

TOWN OF BALDWIN, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2023



THE NICHOLS GROUP, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

**TOWN OF BALDWIN, FLORIDA
 SEPTEMBER 30, 2023
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TOWN OF BALDWIN, FLORIDA

TOWN OFFICIALS

MAYOR - COUNCILMAN

Sean Lynch

TOWN COUNCIL

Clayton Plank

Chris Douglas

Harry Ervin

Georgeann McKenna

TOWN CLERK

Lula M. Hill

TOWN ATTORNEY

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Independent Auditors' Report

The Honorable Town Council
Town of Baldwin, Florida

Report on the Audit of the Financial Statements

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, 2023, 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, 2023, 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 and *Government 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 and *Government 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 on pages 7-18 and 46 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.

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2024, on our consideration of the Town of Baldwin, Florida's internal control over financial reporting and on our test of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scop of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Baldwin Florida's internal control over financial reporting and compliance.



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

June 17, 2024

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 decreased by \$210,406 (or 1.8%). The governmental activity's net assets decreased by \$35,059 (or .64%) and the business-type activity's net assets decreased by \$175,347 (or 2.81%).
- 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; however, the Town council approved the use of reserve funds to cover the \$26K cost of new filters. The reserve account ended the year with approximately \$405,000.
- Charges for services decreased by \$2,229 over the prior year. With services for water and sewer decreasing by \$7,521. No major fee adjustments or changes occurred last year. These slight decreases appear to be a leveling out of fee income.
- Overall cash balances decreased over last year.
- Capital grants and contributions for water and sewer projects decreased by \$185K, consisting of (a) \$235K reduction in reimbursements from the Department of Environmental Protection Agency grants, (b) \$11K net decrease in funds received from the Florida Department of Environmental Protection with the final proceeds realized, offset by (b) \$61K net increase in revenue recognized from the Florida Care Act Pandemic Grant.
- A review of the Town's detailed fixed asset schedule was completed to identify assets that were scrapped over the years. This resulted in the loss on disposition reported in the current fiscal year and represents a cumulative adjustment for items no longer in working order or maintained.

- The business-type activity's operating revenues decreased by \$328,634 (or 15.09%) from the prior year. This decrease is attributable to reduced grant funding and a reduction in grocery store sales.
- The Retail Development Fund, which includes the Baldwin Market, experienced a decrease in sales again this year. Market sales were down \$149,217 or approximately 18.3% below the prior year. While the cost of goods sold only decreased \$68,066 or approximately 11% compared to last year.
- The "Wastewater Treatment Facility" (WWTF) was completed in early 2020. Total cost of the project came to \$3.5 million. The Florida Department of Environmental Protection provided 2 sources of funding for the Wastewater Treatment Facility. Payments on the loan have started and extend over the next 30 years.
- The Florida Department of Environmental Protection at year-end approved a third funding agreement to make additional improvements to the wastewater facilities. The agreement was signed on September 29, 2023, and is similar to the previous 2 sources of funding.
- 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 \$520,662 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. The remaining balance is already earmarked for upcoming projects and there should be no problem meeting the use of funds deadline.

Town Highlights

- The grocery store rented out its entrance space to a flower shop to earn some additional income. This also allows the tenant to assume the responsibility of realizing a profit on the sale of flowers.
- The grocery store saw sales drop off in the current fiscal year. Without the volume discounts larger stores and franchises enjoy and the increased cost of labor and difficulty finding and keeping employees has made it difficult for the grocery store to reach a break-even point. Overall loss from the grocery store is approximately \$250K.
- The difficult decision to close the grocery store was made after year-end with the doors being closed in March 2024. The space is currently once again available to businesses that might be interested in renting the space to operate a store in Baldwin.

- With funds from the Department of Economic Opportunity, the water main project made significant progress and with additional funding approved the construction will continue in the upcoming year.
- The interchange being built around the Town is still in progress.
- The Town received \$114,810 in mitigation funds allowing for the purchase of equipment and a truck to facilitate the maintenance of its recreational facilities, parks and spaces.
- The award of funds from the State & Local Fiscal Recovery Funds continues to allow the Town to assist residents and move forward with maintenance projects including a third loan granted at year-end for \$463K. This third loan is similar to the previous two and provides funding for a wastewater project and includes loan forgiveness for 50% or \$231K of the project. As the loan was just granted days before year-end, there has been no funding in the current fiscal year. The loan was granted to facilitate the construction of a wastewater treatment facility.

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, 2023.

