TOWN OF JAY, FLORIDA

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2025

DURST JORDAN, CPA, PA

TABLE OF CONTENTS

	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet – Governmental Funds	11
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Governmental Funds	15
Statement of Net Position – Proprietary Funds	16
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	17
Statement of Cash Flows – Proprietary Funds	18
Notes to Financial Statements	19
Required Supplementary Information:	
Required Supplementary Information for Pension Plans – Florida Retirement System	40
Required Supplementary Information for Pension Plans – Health Insurance Subsidy Program	41
Compliance:	
Independent Accountant's Report on Examination of Compliance Requirements in Accordance with Chapter 10.550, Rules of the Auditor General	42
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	43
Management Letter	45

Compliance (Continued):

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance 47

Schedule of Expenditures of Federal Awards 50

Notes to the Schedule of Expenditures of Federal Awards 51

Schedule of Findings and Questioned Costs 52

DURST & JORDAN
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the Town Council
Town of Jay, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the Town of Jay, Florida (the Town) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town'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, the aggregate discretely presented component units, and each major fund of the Town as of September 30, 2025 and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town'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*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 February 16, 2026, on our consideration of the Town of Jay, Florida'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 Town of Jay, Florida's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Jay, Florida's internal control over financial reporting and compliance.



Durst Jordan, CPA, PA
Pace, FL
February 16, 2026

As management of the Town of Jay, Florida, (The Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2025 to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the Town's financial activities, (c) identify changes in the Town's financial position, and (d) highlight significant issues in individual funds.

Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the Town's financial statements.

FINANCIAL HIGHLIGHTS

- Total assets and deferred outflows of the Town exceeded total liabilities and deferred inflows by $14,744,223. Of this amount, $2,698,179 is unrestricted. Total net position includes $12,046,044 of net investment in capital assets.
- Revenues for governmental activities (excluding transfers) increased by $1,873,482 or 100%, primarily due to an increase in capital grants. Expenses (excluding transfers) increased by $179,255 or 24%, primarily due increases in depreciation, grant administration fees, and insurance.
- Revenues (excluding transfers) for business-type activities decreased by $58,699 or 6%, primarily from a decrease in other sewer sales. Expenses decreased by $149,761 or 13%, primarily from decreases in salaries and pension expense.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The focus of financial statements is on both the Town as a whole (government-wide) and on individual funds. Both perspectives allow the user to address relevant questions, broaden a basis for comparison, and enhance the Town's accountability.

BASIC FINANCIAL STATEMENTS

The basic financial statements of the Town consist of (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. A brief description of these different reporting sections follows.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, in a manner similar to private-sector business. Two statements, the statement of net position and the statement of activities, are utilized to provide information on a government-wide basis.

The statement of net position presents information on all the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

BASIC FINANCIAL STATEMENTS (CONTINUED)

Government-Wide Financial Statements (Continued)

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows for future fiscal periods.

The government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

Fund Financial Statements

The fund financial statements provide more detailed information than the government-wide financial statements. Governmental fund financial statements provide information on the assets and liabilities of the general fund, changes in current financial resources (revenue and expenditures) and current available resources. The proprietary fund financial statements provide information on all assets and liabilities of the fund, changes in the economic resources (revenues and expenses) and total economic resources available. In the case of governmental funds, outlays for long-lived assets are reported as expenditures, and long-term liabilities, such as revenue bonds, are not included in the fund financial statements. A reconciliation is provided to facilitate a comparison between the fund financial statements and the government-wide financial statements.

Notes to the Financial Statements

The notes provide additional detail concerning the financial activities and financial balances of the Town that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Additional information concerning the Town's significant accounting policies, capital assets, and long-term obligations are just a few of the items included in the financial notes.

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Total assets, excluding capital assets	$ 2,976,760	$ 2,364,411	$ 808,377	$ 628,118	$ 3,785,137	$ 2,992,529
Capital assets, net of depreciation	7,464,990	4,469,668	6,185,882	6,435,965	13,650,872	10,905,633
Deferred outflows - pensions	16,387	22,383	65,548	89,532	81,935	111,915
Deferred outflows - health insurance subsidy	1,867	3,117	7,469	12,467	9,336	15,584
Total assets	$ 10,460,004	$ 6,859,579	$ 7,067,276	$ 7,166,082	$ 17,527,280	$ 14,025,661
Current liabilities	$ 864,878	$ 559,655	$ 98,248	$ 85,367	$ 963,126	$ 645,022
Long-term liabilities	3,642	1,330	753,291	772,750	756,933	774,080
Deferred inflows - leases	639,432	126,467	-	-	639,432	126,467
Deferred inflows - pensions	13,604	9,334	54,417	37,335	68,021	46,669
Deferred inflows - health insurance subsidy	8,579	6,015	34,317	24,059	42,896	30,074
Net pension liability - pensions	44,836	59,398	179,345	237,594	224,181	296,992
Net pension liability - health insurance subsidy	19,038	24,118	76,153	96,470	95,191	120,588
Total liabilities	1,594,009	786,317	1,195,771	1,253,575	2,789,780	2,039,892
Net position:						
Net investment in capital assets	6,627,262	4,466,627	5,418,782	5,650,436	12,046,044	10,117,063
Unrestricted	2,238,733	1,606,635	452,723	262,071	2,691,456	1,868,706
Total net position	8,865,995	6,073,262	5,871,505	5,912,507	14,737,500	11,985,769
Total liabilities and net position	$ 10,460,004	$ 6,859,579	$ 7,067,276	$ 7,166,082	$ 17,527,280	$ 14,025,661
Program revenues:						
General government	$ 2,856,022	$ 1,100,655	$ -	$ -	$ 2,856,022	$ 1,100,655
Business-type:						
Water service	-	-	363,086	360,541	363,086	360,541
Sewer service	-	-	217,957	327,241	217,957	327,241
Natural gas service	-	-	186,152	145,554	186,152	145,554
Garbage service	-	-	183,300	172,690	183,300	172,690
General revenues:						
Property tax	212,412	203,208	-	-	212,412	203,208
Other taxes	304,410	286,173	-	-	304,410	286,173
Other	358,296	274,345	-	3,168	358,296	277,513
Total revenues	3,731,140	1,864,381	950,495	1,009,194	4,681,635	2,873,575
Expenses:						
General government	894,254	739,285	-	-	894,254	739,285
Other	44,153	19,867	-	-	44,153	19,867
Water service	-	-	449,597	484,621	449,597	484,621
Sewer service	-	-	218,874	387,135	218,874	387,135
Natural gas service	-	-	149,662	105,469	149,662	105,469
Garbage service	-	-	173,364	164,033	173,364	164,033
Total expenses	938,407	759,152	991,497	1,141,258	1,929,904	1,900,410
Change in net position	$ 2,792,733	$ 1,105,229	$ (41,002)	$ (132,064)	$ 2,751,731	$ 973,165

FINANCIAL ANALYSIS OF THE TOWN

The Town reported positive balances in net position for both governmental and business-type activities. Capital assets (i.e. land, buildings, and equipment) are utilized to provide services to citizens and therefore are not available for future spending. This investment in capital assets, net of related debt, is the largest portion of the Town's total net position. This comprises 82% of the Town's total net position.

For the year ended September 30, 2025, revenues for governmental activities exceeded expenses by $2,799,456 before transfers. Expenses for business-type activities exceeded revenues by $41,002 before transfers.

Governmental Fund

The focus of the Town's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. As of September 30, 2025, total assets for the General Fund were $2,368,880, and the total liabilities were $864,878. Unassigned fund balance was $1,499,503 and total fund balance was $1,504,002.

Proprietary Funds

The Town's Proprietary Fund is the business-type fund reported in the government-wide financial statements. The Town maintains a water fund, sewer fund, natural gas fund, and garbage fund. The asset makeup is very capital intensive with capital assets, net of accumulated depreciation, representing 88% of the fund's total assets. The depreciation expense for these funds was $278,610 for the fiscal year ended September 30, 2025. During fiscal year 2025, these funds had a decrease in net position of $41,002. The total net position of these funds was $5,871,505 as of September 30, 2025. The unrestricted net position is $452,723.

BUDGETARY HIGHLIGHTS

There were several variances between actual results and budgeted amounts. Variances in governmental fund revenues resulted in approximately $386,000 less revenue collected than budgeted. General fund expenditures were approximately $183,000 less than budgeted. Overall, the actual change in fund balance was less than the budgeted change in fund balance by $200,685.

