other liabilities	48,424	208,403	156,749	233,022	205,173	441,425
Long-term liabilities outstanding	142,274	115,053	519,544	540,119	661,818	655,172
Total Liabilities	190,698	323,456	676,293	773,141	866,991	1,096,597
Total Deferred inflows of Resources	328,874	362,316	265,025	-	593,899	362,316
Net Position:						
Invested in capital assets	2,418,196	2,559,296	6,586,133	6,513,616	9,004,329	9,072,912
Restricted	250,323	240,646	261,960	206,557	512,283	447,203
Unrestricted	2,805,779	2,528,363	(601,485)	(426,817)	2,204,294	2,101,546
Total Net Position	\$ 5,474,298	\$ 5,328,305	\$6,246,608	\$6,293,356	\$ 11,720,906	\$ 11,621,661

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.

The Town of Baldwin's Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
REVENUES						
Program Revenues:						
Charges for Services	\$ 52,976	\$ 44,678	\$ 1,029,944	\$ 896,862	\$ 1,082,920	\$ 941,540
Capital Grants & Contributions	191,190	10,570	333,234	404,991	524,424	415,561
General Revenues:						
Property taxes	143,268	135,976	-	-	143,268	135,976
Franchise taxes	137,820	85,760	-	-	137,820	85,760
Fuel taxes	76,380	57,134	-	-	76,380	57,134
Infrastructure surtax	134,506	112,207	-	-	134,506	112,207
Sales taxes	188,614	168,728	-	-	188,614	168,728
Utility taxes	176,397	168,974	-	-	176,397	168,974
Investment income	14,054	3,388	-	-	14,054	3,388
Sales	-	1,000	813,814	826,373	813,814	827,373
Miscellaneous	141,295	94,336	357	137	141,652	94,473
Total Revenues	1,256,500	882,751	2,177,349	2,128,363	3,433,849	3,011,114
Program Activities						
Primary Government						
Governmental Activities:						
General Government	(494,427)	(341,423)	-	-	(494,427)	(341,423)
Public Safety	(282,366)	(263,483)	-	-	(282,366)	(263,483)
Streets and Highways	(290,046)	(232,244)	-	-	(290,046)	(232,244)
Culture/Recreation	(156,447)	(126,015)	-	-	(156,447)	(126,015)
Business-type Activities:						
Retail Development	-	-	(985,312)	(1,004,378)	(985,312)	(1,004,378)
Water and Sewer	-	-	(1,126,006)	(891,033)	(1,126,006)	(891,033)
Total Expenses	(1,223,286)	(963,165)	(2,111,318)	(1,895,411)	(3,334,604)	(2,858,576)
Excess of Revenues over Expenses	33,214	(80,414)	66,031	232,952	99,245	152,538
Transfers	112,779	359,639	(112,779)	(359,639)	-	-
Net Increase(Decrease) in Net Assets	\$ 145,993	\$ 279,225	\$ (46,748)	\$ (126,687)	\$ 99,245	\$ 152,538

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 closed 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 try 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** – inflation continues to be a factor affecting costs of most everything, the Town is also a major consumer of certain commodities such as chemicals and supplies, fuels and parts. Some functions may experience unusual commodity specific increases. 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 increased by 17.59%.
- Intergovernmental revenue increased over last year with slight increases in most of the revenue sharing activities.
- Overall governmental activity revenues were up by 42.34% over the previous year due to increases in all tax revenues and some non-recurring sources including grants.
- The second installment of CARES Act funds were received in the current fiscal year and totaled \$372,886. \$345,000 was transferred to the water/sewer fund. \$61,328 was utilized for general fund purposes on the food program and to make road repairs during the current fiscal year. \$79,975 was utilized for water/sewer fund purposes to replace sewer lines, make upgrades and provide the residents with a rebate.
- The remaining unspent CARES Act funds are available as follows - \$328,874 for the general fund and \$265,025 for the water/sewer fund. All remaining proceeds need to be utilized for the designated purposes by December 2026. Quarterly reports are submitted to the state substantiating the use of the funds.
- Business-type revenues increased by 2.3% over the previous year. The increase is primarily due to the increases in water sales and rates charged for service. This increase in sales is off-set by a slight decrease in grocery store sales and a net decrease in overall grants for the current fiscal year.

