TOWN OF BALDWIN, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

THE NICHOLS GROUP, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

TOWN OF BALDWIN, FLORIDA

TOWN OFFICIALS

MAYOR - COUNCILMAN

Sean Lynch

TOWN COUNCIL

Clyde Dunlap

John Knoll

Harry Ervin

Georgeann McKenna

TOWN CLERK

Lula M. Hill

TOWN ATTORNEY

Zachary R. Roth

TOWN OF BALDWIN, FLORIDA
SEPTEMBER 30, 2025
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THE NICHOLS GROUP, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's 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, 2025, 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, 2025, 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 7-16 and 42 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 23, 2026, on our consideration of the Town of Baldwin, Florida's internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Baldwin, Florida's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Baldwin, Florida's internal control over financial reporting and compliance.

The Nichols Group

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

June 23, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Town of Baldwin's (the Town) Management's Discussion and Analysis (MD&A) 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 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.

Financial Highlights

- The Town's net position decreased by $145,039 or 1.27%.

- During fiscal year 2025, the Town closed the Retail Development Fund, an enterprise fund previously used to account for the Town-operated grocery store. The grocery store is no longer operational. Remaining assets and liabilities were transferred to the General Fund or governmental activities, as applicable. Current financial resource activity recorded in the Retail Development Fund during the year was reclassified to the General Fund. Depreciation related to the former retail development building is reported only at the government-wide level.

- The Town continues to own the former grocery store building. The building is reported as a capital asset of governmental activities in government-wide financial statements and is not reported as an asset of the General Fund. The transfer of capital assets from business-typed activities to governmental activities was reported at carrying value of $465,714.

- This transfer created an increase in net position on the governmental side and a matching decrease on the business-type (enterprise) side.

- The governmental activities' net position increased by $454,706 or 8.0%. This increase consists of the retail development fund transfer of $467,504, less a net loss of $12,798 from operations.

- The business-type activities' net position decreased by $599,745 or 10.38%. This decrease consists of the retail development fund transfer out of $467,504 and the current net loss of $132,241.

- The Town created a reserve account to set aside surplus funds for future projects. No large transfers were made to or from the reserve account during the current fiscal year. Interest income was the only activity this year. The reserve account ended the year with approximately $419,000.

- Charges for services increased by $42,390 compared to the prior year. This increase is primarily due to higher water and sewer charges of $94,416, partially offset by a decrease in building permit revenues of $47,897. In the prior year, one large building project generated significant building permit fees. The completion of that project contributed to the decline in building permit revenue this year, while its completion and subsequent operation contributed to increased water and sewer revenues, reflecting changes in demand.

- Overall cash balances decreased over last year.

- Capital grants and contributions for water and sewer projects decreased by $268K. Prior year grants included Florida Department of Environmental Protection funding. The current year's funding consisted of a $24K net increase in funds received from the Florida Department of Environmental Protection in the form of water restoration assistance. Funding through a grant by the City of Jacksonville to cover the cost of new vehicles. The use of the new vehicles is shared and therefore the revenue is shared.

- The enterprise funds' operating revenues decreased by $448,342 or 27.76% from the prior year. This decrease is attributable to no grocery store sales with the store closing in March 2024 and a decrease in grant funding for some water repair projects when compared to last year. Water sales were higher than last year but not enough to offset loss of grocery sales and decrease in grants.

- 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 two sources of funding for the Wastewater Treatment Facility. Payments on the loan are ongoing and extend over the next 30 years.

- The Florida Department of Environmental Protection approved a third funding agreement to assess what additional improvements are needed to the wastewater facilities. The agreement was signed on September 29, 2023, and provides funding to review existing systems to evaluate what repairs and upgrades are still needed to the water and sewer systems. The funding is a 50/50 grant plus loan. As of year-end, the project is partially complete and has been extended through August 2025. No payments are due on the loan until August 2026.

Town Highlights

- The interchange being built around the Town is still in progress.

- The Department of Environmental Protection agency funding is providing information needed to assess what additional work is needed. This will help facilitate the process of applying for additional funding needed to complete upgrades to the wastewater infrastructure.

Using This Annual Report

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

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

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two (2) categories: governmental funds and proprietary funds.

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 the Town'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. Reconciliations are provided between governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances to facilitate this comparison between *governmental funds* and *governmental activities.*

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

Proprietary funds: The Town currently maintains one proprietary fund, the Water and Sewer Fund. The Retail Development Fund was transferred out of *enterprise funds* due to the closing of the Baldwin Market and no new tenant operating the grocery store. *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 and Sewer Fund: water, wastewater, and refuse collection.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the water and sewer fund, which is considered to be a major fund of the Town. The current financial statements include remaining separate information for the retail development fund to show its transfer to the general fund.

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

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Town's own programs. The Town did not maintain any fiduciary funds for the fiscal year ended September 30, 2025.