CAPITAL ASSETS

The Town's investment in capital assets for both its governmental activities and business-type activities as of September 30, 2025, was $10,117,063 (net of accumulated depreciation). This investment in capital assets includes land, buildings, furniture, fixtures and equipment, vehicles, computer software, water, sewer, and natural gas distribution systems, and construction in progress.

DEBT MANAGEMENT

The Town's debt for proprietary funds consists of a $199,319 bond payable to USDA for funding of a waterline project and a $567,781 loan payable for gas line improvements. Principal payments during the year on notes payable totaled $18,429.

OTHER FINANCIAL INFORMATION

Local governments, such as this town, primarily rely on property and a limited array of permitted other taxes such as gasoline and utility service taxes along with fees such as franchise and occupational license fees for its governmental activities. There are also a limited number of state-shared revenues and grants from both the state and federal governments. The Town's business-type, and to a much lesser degree certain governmental activities, such as recreation, obtain funding by charging fees for the services.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest. Questions concerning this report or requests for additional information should be addressed to:

Town of Jay, Florida
Post Office Box 66
Jay, Florida 32565

BASIC FINANCIAL STATEMENTS

Town of Jay, Florida
Statement of Net Position
As of September 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets			
Cash and cash equivalents	$ 1,505,341	$ 633,275	$ 2,138,616
Certificates of deposit	-	7,281	7,281
Accounts receivable	7,698	113,557	121,255
Unbilled receivable	-	54,264	54,264
Grants receivable	851,342	-	851,342
Lease receivable, current portion	70,330	-	70,330
Prepaid expenses	4,499	-	4,499
Total current assets	2,439,210	808,377	3,247,587
Non-Current Assets			
Lease receivable, less current portion	537,550	-	537,550
Capital assets:			
Assets not being depreciated	3,710,549	15,024	3,725,573
Assets being depreciated, net	3,754,441	6,170,858	9,925,299
Total non-current assets	8,002,540	6,185,882	14,188,422
Total Assets	10,441,750	6,994,259	17,436,009
Deferred Outflows of Resources			
Deferred outflows - pensions	16,387	65,548	81,935
Deferred outflows - health insurance subsidy	1,867	7,469	9,336
Total assets and deferred outflows	$ 10,460,004	$ 7,067,276	$ 17,527,280
LIABILITIES AND NET POSITION			
Current Liabilities			
Accounts payable	$ 857,547	$ 30,637	$ 888,184
Accrued expenses	7,331	12,611	19,942
Note payable, current portion	-	18,565	18,565
Customer deposits	-	36,435	36,435
Total current liabilities	864,878	98,248	963,126
Non-Current Liabilities			
Compensated absences	3,642	4,756	8,398
Note payable, less current portion	-	748,535	748,535
Net pension liability - pensions	44,836	179,345	224,181
Net pension liabilty - health insurance subsidy	19,038	76,153	95,191
Total non-current liabilities	67,516	1,008,789	1,076,305
Total liabilities	932,394	1,107,037	2,039,431
Deferred Inflows of Resources			
Deferred inflows - leases	639,432	-	639,432
Deferred inflows - pensions	13,604	54,417	68,021
Deferred inflows - health insurance subsidy	8,579	34,317	42,896
Total liabilities and deferred inflows	1,594,009	1,195,771	2,789,780
Net Position			
Net investment in capital assets	6,627,262	5,418,782	12,046,044
Unrestricted	2,238,733	452,723	2,691,456
Total net position	8,865,995	5,871,505	14,737,500
Total Liabilities and Net Position	$ 10,460,004	$ 7,067,276	$ 17,527,280

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

Town of Jay, Florida
Statement of Activities
For the year ended September 30, 2025

	Expenses	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Program Revenues: Charges for Services	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Total
Governmental							
General government	$ 894,254	$ -	$ 2,856,022	$ -	$ 1,961,768		$ 1,961,768
Transportation	40,182	-	-	-	(40,182)		(40,182)
Culture and recreation	3,971	-	-	-	(3,971)		(3,971)
	938,407	-	2,856,022	-	1,917,615		1,917,615
Business-type							
Water service	449,597	-	-	363,086		$ (86,511)	(86,511)
Sewer service	218,874	-	-	217,957		(917)	(917)
Natural gas service	149,662	-	-	186,152		36,490	36,490
Garbage service	173,364	-	-	183,300		9,936	9,936
	991,497	-	-	950,495		(41,002)	(41,002)
Total	$ 1,929,904	$ -	$ 2,856,022	$ 950,495	1,917,615	(41,002)	1,876,613
General Revenues							
Ad valorem taxes					212,412	-	212,412
Local option gas tax					34,619	-	34,619
Franchise fees					63,514	-	63,514
Utility service tax					154,410	-	154,410
Communication service tax					51,867	-	51,867
Licenses and permits					4,772	-	4,772
Intergovernmental revenue					135,769	-	135,769
Earnings on investments					14,522	-	14,522
Gain (loss) on sale of assets					2,750	-	2,750
Lease revenue					93,133	-	93,133
Insurance proceeds					97,982	-	97,982
Miscellaneous revenue					9,368	-	9,368
Transfers					-	-	-
Total general revenues and transfers					875,118	-	875,118
Change in net position					2,792,733	(41,002)	2,751,731
Net position - beginning of year					6,073,262	5,912,507	11,985,769
Net position - end of year					$ 8,865,995	$ 5,871,505	$ 14,737,500

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

Town of Jay, Florida
Balance Sheet
Governmental Funds
As of September 30, 2025

ASSETS

Cash and cash equivalents	$ 1,505,341
Accounts receivable	7,698
Grants receivable	851,342
Prepaid expenses	4,499
Total Assets	$ 2,368,880

LIABILITIES AND FUND BALANCES

Liabilities	
Accounts payable	$ 857,547
Accrued liabilities	7,331
Total liabilities	864,878
Fund Balances	
Nonspendable	4,499
Unrestricted:	
Unassigned	1,499,503
Total fund balances	1,504,002
Total Liabilities and Fund Balances	$ 2,368,880

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

Town of Jay, Florida

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

As of September 30, 2025

Total Fund Balances - General Fund	$ 1,504,002
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the general fund. The cost of the assets is $10,381,755 in the general fund less accumulated depreciation of $2,916,765.	7,464,990
Lease receivable	607,880
Deferred inflows - leases	(639,432)
Deferred outflows related to pensions	18,254
Deferred inflows related to pensions	(22,183)
Long-term liabilities (including certain accounts payable, compensated absences, and unfunded post employment and pension obligations) are not due and payable in the current period and therefore are not reported as liabilities in the general fund.	(67,516)
Total Net Position - Governmental Activities	$ 8,865,995

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

Town of Jay, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended September 30, 2025

Revenues:	
Ad valorem taxes	$ 212,412
Local option gas tax	34,619
Franchise fees	63,514
Utility service tax	154,410
Communication service tax	51,867
Licenses and permits	4,772
Intergovernmental	2,991,791
Miscellaneous	222,471
Total revenues	3,735,856
Expenditures:	
Current:	
General government	671,905
Transportation	40,182
Culture and recreation	3,971
Capital outlay	3,223,233
Total expenditures	3,939,291
Excess of expenditures over revenues	(203,435)
Other Financing Sources (Uses):	
Proceeds from sale of assets	2,750
Total other financing sources (uses)	2,750
Net Change in Fund Balances	(200,685)
Fund Balance - Beginning of Year	1,704,687
Fund Balance - End of Year	$ 1,504,002

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

Town of Jay, Florida
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances - Governmental Funds to the Statement of Activities
For the year ended September 30, 2025

Net Change in Fund Balances - Total Governmental Funds	$ (200,685)
Amounts reported for governmental activities in the statement of activities are different	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:	
Current period investment in capital assets	3,223,233
Current period depreciation	(227,911)
Lease receivables and deferred inflows from leases are not financial resources and therefore are not report in the governmental fund.	
Current period change in lease receivable	507,811
Current period change in deferred inflows - leases	(512,964)
In the statement of activities, compensated absences are measured by the amounts earned during the year. In the general fund, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	
Current period change in compensated absences	(2,313)
Current period change in pension liability	14,562
Current period change in health insurance subsidy	5,080
Current period change in deferred outflow of resources on pensions	(5,996)
Current period change in deferred inflow of resources on pensions	(4,270)
Current period change in deferred outflow of resources on health insurance subsidy	(1,250)
Current period change in deferred inflow of resources on health insurance subsidy	(2,564)
Change in Net Position - Governmental Activities	$ 2,792,733