Expenses

- General Fund expenses for administrative purposes showed a net increase over last year in part due to the grant related and funded expenses.
- General Fund expenses for public safety increased slightly with expenditures on fire protection up over last year. The Town pays the City of Jacksonville to provide staffing to their fire department.
- General Fund expenses related to streets and highways showed a net increase over last year in part due to road repairs made and funded by the CARES act grant.
- General Fund expenses related to culture and recreation showed a net increase over last year in part due to expenditures for the food program started and funded through the CARES Act grant.
- Business-type expenses increased overall.
- Retail Development had an overall decrease in total costs. Decreased grocery costs occurred due to decreases in overall sales. This decrease was off-set by the remaining expenses, wages, repairs and maintenance, and utilities which all showed an increase over last year. Needed repairs and inflation were responsible for these increased costs.
- Increase in Water/Sewer expenses is attributable to water system improvement projects and grant related expenditures for improvements funded by the CARES Act grant.

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 .74% decrease in net assets in the amount of \$46,748. During the current year construction in process on the Water Main Project was completed and depreciation has started on this asset.
- Transfers from the general operating account off-set most of the operating loss incurred in the Retail Development fund. The result is a current decrease in net position primarily caused by depreciation expense.

Budgetary Highlights – General Fund

Actual revenues were \$153,254 less than the final budget. All revenue sources except taxes and intergovernmental revenues are slightly less than final budget. The total second installment of the American Rescue Plan Act was included under grants for the general fund. However, the portion of the total grant attributable to water and sewer projects was transferred during this fiscal year. This budget item accounts for the overall overage of budget revenue vs actual revenue.

Actual expenses were under budgeted amounts by \$264,297. This difference is due in part to the fact that some planned projects did not materialize or were delayed due to lingering 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 and was very minimal this year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of the year end, the Town had \$9,025,915 invested in a variety of net capital assets. This amount represents a net decrease in capital assets (addition, disposition/deletion and depreciation) of \$46,997 or .52% from the end of last year.

The current year additions represent completed Water Main project, new equipment net of the write-off of equipment replaced and a new vehicle.

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

Governmental Activities

	9/30/2021	Additions	Deletions	9/30/2022
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	6,500	-	34,351
Infrastructure	1,421,822	-	-	1,421,822
Computer software	3,559	-	-	3,559
Vehicles	80,040	23,712	-	103,752
Total capital assets	4,482,126	30,212	-	4,512,338
Less accumulated depreciation	1,922,830	\$ 149,726	\$ -	2,072,556
Governmental activities capital assets, net	\$ 2,559,296			\$ 2,439,782

Business-Type activities

	9/30/2021	Additions	Deletions	9/30/2022
Buildings	\$ 791,521	\$ -	\$ -	\$ 791,521
Land	98,818	-	-	98,818
Sanitation facilities	2,415,996	-	-	2,415,996
Equipment	152,561	27,976	3,056	177,481
Waste water plant	5,940,242	-	-	5,940,242
Water distribution system	2,758,883	727,676	-	3,486,559
Computer software	5,571	-	1,895	3,676
Construction in progress	382,803	-	382,803	-
Total capital assets	12,546,395	755,652	387,754	12,914,293
Less accumulated depreciation	6,032,779	\$ 300,332	\$ 4,951	6,328,160
Business-Type activities capital assets, net	\$ 6,513,616			\$ 6,586,133
Total Government Capital Assets, net	\$ 9,072,912			\$ 9,025,915

Debt Outstanding

As of September 30, 2022, the Town had \$696,861 in debt (notes, capital leases, etc.) outstanding compared to \$686,025 as of September 30, 2021, a 1.6% increase. Additional deferred compensation and a vehicle loan netted with the principal payment made on the loan with the Department of Environmental Protection generated an increase of \$10,836.