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 FINANCIAL ANALYSIS

Summary Statement of Net Position
September 30, 2025 and 2024

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
Current and other assets	$ 3,526,157	$ 3,711,963	$ 472,876	$ 487,189	$ 3,999,033	$ 4,199,152
Capital assets	2,796,569	2,178,723	5,468,813	6,167,326	8,265,382	8,346,049
Total Assets	6,322,726	5,890,686	5,941,689	6,654,515	12,264,415	12,545,201
Other liabilities	55,268	66,860	199,308	306,328	254,576	373,188
Long-term liabilities outstanding	127,681	138,755	563,093	569,154	690,774	707,909
Total Liabilities	182,949	205,615	762,401	875,482	945,350	1,081,097
Net Position:						
Net Investment in capital assets	2,796,569	2,166,165	5,468,813	6,167,326	8,265,382	8,333,491
Restricted	276,496	269,510	321,440	320,526	597,936	590,036
Unrestricted	3,066,712	3,249,396	(610,965)	(708,819)	2,455,747	2,540,577
Total Net Position	$ 6,139,777	$ 5,685,071	$5,179,288	$5,779,033	$ 11,319,065	$ 11,464,104

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.

The following schedule compares the revenues and expenses from the current year to the prior year:

Summary Statement of Activities
For the years ended September 30,

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
REVENUES						
Program Revenues:						
Charges for Services	$ 67,254	$ 119,280	$ 1,098,085	$ 1,003,669	$ 1,165,339	$ 1,122,949
Capital Grants & Contributions	99,879	204,700	65,310	333,284	165,189	537,984
General Revenues:						
Property taxes	146,633	142,085	-	-	146,633	142,085
Franchise taxes	127,283	95,897	-	-	127,283	95,897
Fuel taxes	79,721	87,458	-	-	79,721	87,458
Infrastructure surtax	138,169	144,477	-	-	138,169	144,477
Sales taxes	172,608	178,468	-	-	172,608	178,468
Utility taxes	202,223	188,419	-	-	202,223	188,419
Investment income	97,470	112,019	-	-	97,470	112,019
Sales	-	-	-	265,806	-	265,806
Miscellaneous	108,746	123,619	3,117	12,095	111,863	135,714
Total Revenues	1,239,986	1,396,422	1,166,512	1,614,854	2,406,498	3,011,276
Expenses						
Governmental Activities:						
General Government	444,345	385,176	-	-	444,345	385,176
Public Safety	336,638	326,669	-	-	336,638	326,669
Streets and Highways	267,017	319,170	-	-	267,017	319,170
Culture/Recreation	148,257	163,522	-	-	148,257	163,522
Business-type Activities:						
Retail Development	-	-	-	431,310	-	431,310
Water and Sewer	-	-	1,355,280	1,431,826	1,355,280	1,431,826
Total Expenses	1,196,257	1,194,537	1,355,280	1,863,136	2,551,537	3,057,673
Increase (decrease) in net position before transfers	43,729	201,885	(188,768)	(248,282)	(145,039)	(46,397)
Transfers in (out)	410,977	43,947	(410,977)	(43,947)	-	-
Change in Net Position	$ 454,706	$ 245,832	$ (599,745)	$ (292,229)	$ (145,039)	$ (46,397)

Overall governmental activity revenues were down by 11.14% over the previous year due to decreases in some tax revenues, investment income and some non-recurring sources including grants.

Fund Financial Analysis

Governmental Fund

Revenues

- In the general fund, revenue from taxes increased by 5.42%.

- Intergovernmental revenue decreased over last year with decreases in grants and most of the revenue sharing activities.

Expenditures

- General Fund expenses for administrative purposes showed a net increase over last year in part due to the purchase of a shared vehicle for the Town and an increase in professional fees and insurance costs.

- General Fund expenses for public safety increased with expenditures on fire and police protection up over last year. The Town pays the City of Jacksonville to provide staffing to their fire department and uses a program for police protection scheduling that adds a fee.

- General Fund expenses related to streets and highways showed a net decrease over last year of approximately 53K due to the street resurfacing projects.

- General Fund expenses related to culture and recreation showed a net decrease over last year in part due to expenditures for the ARPA Food program ending.

Proprietary Funds

Revenues

- Enterprise fund revenues decreased by 27.76% over the previous year. The decrease is due to the absence in grocery store sales or rent since the closing of the Baldwin Market in March 2024 and decrease grant funding for repairs of water and sewer system.

- The water and sewer fund ended with a 2.49% decrease in net position in the amount of $132,241.

Expenses

- Enterprise fund expenses decreased overall due to the closing of the Baldwin Market.

- Decrease in water and sewer expenses were attributable to water system improvement projects and grant related expenditures for improvements not recurring in the current year.

Budgetary Highlights – General Fund

Actual revenues were $164,666 lower than the final budget. Most of the tax and service revenue sources were lower than last year. Grants, licenses and permits, and investment income were also lower than the final budget. Licenses were lower due to one large building permit issued last year.