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

Town of Jay, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Governmental Funds
For the year ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	$ 497,632	$ 518,132	$ 516,822	$ (1,310)
Licenses and permits	4,800	4,800	4,772	(28)
Intergovernmental	6,306,440	3,206,600	2,991,791	(214,809)
Miscellaneous	257,480	392,500	222,471	(170,029)
Total revenues	7,066,352	4,122,032	3,735,856	(386,176)
Expenditures:				
Current:				
General government	754,700	1,384,200	671,905	(712,295)
Transportation	61,652	39,652	40,182	530
Culture and recreation	-	1,000	3,971	2,971
Capital outlay	6,250,000	2,697,180	3,223,233	526,053
Total expenditures	7,066,352	4,122,032	3,939,291	(182,741)
Excess of expenditures over revenues	-	-	(203,435)	(203,435)
Other Financing Sources (Uses):				
Proceeds from sale of assets	-	-	2,750	2,750
Total other financing sources and (uses)	-	-	2,750	2,750
Net Change in Fund Balances	$ -	$ -	(200,685)	$ (200,685)
Fund Balance - Beginning of Year			1,704,687	
Fund Balance - End of Year			$ 1,504,002	

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

Town of Jay, Florida
Statement of Net Position
Proprietary Funds
As of September 30, 2025

	Water Fund	Sewer Fund	Natural Gas Fund	Garbage Fund	Total
ASSETS					
Current Assets					
Cash and cash equivalents	$ 314,275	$ 206,458	$ 75,549	$ 36,993	$ 633,275
Certificates of deposit	-	-	7,281	-	7,281
Accounts receivable	25,209	16,159	57,474	14,715	113,557
Unbilled receivable	28,699	18,678	6,887	-	54,264
Total current assets	368,183	241,295	147,191	51,708	808,377
Non-current Assets					
Capital assets:					
Assets not being depreciated	15,024	-	-	-	15,024
Assets being depreciated, net	4,782,156	640,378	748,324	-	6,170,858
Total non-current assets	4,797,180	640,378	748,324	-	6,185,882
Total assets	5,165,363	881,673	895,515	51,708	6,994,259
Deferred Outflows of Resources					
Deferred outflows - pensions	32,774	31,955	819	-	65,548
Deferred outflows - health insurance subsidy	3,734	3,641	94	-	7,469
Total assets and deferred outflows	$ 5,201,871	$ 917,269	$ 896,428	$ 51,708	$ 7,067,276
LIABILITIES AND NET POSITION					
Current Liabilities					
Accounts payable	$ 5,856	$ 2,093	$ 7,843	$ 14,845	$ 30,637
Accrued expenses	5,754	5,754	1,103	-	12,611
Note payable, current portion	4,316	-	14,249	-	18,565
Customer deposits	29,750	-	6,685	-	36,435
Total current liabilities	45,676	7,847	29,880	14,845	98,248
Non-current Liabilities					
Compensated absences	2,118	2,118	520	-	4,756
Note payable, less current portion	195,003	-	553,532	-	748,535
Net pension liability - pension plan	89,672	87,431	2,242	-	179,345
Net pension liability - health insurance subsidy	38,076	37,124	953	-	76,153
Total non-current liabilities	324,869	126,673	557,247	-	1,008,789
Total liabilities	370,545	134,520	587,127	14,845	1,107,037
Deferred Inflows of Resources					
Deferred inflows - pensions	27,208	26,528	681	-	54,417
Deferred inflows - health insurance subsidy	17,158	16,729	430	-	34,317
Total liabilities and deferred inflows	414,911	177,777	588,238	14,845	1,195,771
Net Position					
Net investment in capital assets	4,597,861	640,378	180,543	-	5,418,782
Unassigned	189,099	99,114	127,647	36,863	452,723
Total net position	4,786,960	739,492	308,190	36,863	5,871,505
Total liabilities and net position	$ 5,201,871	$ 917,269	$ 896,428	$ 51,708	$ 7,067,276

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

Town of Jay, Florida
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the year ended September 30, 2025

	Water Fund	Sewer Fund	Natural Gas Fund	Garbage Fund	Total
Operating Revenue					
Charges for service	$ 343,515	$ 207,931	$ 186,143	$ 183,300	$ 920,889
Other operating income	19,571	10,026	9	-	29,606
Total operating revenue	363,086	217,957	186,152	183,300	950,495
Operating Expenses					
Personnel services	170,519	99,304	2,831	-	272,654
Contractual services	4,191	12,524	-	173,364	190,079
Materials and supplies	4,679	2,464	87,941	-	95,084
Repairs and maintenance	68,188	44,862	4,390	-	117,440
Office and utilities	17,239	18,835	4,549	-	40,623
Depreciation and amortization	193,106	51,730	33,774	-	278,610
Pension (income) expense	(11,124)	(10,845)	(275)	-	(22,244)
Total operating expenses	446,798	218,874	133,210	173,364	972,246
Operating (loss) income	(83,712)	(917)	52,942	9,936	(21,751)
Non-Operating Revenue (Expenses)					
Interest expense	(2,799)	-	(16,452)	-	(19,251)
Total nonoperating revenue (expenses)	(2,799)	-	(16,452)	-	(19,251)
Net (loss) income before contributions and transfers	(86,511)	(917)	36,490	9,936	(41,002)
Capital contributions	-	-	-	-	-
Transfers (out) in	-	-	-	-	-
Change in Net Position	(86,511)	(917)	36,490	9,936	(41,002)
Fund Balance - Beginning of Year	4,873,471	740,409	271,700	26,927	5,912,507
Fund Balance - End of Year	$ 4,786,960	$ 739,492	$ 308,190	$ 36,863	$ 5,871,505

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

Town of Jay, Florida
Statement of Cash Flows
Proprietary Funds
For the year ended September 30, 2025

	Water Fund	Sewer Fund	Natural Gas Fund	Garbage Fund	Total
Cash Flows from Operating Activities					
Cash received from customers	$ 364,509	$ 214,686	$ 152,519	$ 181,753	$ 913,467
Cash paid to employees for services	(170,928)	(101,542)	(1,381)	-	(273,851)
Cash paid to suppliers for goods and services	(88,441)	(83,351)	(93,628)	(172,455)	(437,875)
Net cash from operating activities	105,140	29,793	57,510	9,298	201,741
Cash Flows from Capital and Related Financing Activities					
Acquisition and construction of capital assets	(25,278)	(3,250)	-	-	(28,528)
Interest paid	(2,799)	-	(16,452)	-	(19,251)
Principal payment of note payable	(4,258)	-	(14,171)	-	(18,429)
Net cash from capital and related financing activities	(32,335)	(3,250)	(30,623)	-	(66,208)
Net Change in Cash and Cash Equivalents	72,805	26,543	26,887	9,298	135,533
Cash and Cash Equivalents - Beginning of the Year	241,470	179,915	48,662	27,695	497,742
Cash and Cash Equivalents - End of the Year	$ 314,275	$ 206,458	$ 75,549	$ 36,993	$ 633,275
Displayed As:					
Cash and cash equivalents	$ 314,275	$ 206,458	$ 75,549	$ 36,993	$ 633,275
Reconciliation of Operating Loss to Net Cash from Operating Activities:					
Operating (loss) income	(83,712)	(917)	52,942	9,936	(21,751)
Adjustments to reconcile operating loss to net cash from operating activities -					
Depreciation and amortization expense	193,106	51,730	33,774	-	278,610
Changes in operating assets and liabilities:					
Accounts receivable and unbilled receivables	(5,123)	(3,271)	(34,728)	(1,547)	(44,669)
Accounts payable	5,856	(4,666)	3,252	909	5,351
Accrued expenses	133	(1,763)	996	-	(634)
Compensated absences	(542)	(475)	454	-	(563)
Customer deposits	6,546	-	1,095	-	7,641
Net pension liability	(39,284)	(38,301)	(981)	-	(78,566)
Deferred inflows related to pensions	13,668	13,327	345	-	27,340
Deferred outflows related to pensions	14,492	14,129	361	-	28,982
Total adjustments	188,852	30,710	4,568	(638)	223,492
Net Cash (Used in) Provided by Operating Activities	$ 105,140	$ 29,793	$ 57,510	$ 9,298	$ 201,741

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Town

The Town of Jay, Florida, (the Town) is a political subdivision of the State and was incorporated in 1951. The Town provides general government, parks and recreation, and public works services to its residents. In addition, the Town operates water, sewer, gas, and sanitation enterprises.