	Outstanding Debt September 30,	
	2022	2021
Government Activities:		
Compensated absences	\$ 130,390	\$ 120,667
Loan payable	21,586	-
Governmental activities long-term liabilities	151,976	120,667
Business-Type Activities:		
Due to other governmental units	534,721	555,869
Compensated absences	10,164	9,489
Business-Type activities long-term liabilities	544,885	565,358
Total Debt	\$ 696,861	\$ 686,025

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, 2022

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and cash equivalents, unrestricted	\$ 2,836,671	\$ -	\$ 2,836,671
Cash and cash equivalents, restricted	579,197	261,960	841,157
Accounts receivable (net of allowance for doubtful accounts)	62,471	159,001	221,472
Franchise fees receivable	21,506	-	21,506
Due from other governmental units	41,113	111,543	152,656
Prepaid expenses	13,130	9,186	22,316
Inventory	-	60,103	60,103
Total Current Assets	<u>3,554,088</u>	<u>601,793</u>	<u>4,155,881</u>
Noncurrent Assets			
Capital assets (net of accumulated depreciation)	<u>2,439,782</u>	<u>6,586,133</u>	<u>9,025,915</u>
Total Noncurrent Assets	<u>2,439,782</u>	<u>6,586,133</u>	<u>9,025,915</u>
TOTAL ASSETS	<u>5,993,870</u>	<u>7,187,926</u>	<u>13,181,796</u>
LIABILITIES			
Accounts payable and other accrued liabilities	38,722	56,901	95,623
Accrued compensated absences	5,670	4,090	9,760
Due to other governmental units	-	21,251	21,251
Note payable - current	4,032	-	4,032
Payable from restricted assets:			
Customer deposits	-	74,507	74,507
Noncurrent Liabilities:			
Accrued compensated absences (net of current portion)	124,720	6,074	130,794
Note payable	17,554	-	17,554
Due to other governmental units	-	513,470	513,470
TOTAL LIABILITIES	<u>190,698</u>	<u>676,293</u>	<u>866,991</u>
DEFERRED INFLOWS OF RESOURCES			
Grant Advances	<u>328,874</u>	<u>265,025</u>	<u>593,899</u>
NET POSITION			
Net investment in capital assets	2,418,196	6,586,133	9,004,329
Restricted for:			
Capital expansion and improvement	121,691	261,960	383,651
Convention development	128,632	-	128,632
Unrestricted	<u>2,805,779</u>	<u>(601,485)</u>	<u>2,204,294</u>
Total Net Position	<u>\$ 5,474,298</u>	<u>\$ 6,246,608</u>	<u>\$ 11,720,906</u>

See accompanying notes

TOWN OF BALDWIN, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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	\$ (494,427)	\$ 52,976	\$ -	\$ 191,190	\$ (250,261)	\$ -	\$ (250,261)
Public Safety	(282,366)	-	-	-	(282,366)	-	(282,366)
Streets and Highways	(290,046)	-	-	-	(290,046)	-	(290,046)
Culture/Recreation	(156,447)	-	-	-	(156,447)	-	(156,447)
TOTAL GOVERNMENTAL ACTIVITIES	(1,223,286)	52,976	-	191,190	(979,120)	-	(979,120)
BUSINESS-TYPE ACTIVITIES							
Retail Development	(985,312)	-	-	-	-	(985,312)	(985,312)
Water and Sewer	(1,126,006)	1,029,944	-	333,234	-	237,172	237,172
TOTAL BUSINESS-TYPE ACTIVITIES	(2,111,318)	1,029,944	-	333,234	-	(748,140)	(748,140)
TOTAL PRIMARY GOVERNMENT	\$ (3,334,604)	\$ 1,082,920	\$ -	\$ 524,424	(979,120)	(748,140)	(1,727,260)
General Revenues:							
Taxes:							
Property Taxes					143,268	-	143,268
Franchise Taxes					137,820	-	137,820
Fuel Taxes					76,380	-	76,380
Infrastructure Surtax					134,506	-	134,506
Sales Taxes					188,614	-	188,614
Utility Taxes					176,397	-	176,397
Sales					-	813,814	813,814
Investment Income					14,054	-	14,054
Gain on Sale of Fixed Assets					-	-	-
Miscellaneous					141,295	357	141,652
Transfers					112,779	(112,779)	-
Total General Revenues and Transfers					1,125,113	701,392	1,826,505
Change in Net Position					145,993	(46,748)	99,245
Net Position, Beginning					5,328,305	6,293,356	11,621,661
Net Position, Ending					\$ 5,474,298	\$ 6,246,608	\$ 11,720,906

