

OFFICE OF THE STATE AUDITOR REPORT NOTE:

Section 7-7-211, Mississippi Code Annotated (1972) gives the Office of the State Auditor the authority to audit, with the exception of municipalities, any governmental entity in the state. In the case of municipalities, *Section 21-35-31, Mississippi Code Annotated (1972)* requires municipalities to obtain an annual audit performed by a private CPA firm and submit that audit report to the Office of the State Auditor. The Office of the State Auditor files these audit reports for review in case questions arise related to the municipality.

As a result, the following document was not prepared by the Office of the State Auditor. Instead, it was prepared by a private CPA firm and submitted to the Office of the State Auditor. The document was placed on this web page as it was submitted and no review of the report was performed by the Office of the State Auditor prior to finalization of the report. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

FINANCIAL STATEMENTS
CITY OF BALDWIN, MISSISSIPPI

Year Ended September 30, 2022

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
<u>BASIC FINANCIAL STATEMENTS:</u>	
Statement of Net Position	13
Statement of Activities	15
Balance Sheet – Governmental Funds	16
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds	18
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund-Balances to the Government-Wide Statement of Activities	19
General Fund Statement of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual - Budgetary Basis	20
ARPA Fund Statement of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual - Budgetary Basis	21
Statement of Net Position - Proprietary Funds	22
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	23
Statement of Cash Flows - Proprietary Funds	24
Notes to Financial Statements	25
<u>REQUIRED SUPPLEMENTARY INFORMATION:</u>	
Schedule of City's Proportionate Share of the Net Pension Liability	47
Schedule of City's Contributions	48
Notes to the Required Supplementary Information	49
<u>COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS:</u>	
Comparative Balance Sheet - General Fund	52
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -General Fund	53
Combining Balance Sheet - All Special Revenue Funds	55
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - All Special Revenue Funds	56
<u>OTHER SUPPLEMENTARY INFORMATION:</u>	
Schedule of Surety Bonds for Municipal Officials	57
Schedule of Long-Term Debt	58
Schedule of Expenditures of Federal Awards	59
<u>OTHER REPORTS:</u>	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	60
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	62
Independent Auditors' Report on Compliance with State Laws and Regulations	65
Schedule of Findings and Questioned Costs	66

P.O. Box 731
Tupelo, MS 38802
(662) 844-5226

P.O. Box 355
Fulton, MS 38843
(662) 862-4967



Partners
Gary Franks, CPA
Bryon Wilemon, CPA
Jonathan Hagood, CPA
Rudolph Franks, CPA (1933-2019)

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Aldermen
City of Baldwin, Mississippi

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 City of Baldwin, Mississippi as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Baldwin, Mississippi'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 City of Baldwin, Mississippi as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 City of Baldwin, Mississippi 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 City of Baldwin, Mississippi'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 City of Baldwin, Mississippi'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 City of Baldwin, Mississippi'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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Baldwin, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Schedule of Long-Term Debt and Schedule of Surety Bonds for Municipal Officials are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Schedule of Long-Term Debt and Schedule of Surety Bonds for Municipal Officials are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 17, 2023, on our consideration of the City of Baldwin, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Baldwin, Mississippi'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 City of Baldwin, Mississippi's internal control over financial reporting and compliance.

Franks, Franks, Wilemon & Hagood P.A.

FRANKS, FRANKS, WILEMON & HAGOOD, P.A.
Tupelo, Mississippi
August 17, 2023

CITY OF BALDWIN, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

Required Supplementary Information for the Year Ended September 30, 2022

This section of the City of Baldwin's Financial Report presents our discussion and analysis of the City's financial performance during the fiscal year ending September 30, 2022. Please read it in conjunction with the City of Baldwin financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$17,254,210. Of this amount, \$0 may be used to meet the City of Baldwin's ongoing obligations to citizens and creditors. This compares to the previous year when assets exceeded liabilities by \$12,990,607, of which \$0 was available to meet the City's ongoing obligations.
- As of the close of the current fiscal year, the City of Baldwin's governmental funds reported combined ending fund balances of \$3,344,355, an increase of \$1,899,603 in comparison to the prior year. Approximately 20% of the combined fund balances, \$681,799, is considered unassigned and is available for spending at the City of Baldwin's discretion.
- The City of Baldwin's total debt is \$7,867,907. New debt in the amount of \$1,200,000 was issued in the current fiscal year. Debt in the amount of \$331,518 was repaid during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents combining statements for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the City of Baldwin.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City of Baldwin's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City of Baldwin's operations in more detail than the government-wide statements.

The Governmental Funds statements tell how general government services such as public safety were financed in the short term as well as what remains for future spending. The City of Baldwin has two Governmental Fund types: General and Special Revenue.

Proprietary Fund statements offer short- and long-term financial information about the activities the government operates in a similar manner as businesses, and includes the Water, Sewer and Gas System Fund.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. In addition to these required elements, we have included a section with combining statements that provide details about our non-major Governmental Funds, each of which are added together and presented in single columns in the basic financial statements.

CITY OF BALDWIN, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Figure A-1 summarizes the major features of the City of Baldwin's financial statements, including the portion of the City of Baldwin they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1

Major Features of the City of Baldwin's Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City Government (except fiduciary funds) and the City's component units.	The activities of the city that are not proprietary or fiduciary, such as police, fire, and parks and recreation	Activities the city operates similar to private businesses; Water, Sewer and Gas System.
Required financial statements	Statement of Net Position; Statement of Activities	Balance Sheet; Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; Statement of Net Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

CITY OF BALDWIN, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-wide Statements

The government-wide statements report information about the City of Baldwin as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City of Baldwin's net position and how they have changed. Net position—the difference between the City of Baldwin's assets and liabilities—is one way to measure the City of Baldwin's financial health, or position.

- Over time, increases or decreases in the city of Baldwin's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City of Baldwin, the reader should consider additional non-financial factors such as changes in the City of Baldwin's property tax base.
- *Governmental activities* –Most of the City of Baldwin's basic services are included here, such as the police, fire, public works, and parks and recreation departments, and general administration. Property taxes, sales and use taxes, and state and federal grants finance most of these activities.
- *Business-type activities* – The City of Baldwin charges fees to customers to help it cover the costs of certain services it provides. The City of Baldwin's water, sewer and gas systems services are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the City of Baldwin's most significant funds—not the City as a whole. The "fund" level is where the basic unit of financial organization and operation within the City of Baldwin exists. Funds are accounting tools that are used to keep track of specific sources of funding and spending for particular purposes. They are the basic budgetary and accounting entities.

- Some funds are required by State law and by bond covenants.
- The Board of Alderman establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

CITY OF BALDWIN, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Baldwin has two types of funds:

- **Governmental funds**—most of the City of Baldwin's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the City of Baldwin's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them. The measurement focus of governmental funds is upon determination of financial position and changes in financial position (sources, uses, and balance of financial resources) rather than upon net income determination. These funds are maintained on a modified accrual basis of accounting (explained further in the notes to the financial statements under "Summary of Significant Accounting Policies"). The basic financial statements for governmental funds are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance. The City of Baldwin utilizes two types of governmental funds: the General Fund and Special Revenue Funds.
- **Proprietary funds**—Services for which the City of Baldwin charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. The City has only one type of proprietary fund—Enterprise Funds. The City of Baldwin's Enterprise Funds are the same as its business-type activities yet provide more detail and additional information, such as cash flows. The measurement focus of Proprietary Funds is upon determination of net income, financial position and change in financial position. These funds are maintained on the accrual basis of accounting. The Statement of Net Position, Statement of Revenues, Expenses and Changes in Fund Net Position, and Statement of Cash Flows are all required statements.

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. The City of Baldwin's assets exceeded liabilities by \$17,254,210 at the close of the most recent fiscal year.

A large portion, 88 percent, of the City's net position reflects its investment in capital assets (such as land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; however, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF BALDWIN, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Table A-1

City of Baldwin's Net Position

	Governmental Activities		Business-Type Activities		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current and Other Assets	\$ 4,071,645	\$ 2,158,270	\$ 2,547,849	\$ 1,978,073	\$ 6,619,494	\$ 4,136,343
Capital Assets	3,958,587	4,188,808	19,067,132	17,308,814	23,025,719	21,497,622
Total Assets	8,030,232	6,347,078	21,614,981	19,286,887	29,645,213	25,633,965
Deferred Outflows	388,817	295,620	114,219	89,386	503,036	385,006
Total Deferred Outflows	388,817	295,620	114,219	89,386	503,036	385,006
Current and Other Liabilities	116,860	104,397	1,188,898	2,343,938	1,305,758	2,448,335
Long-Term Liabilities	3,020,017	2,121,678	8,223,488	7,149,441	11,243,505	9,271,119
Total Liabilities	3,136,877	2,226,075	9,412,386	9,493,379	12,549,263	11,719,454
Deferred Inflows	266,492	1,005,024	78,284	303,886	344,776	1,308,910
Total Deferred Inflows	266,492	1,005,024	78,284	303,886	344,776	1,308,910
Net Position						
Net Investment in Capital Assets	3,783,245	3,981,682	11,374,567	10,516,515	15,157,812	14,498,197
Restricted	2,613,681	120,050	0	0	2,613,681	120,050
Unrestricted (Deficit)	(1,381,246)	(690,133)	863,963	(937,507)	(517,283)	(1,627,640)
Total Net Position	\$ 5,015,680	\$ 3,411,599	\$ 12,238,530	\$ 9,579,008	\$ 17,254,210	\$ 12,990,607

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used.

Unrestricted net position of our business-type activities was \$863,963 at the end of the current fiscal year. These resources cannot be used to add to the net position surplus in governmental activities. The City of Baldwin generally can only use this net position to finance the continuing operations of the business type activities.

Changes in net position. Approximately 7.18% of the City of Baldwin's revenue comes from sales tax and 8.27% from property taxes, with 17.70% of all revenue coming from some type of tax. (See Table A-2) Another 35.19% comes from fees charged for services, 43.54% from capital grants and contributions and the balance is from intergovernmental revenue, investment earnings and other miscellaneous receipts.

CITY OF BALDWIN, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table A-2 and the narrative that follows consider the operations of governmental and business-type activities separately.