The financial statements of the Town have been prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America applicable to governmental units and the Uniform Accounting System mandated by Chapter 218.33, Florida Statutes. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

Below is a summary of the more significant accounting policies of the Town.

B. Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present the Town as the primary government.

GASB Statement 14, *"The Financial Reporting Entity",* was issued to provide the criteria to be used in determining what governmental functions, activities, and organizations should be included in a governmental reporting entity. In developing these criteria, the GASB assumed that all functions of government are considered to be responsible to elected officials at the federal, state, or local level. Therefore, all functions of government must be a part of federal, state, or local government and should be reported at the lowest level of legislative authority.

Statement 14 requires that financial operations of governmental departments, agencies, commissions, or authorities over which the governmental unit's elected officials have oversight responsibility be included in the reporting entity's financial statements. In determining whether elected officials have oversight responsibility, Statement 14 identifies certain criteria to be considered. These criteria included, but are not limited to, selection of the governing body, designation of management, ability to influence operations, and accountability over fiscal matters.

The accompanying combined financial statements include all funds, boards, and authorities for which the Town is financially accountable or for which the nature and significance of their relationship with the Town is such that exclusion would cause the Town 's financial statements to be misleading or incomplete. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Town. There are no blended component units.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation

Government-Wide Statements: The statement of net position and the statement of activities display information about the primary government (the Town) and its component units. These statements include the financial activities of the overall government. These statements distinguish between *governmental* and *business-type activities* of the Town. *Governmental activities* are generally financed through taxes, intergovernmental revenues, and other non-exchange transactions. *Business-type activities* are financed in whole or in part by fees charges to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include 1) fees, fines, and charges paid by recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category – governmental and proprietary – are presented.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The Town reports the following major governmental fund:

General Fund: This is the Town's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund. All general property taxes, fines, various permits, and certain intergovernmental revenues are recorded in this fund. Typical expenditures are for administration, planning, public service, public safety, streets and drainage, and parks and recreation.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (Continued)

The Town reports the following major enterprise funds:

Water Fund: This fund accounts for the operation, maintenance, and development of the Town's water supply distribution system.

Sewer Fund: This fund accounts for the operation, maintenance, and development of the Town's wastewater system.

Natural Gas Fund: This fund accounts for the operation, maintenance, and development of the Town's natural gas distribution system.

Garbage Fund: This fund accounts for the operation of the Town's garbage service.

D. Measurement Focus, Basis of Accounting

Government-Wide and Proprietary Fund Financial Statements: The government-wide financial statements are reported using an economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, included property taxes, grants, and donations. Nonexchange transactions, including property taxes and grants, are recognized when all eligibility requirements have been met.

Governmental Fund Financial Statements: Governmental fund financial statements are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis, revenue is recognized when it becomes measurable and available to finance expenditures of the fiscal period. Primary revenue, including taxes, intergovernmental revenue, charges for services, rents, and interest, is treated as susceptible to accrual under the modified accrual basis. Other revenue sources are not considered measurable and available and are not treated as susceptible to accrual.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt, which is recognized when due.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted resources available to finance the programs, followed by categorical block grants, and then by general revenues.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus, Basis of Accounting (Continued)

Budgetary Basis of Accounting: Revenue and expenditures are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements that govern the Town's operations.

Budgets have been adopted on a basis consistent with generally accepted accounting principles (GAAP) for the General Fund. Enterprise Funds are budgeted on a limited non-GAAP basis for management purposes. Any revisions that increase the total appropriation of the General Fund must be approved by the Town Council. All budget amounts presented in the financial statements are as originally adopted or authorized by the Town Council.

E. Restricted and Unrestricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. Within the unrestricted category, committed resources are used first, and then assigned resources, if any, followed by unassigned resources as needed.

F. Assets, Liabilities, and Net Position

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents are considered to be all funds available upon demand or which are highly liquid in nature. Only investments with original maturities of three months or less are included in cash equivalents.

Investments

Investments are held in certificates of deposit and are stated at cost plus accrued interest, which approximates market value.

Property Tax Calendar

Santa Rosa County, Florida officials perform all appraisals, assessments, and collections of Town property taxes as agent for the Town. Property valuations are determined each year as of January 1. All property taxes become due and payable on November 1. The collection period is from November 1 through March 31, with discounts allowed of 4, 3, 2 and 1 percent for early payment in November through February, respectively. All taxes become delinquent on April 1 in the year following assessment, and tax certificates are sold on all real property with unpaid taxes as of June 1. Therefore, property tax recognition takes place during the fiscal year of assessment. The balance of delinquent assessments was not considered available and consequently was not accrued.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, and Net Position (Continued)

Capital Assets

The Town's capitalization policy is to capitalize all costs for items $2,500 or more unless the item is a component of a project. Purchased or constructed assets are reported at cost or estimated historical cost. Donated fixed assets are valued at their estimated fair value on the date of the donation.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Water and sewer distribution system	10 – 40 years
Gas distribution system	40 years
Infrastructure	40 years
Building improvements	10 – 40 years
Improvements other than buildings	10 – 20 years
Major moveable equipment	10 years
Office equipment	5 – 10 years
Vehicles	5 – 10 years

The Town capitalized interest on borrowings used to finance the construction of fixed assets. However, when the expense during construction is netted against the related income, the resulting amount is typically immaterial.

Lease Receivable and Deferred Inflows

The Town, as a lessor, recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with exceptions for certain short-term leases and leases that transfer ownership of the underlying asset. As lessor, the asset underlying the lease is not unrecognized. The lease receivable is measured at the present value of the lease payments, expected to be received during the lease term. The deferred inflows of resources are measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods.

The leases held by the Town do not have an implicit rate of return, therefore, the Town used their incremental borrowing rate on the date of lease commencement of 4% to discount the lease revenue to the net present value.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows related to pensions as discussed in **Note 8**.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, and Net Position (Continued)

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two items that qualify for reporting in this category which is related to 1) pensions as discussed in **Note 8** and 2) leases as discussed in **Note 6**.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension and pension expense, information about the fiduciary net position of the Town's pension plans and additions to/deductions from these plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated annual leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. In accordance with GAAP, for the government funds in the fund financial statements, all of the compensated absences are considered long-term and, therefore, are not a fund liability and represent a reconciling item between the fund level and government-wide presentations.

Unbilled Utility Services

All utility billing is performed on a cyclical basis which gives rise to unbilled gas, water, and sewer services at the end of any given period. The Town has recorded estimated accounts receivable and the related revenues, based on the number of days of unbilled services as of the end of the fiscal year.

Capital Contributions

Capital contributions consist of construction grants and are recognized in the statements of revenues, expenses, and changes in net position when earned.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, and Net Position (Continued)

Comparative Data and Reclassifications

Comparative total data for the prior year has been presented to provide an understanding of the changes in the financial position and operations. Certain amounts presented in the prior year data have been reclassified to be consistent with the current year presentation.

NOTE 2 – CASH AND INVESTMENTS

All cash resources of the Town are placed in banks that are qualified as a public depository as required by the Florida Security for Public Deposits Act. The State Treasurer is required by this law to ensure that the Town's funds are entirely collateralized throughout the fiscal year. Every qualified public depository is required by this law to deposit with the State Treasurer eligible collateral to the total governmental deposits held by the bank at the end of each calendar quarter. In the event of failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository are assessed against other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

At September 30, 2025, the carrying amount of the Town's deposits was $2,162,484 all of which was placed in banks that qualify as public depositories.

Florida Statutes authorize the Town to invest in direct obligations of the U.S. Treasury, interest-bearing time deposits or savings accounts in qualified public depositories as defined in 280.2, Florida Statutes, Securities and Exchange Commission register money market funds with the highest credit quality rating from a nationally recognized rating agency, and the Local Government Surplus Funds Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in 163.101, Florida Statutes. The Town's investments consist of certificates of deposit and are included in deposits above.

NOTE 3 – ACCOUNTS RECEIVABLE

General Fund accounts receivable include grants receivable, franchise fees, and taxes due from other entities. Accounts receivable in the business-type activities funds are amounts due from customers representing charges for services and grants receivable. Allowances for doubtful accounts are estimated by management based on past collection experience and other information available to them at the balance sheet date.