See accompanying notes

**TOWN OF BALDWIN, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2022**

	General Fund
ASSETS	
Cash and cash equivalents, unrestricted	\$ 2,836,671
Cash and cash equivalents, restricted	579,197
Accounts receivable	62,471
Franchise fees receivable	21,506
Due from other governmental units	41,113
Prepaid expenses	13,130
TOTAL ASSETS	\$ 3,554,088
LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts payable and other accrued liabilities	\$ 31,698
Accrued payroll and related taxes	7,024
Accrued matured compensated absences	5,670
Total Liabilities	44,392
Fund Balances	
Fund balances:	
Nonspendable	
Prepays	13,130
Restricted	
Convention development	128,632
Street Lighting	1,110
Skate park capital improvement	120,581
Food program	118,085
Road Rebuilding	210,789
Assigned	
Recreation improvements	192,302
Working Capital	424,866
Unassigned	2,300,201
Total Fund Balances	3,509,696
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,554,088
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Total fund balances of governmental funds	\$ 3,509,696
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	2,439,782
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(146,306)
Deferred inflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	(328,874)
Net Position of Governmental Activities	\$ 5,474,298

See accompanying notes

TOWN OF BALDWIN, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	General Fund
REVENUES	
Taxes	\$ 668,371
Licenses and permits	16,024
Intergovernmental revenues	306,072
Charges for services	1,400
Interest	14,054
Grant awards and Donations	157,748
Miscellaneous	59,389
TOTAL REVENUES	1,223,058
EXPENDITURES	
Current:	
General government	446,887
Public safety	279,514
Streets and highway	213,139
Culture and recreation	124,353
Capital outlay	30,212
TOTAL EXPENDITURES	1,094,105
EXCESS EXPENDITURES OVER REVENUES	128,953
OTHER FINANCING SOURCES AND USES	
Operating transfers from other funds	795,444
Proceeds from financing	21,586
Operating transfers to other funds	(682,665)
TOTAL OTHER FINANCING SOURCES	134,365
NET CHANGE IN FUND BALANCES	263,318
FUND BALANCES, BEGINNING AS PREVIOUSLY REPORTED	2,884,062
Prior period adjustment	362,316
FUND BALANCES, BEGINNING AS RESTATED	3,246,378
FUND BALANCES, ENDING	\$ 3,509,696

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, 2022

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

Net change in fund balances - total governmental funds	\$	263,318
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Also, certain capital assets are contributed to the Town upon completion, requiring recognition of income not reported in the funds.

Capital assets acquired by use of financial resources	30,212	
Current year depreciation	<u>(149,726)</u>	(119,514)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Proceeds from financing	(23,712)	
Principal repaid	<u>2,126</u>	(21,586)

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Deferred inflows		33,442
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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:

Increases in compensated absences payable		<u>(9,667)</u>
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Change in net position of governmental activities	\$	<u><u>145,993</u></u>
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TOWN OF BALDWIN, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2022

	Enterprise Funds		
	Water and Sewer	Retail Development	Total
ASSETS			
Current Assets			
Cash and cash equivalents, restricted	\$ 261,960	\$ -	\$ 261,960
Accounts receivable (net of allowance for doubtful accounts)	154,916	4,085	159,001
Due from other governmental units	111,543	-	111,543
Prepaid insurance	6,084	3,102	9,186
Inventory	-	60,103	60,103
Total Current Assets	534,503	67,290	601,793
Noncurrent Assets			
Capital assets (net of accumulated depreciation)	6,077,951	508,182	6,586,133
TOTAL ASSETS	6,612,454	575,472	7,187,926
LIABILITIES			
Accounts payable	45,021	9,059	54,080
Accrued compensated absences	1,722	2,368	4,090
Accrued payroll taxes	2,821	-	2,821
Due to other governmental units	21,251	-	21,251
Payable from restricted assets:			
Customer deposits	74,507	-	74,507
Noncurrent liabilities:			
Accrued compensated absences (net of current portion)	3,469	2,605	6,074
Due to other governmental units	513,470	-	513,470
TOTAL LIABILITIES	662,261	14,032	676,293
DEFERRED INFLOWS OF RESOURCES			
Grant advances	265,025	-	265,025
NET POSITION			
Invested in capital assets	6,077,951	508,182	6,586,133
Restricted for:			
Capital expansion and improvement	261,960	-	261,960
Unrestricted	(654,743)	53,258	(601,485)
TOTAL NET POSITION	\$ 5,685,168	\$ 561,440	\$ 6,246,608