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, 2023 and 2022**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 3,396,522	\$ 3,554,088	\$ 544,247	\$ 601,793	\$ 3,940,769	\$ 4,155,881
Capital assets	2,333,046	2,439,782	6,336,444	6,586,133	8,669,490	9,025,915
Total Assets	5,729,568	5,993,870	6,880,691	7,187,926	12,610,259	13,181,796
Other liabilities	50,815	48,424	182,841	156,749	233,656	205,173
Long-term liabilities outstanding	137,927	142,274	503,066	519,544	640,993	661,818
Total Liabilities	188,742	190,698	685,907	676,293	874,649	866,991
Total Deferred inflows of Resources	101,587	328,874	123,522	265,025	225,109	593,899
Net Position:						
Invested in capital assets	2,315,867	2,418,196	6,336,444	6,586,133	8,652,311	9,004,329
Restricted	363,656	250,323	442,929	261,960	806,585	512,283
Unrestricted	2,759,716	2,805,779	(708,111)	(601,485)	2,051,605	2,204,294
Total Net Position	\$ 5,439,239	\$ 5,474,298	\$6,071,262	\$6,246,608	\$ 11,510,501	\$ 11,720,906

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	
	2023	2022	2023	2022	2023	2022
REVENUES						
Program Revenues:						
Charges for Services	\$ 58,268	\$ 52,976	\$ 1,022,423	\$ 1,029,944	\$ 1,080,691	\$ 1,082,920
Capital Grants & Contributions	348,097	191,190	148,628	333,234	496,725	524,424
General Revenues:						
Property taxes	143,823	143,268	-	-	143,823	143,268
Franchise taxes	115,515	137,820	-	-	115,515	137,820
Fuel taxes	88,049	76,380	-	-	88,049	76,380
Infrastructure surtax	146,161	134,506	-	-	146,161	134,506
Sales taxes	182,524	188,614	-	-	182,524	188,614
Utility taxes	191,519	176,397	-	-	191,519	176,397
Investment income	98,707	14,054	-	-	98,707	14,054
Sales	-	-	664,597	813,814	664,597	813,814
Miscellaneous	113,572	141,295	13,067	357	126,639	141,652
Total Revenues	1,486,235	1,256,500	1,848,715	2,177,349	3,334,950	3,433,849
Program Activities						
Primary Government						
Governmental Activities:						
General Government	(376,336)	(494,427)	-	-	(376,336)	(494,427)
Public Safety	(302,540)	(282,366)	-	-	(302,540)	(282,366)
Streets and Highways	(514,457)	(290,046)	-	-	(514,457)	(290,046)
Culture/Recreation	(159,917)	(156,447)	-	-	(159,917)	(156,447)
Business-type Activities:						
Retail Development	-	-	(916,783)	(985,312)	(916,783)	(985,312)
Water and Sewer	-	-	(1,219,214)	(1,126,006)	(1,219,214)	(1,126,006)
Total Expenses	(1,353,250)	(1,223,286)	(2,135,997)	(2,111,318)	(3,489,247)	(3,334,604)
Excess of Revenues over Expenses	132,985	33,214	(287,282)	66,031	(154,297)	99,245
Loss of Disposition of Fixed Assets	(45,815)	-	(10,294)	-	(56,109)	-
Transfers	(122,229)	112,779	122,229	(112,779)	-	-
Net Increase(Decrease) in Net Assets	\$ (35,059)	\$ 145,993	\$ (175,347)	\$ (46,748)	\$ (210,406)	\$ 99,245

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. The Town council agreed to try this and after an initial trial period if break-even is not possible to consider going back to the previous arrangement of leasing the store to a business.

- **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 1.24%.
- Intergovernmental revenue increased over last year with slight increases in most of the revenue sharing activities.
- Overall governmental activity revenues were up by 18.28% over the previous year due to increases in some tax revenues, investment income and some non-recurring sources including grants.
- The second installment of CARES Act funds was received last year. In the current fiscal year \$201,789 was utilized for road improvements and \$16,498 went to support the Town's food program. \$141,503 was utilized for water/sewer fund purposes to replace sewer lines and make upgrades.
- The remaining unspent CARES Act funds are available as follows - \$101,587 for the general fund and \$123,522 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 decreased by 15.1% over the previous year. The decrease is primarily due to the decrease in grants and grocery store sales.

Expenses

- General Fund expenses for administrative purposes showed a net decrease over last year in part due to the less 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 and decreased repair cost due to major repairs having been completed last year. These decreases were off-set by the remaining expenses, wages, insurance, and utilities which all increased over the last year. Inflation was a major driver of cost increases. Additionally, even though grocery costs were down over last year, the cost of groceries as a percentage of sales was up, also due to inflation.
- 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 2.8% decrease in net assets in the amount of \$175,347. The current year had a full year of depreciation on the completed Water Main Project.
- 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 \$ 9,927 higher than the final budget. All revenue sources except grants were lower than the final budget. A mitigation fund grant received in the amount of \$114,810 is most of the difference between actual and final budget grant awards revenue. All other revenue sources are lower than the final budget.