Table A-2

Changes in the City of Baldwin's Net Position

	Governmental Activities		Business-Type Activities		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues						
Program Revenues:						
Charges for Services	\$ 342,324	\$ 251,290	\$ 3,252,009	\$ 2,588,534	\$ 3,594,333	\$ 2,839,824
Operating Grants & Contributions	0	0	0	0	0	0
Capital Grants & Contributions	1,705,913	644,538	2,742,161	816,318	4,448,074	1,460,856
General Revenues:						
Property Taxes	844,701	823,265	0	0	844,701	823,265
Sales Tax	733,663	725,009	0	0	733,663	725,009
Other Taxes	230,076	234,159	0	0	230,076	234,159
Intergovernmental Revenues	273,484	160,831	0	0	273,484	160,831
Gain (Loss) on Sale of Assets	(5,789)	35,811	0	0	(5,789)	35,811
Investment Income	3,040	2,610	3,054	6,233	6,094	8,843
Other	66,696	129,910	23,855	51,529	90,551	181,439
Total Revenues	4,194,108	3,007,423	3,462,614	3,462,614	10,215,187	6,470,037
Expenses						
General Government	518,123	444,173	0	0	518,123	444,173
Public Safety	1,264,779	1,027,102	0	0	1,264,779	1,027,102
Public Works	602,726	398,977	0	0	602,726	398,977
Culture & Recreation	35,039	30,149	0	0	35,039	30,149
Tourism	163,305	135,778	0	0	163,305	135,778
Interest on Long-Term Debt	6,055	8,425	0	0	6,055	8,425
Water, Sewer & Gas System	0	0	3,361,557	2,804,293	3,361,557	2,804,293
Total Expenses	2,590,027	2,044,604	2,659,522	2,804,293	5,951,584	4,848,897
Excess (Deficit) of Revenue Over Expenses	1,604,081	962,819	2,659,522	658,321	4,263,603	1,621,140
Transfers	0	422,585	0	(422,585)	0	0
Increase (Decrease) in Net Position	1,604,081	1,385,404	2,659,522	235,736	4,263,603	1,621,140
Net Position – Beginning	3,411,599	2,026,195	9,579,008	9,343,272	12,990,607	11,369,467
Net Position – Ending	\$ 5,015,680	\$ 3,411,599	\$ 12,238,530	\$ 9,579,008	\$ 17,254,210	\$ 12,990,607

CITY OF BALDWIN, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

Governmental activities increased the City's net position by \$1,604,081, thereby accounting for 38 percent of the total increase in the net position of the City. Key elements are as follows:

The largest funding sources for the City's governmental activities, as a percent of total revenues, are capital grants (41%), property taxes (20%), sales tax (18%), charges for services (8%) and other taxes (6%).

The largest expense categories for the City's governmental activities are public safety (49%), public works (23%) and general government (20%).

Business-type Activities

Business-type activities increased the City's net position by \$2,659,522, thereby accounting for 62 percent of the total increase in the net position of the City for the year ended September 30, 2022.

Charges for services are the major revenue categories for the enterprise funds. Total business-type charges for services revenues are comprised of \$3,252,009 for the water, sewer and gas system.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds—The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

General Fund—The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$681,799. As a measure of the general fund's liquidity, it may be useful to compare both the fund balance, assigned and unassigned, to total fund expenditures. Total unassigned fund balance represents 34 percent of total fund expenditures. The fund balance of the City's general fund increased by \$1,399,364 during the current fiscal year.

Special Revenue Fund—The special revenue fund is used to account for the programs and projects primarily funded by grants from the federal and state governments. At the end of the current fiscal year, the fund balance was \$1,143,593, which will be used for future expenditures.

Proprietary Funds—The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The net position of the proprietary funds at the end of the current fiscal year totaled \$12,238,530.

CITY OF BALDWIN, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Budgetary Highlights

The City's annual budget, which is prepared on an operating basis, includes estimated revenues and annual appropriations for the proprietary funds as well as the governmental funds.

The City's 2021-22 general fund operating budget increased by approximately \$34,000 during the current fiscal year. This increase was related to increases in Public Works.

The City's tax millage for the 2022 fiscal year was unchanged from the prior year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets—In accordance with GASB 34, the City has recorded depreciation expense associated with all of its capital assets, including infrastructure. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2022, amounted to \$23,025,719, net of accumulated depreciation of \$17,312,120. This investment in capital assets includes land, buildings, improvements other than buildings, machinery & equipment, infrastructure, and construction in progress.

Table A-3

City of Baldwin's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 282,614	\$ 282,614	\$ 244,816	\$ 244,816	\$ 527,340	\$ 527,340
Plant, Buildings & Improvements	2,681,127	2,681,127	30,575,240	25,699,870	33,256,367	28,380,997
Machinery & Equipment	1,779,822	1,852,678	1,244,432	1,237,977	3,024,254	3,090,655
Infrastructure	3,068,275	3,068,275	0	0	3,068,275	3,068,275
Construction in Progress	72,510	47,658	389,003	2,566,947	461,513	2,614,605
Accumulated Depreciation	<u>(3,925,761)</u>	<u>(3,743,544)</u>	<u>(13,386,359)</u>	<u>(12,440,796)</u>	<u>(17,312,120)</u>	<u>(16,184,340)</u>
Total	\$ <u>3,958,587</u>	\$ <u>4,188,808</u>	\$ <u>19,067,132</u>	\$ <u>17,308,814</u>	\$ <u>23,025,719</u>	\$ <u>21,497,622</u>

CITY OF BALDWIN, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-term Debt—At year-end, the city had \$7,867,907 in bonds, notes and capital leases outstanding. More detailed information about the City of Baldwin's long-term liabilities is presented in the notes to the financial statements.

Table A-4

City of Baldwin's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Notes Payable	\$ 175,342	\$ 207,126	\$ 1,316,736	\$ 1,427,383	\$ 1,492,078	\$ 1,634,509
Revenue Bonds Payable	0	0	6,375,829	5,364,916	6,375,829	5,364,916
Total	\$ 175,342	\$ 207,126	\$ 7,692,565	\$ 6,792,299	\$ 7,867,907	\$ 6,999,425

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City considered current year operational expenses and estimated increases based on economic factors when establishing the fiscal year 2023 budget. The total budgeted appropriation for the City general fund operations is \$2,736,874. This is an increase of \$334,060 from the prior year budget. The increase is primarily related to personnel services in the public safety and public works departments.

CONTACTING THE CITY OF BALDWIN FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City of Baldwin finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Baldwin's Finance Department, P.O. Box 40 Baldwin, MS 38824.

BASIC FINANCIAL STATEMENTS

CITY OF BALDWIN, MISSISSIPPI
STATEMENT OF NET POSITION
September 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>ASSETS:</u>			
Cash on Deposit	\$ 2,729,283	\$ 1,445,301	\$ 4,174,584
Money Market, CD's	68,739	833,787	902,526
Due From Other Governments	58,654	-	58,654
Accounts Receivable, net of allowance for doubtful accounts of \$38,064	-	601,361	601,361
Court Fines Receivable, net of allowance for doubtful accounts of \$456,142	252,327	-	252,327
Property Taxes Receivable	390,902	-	390,902
Utility Deposits	140	929	1,069
Restricted Assets:			
Cash and Cash Equivalents - Restricted	-	238,071	238,071
Internal Balances	571,600	(571,600)	-
Capital Assets:			
Land	282,614	244,816	527,430
Construction in Progress	72,510	389,003	461,513
Plant, Buildings and Improvements	2,681,127	30,575,240	33,256,367
Machinery and Equipment	1,779,822	1,244,432	3,024,254
Infrastructure	3,068,275	-	3,068,275
Accumulated Depreciation	(3,925,761)	(13,386,359)	(17,312,120)
TOTAL ASSETS	\$ 8,030,232	\$ 21,614,981	\$ 29,645,213
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred Outflows - Pensions	388,817	114,219	503,036
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 388,817	\$ 114,219	\$ 503,036

CITY OF BALDWIN, MISSISSIPPI
STATEMENT OF NET POSITION
September 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>LIABILITIES:</u>			
Accounts Payable and Accrued Expenses	\$ 84,061	\$ 348,858	\$ 432,919
Accrued Compensated Absences	16,068	1,428	17,496
Customer Deposits	-	528,974	528,974
Net Pension Liability	2,861,406	840,561	3,701,967
Long-Term Liabilities:			
Due Within One Year	32,799	311,066	343,865
Due in More Than One Year	142,543	7,381,499	7,524,042
TOTAL LIABILITIES	\$ 3,136,877	\$ 9,412,386	\$ 12,549,263
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Inflows - Pensions	266,492	78,284	344,776
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 266,492	\$ 78,284	\$ 344,776
<u>NET POSITION (DEFICIT):</u>			
Net Investment in Capital Assets	\$ 3,783,245	\$ 11,374,567	\$ 15,157,812
Restricted for:			
Cemetery	224	-	224
Fire Insurance Rebate	224,942	-	224,942
Police/Narcotics	6,083	-	6,083
Tourism	65,555	-	65,555
ARPA	804,221	-	804,221
Grant Activities	1,512,656	-	1,512,656
Unrestricted (Deficit)	(1,381,246)	863,963	(517,283)
TOTAL NET POSITION	\$ 5,015,680	\$ 12,238,530	\$ 17,254,210

The accompanying notes are an integral part of these financial statements.

CITY OF BALDWIN, MISSISSIPPI
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2022

FUNCTIONS/ PROGRAMS	PROGRAM REVENUES					Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	PRIMARY GOVERNMENT		
						Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT								
Government Activities:								
General Government	\$ 518,123	\$ 248,946	\$ -	\$ 401,711	\$ 650,657	\$ 132,534	\$ -	\$ 132,534
Public Safety	1,264,779	78,507	-	1,304,202	1,382,709	117,930	-	117,930
Public Works	602,726	-	-	-	-	(602,726)	-	(602,726)
Culture and Recreation	35,039	14,871	-	-	14,871	(20,168)	-	(20,168)
Tourism	163,305	-	-	-	-	(163,305)	-	(163,305)
Interest on Long-Term Debt	6,055	-	-	-	-	(6,055)	-	(6,055)
TOTAL GOVERNMENTAL ACTIVITIES	2,590,027	342,324	-	1,705,913	2,048,237	(541,790)	-	(541,790)
Business-Type Activities:								
Water, Sewer & Gas System	3,361,557	3,252,009	-	2,742,161	5,994,170	-	2,632,613	2,632,613
TOTAL BUSINESS-TYPE ACTIVITIES	3,361,557	3,252,009	-	2,742,161	5,994,170	-	2,632,613	2,632,613
TOTAL PRIMARY GOVERNMENT	\$ 5,951,584	\$ 3,594,333	\$ -	\$ 4,448,074	\$ 8,042,407	\$ (541,790)	\$ 2,632,613	\$ 2,090,823
GENERAL REVENUES:								
Taxes:								
Property Taxes, Levied for General Purposes						\$ 720,093	\$ -	\$ 720,093
Property Taxes, Levied for Special Revenue Purposes						124,608	-	124,608
Sales Taxes						733,663	-	733,663
County Pro Rata Taxes						131,552	-	131,552
Licenses and Permits						23,721	-	23,721
In Lieu Taxes						98,524	-	98,524
Intergovernmental Revenues						218,517	-	218,517
Homestead Reimbursement						54,967	-	54,967
Service Charges and Penalties						-	22,852	22,852
Gain (Loss) on Disposition of Capital Assets						(5,789)	-	(5,789)
Investment Earnings						3,040	3,054	6,094
Miscellaneous						42,975	1,003	43,978
TOTAL GENERAL REVENUES AND TRANSFERS						2,145,871	26,909	2,172,780
CHANGE IN NET POSITION						1,604,081	2,659,522	4,263,603
NET POSITION--BEGINNING						3,411,599	9,579,008	12,990,607
NET POSITION--ENDING						\$ 5,015,680	\$ 12,238,530	\$ 17,254,210