See accompanying notes

TOWN OF BALDWIN, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Enterprise Funds		
	Water and Sewer	Retail Development	Total
OPERATING REVENUES			
Charges for service	\$ 1,024,124	\$ -	\$ 1,024,124
Impact fees	5,820	-	5,820
Grants & awards	333,234	-	333,234
Sales	-	813,814	813,814
Miscellaneous	207	150	357
TOTAL OPERATING REVENUES	1,363,385	813,964	2,177,349
OPERATING EXPENSES			
Personal services	210,802	155,519	366,321
Contractual services	344,639	-	344,639
Cost of Goods Sold	-	635,331	635,331
Utilities	85,921	58,133	144,054
Depreciation	279,099	21,233	300,332
Repairs, maintenance and supplies	159,391	83,856	243,247
Insurance	12,043	23,762	35,805
Other expenses	32,173	7,478	39,651
TOTAL OPERATING EXPENSES	1,124,068	985,312	2,109,380
OPERATING INCOME (LOSS)	239,317	(171,348)	67,969
NON-OPERATING REVENUES (EXPENSES)			
Interest and fiscal charges	(1,938)	-	(1,938)
NET NON-OPERATING REVENUES	(1,938)	-	(1,938)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	237,379	(171,348)	66,031
OPERATING TRANSFERS			
Operating transfers in	525,183	157,482	682,665
Operating transfers out	(795,444)	-	(795,444)
NET OPERATING TRANSFERS	(270,261)	157,482	(112,779)
CHANGE IN NET POSITION	(32,882)	(13,866)	(46,748)
NET POSITION, BEGINNING	5,718,050	575,306	6,293,356
NET POSITION, ENDING	\$ 5,685,168	\$ 561,440	\$ 6,246,608

See accompanying notes

TOWN OF BALDWIN, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Enterprise Fund		
	Water and Sewer	Retail Development	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received for goods and services	\$ 1,012,844	\$ 813,814	\$ 1,826,658
Grants and awards	608,291	-	608,291
Other cash receipts	207	150	357
Cash paid to employees	(175,336)	(137,820)	(313,156)
Cash paid to outside parties	(745,555)	(833,626)	(1,579,181)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>700,451</u>	<u>(157,482)</u>	<u>542,969</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Operating transfers in	525,183	157,482	682,665
Operating transfers out	(795,444)	-	(795,444)
NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES	<u>(270,261)</u>	<u>157,482</u>	<u>(112,779)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(372,849)	-	(372,849)
Interest payments to other governmental units	(1,938)	-	(1,938)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(374,787)</u>	<u>-</u>	<u>(374,787)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	55,403	-	55,403
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>206,557</u>	<u>-</u>	<u>206,557</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 261,960</u>	<u>\$ -</u>	<u>\$ 261,960</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 239,317	\$ (171,348)	\$ 67,969
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	279,099	21,233	300,332
Increase in accounts receivable	(18,455)	-	(18,455)
Increase in prepaid expenses	(4,391)	(1,843)	(6,234)
Increase in due from other government units	31,180	-	31,180
Decrease in inventory	-	-	-
Increase in accounts payable	(64,257)	(6,945)	(71,202)
Increase in accrued payroll and related taxes	(6,528)	-	(6,528)
Increase (decrease) in accrued compensated absences	(746)	1,421	675
Decrease in due to other government units	(21,148)	-	(21,148)
Increase in customer deposits	1,355	-	1,355
Increase in grant advances	265,025	-	265,025
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 700,451</u>	<u>\$ (157,482)</u>	<u>\$ 542,969</u>

See accompanying notes

TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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, 2022

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). There were no capital projects in the current fiscal year and therefore no capital fund was needed.