Actual expenses were under budgeted amounts by \$161,744. This difference is due in part to the fact that some planned projects did not materialize or were delayed. 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 over budget due to some upgrades funded by grant monies, including the new vehicle and backhoe paid for with mitigation funds.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of the year end, the Town had \$8,669,490 invested in a variety of net capital assets. This amount represents a net decrease in capital assets (addition, disposition/deletion and depreciation) of \$356,425 or 3.95% from the end of last year.

The current year additions represent 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

	9/30/2022	Additions	Deletions	9/30/2023
Buildings	\$ 1,573,154	\$ -	\$ -	\$ 1,479,700
Land	117,712	-	93,454	117,712
Improvements	1,041,720	-	39,077	1,002,643
Equipment	216,268	63,175	64,183	215,260
Furniture & Fixtures	34,351	-	3,579	30,772
Infrastructure	1,421,822	-	16,741	1,405,081
Computer software	3,559	-	-	3,559
Vehicles	103,752	38,000	61,749	80,003
Total capital assets	4,512,338	101,175	278,783	4,334,730
Less accumulated depreciation	2,072,556	\$ 157,096	\$ 227,968	2,001,684
Governmental activities capital assets, net	\$ 2,439,782			\$ 2,333,046

Business-Type activities

	9/30/2022	Additions	Deletions	9/30/2023
Buildings	\$ 791,521	\$ -	\$ -	\$ 788,050
Land	98,818	-	-	98,818
Sanitation facilities	2,415,996	10,800	6,403	2,420,393
Equipment	177,481	67,131	25,630	218,982
Waste water plant	5,940,242	-	-	5,940,242
Water distribution system	3,486,559	-	4,626	3,481,933
Computer software	3,676	-	-	3,676
Total capital assets	12,914,293	77,931	36,659	12,952,094
Less accumulated depreciation	6,328,160	\$ 317,326	\$ 29,836	6,615,650
Business-Type activities capital assets, net	\$ 6,586,133			\$ 6,336,444
Total Government Capital Assets, net	\$ 9,025,915			\$ 8,669,490

Debt Outstanding

As of September 30, 2023, the Town had \$682,757 in debt (notes, capital leases, etc.) outstanding compared to \$696,861 as of September 30, 2022, a 2.0% decrease. Additional deferred compensation and the principal payment made on the car loan and the loan with the Department of Environmental Protection generated a decrease of \$14,104.

	Outstanding Debt	
	September 30,	
	2023	2022
Government Activities:		
Compensated absences	\$ 131,251	\$ 130,390
Loan payable	17,179	21,586
Governmental activities long-term liabilities	148,430	151,976
Business-Type Activities:		
Due to other governmental units	513,470	534,721
Compensated absences	20,857	10,164
Business-Type activities long-term liabilities	534,327	544,885
Total Debt	\$ 682,757	\$ 696,861

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, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents, unrestricted	\$ 2,897,257	\$ -	\$ 2,897,257
Accounts receivable (net of allowance for doubtful accounts)	49,912	152,402	202,314
Franchise fees receivable	21,440	-	21,440
Due from other governmental units	46,504	-	46,504
Prepaid expenses	17,753	12,335	30,088
Inventory	-	60,103	60,103
Restricted Assets			
Cash and cash equivalents, restricted	363,656	319,407	683,063
Capital Assets			
Capital assets (net of accumulated depreciation)	2,333,046	6,336,444	8,669,490
TOTAL ASSETS	5,729,568	6,880,691	12,610,259
LIABILITIES			
Accounts payable and other accrued liabilities	40,312	68,749	109,061
Accrued compensated absences	5,882	9,906	15,788
Due to other governmental units	-	21,355	21,355
Note payable - current	4,621	-	4,621
Payable from restricted assets:			
Customer deposits	-	82,831	82,831
Noncurrent Liabilities:			
Accrued compensated absences (net of current portion)	125,369	10,951	136,320
Note payable	12,558	-	12,558
Due to other governmental units	-	492,115	492,115
TOTAL LIABILITIES	188,742	685,907	874,649
DEFERRED INFLOWS OF RESOURCES			
Grant Advances	101,587	123,522	225,109
NET POSITION			
Net investment in capital assets	2,315,867	6,336,444	8,652,311
Restricted for:			
Capital expansion and improvement	121,691	319,407	441,098
Convention development	140,378	-	140,378
Community Food Program	101,587	-	101,587
Waterline Repairs	-	123,522	123,522
Unrestricted	2,759,716	(708,111)	2,051,605
Total Net Position	\$ 5,439,239	\$ 6,071,262	\$ 11,510,501