Actual expenses were $710,348 below budget. Public safety, which was budgeted at $761K, came in $427K under budget and represents the largest portion of the overall variance. Capital outlay expenditures were $94K below budget. The variance is primarily due to the timing of project completions, as some planned upgrades are still pending.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of the year end, the Town had $8,265,381 invested in a variety of net capital assets. This amount represents a net decrease in capital assets (addition, disposition/deletion and depreciation) of $80,668 or .97% from the end of last year.

The current year's largest addition is the infrastructure work completed to repave roads in the Town. Other additions include 3 new vehicles which will be utilized across all departments.

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

Governmental activities

	9/30/2024	Additions	Deletions	9/30/2025
Buildings	$ 1,483,627	$ 787,095	$ -	$ 2,270,722
Land	117,712	52,907	-	170,619
Improvements	1,001,698	-	-	1,001,698
Equipment	171,338	15,561	-	186,899
Furniture & Fixtures	21,563	-	-	21,563
Infrastructure	1,405,081	270,450	-	1,675,531
Computer software	3,559	-	-	3,559
Vehicles	73,020	93,804	38,000	128,824
Total capital assets	4,277,598	1,219,817	38,000	5,459,415
Less accumulated depreciation	2,098,875	570,621	6,650	2,662,846
Governmental activities capital assets, net	$ 2,178,723	$ 649,196	$ 31,350	$ 2,796,569

Business-type activities

	9/30/2024	Additions	Deletions	9/30/2025
Buildings	$ 788,050	$ -	$ 787,095	$ 955
Land	98,818	-	52,907	45,911
Sanitation facilities	2,556,944	-	-	2,556,944
Equipment	225,186	60,034	15,561	269,659
Waste water plant	5,940,242	-	-	5,940,242
Water distribution system	3,481,933	-	-	3,481,933
Computer software	3,676	-	-	3,676
Total capital assets	13,094,849	60,034	855,563	12,299,320
Less accumulated depreciation	6,927,523	292,833	389,849	6,830,507
Business-type activities capital assets, net	$ 6,167,326	(232,799)	465,714	$ 5,468,813
Total capital assets, net	$ 8,346,049	$ 416,397	$ 497,064	$ 8,265,382

Debt Outstanding

As of September 30, 2025, the Town had $583,525 in outstanding debt, compared to $592,082 as of September 30, 2024 - a decrease of 1.4%. The reduction was primarily driven by the payoff of a car loan through a trade-in. While loans from the Department of Environmental Protection increased slightly, principal repayments on two of these loans during the year. The combined effect of these activities decreased total debt.

Outstanding Debt

September 30,

	2025	**2024**
Government Activities:		
Note payable	$ -	$ 12,558
Governmental activities long-term liabilities	-	12,558
Business-Type Activities:		
Due to other governmental units	583,530	579,524
Business-type activities long-term liabilities	583,530	579,524
Total Debt	$ 583,530	$ 592,082

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, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents, unrestricted	$ 3,101,400	$ -	$ 3,101,400
Accounts receivable (net of allowance for doubtful accounts)	51,267	132,189	183,456
Franchise fees receivable	12,939	-	12,939
Due from other governmental units	68,058	-	68,058
Prepaid expenses	15,997	19,247	35,244
Restricted Assets			
Cash and cash equivalents	276,496	321,440	597,936
Capital Assets			
Capital assets (net of accumulated depreciation)	2,796,569	5,468,813	8,265,382
TOTAL ASSETS	6,322,726	5,941,689	12,264,415
LIABILITIES			
Accounts payable and other accrued liabilities	50,626	49,324	99,950
Accrued compensated absences	4,642	3,928	8,570
Notes payable -Due to other governmental units	-	33,445	33,445
Payable from restricted assets:			
Customer deposits	-	112,611	112,611
Noncurrent Liabilities:			
Accrued compensated absences (net of current portion)	127,681	13,008	140,689
Notes payable - Due to other governmental units	-	550,085	550,085
TOTAL LIABILITIES	182,949	762,401	945,350
NET POSITION			
Net investment in capital assets	2,796,569	5,468,813	8,265,382
Restricted for:			
Capital expansion and improvement	121,691	321,440	443,131
Convention development	154,805	-	154,805
Unrestricted	3,066,712	(610,965)	2,455,747
Total Net Position	$ 6,139,777	$ 5,179,288	$ 11,319,065

