

**TOWN OF JENNINGS, FLORIDA
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2024
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FINANCIAL SECTION



Powell and Jones CPA

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and the Town Council
Town of Jennings, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each of the major funds of the Town of Jennings, Florida (the Town) as of and for the year ended September 30, 2024, 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, and each of the major funds as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town'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 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, budgetary comparison information, and pension schedules accompanying these financial statements be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Expenditures of Federal Awards and State Financial Assistance but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2025, on our consideration of the Town'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 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 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's internal control over financial reporting and compliance.



POWELL and JONES CPA
Lake City, Florida
June 30, 2025

TOWN OF JENNINGS, FLORIDA

Management's Discussion and Analysis

This discussion and analysis is intended to be an easily readable analysis of the Town of Jennings (the Town's) financial activities based on currently known facts, decisions or conditions. This analysis focuses on the current year's activities and should be read in conjunction with the financial statements that follow.

Report Layout

The Town has implemented Governmental Accounting Standards Board (GASB) Statement 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. This statement requires governmental entities to report finances in accordance with specific guidelines. Among those guidelines are the components of this section dealing with management's discussion and analysis. Besides this Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statements, notes to the financial statements, and supplementary information. The first several statements are highly condensed and present a government-wide view of the Town's finances. Within this view, all Town operations are categorized as applicable, and reported as either governmental or business-type activities. Governmental activities include basic services such as police and fire control, public works, parks and recreation, community development and general governmental administration. The Town's water and sewer services are reported as business-type activities. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the Town.

Basic Financial Statements

- The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snap-shot view of the assets the Town owns, the liabilities it owes and the net difference. The net difference is further separated into amounts that have been restricted for specific purposes and unrestricted amounts. Governmental activities reflect capital assets including infrastructure and long-term liabilities. Business-type activities also report capital assets and long-term liabilities. Governmental activities are reported on the accrual basis of accounting as are Business activities.
- The Statement of Activities focuses on the gross and net costs of the Town's programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- Fund financial statements focus separately on governmental and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The Town has three major governmental funds which are presented in separate columns. Statements for the Town's proprietary fund follow the governmental funds and include net position, revenue, expenses and changes in net position, and cash flows.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Town's financial condition.

The MD&A is intended to serve as an introduction to the Town's basic financial statements and to explain the significant changes in financial position and differences in operation between the current and prior years.

Town as a Whole

Government-wide Financial Statements

A condensed version of the Statement of Net Position at September 30, 2024 and 2023, follows:

Net Position at September 30, 2024 and 2023

	Governmental Activities	Business-type Activities	Total Government	
			2024	2023
Assets				
Cash and cash equivalents	\$ 716,749	\$ 933,887	\$ 1,650,636	\$ 1,822,175
Other assets	56,719	25,243	81,962	87,982
Capital assets	513,110	8,709,816	9,222,926	8,415,243
Total assets	<u>1,286,578</u>	<u>9,668,946</u>	<u>10,955,524</u>	<u>10,325,400</u>
Deferred outflows	155,159	77,714	232,873	285,982
Liabilities				
Current liabilities	74,154	459,099	533,253	330,389
Long-term liabilities	269,123	3,914,922	4,184,045	3,648,647
Total liabilities	<u>343,277</u>	<u>4,374,021</u>	<u>4,717,298</u>	<u>3,979,036</u>
Deferred inflows	42,627	21,313	63,940	23,723
Net Position				
Net investment in capital assets	513,110	4,862,452	5,375,562	5,174,542
Restricted	-	72,115	72,115	134,164
Unrestricted	542,723	416,759	959,482	1,299,917
Total net position	<u>\$ 1,055,833</u>	<u>\$ 5,351,326</u>	<u>\$ 6,407,159</u>	<u>\$ 6,608,623</u>

The Town has 84% of its net position invested in capital assets (land, buildings, infrastructure, and equipment), less any related outstanding debt used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted assets of \$72,115 consist primarily of funds restricted by debt covenants. The balance of unrestricted net position is \$893,520.

The Town's net position decreased by \$201,464 or 3% from the prior year.

The following schedule provides a summary of the changes in net position. The increase in Business-type Activities net position reflects higher receipts from water and sewer utilities than in prior year and comparatively lower operational expenses. The decrease in net position during the year for Governmental Activities is primarily due to the smaller levels of intergovernmental and grant funding.