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 funds 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, 2022

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, 2022**

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 receivable held by the Enterprise Fund are reported net of an allowance for uncollectible accounts receivable in the amount of \$47,182. 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, 2022

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, 2022

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 financing of the right to use an underlying asset. The requirements of this Statement will be effective for the year ended September 30, 2022. The implementation of this pronouncement did not have an impact on the current year's financial statements.

TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB Statement No. 91, Conduit Debt Obligations. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Previously effective for the year ended September 30, 2022, the requirements of this Statement have been extended to be effective for the year ended September 30, 2023.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. To the extent relevant, standards for SBITAs are based on the standards established in Statement No. 87, Leases as amended. The requirements of this Statement are effective for the year ended September 30, 2023.

GASB Statement No. 100, Accounting Changes and Error Corrections. An amendment of GASB Statement No. 62, the primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for the year ended September 30, 2024.

GASB Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for the year ended September 30, 2025.

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.

TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Therefore, the Town's total bank balances on deposit at September 30, 2022 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, 2022, the Town's deposits exceeded this amount by \$2,816,186. The Town has not experienced any losses as a result of this excess in the past. As of September 30, 2022, the total carrying amount of all deposits in qualified public depositories covered by the Florida Security for Public Deposits Act was \$2,147,723 and the bank balance was \$2,282,281.

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.

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, 2022, is 21 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, 2022, the total carrying amount and the balance on record of all deposits in these accounts was \$1,467,288. 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.

**TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

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."

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, 2022, 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 PRIOR PERIOD ADJUSTMENT

The Town determined that grants provided through The American Rescue Plan Act of 2021 (ARPA) and the funds received in August 2021 were inadvertently reported as a liability on both the government-wide and the governmental fund statements. The grant income should have been included in the grant income for the statement of revenues, expenditures and changes in fund balances governmental funds. As such, beginning fund balance for the Governmental Funds were restated to recognize the grant income received in the prior period.

The restatement affects only the Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds. There is no effect to Net Position on the government-wide statement.

**TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 3 PRIOR PERIOD ADJUSTMENT (CONTINUED)

The restatement is as follows:

Fund Balances, Beginning as Previously reported	\$2,884,062
Grant income received net of expenditures	<u>362,316</u>
Fund Balances, Beginning as Restated	<u>\$3,246,378</u>

NOTE 4 CAPITAL ASSETS

A summary of changes in Capital Assets is as follows:

Governmental Activities

	Balance 9/30/2021	Additions	Deletions	Balance 9/30/2022
Capital assets not being depreciated:				
Land	\$ 117,712	\$ -	\$ -	\$ 117,712
Total capital assets not being depreciated	<u>117,712</u>	<u>-</u>	<u>-</u>	<u>117,712</u>
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	6,500	-	34,351
Infrastructure	1,421,822	-	-	1,421,822
Computers and software	3,559	-	-	3,559
Vehicles	80,040	23,712	-	103,752
Total other capital assets	<u>4,364,414</u>	<u>30,212</u>	<u>-</u>	<u>4,394,626</u>
Less accumulated depreciation for:				
Buildings	558,197	38,489	-	596,686
Improvements	465,090	43,563	-	508,653
Equipment	202,556	2,594	-	205,150
Furniture & Fixtures	26,361	923	-	27,284
Infrastructure	587,968	62,582	-	650,550
Computer software	3,559	-	-	3,559
Vehicles	79,099	1,575	-	80,674
Total accumulated depreciation	<u>1,922,830</u>	<u>149,726</u>	<u>-</u>	<u>2,072,556</u>
Other capital assets, net	<u>2,441,584</u>			<u>2,322,070</u>
Governmental activities capital assets, net	<u>\$ 2,559,296</u>			<u>\$ 2,439,782</u>

TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 4 CAPITAL ASSETS (CONTINUED)