The accompanying notes are an integral part of these financial statements

**CITY OF BALDWIN, MISSISSIPPI
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2022**

	Major Funds			
	General Fund	ARPA Special Revenue Funds	Other Governmental Funds	Total Governmental Funds
<u>ASSETS:</u>				
Cash on Deposit	\$ 1,650,649	\$ 804,221	\$ 274,413	\$ 2,729,283
Money Market, CD's	68,739	-	-	68,739
Due From Other Governments	42,553	-	16,101	58,654
Due From Other Funds	612,010	-	98,968	710,978
Utility Deposits	140	-	-	140
TOTAL ASSETS	\$ 2,374,091	\$ 804,221	\$ 389,482	\$ 3,567,794
<u>LIABILITIES AND FUND BALANCES:</u>				
<u>LIABILITIES:</u>				
Accounts Payable and Accrued Expenses	\$ 74,361	\$ -	\$ 9,700	\$ 84,061
Due to Other Funds	98,968	-	40,410	139,378
TOTAL LIABILITIES	173,329	-	50,110	223,439
<u>FUND BALANCES:</u>				
Nonspendable:				
Cemetery Trust Fund	224	-	-	224
Restricted for:				
Police/Narcotics	6,083	-	-	6,083
Tourism	-	-	65,555	65,555
Fire Insurance Rebate	-	-	224,942	224,942
ARPA	-	804,221	-	804,221
Grant Activities	1,512,656	-	-	1,512,656
Committed to:				
Library	-	-	48,875	48,875
Unassigned	681,799	-	-	681,799
TOTAL FUND BALANCES	2,200,762	804,221	339,372	3,344,355
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,374,091	\$ 804,221	\$ 389,482	\$ 3,567,794

The accompanying notes are an integral part of these financial statements.

CITY OF BALDWIN, MISSISSIPPI
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION
September 30, 2022

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 3,344,355
Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.	3,958,587
Long-term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.	(175,342)
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet.	(16,068)
Net pension liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.	(2,861,406)
Deferred outflows and inflows related to pensions are applicable to future periods and therefore they are not reported in the Governmental Funds Balance Sheet.	
Deferred outflows of resources related to defined benefit pension plan.	388,817
Deferred inflows of resources related to defined benefit pension plan.	(266,492)
Deferred revenues for delinquent property taxes deferred in the governmental funds because they will not be received within sixty days of the Consolidated Government's year end.	390,902
Accrual of court fine revenues to qualify as financial resources.	252,327
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u>5,015,680</u>

The accompanying notes are an integral part of these financial statements.

CITY OF BALDWIN, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2022

	Major Funds			Total
	General Fund	ARPA Special Revenue Funds	Other Governmental Funds	Governmental Funds
REVENUES:				
General Property Taxes	\$ 718,236	\$ -	\$ 124,608	\$ 842,844
Sales and Tourism Taxes	544,402	-	189,261	733,663
Licenses and Permits	23,721	-	-	23,721
In Lieu of Taxes	98,524	-	-	98,524
Penalties and Interest	18,384	-	-	18,384
Intergovernmental Revenues	343,370	-	61,666	405,036
Charges for Services	207,480	-	-	207,480
Rentals	56,337	-	-	56,337
Fines and Forfeits	88,518	-	-	88,518
Interest Income	2,040	689	311	3,040
Grant Income	1,304,202	401,711	-	1,705,913
Miscellaneous Revenues	24,585	-	6	24,591
TOTAL REVENUES	3,429,799	402,400	375,852	4,208,051
EXPENDITURES:				
Current:				
General Government	454,017	-	-	454,017
Public Safety	1,053,063	-	91,670	1,144,733
Public Works	485,516	-	-	485,516
Culture and Recreation	-	-	28,383	28,383
Tourism	-	-	160,461	160,461
Debt Service	37,839	-	-	37,839
TOTAL EXPENDITURES	2,030,435	-	280,514	2,310,949
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,399,364	402,400	95,338	1,897,102
OTHER FINANCING SOURCES (USES):				
Proceeds from Disposition of Capital Assets	-	-	2,501	2,501
TOTAL OTHER FINANCING SOURCES (USES)	-	-	2,501	2,501
NET CHANGE IN FUND BALANCES	1,399,364	402,400	97,839	1,899,603
FUND BALANCES - Beginning	801,398	401,821	241,533	1,444,752
FUND BALANCES - Ending	\$ 2,200,762	\$ 804,221	\$ 339,372	\$ 3,344,355

The accompanying notes are an integral part of these financial statements.

CITY OF BALDWIN, MISSISSIPPI
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2022

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 1,899,603
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental Funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	34,896
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds.	(256,827)
Proceeds from the disposition of capital assets is reported as income in the Governmental Funds. The gain or loss on the disposition of the capital assets and not the gross proceeds are reported as income in the Government-Wide Statement of Activities.	(8,290)
Because some property taxes will not be collected for several months after the Government's fiscal year ends, they are not considered "available" revenues in the governmental funds.	1,857
Payments received related to deferred revenues reported as revenue on the Governmental Funds financial statements as received.	(10,011)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount represents the (increase) decrease in accrual of compensated absences.	(5,591)
Items reported in the Statement of Activities relating to implementation of GASB Statement No. 68 are not reported in the governmental funds.	
These activities include:	
Recognition of pension expense for the current year	(260,057)
Recognition of contributions made subsequent to the measurement date	43,646
Recognition of contributions made in the fiscal year prior to measurement date	133,071
	(83,340)
Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Position. Repayment of bond principal is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Position.	
This amount represents long-term debt repayments.	31,784
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 1,604,081

The accompanying notes are an integral part of these financial statements.

CITY OF BALDWIN, MISSISSIPPI
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL -
BUDGETARY BASIS
For the Fiscal Year Ended September 30, 2022

	Budget			Variance with
	Original	Final	Actual	Final Budget (Unfavorable)
REVENUES:				
General Property Taxes	\$ 695,033	\$ 729,033	\$ 718,236	\$ (10,797)
Sales and Use Taxes	550,000	550,000	543,477	(6,523)
Licenses and Permits	38,500	38,500	23,721	(14,779)
In Lieu of Taxes	106,000	106,000	97,860	(8,140)
Penalties and Interest	8,000	8,000	18,384	10,384
Intergovernmental Revenues	187,967	187,967	343,370	155,403
Charges for Services	200,500	200,500	207,480	6,980
Rentals	69,000	69,000	56,337	(12,663)
Fines and Forfeits	118,814	118,814	88,518	(30,296)
Interest Income	3,000	3,000	2,040	(960)
Grant Income	50,000	50,000	1,304,202	1,254,202
Miscellaneous Revenues	26,000	26,000	24,585	(1,415)
TOTAL REVENUES	2,052,814	2,086,814	3,428,210	1,341,396
EXPENDITURES:				
Current:				
General Government	492,600	492,500	454,017	38,483
Public Safety	1,419,314	1,419,314	1,053,063	366,251
Public Works	452,800	486,800	485,516	1,284
Debt Service	38,100	38,200	37,839	361
TOTAL EXPENDITURES	2,402,814	2,436,814	2,030,435	406,379
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(350,000)	(350,000)	1,397,775	1,747,775
OTHER FINANCING SOURCES (USES):				
Transfers (to) from Other Funds	350,000	350,000	-	(350,000)
TOTAL OTHER FINANCING SOURCES (USES)	350,000	350,000	-	(350,000)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER FINANCING AND OTHER USES	\$ -	\$ -	\$ 1,397,775	\$ 1,397,775

The accompanying notes are an integral part of these financial statements.

CITY OF BALDWIN, MISSISSIPPI
ARPA SPECIAL REVENUE FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL -
BUDGETARY BASIS
For the year ended September 30, 2022

	Budget		Actual	Variance with Final Budget (Unfavorable)
	Original	Final		
REVENUES:				
Grant Income	\$ -	\$ 401,711	\$ 401,711	\$ -
Interest Income	-	-	689	689
TOTAL REVENUES	-	401,711	402,400	689
EXPENDITURES:				
Current:				
Capital Projects	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	401,711	402,400	689
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER FINANCING AND OTHER USES	\$ -	\$ 401,711	\$ 402,400	\$ 689

The accompanying notes are an integral part of these financial statements.

CITY OF BALDWIN, MISSISSIPPI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2022

ASSETS	
<u>Current Assets</u>	
Cash on Deposit	\$ 1,445,301
Money Market, CDs	833,787
Accounts Receivable, net of allowance for doubtful accounts of \$34,761	601,361
Total Current Assets	<u>2,880,449</u>
<u>Noncurrent Assets</u>	
Restricted Assets:	
Cash and Cash Equivalents - Restricted	238,071
Capital Assets:	
Buildings, Vehicles and Equipment	31,819,672
Land	244,816
Construction in Progress	389,003
Less: Accumulated Depreciation	(13,386,359)
Total Noncurrent Assets	<u>19,305,203</u>
<u>Other Assets</u>	
Utility Deposits	929
Total Other Assets	<u>929</u>
TOTAL ASSETS	\$ <u>22,186,581</u>
<u>Deferred Outflows of Resources</u>	
Deferred Outflows - Pensions	\$ 114,219
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ <u>114,219</u>
LIABILITIES	
<u>Current Liabilities</u>	
Accounts Payable and Accrued Expenses	\$ 348,858
Due to Other Funds	571,600
Customer Deposits	528,974
Notes, Bonds and Capital Leases Payable - Due Within One Year	311,066
Total Current Liabilities	<u>1,760,498</u>
<u>Noncurrent Liabilities</u>	
Net Pension Liability	840,561
Accrued Compensated Absences	1,428
Notes, Bonds and Capital Leases Payable	
Less Current Portion	7,381,499
Total Noncurrent Liabilities	<u>8,223,488</u>
TOTAL LIABILITIES	\$ <u>9,983,986</u>
<u>Deferred Inflows of Resources</u>	
Deferred Inflows - Pensions	\$ 78,284
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ <u>78,284</u>
NET POSITION	
Net Investment in Capital Assets	\$ 11,374,567
Unrestricted	863,963
TOTAL NET POSITION	\$ <u>12,238,530</u>

The accompanying notes are an integral part of these financial statements.