A condensed version of the Statement of Activities follows:

**Change in Net Position
For the Fiscal Year Ended September 30, 2024 and 2023**

	Governmental Activities	Business-type Activities	Total Government	
			2024	2023
Revenues				
Program revenues				
Charges for services	\$ 88,098	\$ 469,830	\$ 557,928	\$ 431,573
Grants and contributions	365,453	200,000	565,453	20,000
General revenues				
Taxes	477,125	-	477,125	439,913
Franchise fees	52,799	-	52,799	51,530
Licenses and permits	-	-	-	660
State shared revenues	125,737	-	125,737	118,291
Interest and other	6,291	4,447	10,738	12,111
Total revenues	1,115,503	674,277	1,789,780	1,074,078
Expenses				
General government	763,659	-	763,659	518,422
Public safety	336,101	-	336,101	263,566
Physical environment	48,194	632,810	681,004	672,714
Transportation	155,598	-	155,598	129,166
Culture/recreation	35,740	-	35,740	9,520
Interest on long-term debt	-	19,143	19,143	11,386
Total expenses	1,339,291	651,953	1,991,244	1,604,774
Transfers	-	-	-	-
Change in net position	(223,788)	22,324	(201,464)	(530,696)
Beginning net position	1,279,621	5,329,002	6,608,623	7,139,319
Ending net position	\$ 1,055,833	\$ 5,351,326	\$ 6,407,159	\$ 6,608,623

Governmental activities:

Taxes provided 43% of the revenues for Governmental Activities, while state shared revenues provided 11% and grants provided 33%. Most of the Governmental Activities resources were used to fund activities related to the General Government (57%), Public Safety (25%) and Transportation (12%).

Business-type activities:

Business-type activities net position increased by \$22,324. As is noted above, this was due to an increase in utility revenues and a \$200,000 capital grant that was contributed by the Suwannee River Water Management District.

Budgetary Highlights

The General Fund's revenues were \$332,802 more than were budgeted and expenditures were more than the budgeted amounts by \$440,797. When combined with the fact that interfund transfers out were less than expected the general fund had an overall unfavorable change in fund balance of \$102,664

Capital Assets and Debt Administration

Capital Assets

At September 30, 2024, the Town had \$9.22 million invested in capital assets, including police and fire equipment, park and recreation facilities, buildings, roads, bridges and water and sewer facilities. This amount represents a net increase (additions, deductions, and depreciation) of \$807,685 or 10% more than last year. This was primarily due to costs related to the continued work on the Town's wastewater treatment facility

Capital Assets at September 30, 2024 and 2023

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Non-depreciable assets:						
Land	\$ 46,955	\$ 46,955	\$ 70,556	\$ 70,556	\$ 117,511	\$ 117,511
Construction in progress	-	-	4,147,172	3,154,064	4,147,172	3,154,064
Depreciable assets:						
Buildings and improvements	379,680	379,680	8,506,881	8,506,881	8,886,561	8,886,561
Furniture and fixtures	2,762	2,762	-	-	2,762	2,762
Equipment and vehicles	633,268	518,585	468,743	460,584	1,102,011	979,169
Subtotal	1,062,665	947,982	13,193,352	12,192,085	14,256,017	13,140,067
Accumulated depreciation	(549,555)	(485,947)	(4,483,536)	(4,238,877)	(5,033,091)	(4,724,824)
Capital assets, net	\$ 513,110	\$ 462,035	\$ 8,709,816	\$ 7,953,208	\$ 9,222,926	\$ 8,415,243

Debt Outstanding

At year-end, the Town had \$4,250,149 in debt outstanding versus \$3,690,321 in the prior year, an increase of \$559,828. This increase was primarily the result of the receipt of funds from the SRF note payable CW #20 and the recognition of the Town's share of the Florida Retirement System's net pension liability.

Debt Outstanding at September 30, 2024 and 2023

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
SRF note payable #10	\$ -	\$ -	\$ 6,531	\$ 6,531	\$ 6,531	\$ 6,531
SRF note payable #11	-	-	41,569	44,283	41,569	44,283
SRF note payable #20	-	-	11,470	12,193	11,470	12,193
SRF note payable DW#10	-	-	33,792	35,779	33,792	35,779
SRF note payable CW #20	-	-	3,565,002	2,939,915	3,565,002	2,939,915
4th series bond payable	-	-	189,000	202,000	189,000	202,000
Accrued compensated absences	5,255	5,398	1,585	1,974	6,840	7,372
Net pension liability	263,868	294,832	131,934	147,416	395,802	442,248
Total	\$ 269,123	300,230	\$ 3,980,883	\$3,390,091	\$4,250,006	\$3,690,321

More detailed information on the Town long-term liabilities is presented in the notes to the financial statements.