Business-type Activities

	Balance 9/30/2021	Additions	Deletions	Balance 9/30/2022
Capital assets not being depreciated:				
Land	\$ 98,818	\$ -	\$ -	\$ 98,818
Construction in progress	382,803	-	382,803	-
Total capital assets not being depreciated	481,621	-	382,803	98,818
Other capital assets:				
Buildings	791,521	-	-	791,521
Sanitation facilities	2,415,996	-	-	2,415,996
Equipment	152,561	27,976	3,056	177,481
Waste water plant	5,940,242	-	-	5,940,242
Water distribution system	2,758,883	727,676	-	3,486,559
Computer software	5,571	-	1,895	3,676
Total other capital assets	12,064,774	755,652	4,951	12,815,475
Less accumulated depreciation for:				
Buildings	327,459	19,678	-	347,137
Sanitation facilities	1,776,019	58,030	-	1,834,049
Equipment	106,677	9,625	3,056	113,246
Waste water plant	1,826,620	148,741	-	1,975,361
Water distribution system	1,990,433	64,258	-	2,054,691
Computer software	5,571	-	1,895	3,676
Total accumulated depreciation	6,032,779	300,332	4,951	6,328,160
Other capital assets, net	6,031,995			6,487,315
Business-Type activities capital assets, net	\$ 6,513,616			\$ 6,586,133

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 38,276
Public safety	2,852
Streets and highways	76,511
Culture/recreation	32,087
Total governmental activities depreciation expense	\$ 149,726

Business-Type activities:

Water and sewer	\$ 279,099
Retail development	21,233
Total business-type activities depreciation expense	\$ 300,332

**TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 5 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.

During the fiscal years ended September 30, 2022, and 2021 the Town received grants under the American Rescue Plan Act. State and local government recipients can use the funds to cover costs obligated by December 31, 2024. The funds were distributed in two tranches, with 50% received in each fiscal year. Specifically, funds can be spent to replace lost public revenue, support the COVID-19 response, provide premium pay to essential workers and invest in water, sewer, and broadband infrastructure. The Town must submit reports showing how the funds were spent and must use the grant funding by the December 31, 2026 deadline.

Actual balances of the restricted cash and investment accounts in the Town's general and enterprise funds at September 30, 2022, are as follows:

Governmental Projects general fund - Convention Development Tax Fund	\$ 128,632
CSX Donation for Street Lighting	1,110
Community Food Program	118,085
Capital Projects general fund - Road improvement	210,789
Skate Park capital improvement	120,581
	579,197
Water, Sewer & Garbage enterprise fund - Water expansion improvement trust	152,294
Wastewater capital improvement	109,666
	261,960
Total Restricted Assets	\$ 841,157

**TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 6 LINE OF CREDIT

The total credit available at September 30, 2022 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, 2022 is zero.

NOTE 7 LONG-TERM LIABILITIES

Governmental Activities:

As of September 30, 2022, the governmental long-term debt consisted of the following:

Accrued compensated absences	\$ 130,390
Loan payable	<u>21,586</u>
	151,976
Less current portion	<u>(9,702)</u>
 Total Governmental activity long-term liabilities	 <u><u>\$ 142,274</u></u>

Business-Type Activities:

As of September 30, 2022, 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	\$ 93,549
Unsecured interest-free Clean Water State Revolving Fund loan, semi-annual installment of \$8,301	441,172
Accrued compensated absences	<u>10,164</u>
	544,885
Less current portion	<u>(25,341)</u>
 Total Business-Type activity long-term liabilities	 <u><u>\$ 519,544</u></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 \$8,021 until paid in full.

**TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

The annual debt service requirements to maturity as of September 30, 2022, are as follows:

Year Ending September 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 4,032	\$ 861	\$ 21,251	\$ 1,938
2024	4,603	734	21,355	1,836
2025	4,826	511	21,461	1,732
2026	5,060	277	21,570	1,625
2027	3,065	49	21,680	1,517
thereafter	-	-	427,404	8,919
Total	<u>\$ 21,586</u>	<u>\$ 2,432</u>	<u>\$ 534,721</u>	<u>\$ 17,567</u>