At September 30, 2025, accounts receivable balances in the business-type activities funds, net of allowances for doubtful accounts, were as follows:

Accounts Receivable – Water	$	26,709
Less Water Allowance		(1,500)
Accounts Receivable – Sewer		17,959
Less Sewer Allowance		(1,800)
Accounts Receivable – Natural Gas		58,974
Less Gas Allowance		(1,500)
Accounts Receivable – Garbage		16,215
Less Garbage Allowance		(1,500)
	$	113,557

Based on *Governmental Accounting Standards*, bad debt for uncollectible accounts receivable was written off against revenue as follows:

Bad Debt – Water	$	2,164
Bad Debt – Sewer		2,021
Bad Debt – Natural Gas		230
Bad Debt – Garbage		1,069
	$	5,484

NOTE 4 – CAPITAL ASSETS

Capital asset governmental activity for the year ended September 30, 2025, was as follows:

Governmental Activities:	Balance 10/1/24	Increases	Decreases	Balance 9/30/25
Capital assets not being depreciated:				
Land	$ 203,051	$ -	$ -	$ 203,051
Construction in progress	1,461,843	3,126,150	(1,080,495)	3,507,498
Total capital assets not being depr.	1,664,894	3,126,150	(1,080,495)	3,410,549
Capital assets being depreciated:				
Buildings	1,020,672	1,177,578	(3,425)	2,194,825
Improvements other than buildings	4,123,858	-	(56,802)	4,067,056
Machinery and equipment	468,318	-	(58,993)	409,325
Total capital assets being depreciated	5,612,848	1,1775,578	(119,220)	6,671,206
Less accumulated depreciation for:				
Buildings	(790,717)	(32,483)	3,425	(819,775)
Improvements other than buildings	(1,687,091)	(163,282)	56,802	(1,793,571)
Machinery and equipment	(330,266)	(32,146)	58,993	(303,419)
Total accumulated depreciation	(2,808,074)	(227,911)	119,220	(2,916,765)
Total capital assets being depr., net	2,804,774	949,667	-	3,754,441
Governmental capital assets, net	$ 4,469,668	$ 4,075,817	$(1,080,495)	$ 7,464,990

NOTE 4 – CAPITAL ASSETS (CONTINUED)

Capital asset business-type activity for the year ended September 30, 2025, was as follows:

Business-type Activities:	Balance 10/1/24	Increases	Decreases	Balance 9/30/25
Water -				
Capital assets not being depreciated:				
Land	$ 15,024	$ -	$ -	$ 15,024
Total capital assets not being depr.	15,024	-	-	15,024
Capital assets being depreciated:				
Buildings	942	-	(942)	-
Water plant	5,677,608	18,944	(16,459)	5,680,093
Improvements other than buildings	1,384,175	-	-	1,384,175
Machinery and equipment	105,944	6,334	(16,677)	95,601
Total capital assets being depreciated	7,168,669	25,278	(34,078)	7,159,869
Less accumulated depreciation for:				
Buildings	(942)	-	942	-
Water plant	(1,154,858)	(150,471)	16,459	(1,288,870)
Improvements other than buildings	(977,605)	(34,605)	-	(1,012,210)
Machinery and equipment	(85,280)	(8,030)	16,677	(76,633)
Total accumulated depreciation	(2,218,685)	(193,106)	34,078	(2,377,713)
Total capital assets being depr., net	4,949,984	(167,828)	-	4,782,156
Water capital assets, net	4,965,008	(167,828)	-	4,797,180
Sewer -				
Sewer plant	2,322,175	3,250	(7,420)	2,318,005
Less accumulated depreciation	(1,633,317)	(51,730)	7,420	(1,677,627)
Sewer capital assets, net	688,858	(48,480)	-	640,378
Natural Gas -				
Capital assets being depreciated:				
Natural gas plant	1,399,308	-	(7,458)	1,391,850
Machinery and equipment	44,125	-	(3,740)	40,385
Total capital assets being depreciated	1,443,433	-	(11,198)	1,432,235
Less accumulated depreciation for:				
Natural gas plant	(621,512)	(32,619)	7,458	(646,673)
Machinery and equipment	(39,822)	(1,156)	3,740	(37,238)
Total accumulated depreciation	(661,334)	(33,775)	11,198	(683,911)
Natural gas capital assets, net	782,099	(33,775)	-	748,324
Business-type activities capital assets, net	$ 6,435,965	$ (250,083)	$ -	$ 6,185,882

NOTE 5 – DEBT

On June 7, 2021, the Town was issued a bond for $216,000 as part of the USDA waterline project to finance acquisition, construction, and equipping of additions and extensions to the water system. Terms of the loan include an interest rate at 1.375% with annual payments based on the bond note schedule through June 11, 2062. This bond is secured by a lien upon and a pledge of the gross revenues of the water system (the "pledged funds").

On June 29, 2022, the Town signed a promissory note for $600,000 to finance gas line improvements. Terms of the loan include an interest rate at 2.85% with monthly interest only payments through June 29, 2023 and monthly principal and interest payments beginning July 29, 2023 through June 29, 2052. This note is secured by a pledge of the Town's general fund.

Long-term liability activity for the year ended September 30, 2025, was as follows:

	Balance 10/1/24	Additions	Reductions	Balance 9/30/25
Notes payable	$ 785,529	$ -	$ (18,429)	$ 767,100

The annual requirements to amortize the debt outstanding at September 30, 2025 are as follows:

Years Ending September 30,	Principal	Interest	Total
2026	$ 18,565	$ 19,116	$ 37,681
2027	19,131	18,549	37,680
2028	19,638	18,043	37,681
2029	20,145	17,535	37,680
2030	20,659	17,022	37,681
2031 - 2035	111,492	76,911	188,403
2036 - 2040	126,587	61,816	188,403
2041 - 2045	143,864	44,538	188,402
2046 - 2050	163,631	24,771	188,402
2051 - 2055	82,976	5,892	88,868
2056 - 2060	33,411	1,874	35,285
2061 - 2065	7,001	97	7,098
	767,100	$ 306,164	$ 1,073,264
Less current portion	(18,565)		
	$ 748,535		

The Town also maintains an unsecured line of credit with a financial institution, with a maximum available balance of $1,500,000. No amounts were outstanding as of September 30, 2025.

NOTE 5 – DEBT (CONTINUED)

Compensated Absences

Compensated absences are liquidated by the General Fund and various enterprise funds. The liability for compensated absences is based on accumulated unused sick and vacation leave of eligible employees, calculated using current pay rates.

NOTE 6 – LEASES

Lease receivable and revenues are summarized as follows as of September 30, 2025:

Lease	Lease Receivable	Lease Revenue	Lease Interest Revenue
Community Center	$ 530,622	$ 73,000	$ -
Post Office	77,258	20,133	4,070
Total	$ 607,880	$ 93,133	$ 4,070

Community Center Lease: The Town owns the Jay Community Center where it leases four office spaces and fifty rentals of Conference Room A and B to Santa Rosa County (SRC). The lease is for a period of six years at $73,000 per year from February 1, 2025 through January 31, 2031. The lease allows for an option to renew for two additional two-year periods.

Post Office Lease: The Town of Jay owns land and a building which is leased to the U.S. Postal Service for use as a post office. A lease was signed effective May 1, 2019 with an expiration date of April 30, 2024, for a total of five years. The Post Office exercised the renewal option effective May 1, 2024 with an expiration date of April 30, 2029. The new annual rental amount will be $24,203. Rental income for the year ended September 30, 2025 totaled $20,133.

Future lease payments due to the Town are expected to be received for the following years ended September 30:

Years Ending September 30,	Principal	Interest	Total
2026	$ 70,330	$ 26,873	$ 97,203
2027	73,519	23,684	97,203
2028	76,711	20,492	97,203
2029	66,851	17,147	83,998
2030	58,579	14,421	73,000
2031-2035	261,889	30,111	292,000
	$ 607,880	$ 132,727	$ 740,607

NOTE 7 – INTERFUND TRANSFERS

During the year ended September 30, 2025, the Town made no transfers between funds.

NOTE 8 – PENSION PLAN

As required by Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68), this report includes the allocation of the collective net pension liability and associated pension expense, deferred outflows of resources, and deferred inflows of resources for each of the participating employers in the system's defined benefit plans:

- The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the FRS Pension Plan. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state community college, or district school board, unless restricted from FRS membership under sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a nonintegrated defined contribution plan in lieu of FRS membership.
- The Retiree Health Insurance Subsidy (HIS) Program is a non-qualified, cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the HIS Program. The benefit is a monthly payment to assist eligible retirees and surviving beneficiaries of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2025, retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by $7.50. The payments are at least $45 but not more than $225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Substantially all Town employees are covered by the Florida Retirement System. The employees' contribution rate is 3%. All Town employees working in a regularly established position are required to participate in the service, or at age 62 with 6 years of credited service, are entitled to a benefit, payable monthly for life equal to a percentage of their average final compensation for each year of credited service.