CITY OF BALDWIN, MISSISSIPPI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2022

OPERATING REVENUES

Charges for Services	\$ 3,252,009
Service Charges and Penalties	22,852
Other Receipts	1,003
Total Operating Revenues	<u>3,275,864</u>
Less: Gas Purchased	<u>1,169,056</u>
Net Income Before Operating Expenses	<u>2,106,808</u>

OPERATING EXPENSES

Personnel Services	357,983
Contractual Services	312,832
Supplies	319,143
Depreciation	945,563
Bad Debts	3,303
Other Services	122,471
Total Operating Expenses	<u>2,061,295</u>
Operating Income (Loss)	<u>45,513</u>

NON-OPERATING REVENUES (EXPENSES)

Interest Income	3,054
Grant Income - Capital	2,742,161
Interest and Fiscal Charges	<u>(131,206)</u>
Total Non-Operating Revenues (Expenses)	<u>2,614,009</u>
Income (Loss) before Operating Transfers	2,659,522
Operating Transfers (Out)	<u>-</u>

CHANGE IN NET POSITION 2,659,522

NET POSITION - OCTOBER 1, 9,579,008

NET POSITION - SEPTEMBER 30, \$ 12,238,530

The accompanying notes are an integral part of these financial statements.

CITY OF BALDWIN, MISSISSIPPI
STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash Received from Customers	\$ 2,952,196
Cash Payments for Gas Purchases	(1,157,855)
Cash Payments for Personnel Services	(358,333)
Cash Payments for Contractual Services	(312,366)
Cash Payments for Supplies	(304,825)
Cash Payments for Other Services	(122,432)
Net Cash Provided By (Used In) Operating Activities	<u>696,385</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Operating Transfers - In from (Out) to Other Funds	527,212
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>527,212</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Acquisition Fixed Assets	(3,972,533)
Capital Grant Contributions	2,742,161
Proceeds from Issuance of Long-term Debt	1,200,000
Principal Paid on Bonds, Notes and Capital Lease Payables	(299,734)
Interest Paid on Bonds, Notes and Capital Lease Payables	(131,206)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>(461,312)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest on Investments	3,054
Net Cash Provided By (Used In) Investing Activities	<u>3,054</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	765,339
CASH AND CASH EQUIVALENTS, OCTOBER 1	<u>1,751,820</u>
CASH AND CASH EQUIVALENTS, SEPTEMBER 30	<u><u>\$ 2,517,159</u></u>

BALANCE SHEET RECONCILIATION:

Cash on Deposit	\$ 1,445,301
Money Market, CDs	833,787
Cash and Cash Equivalents- Restricted	238,071
	<u><u>\$ 2,517,159</u></u>

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Operating Income (Loss)	\$ 45,513
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities	
Depreciation	945,563
Net Pension Expense	1,618
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(331,649)
Increase (Decrease) in Accounts Payable - operating activities	26,024
Increase (Decrease) in Accrued Compensated Absences	(1,968)
Increase in Customer Deposits	11,284
Total Adjustments	<u>650,872</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 696,385</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF BALDWIN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Baldwin, Mississippi operates under the Home-Rule authority granted by the 1985 Mississippi Legislature. A mayor-board of aldermen form of government is used and the City provides the following services: public safety (police and fire), street maintenance, sanitation, water, sewer, and gas services and general administrative services.

Government-Wide and Fund Financial Statements

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information on all nonfiduciary activities of the primary government and its component units. The statements distinguish between those activities of the City that are governmental, which are normally supported by taxes and intergovernmental revenues, and those that are considered business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position presents the financial condition of the governmental and business-type activities for the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods and services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Separate financial statements are provided for governmental funds and proprietary funds. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds, where applicable, are aggregated and presented in a single column.

CITY OF BALDWIN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible in the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Significant revenues considered to be susceptible to accrual in addition to general property taxes include sales tax and various categorical grants.

The City reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources of the primary government except those required to be accounted for in another fund. The majority of current operations are financed by this fund. Transfers to other funds and agencies are made from this fund. Monies from other funds may be received unless prohibited by the purpose and object of such funds.

American Rescue Plan Act Fund (ARPA) – The ARPA Fund is used to account for funds received directly from the U.S. Department of Treasury for relief to local governments derived from the COVID- 19 pandemic. These funds may be used to support public health expenditures, replace lost revenue, provide pay for essential workers, and invest in water and sewer infrastructure.

Additionally, the City reports the following governmental fund types:

Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific federal and state grants that are legally restricted to expenditures for specified purposes. This is a nonmajor governmental fund.

The City reports the following major proprietary funds:

The Water, Sewer and Gas Fund – This fund is used to account for the City's water and sewer treatment and distribution system as well as the gas distribution system. This fund is responsible for water and gas delivery to the residents of the City of Baldwin.

CITY OF BALDWIN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City has elected to apply all Governmental Accounting Standards Board (GASB) pronouncements, applicable Financial Accounting Standards Board (FASB) pronouncements, and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial

Amounts reported as program revenues include: 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues are those which cannot be associated directly with program activities

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the proprietary funds are as follows: sale of water, charges for sewer treatment and sale of gas. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

Financial Reporting Entity

In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may be financially accountable and, as such, should be included within the City's financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that an exclusion would cause the reporting entity's financial statements to be misleading.

These financial statements include only the primary government of the City, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the City's legal entity. These financial statements do not include financial data for the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be presented with the financial statements of the City's primary government.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

CITY OF BALDWIN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting

The mayor and board of aldermen generally follow the following proposed budget calendar of the State Department of Audit in establishing the budgetary data reflected in the financial statements:

- (1) The mayor and board of aldermen formulate the budget policy at the May board meeting.
- (2) Department budget requests are prepared by the appropriate people and submitted by the July board meeting.
- (3) A proposed budget is presented at the August meeting and a notice of public budget hearings and availability of the budget for inspection is published.
- (4) Between August 15th-30th a public hearing is held and the budget is adopted. The anticipated tax levy is reviewed to determine whether public notice is required on any levy.
- (5) Between September 1st-15th the budget must be adopted and the tax levy set.
- (6) Between September 1st-30th, in accordance with the City's population, the budget must be posted in three public places.
- (7) And, between September 15th-30th the budget as adopted should be written up, filed with the municipal clerk and public notice given of the availability of the budget for inspection. Expenditures may not legally exceed budgeted appropriations at the activity level. During the year, several supplementary appropriations were necessary.
- (8) Further, budgets are used as management control devices in the Proprietary Fund. This budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), except the Proprietary Fund recognizes all expenditures for debt as expense and no depreciation expense is recognized.

Unused appropriations for all of the above annually budgeted funds lapse at the end of the year. The budget amounts shown in the financial statements are the final authorized amounts after appropriate revisions during the year.

Expenditures may not legally exceed budgeted appropriations at the activity level except for capital outlays, election expenses and emergency expenditures.

CITY OF BALDWIN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition - Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent February 1 of the following year.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within thirty days after year end.

Compensated Absences

The City's policy allows employees to accumulate unused sick leave up to 42 days. The City also allows employees to accumulate comp time. Upon termination, any accumulated comp time will be paid to the employee.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates. Significant estimates used in preparing these financial statements include those assumed in computing the provision for uncollectible court fines, the provision for uncollectible proprietary fund accounts receivable, and the defined benefit pension plan liability. It is at least reasonably possible that the significant estimates used will change within the next year.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include demand deposit accounts and certificates of deposit with an original maturity of three months or less from the date of acquisition.

Equity Classifications

Government-wide Financial Statements:

Equity is classified as Net Position and displayed in three components:

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings attributable to the acquisition, construction, or improvement of those assets.

CITY OF BALDWIN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, granters, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position not meeting the definition of "restricted" or "net investment in capital assets."

Net Position Flow Assumption:

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the City's general policy to use restricted resources first. When expenses are incurred for purposes for which unrestricted resources are available, and amounts in any of these unrestricted classifications could be used, it is the City's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Fund Financial Statements:

The City has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions. In accordance with GASB Statement No. 54, the governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City's Board of Aldermen. These amounts cannot be used for any other purpose unless the Board of Aldermen removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Aldermen or through the Board of Aldermen delegating this responsibility to the City's management through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- **Unassigned:** This classification includes the residual fund balance for the General Fund and all other amounts not included in other spendable classifications.

CITY OF BALDWIN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance Flow Assumption:

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the City's general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the City's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Encumbrances

State law does not require that funds be available when goods or services are ordered only when paid for. Due to this circumstance the city does not employ an encumbrance system.

Business Information

The City of Baldwin provides gas, water, and sewer services to customers located within the city limits of Baldwin, Mississippi as well as a limited number of customers outside the city limits. Credit is extended to all of these customers for services.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Baldwin's participation in the Public Employees' Retirement System of Mississippi (PERS), and additions to/deductions from the City of Baldwin's fiduciary net position have been determined on the same basis as they are reported by the Public Employees'

Retirement System of Mississippi (PERS). For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employees' Retirement System of Mississippi (PERS). Investments are reported at fair value.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred outflows related to pensions – This amount represents the City's proportionate share of the deferred outflows of resources reported by the pension plan in which the City participates.

CITY OF BALDWIN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred inflows related to pensions – This amount represents the City's proportionate share of the deferred inflows of resources reported by the pension plan in which the City participates.

Capital Assets and Depreciation

The City's capitalization threshold is \$1,000 for general fixed assets and \$5,000 for infrastructure assets. The City retroactively applied these thresholds to all general fixed assets in service at September 30, 2004 pursuant to GASB requirements. Donated assets are recorded at fair market value.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. Depreciation has been calculated on the fixed assets using the following useful lives:

Plant, building, and Improvements	5 – 40 Years
Machinery and Equipment	5 – 15 Years
Furniture and Fixtures	5 – 20 Years
Vehicles	5 – 10 Years

Interfund Transactions and Balances

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "Due to/from other funds." Noncurrent portions of interfund receivables and payables are reported as "Advances to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. Interfund receivables and payable between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "Internal balances."

Restricted Assets

Governmental and proprietary fund assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions, and donor specifications have been reported as restricted assets. When both restricted and non-restricted assets are available for use, the policy is to use restricted assets first.

CITY OF BALDWIN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments

The carrying amount of cash, investments, accounts and other receivables, accounts payable and accrued expenses approximate fair value because of the short maturity of these financial instruments.

Changes in Accounting Standards

GASB 87, *Leases*, was implemented during fiscal year 2022. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits

The carrying amount of the City's total demand deposits with financial institutions at September 30, 2022 was \$5,315,181, and the bank balance was \$5,390,077. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial credit risk: In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's entire bank balances were covered by federal depository insurance or collateralized in accordance with state law at year end. The collateral for public entities' deposits in financial institutions is held in the name of the Mississippi State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under this program, the City's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

CITY OF BALDWIN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Investments

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City's investment policy is limited to complying with the State's investment statutes. The State law has not addressed an interest rate risk; however, the City's policy is to hold all investments to maturity, thereby reducing any interest rate risk.

Credit risk: The City is allowed, by State statute, to invest excess funds in any bonds or other direct obligations of the United States of America, of the State of Mississippi, or of any county or municipality of Mississippi, when such county or municipal bonds have been properly approved; or in obligations issued or guaranteed in full as to principal and interest by the United States of America which are subject to a repurchase agreement with a qualified depository; or in interest-bearing time certificates of deposit with any financial institution approved for the deposit of state funds. It is the City's policy to limit its investments to those allowed by the State statute.