OTHER FINANCIAL INFORMATION

Economic Factors and Rates

- The current unemployment rate for Hamilton County is 4.7%, which is approximately the same as the Town. This is similar to the prior year.
- The estimated population for the Town in 2024 is approximately 783 and has virtually increased by 4.68% since 2020.
- The Town levied ad valorem taxes during 2024 at 5.1000 mills.

Financial Contact

The Town's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the Town's finances and to demonstrate the Town's accountability. If you have questions about the report or need additional financial information, please contact the Town Manager at Jennings, Florida, telephone 386-938-4131.

BASIC FINANCIAL STATEMENTS

TOWN OF JENNINGS, FLORIDA
STATEMENT OF NET POSITION
September 30, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 716,749	\$ 861,772	\$ 1,578,521
Accounts receivable - net	16,095	25,243	41,338
Due from other governmental units	40,624	-	40,624
Total current assets	773,468	887,015	1,660,483
Restricted assets			
Cash and cash equivalents	-	72,115	72,115
Total restricted assets	-	72,115	72,115
Capital assets - net	513,110	8,709,816	9,222,926
Total assets	1,286,578	9,668,946	10,955,524
DEFERRED OUTFLOWS			
Related to pensions	155,159	77,714	232,873
LIABILITIES			
Current liabilities			
Accounts payable	60,720	331,576	392,296
Accrued liabilities	13,434	-	13,434
Accrued interest payable	-	934	934
Deposits	-	60,628	60,628
Current vehicle loans payable	-	-	-
Current portion bonds payable	-	14,000	14,000
Current SRF loans payable	-	51,961	51,961
Total current liabilities	74,154	459,099	533,253
Noncurrent portion bonds payable	-	175,000	175,000
Non-current SRF loans payable	-	3,606,403	3,606,403
Accrued compensated absences	5,255	1,585	6,840
Net pension liability	263,868	131,934	395,802
Total noncurrent liabilities	269,123	3,914,922	4,184,045
Total liabilities	343,277	4,374,021	4,717,298
DEFERRED INFLOWS			
Related to pensions	42,627	21,313	63,940
NET POSITION			
Net investment in capital assets	513,110	4,862,452	5,375,562
Restricted	-	72,115	72,115
Unrestricted	542,723	416,759	959,482
Total net position	\$ 1,055,833	\$ 5,351,326	\$ 6,407,159

See notes to the financial statements.

TOWN OF JENNINGS, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2024

Functions/Programs	Expenses	Operating		Capital Grants and Contributions	Governmental Activities	Business - type Activities	Total
		Charges for Services	Grants and Contributions				
Governmental activities							
General government	\$ 763,659	\$ -	\$ -	\$ -	\$ (763,659)	\$ -	\$ (763,659)
Public safety	336,401	16,451	39,500	-	(280,150)	-	(280,150)
Physical environment	48,194	71,647	325,953	-	349,406	-	349,406
Transportation	155,598	-	-	-	(155,598)	-	(155,598)
Culture/recreation	35,740	-	-	-	(35,740)	-	(35,740)
Total governmental activities	1,339,291	88,098	365,453	-	(885,740)	-	(885,740)
Business-type activities							
Water and sewer services	632,810	469,830	-	200,000	-	37,020	37,020
Interest on long-term activities	19,143	-	-	-	-	(19,143)	(19,143)
Total business-type activities	651,953	469,830	-	200,000	-	17,877	17,877
Total government	\$ 1,991,244	\$ 557,928	\$ 365,453	\$ 200,000	(885,740)	17,877	(867,863)
General revenues							
Ad valorem taxes					109,945	-	109,945
Sale and use taxes					270,641	-	270,641
Franchise fees					52,799	-	52,799
Utility services taxes					66,562	-	66,562
Communications						29,977	29,977
service taxes					-	-	-
Licenses and permits						-	-
State shared revenues					125,737	-	125,737
Interest					1,080	2,293	3,373
Miscellaneous					5,211	2,154	7,365
Total general revenues					661,952	4,447	666,399
Change in net position					(223,788)	22,324	(201,464)
Net position beginning					1,279,621	5,329,002	6,608,623
Net position ending					\$ 1,055,833	\$ 5,351,326	\$ 6,407,159

See notes to the financial statements.