See accompanying notes

TOWN OF BALDWIN, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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	\$ (376,336)	\$ 58,268	\$ -	\$ 6,000	\$ (312,068)	\$ -	\$ (312,068)
Public Safety	(302,540)	-	-	-	(302,540)	-	(302,540)
Streets and Highways	(514,457)	-	-	325,599	(188,858)	-	(188,858)
Culture/Recreation	(159,917)	-	-	16,498	(143,419)	-	(143,419)
TOTAL GOVERNMENTAL ACTIVITIES	(1,353,250)	58,268	-	348,097	(946,885)	-	(946,885)
BUSINESS-TYPE ACTIVITIES							
Retail Development	(916,783)	1,600	-	-	-	(915,183)	(915,183)
Water and Sewer	(1,219,213)	1,020,823	-	148,628	-	(49,762)	(49,762)
TOTAL BUSINESS-TYPE ACTIVITIES	(2,135,996)	1,022,423	-	148,628	-	(964,945)	(964,945)
TOTAL PRIMARY GOVERNMENT	\$ (3,489,246)	\$ 1,080,691	\$ -	\$ 496,725	(946,885)	(964,945)	(1,911,830)
General Revenues:							
Taxes:							
Property Taxes					143,823	-	143,823
Franchise Taxes					115,515	-	115,515
Fuel Taxes					88,049	-	88,049
Infrastructure Surtax					146,161	-	146,161
Sales Taxes					182,524	-	182,524
Utility Taxes					191,519	-	191,519
Sales					-	664,597	664,597
Investment Income					98,707	-	98,707
Loss on Sale of Fixed Assets					(45,815)	(10,294)	(56,109)
Miscellaneous					113,572	13,066	126,638
Transfers					(122,229)	122,229	-
Total General Revenues and Transfers					911,826	789,598	1,701,424
Change in Net Position					(35,059)	(175,347)	(210,406)
Net Position, Beginning					5,474,298	6,246,609	11,720,907
Net Position, Ending					\$ 5,439,239	\$ 6,071,262	\$ 11,510,501

See accompanying notes

TOWN OF BALDWIN, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2023

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 3,260,913
Accounts receivable	49,912
Franchise fees receivable	21,440
Due from other governmental units	46,504
Prepaid expenses	17,753
TOTAL ASSETS	<u><u>\$ 3,396,522</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts payable and other accrued liabilities	\$ 32,651
Accrued payroll and related taxes	7,661
Accrued matured compensated absences	5,882
Total Liabilities	<u>46,194</u>
Fund Balances	
Fund balances:	
Nonspendable	
Prepays	17,753
Restricted	
Convention development	140,378
Street Lighting	1,110
Skate park capital improvement	120,581
Food program	101,587
Assigned	
Recreation improvements	192,302
Working Capital	405,314
Unassigned	2,371,303
Total Fund Balances	<u>3,350,328</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 3,396,522</u></u>
 Amounts reported for governmental activities in the Statement of Net Position are different because:	
Total fund balances of governmental funds	\$ 3,350,328
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	2,333,046
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(142,548)
Deferred inflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	<u>(101,587)</u>
Net Position of Governmental Activities	<u><u>\$ 5,439,239</u></u>

See accompanying notes

TOWN OF BALDWIN, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund
REVENUES	
Taxes	\$ 685,067
Licenses and permits	23,384
Intergovernmental revenues	299,286
Charges for services	1,850
Interest	98,707
Grant awards and Donations	120,810
Miscellaneous	34,845
TOTAL REVENUES	1,263,949
EXPENDITURES	
Current:	
General government	336,484
Public safety	299,688
Streets and highway	430,933
Culture and recreation	128,401
Capital outlay	101,175
TOTAL EXPENDITURES	1,296,681
EXCESS EXPENDITURES OVER REVENUES	(32,732)
OTHER FINANCING SOURCES AND USES	
Operating transfers from other funds	98,760
Proceeds used in financing repayment	(4,407)
Operating transfers to other funds	(220,989)
TOTAL OTHER FINANCING SOURCES	(126,636)
NET CHANGE IN FUND BALANCES	(159,368)
FUND BALANCES, BEGINNING	3,509,696
FUND BALANCES, ENDING	\$ 3,350,328

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, 2023

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

Net change in fund balances - total governmental funds	\$	(159,368)
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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	101,175	
Current year depreciation	(157,096)	
Capital assets disposed of by use of financial resources	<u>(50,815)</u>	(106,736)

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.