Concentration of credit risk: The City complies with the State statute regarding investments; as a result, concentration risk is limited.

Custodial credit risk: For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To minimize this risk, the City requires that all negotiable instruments be held in safekeeping in the trust department of a bank. The City's investments are insured or registered, or are securities held by the City or its agent in the City's name.

CITY OF BALDWIN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 3 - CAPITAL ASSETS

The following is a summary of capital asset activity as of September 30, 2022:

Primary Government:

	<u>Balance</u> <u>10-01-21</u>	<u>Additions</u>	<u>Transfers</u>	<u>Balance</u> <u>09-30-22</u>
Capital Assets, not being depreciated:				
Land	\$ 282,614	\$ 0	\$ 0	\$ 282,614
Construction-in-progress	<u>47,658</u>	<u>24,852</u>	<u>0</u>	<u>72,510</u>
Total Capital Assets, not being				
Depreciated:	<u>330,272</u>	<u>24,852</u>	<u>0</u>	<u>355,124</u>
Capital Assets being depreciated:				
Plant, Buildings, & Improvements	2,681,127	0	0	2,681,127
Infrastructure	3,068,275	0	0	3,068,275
Machinery and Equipment	<u>1,852,678</u>	<u>10,044</u>	<u>(82,900)</u>	<u>1,779,822</u>
Total Capital Assets being depreciated:	<u>7,602,080</u>	<u>10,044</u>	<u>(82,900)</u>	<u>7,529,224</u>
Less Accumulated Depreciation for:				
Plant, Buildings, & Improvements	(1,409,799)	(52,679)	0	(1,462,478)
Machinery and Equipment	(1,361,003)	(95,397)	74,610	(1,381,790)
Infrastructure	<u>(972,742)</u>	<u>(108,751)</u>	<u>0</u>	<u>(1,081,493)</u>
Total Accumulated Depreciation	<u>(3,743,544)</u>	<u>(256,827)</u>	<u>74,610</u>	<u>(3,925,761)</u>
Total Capital Assets, depreciated, net				
Governmental Activities	<u>3,858,536</u>	<u>(246,783)</u>	<u>(8,290)</u>	<u>3,603,463</u>
Capital Assets, net	\$ <u>4,188,808</u>	\$ <u>(221,931)</u>	\$ <u>(8,290)</u>	\$ <u>3,958,587</u>

CITY OF BALDWIN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 3 - CAPITAL ASSETS (continued)

A summary of business-type capital asset activity at September 30, 2022 follows:

	Balance 10-01-21	Additions	Transfers	Balance 09-30-22
Capital Assets, not being depreciated:				
Land	\$ 244,816	\$ 0	\$ 0	\$ 244,816
Construction-in-progress	<u>2,566,947</u>	<u>2,683,103</u>	<u>(4,861,047)</u>	<u>389,003</u>
Total Capital Assets, not being Depreciated:	<u>2,811,763</u>	<u>2,683,103</u>	<u>(4,861,047)</u>	<u>633,819</u>
Capital Assets being depreciated:				
Plant, Buildings, & Improvements	25,699,870	14,323	4,861,047	30,575,240
Machinery and Equipment	<u>1,237,977</u>	<u>6,455</u>	<u>0</u>	<u>1,244,432</u>
Total Capital Assets being depreciated:	<u>26,937,847</u>	<u>20,778</u>	<u>4,861,047</u>	<u>31,819,672</u>
Less Accumulated Depreciation for:				
Plant, Buildings, & Improvements	(11,437,561)	(907,941)	0	(12,345,502)
Machinery and Equipment	<u>(1,003,235)</u>	<u>(37,622)</u>	<u>0</u>	<u>(1,040,857)</u>
Total Accumulated Depreciation	<u>(12,440,796)</u>	<u>(945,563)</u>	<u>0</u>	<u>(13,386,359)</u>
Total Capital Assets, depreciated, net Business-type Activities	<u>14,497,051</u>	<u>(924,785)</u>	<u>4,861,047</u>	<u>18,433,313</u>
Capital Assets, net	<u>\$ 17,308,814</u>	<u>\$ 1,758,318</u>	<u>\$ 0</u>	<u>\$ 19,067,132</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 71,288
Public Safety	77,434
Public Works	101,449
Culture and Recreation	<u>6,656</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 256,827</u>
Depreciation Expense for Water, Sewer and Gas	<u>\$ 945,563</u>

NOTE 4 - RECEIVABLES

Receivables at September 30, 2022, consisted primarily of property and other taxes, accounts (billings for user charged services including unbilled utility services), intergovernmental receivables arising from entitlements and shared revenues, and accrued interest on investments.

All accounts receivable are shown net of an allowance for uncollectible amounts where applicable. The allowance is based on management estimates and the average age of receivables.

CITY OF BALDWIN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 5 - LONG-TERM DEBT

Long-term debt activity for the year ended September 30, 2022 was as follows:

	Balance at 9/30/21	Additions	Deletions	Balance at 9/30/22	Amounts Due Within One Year
Governmental Activities:					
Notes Payable	207,126	0	31,784	175,342	32,799
Governmental Long-Term Liabilities	<u>\$ 207,126</u>	<u>\$ 0</u>	<u>\$ 31,784</u>	<u>\$ 175,342</u>	<u>\$ 32,799</u>
Business-Type Activities:					
Revenue Bonds Payable	\$ 5,364,916	\$ 0	\$ 124,198	\$ 5,240,718	\$ 126,216
Notes Payable	1,427,383	1,200,000	175,536	2,451,847	184,850
Business-Type Long-Term Liabilities	<u>\$ 6,792,299</u>	<u>\$ 1,200,000</u>	<u>\$ 299,734</u>	<u>\$ 7,692,565</u>	<u>\$ 311,066</u>

Revenue Bonds. The City also issues revenue bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds are subject to optional redemption at various dates. Revenue bonds outstanding September 30, 2022 are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amounts	
				Issued	Outstanding
Proprietary Funds					
2019 Revenue Bonds	1.625%	9/30/2019	9/30/2054	\$ 5,609,000	\$ 5,240,718
				<u>\$ 5,609,000</u>	<u>\$ 5,240,718</u>

Loans. The City also uses loans to finance its projects. Loans outstanding as of September 30, 2022 are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amounts	
				Issued	Outstanding
Governmental					
General Obligation Note 2017	3.10%	10/02/2017	9/20/2027	\$ 325,000	\$ 175,342
				<u>\$ 325,000</u>	<u>\$ 175,342</u>
Proprietary Funds					
DWSIRLF Loan - DWI	1.95%	11/01/2014	6/01/2034	\$ 1,900,888	\$ 1,028,511
Quality SRF Loan	1.75%	8/15/2010	5/15/2030	1,977,600	288,225
Note Payable-TRPDD	3.00%	10/01/2021	10/01/2036	400,000	380,529
Note Payable-TRPDD	1.00%	10/01/2021	10/01/2036	800,000	754,582
				<u>5,078,488</u>	<u>2,451,847</u>
Total				<u>\$ 5,403,488</u>	<u>\$ 7,867,907</u>

CITY OF BALDWIN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 5 – LONG-TERM DEBT (continued)

The City has a loan owed to Mississippi Department of Environmental Quality under the Water Pollution Control that is secured. The City also has a loan owed to the State of Mississippi Local Governments and Rural Water Systems Improvements Board through the Mississippi State Department of Health, which is secured. The State of Mississippi currently withholds payments from sales tax proceeds to apply to these loans. The outstanding notes from direct borrowings contain a provision in the event of default, outstanding amounts become immediately due. Furthermore, the direct borrowing contains an acceleration clause that allows the lender to accelerate the repayment schedule and increase the interest rate. Also, revenues or tax sharing funds established by the State can be intercepted for the delinquent amount plus ten percent annual penalty interest.

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

The Annual requirements to amortize all debt outstanding as of September 30, 2022 including interest payments of \$1,817,442 are as follows:

Year Ending September 30,	Governmental Funds		Proprietary Funds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 32,799	\$ 4,005	\$ 311,066	\$ 128,985	\$ 343,865	\$ 132,990
2024	33,834	2,915	322,994	115,932	356,828	118,847
2025	34,924	1,801	320,324	118,584	355,248	120,385
2026	36,038	92	325,869	113,038	361,907	113,130
2027	37,747	92	331,515	107,391	369,262	107,483
2028-2032	-	-	1,679,714	442,356	1,679,714	442,356
2033-2037	-	-	1,284,893	306,768	1,284,893	306,768
2038-2042	-	-	830,307	226,773	830,307	226,773
2043-2047	-	-	899,932	157,088	899,932	157,088
2048-2052	-	-	975,467	81,553	975,467	81,553
Thereafter	-	-	410,484	10,069	410,484	10,069
	<u>\$ 175,342</u>	<u>\$ 8,905</u>	<u>\$ 7,692,565</u>	<u>\$ 1,808,537</u>	<u>\$ 7,867,907</u>	<u>\$ 1,817,442</u>

CITY OF BALDWIN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 6 - INTERFUND TRANSACTIONS AND BALANCES

The following is a summary of interfund balances at September 30, 2022:

Due To/From Other Funds:

	Due To	Due From
General Fund	\$ 98,968	\$ 612,010
Nonmajor Governmental Funds	40,410	98,968
Proprietary Funds	571,600	-
	\$ 710,978	\$ 710,978

All interfund balances are resulted from the time lag between the dates that interfund goods and services are provided and payments between funds are made. All interfund balances are expected to be repaid.

Transfers In/Out:

	Transfers In	Transfers Out
General Fund	\$ -	\$ -
Nonmajor Governmental Funds	-	-
Proprietary Funds	-	-
	\$ -	\$ -

NOTE 7 - LITIGATION

Certain claims, suits, and complaints arising in the ordinary course of business have been filed or are pending against the City. In the opinion of the elected officials, all such matters are adequately covered by insurance, or if not so covered, are without merit or are of such kind, or involve such amounts, as would not have a significant effect on the financial position or results of operations of the City if disposed of unfavorably.

NOTE 8 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description. The City contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

CITY OF BALDWIN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 8 – DEFINED BENEFIT PENSION PLAN (continued)

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2022, PERS members were required to contribute 9% of their annual covered salary, and the City is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2022 was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The City's contributions (employer share only) to PERS for the years ending September 30, 2022, 2021 and 2020 were \$216,563, \$201,169 and \$227,641, respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2022, the City reported a liability of \$3,701,967 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The City's proportionate share used to calculate the September 30, 2022 net pension liability was 0.017985 percent, which was based on a measurement date of June 30, 2022. This was an increase of 0.000835 percent from its proportionate share used to calculate the September 30, 2021 net pension liability, which was based on a measurement date of June 30, 2021.