NOTE 8 – PENSION PLAN (CONTINUED)

Contribution Requirements - The Town is required to contribute at an actuarially determined rate; these rates are a percent of annual covered payroll. Employees are required to contribute 3% of their annual salary, while members participating in DROP are not required to make the 3% contribution. The employer contribution rates as of September 30, 2025 were 14.03% for regular participants, 33.24% for senior management, and 54.57% for elected officials. Contributions for the employer and employee portions for the year ending September 30, 2025 were $79,657, which meets the required contributions for the year. The HIS required contribution rate is 2.00% for 2025 the FRS plan year. This contribution when combined with the employee contribution is expected to finance the cost of the benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Basis of Accounting

Employers participating in FRS Pension Plan and HIS Program are required to report pension information in their financial statements for fiscal period beginning on or after June 15, 2014, in accordance with GASB 68. The Schedules of Employer Allocations and Schedules of Pension Amounts by Employer (pension allocation schedules) and notes to the schedules, along with the system's ACFR, provide employers with the required information for reporting.

The underlying financial information used to prepare the pension allocation schedules is based on the system's records. The financial statements for the defined benefit plans are prepared using the flow of economic resources measurement focus and the accrual basis of accounting and are prepared in accordance with accounting principles generally accepted in the United States. The system's financial statements are available online or by contacting the division. There have been no significant changes since the publication of the financial statements.

Employer Contributions

Contributions are recognized as revenues in the period for which the contributions are due pursuant to statutory and contractual requirements. Employee contributions required pursuant to section 121.71(3), Florida Statutes, are accounted for by the FRS as employer-paid employee contributions and are treated as employer contributions under 26 U.S.C. s. 414(h)(2) allowing these contributions to be deducted on a pre-tax basis. Pension expense reported in the pension allocation schedules is reduced by these amounts.

Total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes. Employer contributions reflected in the financial statements and in the pension allocation schedules for the cost-sharing defined benefit plans represent contributions specific to each defined benefit plan and do not equal total blended contributions remitted by the employer.

Use of Estimates

The preparation of these schedules, and the associated financial statements, requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and changes therein, including appropriate disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 8 – PENSION PLAN (CONTINUED)

Net Pension Liability

The components of the collective net pension liability of the participating employers for each defined benefit plan for the measurement date of June 30, 2025, are shown below:

	FRS	HIS
Total Pension Liability	$ 243,620,457,000	$ 13,687,702,516
Plan Fiduciary Net Position	(212,585,325,722)	(870,258,386)
Net Pension Liability	$ 31,035,131,278	$ 12,817,444,130
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.26%	6.36%

The total pension liability for the FRS was determined by the plan's actuary and reported in the plan's GASB 67 valuation as of June 30, 2025. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. Update procedures were not used.

The total pension liability for the HIS was determined by the plan's actuary and reported in the plan's GASB 67 valuation as of June 30, 2025. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. Update procedures were not used.

The Town's proportionate share of the net pension liabilities at September 30, 2025 was $319,372, which has been recorded as an obligation on the financial statements.

Basis for Allocation

The employer's proportionate share reported in the pension allocation schedules was calculated using accrued retirement contributions related to the reporting periods included in the system's current and several prior measurement dates. Prior measurement dates shown in exhibits align with the oldest deferred (inflow)/outflow base through June 30, 2025, for employers that were members of the FRS and HIS during those fiscal years. For fiscal years ended June 30, 2015, through June 30, 2025, in addition to contributions from employers, the required accrued contributions for the division (paid on behalf of the division's employees who administer the plans) were allocated to each employer on a proportional basis. The division administers the plans, and therefore, cannot allocate a portion of the liability to itself. Although GASB 68 encourages the use of the employers' projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is acceptable. The aggregate employer contribution amounts for each fiscal year agree to the employer contribution amounts reported in the system's ACFR for that fiscal year.

NOTE 8 – PENSION PLAN (CONTINUED)

Basis for Allocation (Continued)

The proportion calculated based on contributions for each of the fiscal years presented in the pension allocation schedules was applied to the net pension liability and other pension amount applicable to that fiscal year to determine each employer's proportionate share of the liability, deferred outflows of resources, deferred inflows of resources and associated pension expense.

For the purposes of the pension allocation schedules, pension amounts are allocated to reporting employers. The pension amounts of participating employers whose payrolls are reported and contributions are remitted by another entity are included in the reporting employer's amounts and will be allocated to the participating employer by the reporting employer.

Actuarial Methods and Assumptions

The Florida Retirement System (FRS) Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of the defined benefit pension plan pursuant to section 216.136(10), Florida Statutes. The division determines the assumptions in the valuations for GASB 67 reporting purposes. The FRS Pension Plan's GASB 67 valuation is performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2024 for the period July 1, 2018, through June 30, 2023. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.50%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.70%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 5.20% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both the FRS Pension Plan and the HIS Program were based on the PUB-2010 base table.

NOTE 8 – PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions (Continued)

The following changes in actuarial assumptions occurred in 2025 for the HIS Program:

- All demographic assumptions and methods were reviewed as part of the 2024 Experience Study. Changes were adopted by the 2024 FRS Actuarial Assumption Conference during its meetings in October 2024.
- The assumption changes were updated to reflect recent and anticipated future experience of HIS program participants. Changes were adopted by the 2025 FRS Actuarial Assumption Conference during its October 2025 meeting.
- The discount rate was modified to reflect the change in the value of the municipal bond index between GASB measurement dates.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the collective net pension liability of the participating employers if the discount rate was 1.00% higher or 1.00% lower than the current discount rate at June 30, 2025.

FRS Net Pension Liability

1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
$ 439,952	$ 224,181	$ 43,282

HIS Net Pension Liability

1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
$ 107,343	$ 95,191	$ 84,999

Pension Expense and Deferred Outflows/(Inflows) of Resources

In accordance with GASB 68, paragraphs 54 and 71, changes in the net pension liability are recognized in pension expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in pension expense in the current measurement period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

- Differences between expected and actual experience with regard to economic and demographic factors – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
- Changes of assumptions or other inputs – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
- Changes in proportion and differences between contributions and proportionate share of contributions – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
- Differences between expected and actual earnings on pension plan investments – amortized over five years

NOTE 8 – PENSION PLAN (CONTINUED)

Pension Expense and Deferred Outflows/(Inflows) of Resources (Continued)

Employer contributions to the pension plans from employers are not included in collective pension expense; however, employee contributions are used to reduce pension expense.

The average expected remaining service life of all employees provided with pensions through the pension plans at June 30, 2025, was 4.7 years for FRS and 5.8 years HIS.

The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflow	Deferred Inflow	Deferred Outflow	Deferred Inflow
Differences between expected and actual experience	$ 23,945	$ -	$ 568	$ (151)
Changes in assumptions	26,033	-	843	(23,024)
Net difference between projected and actual earnings on pension plan investments	-	(37,429)	-	(79)
Employer-specific amounts due to changes in employer proportion	21,019	(30,592)	6,233	(19,642)
Town contributions subsequent to the measurement date	10,938	-	1,692	-
	$ 81,935	$ (68,021)	$ 9,336	$ (42,896)

Deferred outflows of resources related to the Town's contributions paid subsequent to the measurement date and prior to the Town's fiscal year end will be recognized as a reduction of the net pension liability in the subsequent reporting period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending Sept. 30,	FRS Expense	HIS Expense
2026	$ 36,330	$ (4,819)
2027	(6,455)	(5,769)
2028	(9,660)	(4,857)
2029	(7,666)	(3,893)
2030	-	(2,506)
Thereafter	-	-
Total	$ 12,549	$ (21,844)

NOTE 8 – PENSION PLAN (CONTINUED)

Additional Financial and Actuarial Information

Additional audited financial information supporting the Schedules of Employer Allocations and the Schedules of Pension Amounts by Employer is located in the Florida Retirement System Pension Plan and Other State-Administered Systems ACFR for the fiscal year ended June 30, 2025. The system's ACFR and the actuarial valuation reports referenced herein are available online at: FRS.MyFlorida.com

The ACFR and actuarial reports may also be obtained by contacting the Division of Retirement at:

Department of Management Services
Division of Retirement
Research and Education Section
P.O. Box 9000
Tallahassee, FL 32315-9000
850-778-4408 or toll free 844-377-1888

NOTE 9 – RISK MANAGEMENT

The Town accounts for claims and adjustments in accordance with GASB Statement No. 10. When it is probable that a claim liability has been incurred at year end and the amount of the loss can be reasonably estimated, the Town records the estimated loss net of any insurance coverage. If claims are not liquidated from currently available expendable resources, they are recorded in the general long-term debt group of accounts.