**TOWN OF JENNINGS, FLORIDA
GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2024**

	General Fund	Volunteer Fire Fund	Total Governmental Funds
ASSETS			
Cash	\$ 652,840	\$ 7,182	\$ 660,022
Certificates of deposit	56,727	-	56,727
Accounts receivable	16,095	-	16,095
Due from other funds	7,182	-	7,182
Due from other governmental units	40,624	-	40,624
Total assets	<u>773,468</u>	<u>7,182</u>	<u>780,650</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	60,720		60,720
Due to other funds	-	7,182	7,182
Accrued liabilities	13,434	-	13,434
Total liabilities	<u>74,154</u>	<u>7,182</u>	<u>81,336</u>
FUND BALANCES			
Unassigned	699,314	-	699,314
Total fund balances	<u>699,314</u>	<u>-</u>	<u>699,314</u>
Total liabilities and fund balances	<u>\$ 773,468</u>	<u>\$ 7,182</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Net capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	513,110
Deferred outflows of resources represent a consumption of fund equity that will be reported as an outflow of resources in a future period and therefore are not reported in the governmental funds	155,159
Deferred inflows of resources represent an acquisition of fund equity that will be recognized as an inflow of resources in a future period and therefore are not reported in the governmental funds	(42,627)
Long-term liabilities are not due in the current period and, therefore, are not reported in the governmental funds	
Accrued compensated absences	(5,255)
Net pension liability	(263,868)
Net position of governmental activities	<u>\$ 1,055,833</u>

See notes to the financial statements.

TOWN OF JENNINGS, FLORIDA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended September 30, 2024

	General Fund	Volunteer Fire Fund	Total Governmental Funds
REVENUES			
Taxes	\$ 477,125	\$ -	\$ 477,125
Franchising fees	52,799	-	52,799
Intergovernmental	491,190	-	491,190
Charges for services	76,513	11,585	88,098
Miscellaneous	6,291	-	6,291
Total revenues	1,103,918	11,585	1,115,503
EXPENDITURES			
Current expenditures			
General government	775,010	-	775,010
Public safety	246,412	25,994	272,406
Physical environment	48,194	-	48,194
Transportation	122,534	-	122,534
Culture/recreation	26,338	-	26,338
Capital outlay	114,683	-	114,683
Total expenditures	1,333,171	25,994	1,359,165
Excess (deficit) of revenues over expenditures	(229,253)	(14,409)	(243,662)
OTHER FINANCING SOURCES (USES)			
Transfer in	-	14,409	14,409
Transfer out	(14,409)	-	(14,409)
Total other financing sources and uses	(14,409)	14,409	-
Net change in fund balances	(243,662)	-	(243,662)
Fund balances at beginning of year	942,976	-	942,976
Fund balances at end of year	\$ 699,314	\$ -	\$ 699,314

See notes to the financial statements.

**TOWN OF JENNINGS, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2024**

Net change in fund balances - total governmental funds \$ (243,662)

Governmental funds report capital outlay as expenditures and sale of capital items as revenues. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Expenditures for capital assets	\$ 114,683	
Less current year depreciation	<u>(63,608)</u>	51,075

Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds. Also recognition of certain obligations related to prior and subsequent periods are not recognized in governmental funds but are recognized in the statement of activities

Net decrease in pension liability		30,964
Net decrease in compensated absences		143
Change in deferred inflows and outflows		<u>(62,308)</u>

Change in net position of governmental activities \$ (223,788)

See notes to the financial statements.

**TOWN OF JENNINGS, FLORIDA
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 September 30, 2024**

	Business Type Activities Enterprise Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 861,772
Accounts receivable, net	25,243
Total current assets	887,015
NON-CURRENT ASSETS	
Restricted assets	
Cash and cash equivalents	72,115
Total restricted assets	72,115
Capital assets	
Land	70,556
Buildings	8,506,881
Equipment	468,743
Construction in progress	4,147,172
Accumulated depreciation	(4,483,536)
Total capital assets	8,709,816
Total assets	9,668,946
DEFERRED OUTFLOWS	77,714
LIABILITIES AND NET ASSETS	
LIABILITIES	
Current liabilities	
Accounts payable	331,576
Accrued interest payable	934
Deposits	60,628
Current bonds payable	14,000
Current SRF loan payable	51,961
Total current liabilities	459,099
Long-term liabilities	
Bonds payable	175,000
SRF loan payable	3,606,403
Accrued leave payable	1,585
Net pension liability	131,934
Total long-term liabilities	3,914,922
Total liabilities	4,374,021
DEFERRED INFLOWS	21,313
NET POSITION	
Net investment in capital assets	4,862,452
Restricted	72,115
Unrestricted	416,759
Total net position	\$ 5,351,326

See notes to the financial statements.