TOWN OF BALDWIN, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
GOVERNMENTAL ACTIVITIES							
General Government	$ 444,345	$ 67,254	$ -	$ 99,879	$ (277,212)	$ -	$ (277,212)
Public Safety	336,638	-	-	-	(336,638)	-	(336,638)
Streets and Highways	267,017	-	-	-	(267,017)	-	(267,017)
Culture/Recreation	148,257	-	-		(148,257)	-	(148,257)
TOTAL GOVERNMENTAL ACTIVITIES	1,196,257	67,254	-	99,879	(1,029,124)	-	(1,029,124)
BUSINESS-TYPE ACTIVITIES							
Water and Sewer	1,355,280	1,098,085	-	65,310	-	(191,885)	(191,885)
TOTAL BUSINESS-TYPE ACTIVITIES	1,355,280	1,098,085	-	65,310	-	(191,885)	(191,885)
TOTAL PRIMARY GOVERNMENT	$ 2,551,537	$ 1,165,339	$ -	$ 165,189	(1,029,124)	(191,885)	(1,221,009)
General Revenues:							
Taxes:							
Property Taxes					146,633	-	146,633
Franchise Taxes					127,283	-	127,283
Fuel Taxes					79,721	-	79,721
Infrastructure Surtax					138,169	-	138,169
Sales Taxes					172,608	-	172,608
Utility Taxes					202,223	-	202,223
Investment Income					97,470	-	97,470
Miscellaneous					108,746	3,117	111,863
Transfers					410,977	(410,977)	-
Total General Revenues and Transfers					1,483,830	(407,860)	1,075,970
Change in Net Position					454,706	(599,745)	(145,039)
Net Position, Beginning					5,685,071	5,779,033	11,464,104
Net Position, Ending					$ 6,139,777	$ 5,179,288	$ 11,319,065

See accompanying notes

TOWN OF BALDWIN, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2025

		General Fund
ASSETS		
Cash and cash equivalents	$	3,377,896
Accounts receivable		51,267
Franchise fees receivable		12,939
Due from other governmental units		68,058
Prepaid expenses		15,997
TOTAL ASSETS	$	3,526,157
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable and other accrued liabilities	$	43,738
Accrued payroll and related taxes		6,888
Accrued matured compensated absences		4,642
Total Liabilities		55,268
Fund Balance		
Nonspendable:		
Prepaids		15,997
Restricted for:		
Convention development		154,805
Street lighting		1,110
Skate park capital improvement		120,581
Assigned for:		
Recreation improvements		192,302
Working capital		419,203
Unassigned		2,566,891
Total Fund Balance		3,470,889
TOTAL LIABILITIES AND FUND BALANCE	$	3,526,157

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

Total fund balance of governmental funds	$	3,470,889
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund		2,796,569
Long-term liabilities are not due and payable in the current period, and therefore are not reported in the governmental fund		(127,681)
Net Position of Governmental Activities	$	6,139,777

See accompanying notes

TOWN OF BALDWIN, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General Fund
REVENUES	
Taxes	$ 694,029
Licenses and permits	36,020
Intergovernmental revenues	279,075
Charges for services	225
Interest	97,470
Grant awards and donations	99,879
Miscellaneous	34,018
TOTAL REVENUES	1,240,716
EXPENDITURES	
Current:	
General government	369,547
Public safety	334,018
Streets and highway	180,780
Culture and recreation	114,650
Capital outlay	364,254
TOTAL EXPENDITURES	1,363,249
EXCESS DEFICIENCY OF REVENUES OVER EXPENDITURES	(122,533)
OTHER FINANCING SOURCES (USES)	
Transfers In	47,915
Transfer In from Retail Development Fund	467,504
Transfers Out	(571,946)
TOTAL OTHER FINANCING USES	(56,527)
NET CHANGE IN FUND BALANCE	(179,060)
FUND BALANCE, BEGINNING	3,649,949
FUND BALANCE, ENDING	$ 3,470,889

See accompanying notes

TOWN OF BALDWIN, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND CHANGES IN GOVERNMETAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Net change in fund balance - total governmental fund		$ (179,060)
Governmental funds report capital outlays as expenditutures. However, in the Statement of Activites, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Expenditures for Capital assets	364,254	
Current year depreciation	(180,773)	183,481
Capital assets transferred from business-type activities to governmental activities are not reported in governmental funds because they increase net position in the statement of activities.		465,714
Gains or losses from disposal of capital assets are not reported on the governmental fund financial statements and proceeds from sales are reported as revenue. Under full accrual accounting, gains or losses on disposal are reported and proceeds from sales are not reported as revenue.		
Proceeds from the sale of assets	(11,500)	
Loss on disposal	(19,850)	(31,350)
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 liabilites in the statement of net position.		
Principal repaid		12,558
Some expenses reported in the statement of activities did not require the use of or provide current financial resources and therefore are not reported in governmental funds:		
Decreases in long-term portion of compensated absences payable		3,363
Change in net position of governmental activities		$ 454,706

See accompanying notes

TOWN OF BALDWIN, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2025

	Enterprise Funds		
	Water and Sewer	**Retail Development**	**Total**
ASSETS			
Current Assets			
Accounts receivable (net of allowance for doubtful accounts)	$ 132,189	$ -	$ 132,189
Prepaid insurance	19,247	-	19,247
Total Current Assets	151,436	-	151,436
Noncurrent Assets			
Cash and cash equivalents, restricted	321,440	-	321,440
Capital assets (net of accumulated depreciation)	5,468,813	-	5,468,813
Total Noncurrent Assets	5,790,253	-	5,790,253
TOTAL ASSETS	5,941,689	-	5,941,689
LIABILITIES			
Current Liabilities			
Accounts payable	44,203	-	44,203
Accrued compensated absences	3,928	-	3,928
Accrued wages & payroll taxes	5,121	-	5,121
Notes Payable - Due to other governmental units	33,445	-	33,445
Payable from restricted assets:			
Customer deposits	112,611	-	112,611
Total Current Liabilities	199,308	-	199,308
Noncurrent Liabiles			
Accrued compensated absences (net of current portion)	13,008	-	13,008
Notes Payable - Due to other governmental units	550,085	-	550,085
Total Noncurrent Liabilities	563,093	-	563,093
TOTAL LIABILITIES	762,401	-	762,401
NET POSITION			
Net Investment in capital assets	5,468,813	-	5,468,813
Restricted for:			
Capital expansion and improvement	321,440	-	321,440
Unrestricted	(610,965)	-	(610,965)
TOTAL NET POSITION	$ 5,179,288	$ -	$ 5,179,288