Principal repaid		4,407
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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		227,288
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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>(650)</u>
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Change in net position of governmental activities	\$	<u><u>(35,059)</u></u>
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TOWN OF BALDWIN, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023

	Enterprise Funds		
	Water and Sewer	Retail Development	Total
ASSETS			
Current Assets			
Accounts receivable (net of allowance for doubtful accounts)	152,402	-	152,402
Prepaid insurance	8,742	3,593	12,335
Inventory	-	60,103	60,103
Total Current Assets	161,144	63,696	224,840
Noncurrent Assets			
Cash and cash equivalents, restricted	\$ 319,407	\$ -	\$ 319,407
Capital assets (net of accumulated depreciation)	5,849,495	486,949	6,336,444
Total Noncurrent Assets	6,168,902	486,949	6,655,851
TOTAL ASSETS	6,330,046	550,645	6,880,691
LIABILITIES			
Accounts payable	52,122	11,075	63,197
Accrued compensated absences	1,808	8,098	9,906
Accrued wages & payroll taxes	2,439	3,113	5,552
Due to other governmental units	21,355	-	21,355
Payable from restricted assets:			
Customer deposits	82,831	-	82,831
Noncurrent liabilities:			
Accrued compensated absences (net of current portion)	10,951	-	10,951
Due to other governmental units	492,115	-	492,115
TOTAL LIABILITIES	663,621	22,286	685,907
DEFERRED INFLOWS OF RESOURCES			
Grant advances	123,522	-	123,522
NET POSITION			
Invested in capital assets	5,849,495	486,949	6,336,444
Restricted for:			
Capital expansion and improvement	319,407	-	319,407
Waterline repairs	123,522		123,522
Unrestricted	(749,521)	41,410	(708,111)
TOTAL NET POSITION	\$ 5,542,903	\$ 528,359	\$ 6,071,262

See accompanying notes

TOWN OF BALDWIN, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Enterprise Funds		
	Water and Sewer	Retail Development	Total
OPERATING REVENUES			
Charges for service	\$ 1,003,363	\$ -	\$ 1,003,363
Impact fees	17,460	-	17,460
Grants & awards	148,628	-	148,628
Sales	-	664,597	664,597
Rental Income	-	1,600	1,600
Miscellaneous	2,370	402	2,772
TOTAL OPERATING REVENUES	1,171,821	666,599	1,838,420
OPERATING EXPENSES			
Personal services	207,841	173,291	381,132
Contractual services	356,723	-	356,723
Cost of Goods Sold	-	567,265	567,265
Utilities	87,011	57,661	144,672
Depreciation	296,093	21,233	317,326
Repairs, maintenance and supplies	237,832	38,696	276,528
Insurance	13,131	50,153	63,284
Other expenses	8,455	8,484	16,939
TOTAL OPERATING EXPENSES	1,207,086	916,783	2,123,869
OPERATING LOSS	(35,265)	(250,184)	(285,449)
NON-OPERATING EXPENSES			
Gain (loss) on disposal of fixed assets	(10,294)	-	(10,294)
Interest and fiscal charges	(1,833)	-	(1,833)
NET NON-OPERATING EXPENSES	(12,127)	-	(12,127)
(LOSS) BEFORE OPERATING TRANSFERS	(47,392)	(250,184)	(297,576)
OPERATING TRANSFERS			
Operating transfers in	-	220,989	220,989
Operating transfers out	(94,874)	(3,886)	(98,760)
NET OPERATING TRANSFERS	(94,874)	217,103	122,229
CHANGE IN NET POSITION	(142,266)	(33,081)	(175,347)
NET POSITION, BEGINNING	5,685,169	561,440	6,246,609
NET POSITION, ENDING	\$ 5,542,903	\$ 528,359	\$ 6,071,262