The Town participates in a public entity risk pool, the Florida Municipal Insurance Trust, through the Florida League of Cities for general and professional liability, automobile, property, allied coverage and workers compensation. Insurance settlements have not exceeded insurance coverage and there have been no significant reductions in insurance coverage for each of the past three fiscal years.

The pool has an obligation to the Town to pay claims as follows:

General/Professional Liability: after the Town's payment of a deductible, any claim legally owed by the Town resulting from a wrongful act with the limits of $100,000 each person and $200,000 each occurrence.

Automobile: after the Town's payment of a deductible, any claim legally owed by the Town resulting from accidents in the Town's automobiles with the limits of $100,000 each person and $200,000 each occurrence.

Property and Allied Coverage: after the Town's payment of a deductible, any workers' compensation claim legally owed by the Town pursuant to the Florida Workers Compensation Act with the limits of $1,000,000 for each accident or disease, and $1,000,000 aggregate.

NOTE 9 – RISK MANAGEMENT (CONTINUED)

The Town's responsibility to the pool is to pay the required premiums, report claims, and provide assistance necessary to process the claims. The pool is not allowed to make additional assessments to the participants.

NOTE 10 – DEFERRED COMPENSATION

The Town has a deferred compensation plan intended to be an eligible state deferred compensation plan under Section 457 of the Internal Revenue Code. The plan is administered by Nationwide Retirement Solutions, Inc.

The plan, available to all Town employees, permits employees to defer a portion of their salary until future years. The deferred compensation accounts are not distributed to employees until termination of service, death, or unforeseeable emergency. The Town makes no matching contributions to the plan.

NOTE 11 – COMMITMENTS, CONTINGENCIES & SUBSEQUENT EVENTS

Grant Contingencies

The Town has received various state and federal grants. The disbursement of funds received under these grants is subject to review and audit by grantor agencies. Any disbursements disallowed by the grantor could become liabilities of the Town.

Breitburn Contingency

The Town received a letter from Breitburn Operating LP stating that the Town owes them money related to capital costs and lease operating expenses for their working interest in the Jay-LEC Unit back to 2011. The Town currently receives monthly royalties from Breitburn. In the letter, they explained that the capital costs and lease operating expenses will be recouped from the monthly royalty revenue checks. It is not yet determinable if Breitburn can demand the money owed at any time or if the Town will have to pay out of pocket if royalties are no longer high enough to cover monthly reimbursement costs. The amount remaining per the statement of account as of September 30, 2025 is $82,281. A liability is not recorded as of September 30, 2025 while royalties are recorded net of these expenses.

In 2025, Breitburn was sold to another company, Diversified. The Town has reached out to Diversified to continue the agreement to use oil royalties to pay off the Town's debt. There was no agreement signed as of the date of these financial statements.

Commitments

During the year, the Town entered into contracts for improvements to the park. These construction projects were in various stages of completion. As of September 30, 2025, approximately $6.4 million was outstanding.

NOTE 11 – COMMITMENTS, CONTINGENCIES & SUBSEQUENT EVENTS (CONTINUED)

Other Claims and Contingencies

The Town is contingently liable with respect to lawsuits and other environmental claims incidental to the ordinary course of its operations. In the opinion of management, based on the advice of legal counsel, the ultimate disposition of these lawsuits and claims will not have a material adverse effect on the financial position of the Town.

Other Subsequent Events

The Town did not have any other subsequent events requiring disclosure or recording in these financial statements through February 16, 2026, which is the date these financial statements were issued.

NOTE 12 – CONCENTRATIONS

Significant Grants

For the year ending September 30, 2025, grant revenue totaled approximately 61% of total revenues.

Significant Customers

The Town has three natural gas customers with revenues totaling approximately 37% of total gas revenues.

NOTE 13 – RELATED PARTY TRANSACTIONS

The Town makes several purchases throughout the year from businesses owned by the Town's Mayor. For the year ended September 30, 2025, purchases from these businesses totaled $7,926. These purchases were for various repairs and maintenance and building projects. These expenses were in the normal course of business for the Town.

NOTE 14 – FINANCIAL CONDITION

For the year ending September 30, 2025, the Water Fund and Sewer Fund were both at operating loss positions. The Water Fund and Sewer Fund are not generating operating income. See **Finding 2025-2** referenced in the accompanying schedule of findings and responses for additional information on status of financial condition.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Jay, Florida
Required Supplementary Information for Pension Plans
Florida Retirement System
Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Schedule of Proportionare Share of Net Pension Liability:										
Town of Jay's proportion of the net pension liability	0.000722346%	0.000767724%	0.000857163%	0.000690661%	0.000684024%	0.000720796%	0.000724416%	0.000744502%	0.000988013%	0.001432776%
Town of Jay's proportionate share of net pension liability	$ 224,181	$ 296,992	$ 341,552	$ 256,981	$ 51,670	$ 312,404	$ 249,479	$ 224,248	$ 292,248	$ 361,777
Town of Jay's covered payroll	342,003	341,092	334,292	340,316	286,546	321,538	268,811	228,692	258,107	297,587
Town of Jay's proportionate share of net pension liability as a percentage of its covered payroll	65.55%	87.07%	102.17%	75.51%	18.03%	97.16%	92.81%	98.06%	113.23%	121.57%
Plan fiduciary net position as a percentage of the total pension liability	87.26%	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%
Schedule of Contributions:										
Contractually required contribution	43,133	44,601	41,235	29,472	26,058	23,949	22,462	21,218	25,720	34,941
Contributions in relation to the contractually required contribution	43,133	44,601	41,235	29,472	26,058	23,949	22,462	21,218	25,720	34,941
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Town of Jay's covered payroll	$ 342,003	$ 341,092	$ 334,292	$ 340,316	$ 286,546	$ 321,538	$ 268,811	$ 228,692	$ 258,107	$ 297,587
Contributions as a percentage of covered payroll	12.61%	13.08%	12.34%	8.66%	9.09%	7.45%	8.36%	9.28%	9.96%	11.74%

* Actuarially determined contribution rates are calculated as of June 30 of the fiscal year.

Town of Jay, Florida
Required Supplementary Information for Pension Plans
Health Insurance Subsidy Program
Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Schedule of Proportionare Share of Net Pension Liability:										
Town of Jay's proportion of the net pension liability	0.000742667%	0.000803866%	0.000882720%	0.000869960%	0.000813742%	0.000911751%	0.000749391%	0.000685230%	0.000828458%	0.000907217%
Town of Jay's proportionate share of net pension liability	$ 95,191	$ 120,588	$ 140,188	$ 92,143	$ 99,818	$ 111,323	$ 83,849	$ 72,526	$ 88,583	$ 105,732
Town of Jay's covered payroll	342,003	341,092	334,292	340,316	286,546	321,538	268,811	228,692	258,107	297,587
Town of Jay's proportionate share of net pension liability as a percentage of its covered payroll	27.83%	35.35%	41.94%	27.08%	34.83%	34.62%	31.19%	31.71%	34.32%	35.53%
Plan fiduciary net position as a percentage of the total pension liability	6.36%	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%
Schedule of Contributions:										
Contractually required contribution	6,840	6,824	5,807	5,264	4,783	5,254	4,161	3,716	4,384	4,650
Contributions in relation to the contractually required contribution	6,840	6,824	5,807	5,264	4,783	5,254	4,161	3,716	4,384	4,650
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Town of Jay's covered payroll	$ 342,003	$ 341,092	$ 334,292	$ 340,316	$ 286,546	$ 321,538	$ 268,811	$ 228,692	$ 258,107	$ 297,587
Contributions as a percentage of covered payroll	2.00%	2.00%	1.74%	1.55%	1.67%	1.63%	1.55%	1.62%	1.70%	1.56%

***** Actuarially determined contribution rates are calculated as of June 30 of the fiscal year.

COMPLIANCE

DURST & JORDAN
CERTIFIED PUBLIC ACCOUNTANTS
ESTABLISHED 2003

4459-B Hwy. 90
Pace, Florida 32571
Phone: (850) 995-5000

INDEPENDENT ACCOUNTANT'S REPORT ON EXAMINATION OF COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

To the Honorable Mayor and
Members of the Town Council
Jay, Florida

We have examined the Town of Jay, Florida's (the Town) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies* for the year ended September 30, 2025. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town complied, in all material respects, with the specified requirements referenced above.