Long-term Debt Activities

	Beginning			Ending		Amounts
	Balance	Additions	Reductions	Balance		Due within One Year
Government Activities:						
Compensated absences	\$ 120,667	\$ 9,723	\$ -	\$ 130,390		5,670
Loan payable	-	23,712	2,126	21,586		4,032
Governmental activities long-term liabilities	<u>\$ 120,667</u>	<u>\$ 33,435</u>	<u>\$ 2,126</u>	<u>\$ 151,976</u>		<u>\$ 9,702</u>
Business-Type Activities:						
Due to other governmental units	\$ 555,869	\$ -	\$ 21,148	\$ 534,721		\$ 21,251
Compensated absences	9,489	675	-	10,164		4,090
Business-Type activities long-term liabilities	<u>\$ 565,358</u>	<u>\$ 675</u>	<u>\$ 21,148</u>	<u>\$ 544,885</u>		<u>\$ 25,341</u>

Compensated Absences

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

NOTE 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.

**TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 8 FUND BALANCE (CONTINUED)

The restricted fund balance as of September 30, 2022 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, 2022 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, 2022, \$192,302 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, 2022, the governmental fund's fund balance included the following fund balance classifications:

Non spendable Fund Balance –		
Prepaid Expenses	\$	13,130
Restricted Fund Balance –		
General Fund –		
Convention Development Tax Fund	128,632	
CSX Donation for Street Lighting	1,110	
Skate Park capital improvement	120,581	
Food program	118,085	
Road Rebuilding	210,789	
		579,197
Assigned Fund Balance –		
Recreation Projects		192,302
Working Capital		424,866
Unassigned Fund Balance –		2,300,201
		\$ 3,509,696

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 operates a grocery store. Financial data for the Town's grocery store activity can be found under the Retail Development Fund of the Proprietary Fund Type.

TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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.

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.

**TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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 22, 2023, 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, 2022, 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 22, 2023.

Internal Control over Financial Reporting

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

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

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

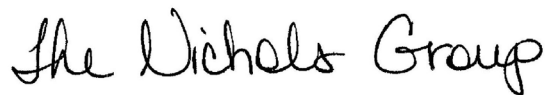
consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Baldwin, Florida's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



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

June 22, 2023

TOWN OF BALDWIN, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes	\$ 650,831	\$ 601,375	\$ 668,371	\$ 66,996
Licenses and permits	15,000	16,100	16,024	(76)
Intergovernmental revenues	297,346	212,932	306,072	93,140
Charges for services	5,000	1,850	1,400	(450)
Interest	7,000	9,100	14,054	4,954
Grant awards	254,009	377,885	157,748	(220,137)
Miscellaneous	29,800	157,070	59,389	(97,681)
TOTAL REVENUES	<u>1,258,986</u>	<u>1,376,312</u>	<u>1,223,058</u>	<u>(153,254)</u>
EXPENDITURES				
Current				
General government	356,767	448,307	446,887	(1,420)
Public safety	320,875	303,797	279,514	(24,283)
Streets and highway	469,085	345,672	213,139	(132,533)
Culture and recreation	183,658	230,125	124,353	(105,772)
Capital outlay	48,500	30,500	30,212	(288)
TOTAL EXPENDITURES	<u>1,378,885</u>	<u>1,358,402</u>	<u>1,094,105</u>	<u>(264,297)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(119,899)</u>	<u>17,911</u>	<u>128,953</u>	<u>111,042</u>
OTHER FINANCING SOURCES (USES)				
Prior Year Reserves	469,869	500,144	-	(500,144)
Operating transfers from other funds	2,288,399	13,403,592	795,444	(12,608,148)
Proceeds from financing	-	-	21,586	21,586
Operating transfers to other funds	(2,638,369)	(13,921,647)	(682,665)	13,238,982
TOTAL OTHER FINANCING SOURCES AND USES	<u>119,899</u>	<u>(17,911)</u>	<u>134,365</u>	<u>152,276</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263,318</u>	<u>\$ 263,318</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, 2022, and have issued our report thereon dated June 22, 2023.

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 22, 2023, 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.

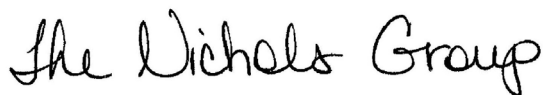
Section 10.554(1)(i)2, Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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 22, 2023



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, 2022, 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, 2022.

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 22, 2022