See accompanying notes

TOWN OF BALDWIN, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Enterprise Funds		
	Water and Sewer	Retail Development	Total
OPERATING REVENUES			
Charges for service	$ 1,065,977	$ -	$ 1,065,977
Impact fees	32,108	-	32,108
Miscellaneous	3,117	-	3,117
TOTAL OPERATING REVENUES	1,101,202	-	1,101,202
OPERATING EXPENSES			
Personnel services	230,033	-	230,033
Contractual services	450,125	-	450,125
Utilities	45,962	-	45,962
Depreciation	292,833	-	292,833
Repairs, maintenance and supplies	289,646	-	289,646
Insurance	17,585	-	17,585
Other expenses	29,282	-	29,282
TOTAL OPERATING EXPENSES	1,355,466	-	1,355,466
OPERATING LOSS	(254,264)	-	(254,264)
NON-OPERATING INCOME			
Interest income	186	-	186
TOTAL NON-OPERATING INCOME	186	-	186
LOSS BEFORE CONTRIBUTIONS AND TRANSFERS	(254,078)	-	(254,078)
CAPTIAL GRANTS AND CONTRIBUTIONS			
Grants & awards	65,310	-	65,310
TOTAL CAPTIAL GRANTS AND CONTRIBUTIONS	65,310	-	65,310
OPERATING TRANSFERS			
Transfers in from General Fund	104,442	-	104,442
Transfers out to General Fund	(47,915)	(467,504)	(515,419)
NET OPERATING TRANSFERS	56,527	(467,504)	(410,977)
CHANGE IN NET POSITION	(132,241)	(467,504)	(599,745)
NET POSITION, BEGINNING	5,311,529	467,504	5,779,033
NET POSITION, ENDING	$ 5,179,288	$ -	$ 5,179,288

See accompanying notes

TOWN OF BALDWIN, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Enterprise Funds		
	Water and Sewer	Retail Development	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received for goods and services	$ 1,126,525	$ -	$ 1,126,525
Other cash receipts	3,117	-	3,117
Cash paid to employees	(182,820)	-	(182,820)
Cash paid to outside parties	(1,011,900)	-	(1,011,900)
NET CASH USED IN OPERATING ACTIVITIES	(65,078)	-	(65,078)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers from General Fund	104,442	-	104,442
Transfers to General Fund	(47,915)	-	(47,915)
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	56,527	-	56,527
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital grants received	69,315		
Acquisition and construction of capital assets	(60,034)	-	(60,034)
Interest payments to other governmental units	184	-	184
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	9,465	-	(59,850)
NET INCREASE IN CASH AND CASH EQUIVALENTS	914	-	914
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	320,526	-	320,526
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 321,440	$ -	$ 321,440
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES			
Operating loss	$ (254,264)	$ -	$ (254,264)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	292,833	-	292,833
Decrease in accounts receivable	16,020	-	16,020
Increase in prepaid expenses	(2,581)	-	(2,581)
Decrease in accounts payable	(134,844)	-	(134,844)
Increase in accrued payroll and related taxes	1,300	-	1,300
Increase in accrued compensated absences	4,038	-	4,038
Increase in customer deposits	12,420	-	12,420
NET CASH USED IN OPERATING ACTIVITIES	$ (65,078)	$ -	$ (65,078)

Noncash investing, captial, and financing activities:
During the year, the Retail Development Fund transferred capital assets with a carrying value of $465,714 and other non-cash assets and liabilities to the General Fund/governmental activities as part of the closure of the fund.

See accompanying notes

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 is 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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Town's enterprise fund consists of the water and sewer fund. The retail development fund was previously reported as an enterprise fund. During the year ended September 30, 2025, the Town closed the retail development fund because the grocery store is no longer operational.

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 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.

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.

Accounts Receivable

Accounts receivable held by the Water and Sewer Fund are reported net of an $75,528 allowance for uncollectible accounts in the amount of $132,189. 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, 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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

- 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

New Accounting Pronouncements

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 adoption of this standard did not have a material impact on the Town's financial statement.

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. We evaluated the Town's exposure to risks related to concentration or constraint. Based on this evaluation, no concentrations or constraints were identified that met the criteria for disclosure under GASB 102 for the current reporting period.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB Statement No. 103, *Financial Reporting Model Improvements.* The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal year ended September 30, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. State and local governments are required to provide detailed information about capital assets in notes to financial statements. Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, requires certain information regarding capital assets to be presented by major class. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for fiscal year ended September 30, 2026.