See accompanying notes

TOWN OF BALDWIN, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Enterprise Fund		
	Water and Sewer	Retail Development	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received for goods and services	\$ 1,031,661	\$ 670,282	\$ 1,701,943
Grants and awards	97,417	-	97,417
Other cash receipts	2,370	402	2,772
Cash paid to employees	(175,336)	(173,291)	(348,627)
Cash paid to outside parties	(724,028)	(714,496)	(1,438,524)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	232,084	(217,103)	14,981
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Operating transfers in	-	220,989	220,989
Operating transfers out	(94,874)	(3,886)	(98,760)
NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES	(94,874)	217,103	122,229
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(77,930)	-	(77,930)
Interest payments to other governmental units	(1,833)	-	(1,833)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(79,763)	-	(79,763)
NET INCREASE IN CASH AND CASH EQUIVALENTS	57,447	-	57,447
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	261,960	-	261,960
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 319,407	\$ -	\$ 319,407
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (35,265)	\$ (250,184)	\$ (285,449)
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	296,093	21,233	317,326
Decrease in accounts receivable	2,514	4,085	6,599
Increase in prepaid expenses	(2,658)	(491)	(3,149)
Decrease in due from other government units	111,543	-	111,543
Increase in accounts payable	7,101	2,016	9,117
(Decrease) increase in accrued payroll and related taxes	(382)	3,113	2,731
Increase in accrued compensated absences	7,568	3,125	10,693
Decrease in due to other government units	(21,251)	-	(21,251)
Increase in customer deposits	8,324	-	8,324
Decrease in grant advances	(141,503)	-	(141,503)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 232,084	\$ (217,103)	\$ 14,981

See accompanying notes

**TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

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 they apply 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, 2023

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, 2023

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, 2023**

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 \$50,053. 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, 2023

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, 2023

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. 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. The requirements of this Statement

TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

are effective for the year ended September 30, 2023. The implementation of this pronouncement did not have an impact on the current year's financial statements.

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 ending September 30, 2023, it is management's opinion that this standard does not have a material impact on the Town's financial position.

GASB Statement No. 99, Omnibus 2022. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB statements and (2) accounting and financial reporting for financial guarantees. GASB Statement No. 99 was issued in April 2022 and was effective upon issuance except for requirements related to leases, private-public and public-public partnership arrangements (PPPs), and SBITAs which are effective for the year ended September 30, 2023, and requirements related to financial guarantees and the classification and reporting of derivative instructions within the scope of Statement No. 53 which are effective for the year ended September 30, 2024. The implementation of this pronouncement did not have an impact on the current year's financial statements.

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. The Town has elected not to early implement this statement and has not yet determined the impact it will have on the financial statements.

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. The Town has elected not to early implement this statement and has not yet determined the impact it will have on the financial statements.

GASB Statement No. 102, Certain Risk Disclosures. The objective of this Statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. The requirements of this statement are effective for the year ended September 30, 2025. The Town has elected not to early implement this statement and has not yet determined the impact it will have on the financial statements.

TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 2 DEPOSITS AND INVESTMENTS

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

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

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

Therefore, the Town's total bank balances on deposit at September 30, 2023 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, 2023, the Town's deposits exceeded this amount by \$2,999,955. The Town has not experienced any losses as a result of this excess in the past. As of September 30, 2023, the total carrying amount of all deposits in qualified public depositories covered by the Florida Security for Public Deposits Act was \$1,916,022 and the bank balance was \$1,916,922.

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, 2023, is 35 days.

TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2023, the total carrying amount and the balance on record of all deposits in these accounts was \$1,631,369. These trust funds are not considered qualified public depositories and are therefore not covered by the State of Florida Department of Insurance or the Federal Deposit Insurance Corporation.

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

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

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

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, 2023, 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.

TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 3 LINE OF CREDIT

The total credit available at September 30, 2023 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, 2023 is zero.

NOTE 4 CAPITAL ASSETS

A summary of changes in Capital Assets is as follows:

Governmental Activities

	Balance 9/30/2022	Additions	Deletions	Balance 9/30/2023
Capital assets not being depreciated:				
Land	\$ 117,712	\$ -	\$ -	\$ 117,712
Total capital assets not being depreciated	117,712	-	-	117,712
Other capital assets:				
Buildings	1,573,154	-	93,454	1,479,700
Improvements	1,041,720	-	39,077	1,002,643
Equipment	216,268	63,175	64,183	215,260
Furniture & Fixtures	34,351	-	3,579	30,772
Infrastructure	1,421,822	-	16,741	1,405,081
Computers and software	3,559	-	-	3,559
Vehicles	103,752	38,000	61,749	80,003
Total other capital assets	4,394,626	101,175	278,783	4,217,018
Less accumulated depreciation for:				
Buildings	596,686	38,488	73,863	561,311
Improvements	508,653	43,067	19,403	532,317
Equipment	205,150	8,237	62,343	151,044
Furniture & Fixtures	27,284	893	3,579	24,598
Infrastructure	650,550	62,582	7,031	706,101
Computer software	3,559	-	-	3,559
Vehicles	80,674	3,829	61,749	22,754
Total accumulated depreciation	2,072,556	157,096	227,968	2,001,684
Other capital assets, net	2,322,070			2,215,334
Governmental activities capital assets, net	\$ 2,439,782			\$ 2,333,046

TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 4 CAPITAL ASSETS (CONTINUED)

Business-type Activities

	Balance 9/30/2022	Additions	Deletions	Balance 9/30/2023
Capital assets not being depreciated:				
Land	\$ 98,818	\$ -	\$ -	\$ 98,818
Total capital assets not being depreciated	98,818	-	-	98,818
Other capital assets:				
Buildings	791,521	-	3,471	788,050
Sanitation facilities	2,415,996	10,800	6,403	2,420,393
Equipment	177,481	67,131	25,630	218,982
Waste water plant	5,940,242	-	-	5,940,242
Water distribution system	3,486,559	-	4,626	3,481,933
Computer software	3,676	-	-	3,676
Total other capital assets	12,815,475	77,931	40,130	12,853,276
Less accumulated depreciation for:				
Buildings	347,137	19,678	3,471	363,344
Sanitation facilities	1,834,049	54,093	3,615	1,884,527
Equipment	113,246	12,364	18,124	107,486
Waste water plant	1,975,361	148,741	-	2,124,102
Water distribution system	2,054,691	82,450	4,626	2,132,515
Computer software	3,676	-	-	3,676
Total accumulated depreciation	6,328,160	317,326	29,836	6,615,650
Other capital assets, net	6,487,315			6,237,626
Business-Type activities capital assets, net	\$ 6,586,133			\$ 6,336,444

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 39,204
Public safety	2,852
Streets and highways	83,524
Culture/recreation	31,516
Total governmental activities depreciation expense	<u>\$ 157,096</u>

Business-Type activities:

Water and sewer	\$ 296,093
Retail development	21,233
Total business-type activities depreciation expense	<u>\$ 317,326</u>

**TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

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, 2023, are as follows:

Governmental Projects general fund - Convention Development Tax Fund		\$ 140,378
CSX Donation for Street Lighting		1,110
Community Food Program		101,587
Capital Projects general fund - Skate Park capital improvement		<u>120,581</u>
		363,656
Water, Sewer & Garbage enterprise fund - Water expansion improvement trust	198,720	
Wastewater capital improvement	<u>120,687</u>	
		319,407
Waterline repairs		<u>123,522</u>
		442,929
 Total Restricted Assets		 <u><u>\$ 806,585</u></u>

**TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 6 LONG-TERM LIABILITIES

Governmental Activities:

As of September 30, 2023, the governmental long-term debt consisted of the following:

Accrued compensated absences	\$ 131,251
Loan payable	<u>17,179</u>
	148,430
Less current portion	<u>(10,503)</u>
Total Governmental activity long-term liabilities	<u><u>\$ 137,927</u></u>

Business-Type Activities:

As of September 30, 2023, 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	\$ 88,341
Unsecured interest-free Clean Water State Revolving Fund loan, semi-annual installment of \$8,301	425,129
Accrued compensated absences	<u>20,857</u>
	534,327
Less current portion	<u>(31,261)</u>
Total Business-Type activity long-term liabilities	<u><u>\$ 503,066</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, 2023**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

The annual debt service requirements to maturity as of September 30, 2023, are as follows:

Year Ending September 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2024	4,621	716	21,355	1,732
2025	4,846	492	21,461	1,625
2026	5,080	257	21,570	1,517
2027	2,632	37	21,680	1,407
2028	-	-	21,793	1,294
thereafter	-	-	405,611	6,219
Total	<u>\$ 17,179</u>	<u>\$ 1,502</u>	<u>\$ 513,470</u>	<u>\$ 13,794</u>

Long-term Debt Activities

	Beginning			Ending		Amounts
	Balance	Additions	Reductions	Balance		Due within One Year
Government Activities:						
Compensated absences	\$ 130,390	\$ 861	\$ -	\$ 131,251		5,882
Loan payable	21,586	-	4,407	17,179		4,621
Governmental activities long-term liabilities	<u>\$ 151,976</u>	<u>\$ 861</u>	<u>\$ 4,407</u>	<u>\$ 148,430</u>		<u>\$ 10,503</u>
Business-Type Activities:						
Due to other governmental units	\$ 534,721	\$ -	\$ 21,251	\$ 513,470	\$	21,355
Compensated absences	10,164	10,693	-	20,857		9,906
Business-Type activities long-term liabilities	<u>\$ 544,885</u>	<u>\$ 10,693</u>	<u>\$ 21,251</u>	<u>\$ 534,327</u>	<u>\$</u>	<u>31,261</u>