CITY OF BALDWIN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 8 – DEFINED BENEFIT PENSION PLAN (continued)

For the year ended September 30, 2022, the City recognized pension expense of \$301,521. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 52,264	\$ -
Net difference between projected and actual earnings on pension plan investments	236,149	-
Changes of assumptions	122,091	-
Changes in the proportion and differences between the City's contributions and proportionate share of contributions	36,064	344,776
City contributions subsequent to the measurement date	<u>56,468</u>	<u>-</u>
Total	<u>\$ 503,036</u>	<u>\$ 344,776</u>

\$56,468 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30	Amount
2023	\$ (27,292)
2024	(45,395)
2025	(26,399)
2026	<u>200,878</u>
Total	<u>\$ 101,792</u>

CITY OF BALDWIN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 8 – DEFINED BENEFIT PENSION PLAN (continued)

Actuarial Assumptions. The total pension liability as of June 30, 2022 was determined by an actuarial valuation prepared as of June 30, 2021, and by the investment experience for the fiscal year ending June 30, 2022. The following actuarial assumptions are applied to all periods in the measurement:

Inflation	2.40%
Salary increases	2.65 – 17.90%, including inflation
Investment rate of return	7.55%, net of pension plan investment expense, including inflation

Mortality rates for service retirees were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used for the purposes of determining the total pension liability were based on the results of an actuarial experience study for the four-year period from July 1, 2016 to June 30, 2020. The experience report is dated April 20, 2021.

The long-term expected rate of return on pension plan investments was determined using a lognormal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

CITY OF BALDWIN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 8 – DEFINED BENEFIT PENSION PLAN (continued)

The most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	25.00%	4.60%
International Equity	20.00%	4.50%
Global Equity	12.00%	4.85%
Fixed Income	18.00%	1.40%
Real Estate	10.00%	3.65%
Private Equity	10.00%	6.00%
Private Infrastructure	2.00%	4.00%
Private Credit	2.00%	4.00%
Cash Equivalents	1.00%	-0.10%
Total	100.00%	

Discount Rate. The discount rate used to measure the total pension liability was 7.55 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.55 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.55 percent) or 1-percentage-point higher (8.55 percent) than the current rate:

	Discount Rate	City's Proportionate Share of the Net Pension Liability
1% decrease	6.55%	\$4,831,446
Current discount rate	7.55%	\$3,701,967
1% increase	8.55%	\$2,770,770

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

CITY OF BALDWIN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 9 - FUND BALANCE RECONCILIATION – GENERAL FUND BUDGET BASIS

Mississippi state law requires, for budget purposes, that the general fund record revenues on the cash basis. Generally accepted accounting principles (GAAP) would require that the revenues be accounted for on the modified accrual basis; therefore, the required budgetary basis would not be considered to be GAAP. Any accruals of revenues included on the "Combined Statement of Revenues, Expenditures and Changes - All Governmental Fund Types" are eliminated for budget purposes. In the current fiscal year accrued revenues were \$1,589 more than cash revenues.

NOTE 10 – EFFECT OF DEFERRED AMOUNTS ON NET POSITION

The governmental activities' unrestricted net deficit amount of \$1,381,246 includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$43,646 resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. The \$345,171 balance of the deferred outflows of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next four years. The \$266,492 balance of the deferred inflows of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next three years.

The business-type activities' unrestricted net position amount of \$863,963 includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pension in the amount of \$12,822 resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. The \$101,397 balance of the deferred outflows of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next four years. The \$78,284 balance of the deferred inflows of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next three years.

NOTE 11 - RISK MANAGEMENT

The City of Baldwin 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. Significant losses are covered by commercial insurance for all major programs of the City except for certain employment practices liabilities, certain environmental liabilities, worker's compensation liabilities funded through a public entity risk pool, and catastrophic natural disasters that may exceed insurance coverages for which the City retains the risk of loss.

Risk of loss related to workers compensation for injuries to City employees is covered through the Mississippi Municipal Workers' Compensation Group, a public entity risk pool. The pool was formed on March 28, 1989, by the Mississippi Nonprofit Corporation Act, pursuant to Section 71-3-75, Mississippi Code Annotated (1972), to provide public entities within the State of Mississippi workers compensation and employer's liability coverage. The City pays premiums to the pool for its workers' compensation insurance coverage based on total payroll.

CITY OF BALDWIN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 11 - RISK MANAGEMENT (continued)

The participation agreement provides that the pool will be self-sustaining through member premiums. The risk of loss is remote for claims exceeding the pool's retention liability. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. For insured programs there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The City Attorney estimates that the amount of actual or potential claims against the City as of September 30, 2022, will not materially affect the financial condition of the City. Therefore, no provisions have been made for estimated claims. There have been no material claims paid by the City during the current or prior year.

NOTE 12 - EXPENDITURES OVER APPROPRIATIONS FOR INDIVIDUAL FUNDS

Any expenditure over appropriations at the legal level or budgetary control for the respective funds are disclosed in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual for the respective fund. Expenditures over appropriations at the legal level of budgetary control are as follows:

Library Operation and Maintenance Fund:

Library	Budget	Actual	Overage
Other Services & Charges	\$ 16,200	\$ 16,309	\$ 109

NOTE 13 – TAX ABATEMENTS

The City enters into property tax abatement agreements with local businesses for economic development purposes. The abatements may be granted to any business located within or promising to locate within the city limits. The abatements are negotiated on an individual basis. Each abatement is for 10 years. The City had eleven tax abatement agreements with two entities as of September 30, 2022.

The City had three types of abatements, none of which provides for the abatement of school or state tax levies:

- Section 27-31-101 – New enterprise exemptions
- Section 27-31-105 – Expanded enterprise exemptions
- Section 27-31-104 – Fee in lieu of tax agreements

All entities had tax abatements listed under the above listed statutes.

Category	Amount of taxes abated during the fiscal year
New and expanded industrial enterprises	\$103,279

CITY OF BALDWIN, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 14 - COMMITMENTS

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

NOTE 15 - SUBSEQUENT EVENTS

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the City of Baldwin evaluated the activity of the City through August 17, 2023, (the date the financial statements were available to be issued), and determined that there are no subsequent event(s) has (have) occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BALDWIN, MISSISSIPPI
SCHEDULE OF THE CITY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*
PERS
For the year ended September 30, 2022
UNAUDITED

	2022	2021	2020	2019	2018	2017	2016	2015
A. Baldwin's proportion of the net pension liability (%)	0.017985%	0.017150%	0.019415%	0.018280%	0.019702%	0.020215%	0.018485%	0.018200%
B. Baldwin's proportionate share of the net pension liability	\$ 3,701,967	\$ 2,534,845	\$ 3,758,518	\$ 3,215,813	\$ 3,277,028	\$ 3,360,419	\$ 3,301,883	\$ 2,813,361
C. Baldwin's covered employee payroll	\$ 1,238,178	\$ 1,140,276	\$ 1,292,799	\$ 1,190,502	\$ 1,258,133	\$ 1,296,794	\$ 1,182,521	\$ 1,138,368
D. Baldwin's proportionate share of the net pension liability as a percentage of its covered employee payroll (%)	298.99%	222.30%	290.73%	270.12%	260.47%	259.13%	279.22%	247.14%
E. Plan fiduciary net position as a percentage of the total pension liability	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

* The amounts presented for each fiscal year were determined as of the twelve months ended at the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the City has only presented information for the years in which information is available.

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

CITY OF BALDWIN, MISSISSIPPI
SCHEDULE OF THE CITY'S CONTRIBUTIONS
LAST 10 FISCAL YEARS*
PERS
For the year ended September 30, 2022
UNAUDITED

	2022	2021	2020	2019	2018	2017	2016	2015	2014
A. Contractually required contributions	\$ 216,563	\$ 201,169	\$ 227,641	\$ 193,852	\$ 196,751	\$ 196,435	\$ 191,356	\$ 178,563	\$ 184,891
B. Contributions in relation to contractually required contributions	\$ 216,563	\$ 201,169	\$ 227,641	\$ 193,852	\$ 196,751	\$ 196,435	\$ 191,356	\$ 178,563	\$ 184,891
C. Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
D. Baldwin's covered employee payroll	\$ 1,244,615	\$ 1,156,144	\$ 1,308,280	\$ 1,200,767	\$ 1,249,217	\$ 1,247,211	\$ 1,214,962	\$ 1,133,723	\$ 1,173,892
E. Contributions as a percentage of covered employee payroll	17.40%	17.40%	17.40%	16.14% **	15.75%	15.75%	15.75%	15.75%	15.75%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until, a full 10 year trend is compiled, the City has only presented information for the years in which information is available.

** Until July 1, 2019, contributions were 15.75%. Subsequent to July 1, 2019 contributions were 17.40%.

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

CITY OF BALDWIN, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2022

PENSION SCHEDULES

(1) Changes of assumptions

a. 2021

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
 1. For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77.
 2. For females, 84% of female rates up to age 72, 100% for ages above 76.
 3. Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments:
 1. For males, 134% of male rates at all ages.
 2. For females, 121% of female rates at all ages.
 3. Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments:
 1. For males, 97% of male rates at all ages.
 2. For females, 110% of female rates at all ages.
 3. Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 2.75% to 2.40%.
- The wage inflation assumption was reduced from 3.00% to 2.65%.
- The investment rate of return assumption was changed from 7.75% to 7.55%.
- The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.
- The percentage of active member deaths assumed to be in the line of duty was decreased from 6% to 4%.

b. 2019

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
 1. For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
 2. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
 3. Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:
 1. For males, 137% of male rates at all ages.
 2. For females, 115% of female rates at all ages.
 3. Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 3.00% to 2.75%.