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, 2025 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, 2025, the Town's deposits exceeded this amount by $2,941,562. The Town has not experienced any losses as a result of this excess in the past. As of September 30, 2025, the total carrying amount of all deposits in qualified public depositories covered by the Florida Security for Public Deposits Act was $1,882,299 and the bank balance was $1,974,013.

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.

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2025, is 47 days.

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

Florida PRIME was not exposed to any foreign currency risk during the period October 1, 2024, to September 30, 2025.

As of September 30, 2025, the total carrying amount and the balance on record of all deposits in these accounts was $1,804,698. 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 monies 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 monies 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

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2025, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

NOTE 3 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Governmental Activities

	Balance 9/30/2024	Additions	Deletions	Balance 9/30/2025
Capital assets not being depreciated:				
Land	$ 117,712	$ 52,907	$ -	$ 170,619
Total capital assets not being depreciated	117,712	52,907	-	170,619
Other capital assets:				
Buildings	$ 1,483,627	787,095	-	2,270,722
Improvements	1,001,698	-	-	1,001,698
Equipment	171,338	15,561	-	186,899
Furniture & Fixtures	21,563	-	-	21,563
Infrastructure	1,405,081	270,450	-	1,675,531
Computers and software	3,559	-	-	3,559
Vehicles	73,020	93,804	38,000	128,824
Total other capital assets	4,159,886	1,166,910	38,000	5,288,796
Less accumulated depreciation for:				
Buildings	598,361	438,837	-	1,037,198
Improvements	573,383	42,011	-	615,394
Equipment	115,710	16,887	-	132,597
Furniture & Fixtures	17,013	650	-	17,663
Infrastructure	768,348	62,810	-	831,158
Computer software	3,559	-	-	3,559
Vehicles	22,501	9,426	6,650	25,277
Total accumulated depreciation	2,098,875	570,621	6,650	2,662,846
Other capital assets, net	2,061,011	596,289	31,350	2,625,950
Governmental activities capital assets, net	$ 2,178,723	$ 649,196	$ 31,350	$ 2,796,569

NOTE 3 CAPITAL ASSETS (CONTINUED)

Business-type Activities

	Balance 9/30/2024	Additions	Deletions	Balance 9/30/2025
Capital assets not being depreciated:				
Land	$ 98,818	$ -	$ 52,907	$ 45,911
Total capital assets not being depreciated	98,818	-	52,907	45,911
Other capital assets:				
Buildings	788,050	-	787,095	955
Sanitation facilities	2,556,944	-	-	2,556,944
Equipment	225,186	60,034	15,561	269,659
Waste water plant	5,940,242	-	-	5,940,242
Water distribution system	3,481,933	-	-	3,481,933
Computer software	3,676	-	-	3,676
Total other capital assets	12,996,031	60,034	802,656	12,253,409
Less accumulated depreciation for:				
Buildings	383,021	-	382,069	952
Sanitation facilities	1,931,080	45,264	-	1,976,344
Equipment	121,938	16,378	7,780	130,536
Waste water plant	2,272,843	148,741	-	2,421,584
Water distribution system	2,214,965	82,450	-	2,297,415
Computer software	3,676	-	-	3,676
Total accumulated depreciation	6,927,523	292,833	389,849	6,830,507
Other capital assets, net	6,068,508	(232,799)	412,807	5,422,902
Business-type activities capital assets, net	$ 6,167,326	$ (232,799)	$ 465,714	$ 5,468,813

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	$ 58,309
Public safety	2,620
Streets and highways	86,237
Culture/recreation	33,607
Total governmental activities depreciation expense	$ 180,773
Business-type activities:	
Water and sewer	$ 292,833
Total business-type activities depreciation expense	$ 292,833

NOTE 4 RESTRICTED ASSETS

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

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

Actual balances of the restricted cash and investment accounts in the Town's general and enterprise funds at September 30, 2025, are as follows:

Governmental Projects general fund - Convention Development Tax Fund		$ 154,805
CSX Donation for Street Lighting		1,110
Capital Projects general fund -		
Skate Park capital improvement		120,581
		276,496
Water and Sewer enterprise fund -		
Water expansion improvement trust	199,964	
Wastewater capital improvement	121,476	
		321,440
Total Restricted Assets		$ 597,936

NOTE 5 LONG-TERM LIABILITIES

Governmental Activities:

As of September 30, 2025, the long-term liabilities consisted of the following:

Compensated absences	$ 132,323
	132,323
Less current portion	(4,642)
Total Governmental activities long-term liabilities	$ 127,681

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

Business-Type Activities:

As of September 30, 2025, the long-term liabilities 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	$ 77,675
Unsecured interest-free Clean Water State Revolving Fund loan, semi-annual installment of $8,021	393,049
Unsecured .66% Clean Water State Revolving Fund loan, semi-annual installments beginning once the draw down and project are complete. Balance due at year-end with accrued interest and 2% processing fee.	112,806
Accrued compensated absences	16,936
	600,466
Less current portion	(37,373)
Total Business-Type activities long-term liabilities	$ 563,093

The Town signed three agreements with Florida Department of Environmental Protection ("State"), which the State funded $331,705 for pre-construction costs (WW758040), $2,191,445 (WW758041) for construction costs of a wastewater treatment facility and $463,300 for planning activities for the wastewater treatment facility (WW160300) .