Compensated Absences

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

NOTE 7 FUND BALANCE

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

TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 7 FUND BALANCE (CONTINUED)

The restricted fund balance as of September 30, 2023 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, 2023 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, 2023, \$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, 2023, the governmental fund's fund balance included the following fund balance classifications:

Non spendable Fund Balance –		
Prepaid Expenses	\$	17,753
Restricted Fund Balance –		
General Fund –		
Convention Development Tax Fund	140,378	
CSX Donation for Street Lighting	1,110	
Skate Park capital improvement	120,581	
Food program	101,586	
		363,655
Assigned Fund Balance –		
Recreation Projects		192,302
Working Capital		405,314
Unassigned Fund Balance –		2,371,304
		\$ 3,350,328

NOTE 8 SEGMENTS OF ENTERPRISE ACTIVITIES

The Town provides services for water, sewer and garbage which are financed by user charges. Financial data for water, sewer and garbage services are combined in these financial statements under the Water and Sewer Enterprise Fund of the Proprietary Fund Type. The Town also 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, 2023

NOTE 9 PROPERTY TAXES

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

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

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

NOTE 10 DEFERRED COMPENSATION PLAN

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

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

NOTE 11 PARTICIPATION IN PUBLIC ENTITY RISK POOL

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

TOWN OF BALDWIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 12 CONTINGENCIES AND COMMITMENTS

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

NOTE 13 SUBSEQUENT EVENTS

The Town evaluated subsequent events through June 17, 2024, the date these financial statements were issued. In addition to those matters discussed in this Note, there were the following material subsequent events that required recognition or additional disclosure in these financial statements:

On September 29, 2023, the Town executed a third planning loan agreement with the Florida Department of Environmental Protection for \$463,300 to be used for continued construction on the wastewater treatment facility. Funding began in October 2024 and only half of the award will be converted into a loan with terms similar to the existing two agreements which are currently in repayment status.

On March 17, 2024, the Baldwin Market was closed. The Town Council decided, due to continued net losses, to close the grocery store and make it available to outside businesses to lease as has been done in the past.

On July 1, 2024, a new grocery store is scheduled to open in the Baldwin Market's space. The owner operates similar stores in Georgia and other parts of Florida and has worked with the Town to move into the Baldwin Market's space.



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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, 2023, 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 17, 2024.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances 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

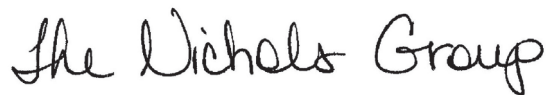
consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

The Nichols Group

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

June 17, 2024

TOWN OF BALDWIN, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes	\$ 651,581	\$ 773,026	\$ 685,067	\$ (87,959)
Licenses and permits	17,000	24,600	23,384	(1,216)
Intergovernmental revenues	297,346	306,346	299,286	(7,060)
Charges for services	5,000	6,000	1,850	(4,150)
Interest	8,200	99,000	98,707	(293)
Grant awards	254,009	5,000	120,810	115,810
Miscellaneous	30,050	40,050	34,845	(5,205)
TOTAL REVENUES	<u>1,263,186</u>	<u>1,254,022</u>	<u>1,263,949</u>	<u>9,927</u>
EXPENDITURES				
Current				
General government	356,767	433,307	336,484	(96,823)
Public safety	320,874	323,874	299,688	(24,186)
Streets and highway	469,086	472,286	430,933	(41,353)
Culture and recreation	185,658	185,658	128,401	(57,257)
Capital outlay	46,500	43,300	101,175	57,875
TOTAL EXPENDITURES	<u>1,378,885</u>	<u>1,458,425</u>	<u>1,296,681</u>	<u>(161,744)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(115,699)</u>	<u>(204,403)</u>	<u>(32,732)</u>	<u>171,671</u>
OTHER FINANCING SOURCES (USES)				
Prior Year Reserves	429,667	438,831	-	(438,831)
Operating transfers from other funds	2,324,399	2,324,399	98,760	(2,225,639)
Proceeds used for financing	-	-	(4,407)	(4,407)
Operating transfers to other funds	(2,638,367)	(2,558,827)	(220,989)	2,337,838
TOTAL OTHER FINANCING SOURCES AND USES	<u>115,699</u>	<u>204,403</u>	<u>(126,636)</u>	<u>(331,039)</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (159,368)</u>	<u>\$ (159,368)</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, 2023, and have issued our report thereon dated June 17, 2024.

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 17, 2024, 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 17, 2024



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, 2023, 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, 2023.

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 17, 2024