CITY OF BALDWIN, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2022

PENSION SCHEDULES (continued)

- The wage inflation assumption was reduced from 3.25% to 3.00%.
 - Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to reflect actual experience more closely.
 - The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.
- c. 2017
- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.
 - The wage inflation assumption was reduced from 3.75% to 3.25%.
 - Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.
 - The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.
- d. 2016
- The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.
- e. 2015
- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.
 - The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.
 - Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.
 - Assumed rates of salary increase were adjusted to reflect actual and anticipated experience more closely.
 - The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.
- (2) Changes in benefit provisions
- a. 2016
- Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

CITY OF BALDWIN, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2022

PENSION SCHEDULES (continued)

- (3) ***Method and assumptions used in calculations of actuarially determined contributions.*** The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2020 valuation for the June 30, 2022 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

▪ Actuarial cost method	Entry age
▪ Amortization method	Level percentage of payroll, open
▪ Remaining amortization period	27.7 years
▪ Asset valuation method	5-year smoothed market
▪ Price Inflation	2.75 percent
▪ Salary increase	3.00 percent to 18.25 percent, including inflation
▪ Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

- (4) The comparative information presented on the Schedule of the City's Contributions does not include information for years prior to 2014 because GASB 68 was implemented in the 2015 fiscal year. Information for the 2014 year was included because it was necessary to record the prior period adjustment in the implementation of GASB 68.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

CITY OF BALDWIN, MISSISSIPPI
COMPARATIVE BALANCE SHEET - GENERAL FUND
September 30, 2022 and 2021

	GENERAL	
	SEPTEMBER 30, 2022	SEPTEMBER 30, 2021
<u>ASSETS</u>		
Cash on Deposit	\$ 1,650,649	\$ 772,616
Money Market, CD's	68,739	68,630
Due From Other Governments	42,553	40,965
Due From Other Funds	612,010	45,053
Utility Deposits	140	140
Total Assets	\$ 2,374,091	\$ 927,404
<u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts Payable and Accrued Expenses	\$ 74,361	\$ 58,634
Due to Other Funds	98,968	67,372
Total Liabilities	173,329	126,006
<u>Fund Balance</u>		
Restricted for:		
Police/Narcotics	6,083	6,076
Grant Activities	1,512,656	77,936
Nonspendable:		
Cemetery Trust Fund	224	224
Unassigned	681,799	717,162
Total Fund Balance	2,200,762	801,398
Total Liabilities and Fund Balance	\$ 2,374,091	\$ 927,404

CITY OF BALDWIN, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For the Fiscal Year Ended September 30, 2022

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>REVENUES</u>			
Ad Valorem Taxes	\$ 729,033	\$ 718,236	\$ (10,797)
Privilege Licenses and Fees	18,500	11,245	(7,255)
Road Maintenance	128,000	122,974	(5,026)
Sales Tax	550,000	543,477	(6,523)
State Aid	5,000	165,429	160,429
Homestead Reimbursement	54,967	54,967	-
Fines and Forfeits	119,814	88,518	(31,296)
TVA In-Lieu Tax	56,000	44,029	(11,971)
PCEPA In-Lieu Tax	50,000	53,831	3,831
School Tax Collection Fees	145,000	164,440	19,440
Concessions & Park Commission	13,000	14,871	1,871
Miscellaneous	17,000	24,585	7,585
Cable Franchise Fees	20,000	12,476	(7,524)
Museum Income	42,500	28,169	(14,331)
Interest Income	3,000	2,040	(960)
Penalties and Interest	8,000	18,384	10,384
Chamber Reimbursement	8,000	-	(8,000)
Grant Income	50,000	1,304,202	1,254,202
Rent Income	69,000	56,337	(12,663)
Total revenues	<u>2,086,814</u>	<u>3,428,210</u>	<u>1,341,396</u>
<u>EXPENDITURES</u>			
General Government			
Personnel Services	270,677	269,485	1,192
Supplies	27,700	18,254	9,446
Other Services and Charges	194,123	141,426	52,697
Capital Outlay	-	24,852	(24,852)
Total	<u>492,500</u>	<u>454,017</u>	<u>38,483</u>
Public Safety			
Personnel Services	978,500	900,051	78,449
Supplies	93,500	83,666	9,834
Other Services and Charges	157,314	63,991	93,323
Capital Outlay	190,000	5,355	184,645
Total	<u>1,419,314</u>	<u>1,053,063</u>	<u>366,251</u>

CITY OF BALDWIN, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - GENERAL FUND - Continued
For the Fiscal Year Ended September 30, 2022

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Public Works			
Personnel Services	314,000	310,362	3,638
Supplies	53,800	53,256	544
Other Services and Charges	119,000	118,334	666
Capital Outlay	-	3,564	(3,564)
Total	<u>486,800</u>	<u>485,516</u>	<u>1,284</u>
Debt service			
Principal Retirement	32,145	31,784	361
Interest and Fiscal Charges	6,055	6,055	-
Total	<u>38,200</u>	<u>37,839</u>	<u>361</u>
Total expenditures	<u>1,950,014</u>	<u>2,030,435</u>	<u>405,095</u>
Excess (Deficit) revenues over (under) expenditures	<u>136,800</u>	<u>1,397,775</u>	<u>1,746,491</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Proceeds from Disposition of Fixed Assets	-	-	-
Transfers (to) from Other Funds	350,000	-	(350,000)
Total other financing sources (uses)	<u>350,000</u>	<u>-</u>	<u>(350,000)</u>
Excess (Deficit) of revenues and other sources over (under) expenditures and other uses	486,800	1,397,775	1,396,491
Fund balances at October 1, 2021	<u>801,398</u>	<u>801,398</u>	<u>-</u>
Fund balances at September 30, 2022	\$ <u>1,288,198</u>	2,199,173	\$ <u>1,396,491</u>
Adjustments To GAAP Basis:			
Less: Accrued revenue		<u>1,589</u>	
Fund Balance GAAP September 30, 2022		\$ <u>2,200,762</u>	

CITY OF BALDWIN, MISSISSIPPI
COMBINING BALANCE SHEET - ALL SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2022

				TOTALS	
	FIRE TRUCK MAINTENANCE	LIBRARY OPERATION AND MAINTENANCE	TOURISM FUND	SEPTEMBER 30, 2022	SEPTEMBER 30, 2021
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 273,552	\$ 861	\$ -	\$ 274,413	\$ 110,595
Due from Other Governments	-	-	16,101	16,101	13,477
Due from Other Funds	-	48,014	50,954	98,968	37,234
Total Assets	\$ <u>273,552</u>	\$ <u>48,875</u>	\$ <u>67,055</u>	\$ <u>389,482</u>	\$ <u>161,306</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 8,200	\$ -	\$ 1,500	\$ 9,700	\$ 4,356
Due to Other Funds	40,410	-	-	40,410	4,191
Total Liabilities	<u>48,610</u>	<u>-</u>	<u>1,500</u>	<u>50,110</u>	<u>8,547</u>
<u>Fund Balances</u>					
Restricted for:					
Fire Insurance Rebate	224,942	-	-	224,942	104,723
Tourism	-	-	65,555	65,555	9,944
Committed to:					
Library	-	48,875	-	48,875	38,092
Total Fund Balances	<u>224,942</u>	<u>48,875</u>	<u>65,555</u>	<u>339,372</u>	<u>152,759</u>
Total Liabilities and Fund Balances	\$ <u>273,552</u>	\$ <u>48,875</u>	\$ <u>67,055</u>	\$ <u>389,482</u>	\$ <u>161,306</u>

CITY OF BALDWIN, MISSISSIPPI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - ALL SPECIAL REVENUE FUNDS
For the Fiscal Year Ended September 30, 2022

	FIRE TRUCK MAINTENANCE			LIBRARY OPERATION & MAINTENANCE			TOURISM FUND			TOTALS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES												
Ad Valorem Taxes	\$ 92,600	\$ 93,734	\$ 1,134	\$ 30,500	\$ 30,874	\$ 374	\$ -	\$ -	\$ -	\$ 123,100	\$ 124,608	\$ 1,508
Fire Protection	20,000	38,815	18,815	-	-	-	-	-	-	20,000	38,815	18,815
Lee County	12,000	22,851	10,851	-	-	-	-	-	-	12,000	22,851	10,851
Grants	-	-	-	-	-	-	-	-	-	-	-	-
Interest Income	500	310	(190)	-	1	1	-	-	-	500	311	(189)
Miscellaneous Income	-	6	6	-	-	-	-	-	-	-	6	6
Tourism Tax	-	-	-	-	-	-	181,050	189,172	8,122	181,050	189,172	8,122
Total revenues	125,100	155,716	30,616	30,500	30,875	375	181,050	189,172	8,122	336,650	375,763	39,113
EXPENDITURES												
Public Safety												
Personnel Services	33,800	29,797	4,003	-	-	-	-	-	-	33,800	29,797	4,003
Supplies	32,000	25,164	6,836	-	-	-	-	-	-	32,000	25,164	6,836
Other Services and Charges	37,150	35,584	1,566	-	-	-	-	-	-	37,150	35,584	1,566
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	22,150	1,125	21,025	-	-	-	-	-	-	22,150	1,125	21,025
Culture & Recreation												
Personnel Services	-	-	-	12,600	11,161	1,439	-	-	-	12,600	11,161	1,439
Supplies	-	-	-	1,700	913	787	-	-	-	1,700	913	787
Other Services and Charges	-	-	-	16,200	16,309	(109)	-	-	-	16,200	16,309	(109)
Tourism												
Personnel Services	-	-	-	-	-	-	67,850	65,959	1,891	67,850	65,959	1,891
Supplies	-	-	-	-	-	-	11,200	6,020	5,180	11,200	6,020	5,180
Other Services and Charges	-	-	-	-	-	-	102,000	88,482	13,518	102,000	88,482	13,518
Total	125,100	91,670	33,430	30,500	28,383	2,117	181,050	160,461	20,589	336,650	280,514	56,136
Total expenditures	125,100	91,670	33,430	30,500	28,383	2,117	181,050	160,461	20,589	336,650	280,514	56,136
Excess (deficit) revenues over (under) expenditures	-	64,046	64,046	-	2,492	2,492	-	28,711	28,711	-	95,249	95,249
OTHER FINANCING SOURCES (USES)												
Proceeds from Disposition of Fixed Assets	-	2,501	(2,501)	-	-	-	-	-	-	-	2,501	(2,501)
Total Other Financing Sources (Uses)	-	2,501	(2,501)	-	-	-	-	-	-	-	2,501	(2,501)
Excess (Deficit) of revenues and other sources over (under) expenditures and other uses	-	66,547	61,545	-	2,492	2,492	-	28,711	28,711	-	97,750	92,748
Fund balances at October 1, 2021	158,395	158,395	-	46,383	46,383	-	36,755	36,755	-	241,533	241,533	-
Fund balances at September 30, 2022	\$ 158,395	224,942	\$ 61,545	\$ 46,383	48,875	\$ 2,492	\$ 36,755	\$ 65,466	\$ 28,711	\$ 241,533	339,283	\$ 92,748
Adjustments to GAAP Basis:												
Less: Accrued revenue	-	-	-	-	-	-	-	89	-	-	89	-
Fund balance GAAP September 30, 2022	\$ 158,395	224,942	\$ 61,545	\$ 46,383	48,875	\$ 2,492	\$ 36,755	\$ 65,555	\$ 28,711	\$ 241,533	339,372	\$ 92,748

OTHER SUPPLEMENTARY INFORMATION

CITY OF BALDWIN, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
September 30, 2022

NAME	POSITION	COMPANY	BOND
Nan Nanney	City Clerk	Brierfield	\$ 50,000
Roslynn Clark	Mayor	Scott Insurance Agency	\$ 50,000
Angela Hasting	Water Dept. Clerk	Brierfield	\$ 50,000
Lynn Miley	Water Dept. Clerk	Travelers Casualty and Surety Co.	\$ 50,000
Mariea Burress	Court Clerk	Travelers Casualty and Surety Co.	\$ 50,000
Elsie Miller	Asst. Court Clerk	RLI Insurance Co.	\$ 50,000
Lora Stubbs	Police Dept. Clerk	Cornerstone Insurance and Financial	\$ 50,000
Roy Ragin	Police Chief	Travelers Casualty and Surety Co.	\$ 50,000
Shane Raines	Park Director	Travelers Casualty and Surety Co.	\$ 50,000
Shelby Scott	Asst. City Clerk	Travelers Casualty and Surety Co.	\$ 50,000
Phillip Rowan	Alderman	Scott Insurance Agency	\$ 50,000
Lynda Conlee	Alderman	Scott Insurance Agency	\$ 50,000
Angeleque Beene	Alderman	Scott Insurance Agency	\$ 50,000
Ricky Massengill	Alderman	Scott Insurance Agency	\$ 50,000
Tonya Billips	Alderman	Scott Insurance Agency	\$ 50,000
Richard Alexander	Code Officer	Cornerstone Insurance and Financial	\$ 50,000