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.

With Agreement WW160300, 50% of the proceeds are funded by a grant. The remaining 50% is payable in semi-annual installments beginning in February 2026. If the full amount is drawn the repayments are $12,499. As of September 30, 2025, only $215,110 had been drawn, of which 50% or $107,555 plus $949 in accrued interest and a $4,302 2% processing fee is repayable.

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

The annual debt service requirements to maturity as of September 30, 2025, are as follows:

Year Ending	Business-type Activities	
September 30	Principal	Interest
2026	$ 33,445	$ 2,036
2027	46,087	1,872
2028	46,361	1,704
2029	46,639	1,532
2030	44,002	1,416
2031-2035	117,229	3,456
2036-2040	97,217	407
2041-2045	80,215	-
2045-2050	72,335	-
Total	$ 583,530	$ 12,423

Long-term Liabilities

The following is a summary of long-term liabilities of the Town for the fiscal year ended September 30, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Government Activities:					
Compensated absences	$ 137,009	$ -	$ 4,686	$ 132,323	4,642
Note payable	12,558	-	12,558	-	-
Governmental activities long-term liabilities	$ 149,567	$ -	$ 17,244	$ 132,323	$ 4,642
Business-Type Activities:					
Notes Payable - Due to other governmental units	$ 579,524	$ 25,467	21,461	$ 583,530	$ 33,445
Compensated absences	12,898	4,038	-	16,936	3,928
Business-Type activities long-term liabilities	$ 592,422	$ 29,505	$ 21,461	$ 600,466	$ 37,373

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 6 PROPERTY TAXES

The Duval 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 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.

The restricted fund balance as of September 30, 2025 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, 2025 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, 2025, $195,697 is in this account of which $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.

NOTE 7 FUND BALANCE (CONTINUED)

As of September 30, 2025, the governmental fund's fund balance included the following fund balance classifications:

Non spendable Fund Balance –		
Prepaid Expenses		$ 15,997
Restricted Fund Balance –		
General Fund –		
Convention Development Tax Fund	154,805	
CSX Donation for Street Lighting	1,110	
Skate Park capital improvement	120,581	
		276,496
Assigned Fund Balance –		
Recreation Projects		192,302
Working Capital		419,203
Unassigned Fund Balance –		2,566,891
		$ 3,470,889

NOTE 8 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 9 PARTICIPATION IN PUBLIC ENTITY RISK POOL

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

NOTE 10 RISK MANAGEMENT AND LITIGATION

During the ordinary course of its operations, the Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees, and natural disasters. The Town maintains commercial insurance coverage in amounts management feels is adequate to protect and safeguard the assets of the Town. There have been no significant reductions in coverage nor have settlement amounts exceeded the Town's coverage during the year ended September 30, 2025, or previous two years. In the opinion of the Town's management and legal counsel, legal claims and litigation are not anticipated to have material impact on the financial position of the Town. The Town's workers' compensation coverage is provided through a self-insurance fund.

NOTE 11 RETAIL DEVELOPMENT FUND CESSATION AND TRANSFER

During the fiscal year ended September 30, 2025, the Town of Baldwin, Florida ceased reporting the Retail Development Fund as an enterprise fund. The Retail Development Fund previously accounted for activity related to the Baldwin Market. The Baldwin Market closed in March 2024, and the Town had not secured a new tenant as of September 30, 2025. Accordingly, management determined that the activity no longer met the Town's presentation objectives for an enterprise fund and transferred the remaining fund balance/net position to the General Fund.

The Retail Development Fund had beginning net position of $467,504. During the fiscal year ended September 30, 2025, the Town transferred the remaining fund balance/net position of $467,504 to the General Fund. After the transfer, the Retail Development Fund had ending net position of $0.

The transfer is reported as an interfund transfer in the fund financial statements. In the government-wide Statement of Activities, transfers between governmental activities and business-type activities are reported as a single net transfers line. The $467,504 transfer from the Retail Development Fund to the General Fund was partially offset by $56,527 transferred from the General Fund to the Water and Sewer Fund. Accordingly, the government-wide Statement of Activities reports net transfers of $410,977 to governmental activities and $(410,977) to business-type activities.

In connection with the cessation and transfer, business-type capital asset deletions included land of $52,907, buildings of $787,095 and equipment of $15,561. The reconciliation of the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the government-wide Statement of Activities includes capital assets acquired via fund transfer, net, of $465,714.

NOTE 12 INTERFUND ACTIVITY

During the fiscal year ended September 30, 2025, the Town used interfund transfers to allocate resources among funds for operating purposes and to realign fund activity associated with the Town's former Retail Development Fund (Baldwin Market).