An examination involves performing procedures to obtain evidence about whether the Town complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence that we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Town's compliance with specified requirements.

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

Opinion

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

This report is intended solely for the information and use of the Florida Auditor General, the Honorable Mayor and Members of the Town Council, and applicable management of the Town, and is not intended to be and should not be used by anyone other than these specified parties.

Durst Jordan CPA, PA

Durst Jordan, CPA, PA
February 16, 2026

DURST & JORDAN
CERTIFIED PUBLIC ACCOUNTANTS
ESTABLISHED 2003

4459-B Hwy. 90
Pace, Florida 32571
Phone: (850) 995-5000

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

To the Honorable Mayor and
Members of the Town Council
Town of Jay, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Jay, Florida (the Town), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated February 16, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town'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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as **Finding #2025-1** to be a material weakness.

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 deficiency described in the accompanying schedule of findings and questioned costs as **Finding #2025-2** to be a significant deficiency.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 identified certain deficiencies in internal control that we consider to be material weakness and significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Town's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Town's response was not subject to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Durst Jordan, CPA, PA
February 16, 2026

DURST & JORDAN
CERTIFIED PUBLIC ACCOUNTANTS
ESTABLISHED 2003

4459-B Hwy. 90
Pace, Florida 32571
Phone: (850) 995-5000

MANAGEMENT LETTER

To the Honorable Mayor and
Members of the Town Council
Town of Jay, FL

Report on the Financial Statements

We have audited the combined financial statements of the Town of Jay, FL (the Town) as of and for the fiscal year ended September 30, 2025 and have issued our report thereon dated February 16, 2026.

Auditor's Responsibility

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 *Governmental Auditing Standards,* issued by the Comptroller General of the United States; 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); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards;* Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated February 16, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

Finding #2024-1 & 2023-1: This finding still applies in the current year. The Town will discuss journal entries from this audit with the auditor to reduce the number of adjusting journal entries for the next audit. The Town has hired a third-party CPA to perform a financial statement close for the next year end.

Finding #2024-2 & 2023-2: This finding applies in the current year for the Water Fund and Sewer Fund. The Town is aware of the deteriorating financial condition. The Town will evaluate the funds and discuss options to increase revenues or decrease expenses.

Finding #2024-3: This finding no longer applies in the current audit.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government be disclosed in the management letter, unless disclosed in the notes to the financial statements. The official title for the Town is disclosed in the notes to the financial statements. The Town was established pursuant to the provisions of Chapter 19917, Laws of Florida, Special Acts of 1939.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Town has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify of the specific condition(s) met. In connection with our audit, we determined that the Town did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Town. It is management's responsibility to monitor the Town's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. We have noted deteriorating financial conditions, which are outlined in our **Finding #2025-2** in the accompanying ***Schedule of Findings***.

Section 10.554(1)(i)2., Rules of Auditor General, requires that we address in the management letter any recommendations to improve financial management. Recommendations are outlined in **Finding #2025-1** in the accompanying ***Schedule of Findings***.

Property Assessed Clean Energy (PACE) Programs

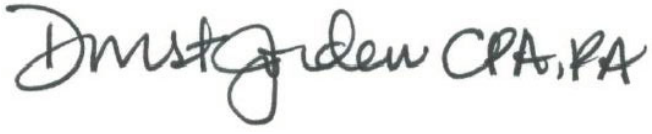
As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the Town provided a statement that the PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did not operate within the Town's geographical boundaries during the fiscal year under audit.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, Council members, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Durst Jordan, CPA, PA
February 16, 2026

DURST & JORDAN
CERTIFIED PUBLIC ACCOUNTANTS
ESTABLISHED 2003

4459-B Hwy. 90
Pace, Florida 32571
Phone: (850) 995-5000

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

To the Honorable Mayor and
Members of the Town Council
Town of Jay, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Town of Jay, Florida's (the Town'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 Town's major federal programs for the year ended September 30, 2025. The Town'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 Town complied, in all material respects, with the 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, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and 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 the Town 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 each major federal program. Our audit does not provide a legal determination of the Town'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 Town'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 Town'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 generally accepted auditing standards, *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 Town's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 noncompliance, 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 Town'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 Town'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 Town'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.



Durst Jordan, CPA, PA
February 16, 2026

Town of Jay, Florida
Schedule of Expenditures of Federal Awards
For the year ended September 30, 2025

Federal Grantor/Pass-through Grantor/Program Title	CFDA Number	Contract/ Grant Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development				
Passed through State of Florida Department of Commerce				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	HS008	$ 2,842,289	$ -
Total Expenditures of Federal Awards			$ 2,842,289	$ -

The accompanying notes are an integral part of this schedule.

Town of Jay, Florida
Notes to the Schedule of Expenditures of Federal Awards
For the year ended September 30, 2025

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal funded programs of the Town of Jay, Florida for the year ended September 30, 2025. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies are included on the schedule.

B. Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the Town.

C. Indirect Cost

The Town did not elect to use the 10% de minimis indirect cost rate. All project costs are direct costs.

Town of Jay, Florida
Schedule of Findings and Questioned Costs
For the year ended September 30, 2025

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued whether the financial statements audited were prepared in accordance with GAAP:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?	**X**	yes		no
Significant deficiency(ies) identified?	**X**	yes		none reported
Noncompliance material to financial statements noted?		yes	**X**	no

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?		yes	**X**	no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?		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 the Uniform Guidance?		yes	**X**	no

Identification of Major Program

Federal Program

CFDA Number	Name of Program
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii

Dollar threshold used to distinguish between type A and type B projects	$ 1,000,000
Auditee qualified as a low-risk auditee?	yes **X** no

B. FINANCIAL STATEMENT FINDINGS

Finding #2025-1: Material Adjustments (Material Weakness)

Criteria or Specific Requirement
Year-end financial statements presented to be audited should be free of significant adjustments in order to comply with generally accepted accounting principles.

Cause
Key financial accounts are not being reconciled periodically.

Effect
Material adjustments were needed to properly record cash, accounts receivable, fixed assets, leases, accounts payable, pension, grant revenue, depreciation, and payroll. Significant adjustments were needed in other accounts to properly reflect significant financial statement line items.

Recommendation
We recommend that prior audit adjustments be reviewed and discussed to reduce the adjustments made by auditors.

Management Response
The Town hired a third-party CPA to help with the financial statement close. Town management and the third-party CPA will discuss adjusting journal entries with the auditor to reduce the number of adjusting journal entries for the next audit. Town management will review the audit report thoroughly with the auditors for understanding to be able to accept responsibility for the content of the financial statements.

Finding #2025-2: Financial Condition (Significant Deficiency)

Criteria or Specific Requirement
For the year ending September 30, 2025, the Water Fund and Sewer Fund were both at operating loss positions.

Cause
Water and sewer rates are not high enough to cover operating expenses.

Effect
The Water Fund and Sewer Fund are not generating operating income.

Recommendation
We recommend the Town develop long and short-term financial plans to improve the financial condition of the Water Fund and Sewer Fund. The financial plans should include: (1) a review of the budget including depreciation and capital needs; (2) a system for monitoring revenues and expenditures; (3) budget reserves to provide for future capital needs and unexpected costs; and (4) projected revenues sufficient to cover projected costs. The Town should analyze existing rate structures to determine their sufficiency in covering expenses and should explore all available options to increase its revenues or decrease expenditures.

B. FINANCIAL STATEMENT FINDINGS (CONTINUED)

Finding #2025-2: Financial Condition (Significant Deficiency) (Continued)

Management Response
The Town will evaluate the Water Fund and Sewer Fund and discuss options to increase revenues or decrease expenses.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings which were required to be reported in accordance with the Uniform Guidance.

D. PRIOR FINANCIAL STATEMENT FINDINGS

Finding #2024-1: Material Adjustments

Condition: Material adjustments were needed to properly record cash, accounts receivable, prepaids, fixed assets, leases, accounts payable, pension, grant revenue, depreciation, and payroll. Significant adjustments were needed in other accounts to properly reflect significant financial statement line items.

Current Status: Condition has continued in 2025; see finding 2025-1.

Finding #2024-2: Financial Condition

Condition: For the year ending September 30, 2024, the Water Fund and Sewer Fund were both at operating loss positions. The Natural Gas Fund, excluding re-allocations of pension expense, would've had an operating loss if the Town didn't receive a gas purchase refund of approximately $20,000 from prior years.

Current Status: Condition has continued in 2025; see finding 2025-2.