CITY OF BALDWIN, MISSISSIPPI
SCHEDULE OF LONG TERM DEBT
For the Fiscal Year Ended September 30, 2022

	BALANCE OUTSTANDING October 1, 2021	TRANSACTIONS DURING FISCAL YEAR ISSUED	REDEEMED	BALANCE OUTSTANDING September 30, 2022
<u>Revenue Bonds</u>				
Water System Improvement Bond	\$ 5,364,916	\$ -	\$ 124,198	\$ 5,240,718
<u>Notes Payable - State of Mississippi</u>				
Note Payable - Three Rivers	207,126	-	31,784	175,342
Note Payable - Hancock bank	1,106,254	-	77,743	1,028,511
Note Payable - Three Rivers	-	400,000	19,471	380,529
Note Payable - Three Rivers	-	800,000	45,418	754,582
Proprietary Fund-SRF	321,129	-	32,904	288,225
	<u>321,129</u>	<u>-</u>	<u>32,904</u>	<u>288,225</u>
TOTAL	\$ <u>6,999,425</u>	\$ <u>1,200,000</u>	\$ <u>331,518</u>	\$ <u>7,867,907</u>

City of Baldwin
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2022

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
<i>Economic Development Cluster-Cluster</i>			
Department of Commerce			
Economic Adjustment Assistance			
Economic Adjustment Assistance	11.307		\$ 2,455,675
Total Economic Adjustment Assistance			* 2,455,675
<i>Total Department of Commerce</i>			<u>2,455,675</u>
<i>Total Economic Development Cluster-Cluster</i>			<u>2,455,675</u>
<i>Other Programs</i>			
Department of Homeland Security			
Hazard Mitigation Grant			
Hazard Mitigation Grant	97.039	Mississippi Emergency Management Agency	228,648
Total Hazard Mitigation Grant			<u>228,648</u>
<i>Total Department of Homeland Security</i>			<u>228,648</u>
<i>Total Other Programs</i>			<u>228,648</u>
<i>Total Expenditures of Federal Awards</i>			<u>\$ 2,684,323</u>

The accompanying notes are an integral part of this schedule

SIGNIFICANT ACCOUNTING POLICIES:

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Baldwin, Mississippi and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The City has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

* - Major Program

OTHER REPORTS

P.O. Box 731
Tupelo, MS 38802
(662) 844-5226

P.O. Box 355
Fulton, MS 38843
(662) 862-4967



Partners

Gary Franks, CPA

Bryon Wilemon, CPA

Jonathan Hagood, CPA

Rudolph Franks, CPA (1933-2019)

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Board of Aldermen
City of Baldwin, Mississippi

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 City of Baldwin, Mississippi, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Baldwin, Mississippi's basic financial statements and have issued our report thereon dated August 17, 2023.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as findings 2022-001, 2022-002, and 2022-004 to be material weaknesses.

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. We consider the deficiencies described in the accompany schedule of findings and questioned costs as finding 2022-003 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Baldwin, Mississippi's financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as findings 2022-001, 2022-003, and 2022-004.

City of Baldwin, Mississippi's Response to Findings

City of Baldwin, Mississippi's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Baldwin, Mississippi's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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. However, this report is a matter of public record and its distribution is not limited.

Franks, Franks, Wilmon & Hagood P.A.

FRANKS, FRANKS, WILEMON & HAGOOD, P.A.
Tupelo, Mississippi
August 17, 2023

P.O. Box 731
Tupelo, MS 38802
(662) 844-5226

P.O. Box 355
Fulton, MS 38843
(662) 862-4967



Partners

Gary Franks, CPA

Bryon Wilemon, CPA

Jonathan Hagood, CPA

Rudolph Franks, CPA (1933-2019)

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Mayor and Board of Aldermen
City of Baldwin, Mississippi

Report on Compliance for Each Major Federal Program

Opinion on the Major Federal Program

We have audited the City of Baldwin, Mississippi's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Baldwin, Mississippi's major federal programs for the year ended September 30, 2022. The City of Baldwin, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City of Baldwin, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Baldwin, Mississippi, and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City of Baldwin, Mississippi's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City of Baldwin, Mississippi's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Baldwin, Mississippi's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Baldwin, Mississippi's compliance with the requirements of the (each) major federal program as a whole.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement, 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 City of Baldwin, Mississippi's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Baldwin, Mississippi's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Baldwin, Mississippi's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Franks, Franks, Wilemon & Hagood P.A.

FRANKS, FRANKS, WILEMON & HAGOOD, P.A.
Tupelo, Mississippi
August 17, 2023

P.O. Box 731
Tupelo, MS 38802
(662) 844-5226

P.O. Box 355
Fulton, MS 38843
(662) 862-4967



Partners

Gary Franks, CPA

Bryon Wilemon, CPA

Jonathan Hagood, CPA

Rudolph Franks, CPA (1933-2019)

**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS**

Honorable Mayor and Board of Alderman
City of Baldwin, Mississippi

We have audited the basic financial statements of the City of Baldwin, Mississippi, as of and for the year ended September 30, 2022, and have issued our report dated August 17, 2023. 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 the *Government Auditing Standards*.

As required by the State legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of those procedures and our audit of the general purpose financial statements disclosed the following material instances of noncompliance with state laws and regulations. Our finding and recommendation and your response are included in the Schedule of Findings and Questioned Costs as Finding No. 2022-001, 2022-003, and 2022-004.

The Office of the State Auditor or a public accounting firm will review, on a subsequent year's audit engagement, the findings in this report to ensure that corrective action has been taken.

This report is intended for the information of the City's management and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Franks, Franks, Wilemon & Hagood P.A.

FRANKS, FRANKS, WILEMON & HAGOOD, P.A.
Tupelo, Mississippi
August 17, 2023

CITY OF BALDWIN, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
September 30, 2022

SECTION 1 – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified
Internal control over financial reporting:
 Material weakness identified? X Yes No
 Significant deficiency identified
 not considered to be a material weakness? X Yes None reported
Noncompliance material to financial statements
 noted? X Yes No

Federal Awards

Internal Control over major programs:
 Material weakness identified? Yes X No
 Significant deficiency identified
 not considered to be a material weakness? Yes X None reported

Type of auditors' report issued on compliance
 for major programs: Unmodified

Any audit findings disclosed that are required
 to be reported in accordance with
 Circular A-133, Section .510(a)? Yes X No

Identification of major program:

CFDA Number(s) Name of Federal Program or Cluster

11.307 Economic Adjustment Assistance

Dollar threshold used to distinguish
 between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes X No

**CITY OF BALDWIN, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2022**

SECTION 2 - FINANCIAL STATEMENT FINDINGS:

MATERIAL WEAKNESS AND NONCOMPLIANCE NO. 2022-001:

Repeat Finding: Yes

Criteria: State law requires municipalities of the State to maintain a complete fixed asset inventory listing, to properly tag all fixed assets, and to perform an annual fixed asset inventory.

Condition: The City of Baldwin's internal control procedures over fixed assets have not been properly developed and implemented. During our audit testing, we noted that the City does not maintain a fixed asset inventory system as prescribed by the Mississippi Code. The City does not maintain a complete fixed asset listing containing items description, location, condition, and inventory tag number. Fixed asset inventory tags are not being properly used by the City. The City does not perform an annual fiscal inventory of fixed assets as prescribed by the Mississippi Code.

Cause: The City has not fully implemented an adequate system of controls for properly tracking activity of fixed assets.

Effect: The City is not in compliance with the applicable requirements as required by state statute as prescribed the Office of the State Auditor.

Recommendation: The City should begin to develop and implement internal control policies and procedures related to fixed asset management. The City should perform a fixed asset inventory and prepare a current fixed asset inventory listing as prescribed by state law. The City should place inventory tags on all existing fixed assets and all fixed assets acquired by the City in the future.

Response: The City will attempt to develop and implement better internal controls over its fixed assets.

**CITY OF BALDWIN, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2022**

SECTION 2 - FINANCIAL STATEMENT FINDINGS:

MATERIAL WEAKNESS NO. 2022-002:

Repeat Finding: Yes

Criteria: A valuable element of the internal control structure is proper segregation of duties of accounting personnel.

Condition: The City of Baldwin's internal control structure does not provide for adequate segregation of duties.

Cause: The City's limited size and personnel limit the ability to properly segregate duties.

Recommendation: The City's mayor and board should continue to be actively involved in a supervisory position in the City's operations.

Effect: Failure to have an adequate segregation of duties could result in the loss of public funds.

Response: The City will attempt to maximize segregation of duties whenever possible. The mayor and board will remain actively involved in a supervisory position over the City's operations.

SIGNIFICANT DEFICIENCY AND NONCOMPLIANCE NO 2022-003

Repeat Finding: Yes

Criteria: The City is required, by state statutes, to prepare a budget for all required governmental funds of the City and to monitor and modify the budget as necessary to ensure all expenditures are within the budgeted amounts.

Condition: The City had a budget overage in one expenditure category for the year ended September 30, 2022.

Cause: The City did not properly amend the budget to prevent budget overages.

Effect: The City was out of compliance with state budgeting requirements.

Recommendation: The City should ensure that all expenditures are within the final amended budget amounts. The City Clerk should generate monthly budget to actual revenue and expense reports that should be used to ensure budgets are amended before expenses are disbursed in excess of budgeted amounts.

Response: The City will take steps necessary to provide the Board with accurate revenue and expense budget to actual comparisons on a monthly basis for all required accounts. The City will take steps necessary to ensure that budgets are amended prior to budget overages occurring.

**CITY OF BALDWIN, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2022**

SECTION 2 - FINANCIAL STATEMENT FINDINGS:

MATERIAL WEAKNESS AND NONCOMPLIANCE NO 2022-004

Repeat Finding: Yes

Criteria: The City is to maintain internal controls to ensure accurate processing of transactions for the fair presentation of its financial records. The City is to comply with state purchasing laws for all applicable purchases over certain dollar thresholds.

Condition: The City had two instances of noncompliance for the year ended September 30, 2022.

Cause: The City did not obtain competitive quotes or bids from vendors for purchases applicable to purchase laws.

Effect: The City was out of compliance with state purchase law requirements.

Recommendation: The City should implement adequate internal controls over all purchases to ensure that the City strictly adheres to the purchase laws in all departments of the City.

Response: The City will take the necessary steps to ensure that controls over purchasing are revised to guarantee future compliance.

SECTION 3 – FEDERAL AWARD FINDINGS

None