In the government-wide Statement of Activities, transfers within governmental activities or within business-type activities are eliminated. Accordingly, the Town reports only the net transfers between governmental activities and business-type activities. For the fiscal year ended September 30, 2025, the Town reported net transfers of $410,977 to governmental

NOTE 12 INTERFUND ACTIVITY (CONTINUED)

activities and $(410,977) to business-type activities, which reflects the $467,504 transfer associated with the Retail Development Fund, partially offset by $56,527 transferred from the General Fund to the Water and Sewer Fund to provide an operating subsidy to cover current-year operating deficits.

Routine operating transfers are used to (i) subsidize operations, (ii) provide funding for certain operating and capital needs, and (iii) allocate resources in accordance with Town Council direction. These transfers are budgeted and approved as part of the Town's annual budget process.

In addition, during the fiscal year ended September 30, 2025, the Town completed a nonroutine transfer of the Retail Development Fund's remaining net position of $467,504 to the General Fund as the Baldwin Market had closed and the Town had not secured a new tenant. The proprietary fund financial statements present a Retail Development Fund transfer out of $(467,504) and ending net position of $0.

The following transfers were made during the fiscal year ended September 30, 2025:

Fund	Transfers In	Transfers Out	Purpose / Description
General Fund	$ 47,915	$ (104,442)	Routine operating transfers
General Fund	$ 467,504	$ - 0 -	Receipt of Retail Development net assets upon cessation/reclassification of the Retail Development Fund.
Water and Sewer Fund	$ 104,442	$ (47,915)	Includes $56,527 transferred from the General Fund to subsidize operations.
Retail Development Fund (enterprise)	$ - 0 -	$ (467,504)	Transfer of remaining net position to the General Fund upon cessation/reclassification; ending net position $0.
Total	$ 619,861	$(619,861)	

NOTE 13 SUBSEQUENT EVENTS

The Town evaluated subsequent events through June 23, 2026, the date these financial statements were issued. There were no subsequent events that required recognition or additional disclosure.

TOWN OF BALDWIN, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes	$ 718,396	$ 718,396	$ 694,029	$ (24,367)
Licenses and permits	52,000	52,000	36,020	(15,980)
Intergovernmental revenues	291,595	291,595	279,075	(12,520)
Charges for services	5,000	5,000	225	(4,775)
Interest	80,000	80,000	97,470	17,470
Grant awards	205,000	205,000	99,879	(105,121)
Miscellaneous	53,391	53,391	34,018	(19,373)
TOTAL REVENUES	1,405,382	1,405,382	1,240,716	(164,666)
EXPENDITURES				
Current				
General government	429,567	429,567	369,547	(60,020)
Public safety	761,334	761,334	334,018	(427,316)
Streets and highway	259,151	259,151	180,780	(78,371)
Culture and recreation	164,546	164,546	114,650	(49,896)
Capital outlay	459,000	459,000	364,254	(94,746)
TOTAL EXPENDITURES	2,073,597	2,073,597	1,363,249	(710,348)
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	(668,216)	(668,216)	(122,533)	545,683
OTHER FINANCING SOURCES (USES)				
Prior Year Reserves	675,831	675,831	-	(675,831)
Operating transfers from other funds	1,709,076	1,709,076	47,915	(1,661,161)
Proceeds used for financing	-	-	467,504	467,504
Operating transfers to other funds	(1,716,691)	(1,716,691)	(571,946)	1,144,745
TOTAL OTHER FINANCING SOURCES AND USES	668,216	668,216	(56,527)	(724,743)
NET CHANGE IN FUND BALANCE	$ -	$ -	$ (179,060)	$ (179,060)

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Independent Auditor's 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, 2025, 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 23, 2026.

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 23, 2026

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Independent Auditor's 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, 2025, and have issued our report thereon dated June 23, 2026.

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 23, 2026, 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.

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6a., Rules of the Auditor General, the Town of Baldwin Florida a statement as to whether a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did not operation within the Town of Baldwin Florida's geographical boundaries during the fiscal year under audit.

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 fraud, waste, or abuse, that has occurred, or are likely to have occurred, that has 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

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

June 23, 2026

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**Independent Accountants' Report on Compliance
With Section 218.415, Florida Statutes**

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, Local Government Investment Policies, for the fiscal year ended September 30, 2025. Management of the Town is responsible for the Town's compliance with the Statute. Our responsibility is to obtain sufficient and appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with attestation standards for a direct examination engagement established by the American Institute of Certified Public Accountants. Those standards require that we obtain reasonable assurance by evaluating whether the Town's compliance with Section 218.415, Florida Statutes, Local Government Investment Policies, for the year ended September 30, 2025 and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of evaluation of the Town's compliance with Section 218.415, Florida Statutes, Local Government Investment Policies, for the year ended September 30, 2025. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks that the Town was not in compliance with the Statute in all material respects, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent of the Town and to meet other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

In our opinion, the Town of Baldwin Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2025.

The Nichols Group

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

June 23, 2026