**TOWN OF JENNINGS, FLORIDA
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 For the Fiscal Year Ended September 30, 2024**

	Business Type of Activities Enterprise Fund
OPERATING REVENUES	
Charges for services	
Water utility services	\$ 209,151
Sewer utility services	252,504
Delinquent fees	7,300
Connection fees	875
Miscellaneous revenues	2,154
Total operating revenues	471,984
OPERATING EXPENSES	
Water and sewer services	
Personnel services	119,628
Operating expenses	
Accounting and auditing	26,544
Lab fees	11,347
Utility services	166,825
Repair and maintenance	16,128
Fuel	7,122
Supplies	18,576
Other expenses	21,981
Depreciation	244,659
Total operating expenses	632,810
Operating loss	(160,826)
NONOPERATING REVENUES (EXPENSES)	
Interest revenue	2,293
Interest expense	(19,143)
Total nonoperating revenues (expenses)	(16,850)
CAPITAL GRANTS	200,000
Increase in net position	22,324
Net position at beginning of year (restated)	5,329,002
Net position at end of year	\$ 5,351,326

See notes to the financial statements.

**TOWN OF JENNINGS, FLORIDA
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 For the Fiscal Year Ended September 30, 2024**

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from customers	\$ 674,518
Cash payments for goods and services	31,866
Cash payments to employees for services	(253,376)
Net cash provided by operating activities	453,008

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Acquisitions of property and equipment	(1,001,267)
Proceeds from issuance of debt	625,087
Principal paid on loans and bonds payable	(18,424)
Interest paid	(19,143)
Net cash received from capital and related financing activities	(413,747)

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest received on investments	2,293
Net cash provided by investing activities	2,293

Net increase in cash and cash equivalents **41,554**

Cash at beginning of year 892,333

Cash at end of year \$ 933,887

RECONCILIATION OF OPERATING LOSS TO NET CASH

USED FOR OPERATING ACTIVITIES:

Operating loss	\$ (160,826)
Capital grants	200,000
	200,000

Adjustments to reconcile operating loss to net cash provided
by operating activities:

Depreciation 244,659

Changes in assets decrease (increase) and liabilities (decrease)

increase:

Accounts receivable, net 744

Deferred outflows 17,613

Accrued leave payable (389)

Accounts payable 151,494

Deferred inflows 13,405

Customer deposits 1,790

Net pension liability (15,482)

Total adjustments **413,834**

Net cash provided by operating activities **\$ 453,008**

See notes to the financial statements.

TOWN OF JENNINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Jennings, Florida (the Town) have been prepared in conformity with accounting principles that are generally accepted in the United States of America (US GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting principles. Pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989, are not applied in the preparation of the financial statements of the proprietary fund type in accordance with GASB Statement 20. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

In June, 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement 34-Basic Financial Statement and Management's Discussion and Analysis - for State and Local Governments. As part of this statement, there was a new reporting requirement regarding the local government's infrastructure (roads, bridges, traffic signals, etc.). The Town fully implemented the basic model in the FY 2003-2004, and has elected not to implement the retroactive infrastructure related portion as allowed by this statement.

A. Reporting Entity - The Town is a municipality created pursuant to provisions of Chapter 165, *Florida Statutes*, and was specifically organized under and derives its power from Chapter 27940 of the *Laws of Florida*. It is governed by a Mayor and a Town Council made up of four members, all of whom are individually elected.

The Town maintains its accounts in accordance with the uniform classification of accounts as prescribed by the Florida Department of Financial Services, pursuant to Section 218.33 *Florida Statutes*.

The basic financial statements of the Town for the year ended September 30, 2024, were prepared in accordance with U.S. GAAP.

There are no entities that are classified as component units who are financially accountable to the Town.

B. Measurement Focus and Basis of Accounting - The basic financial statements of the Town are comprised of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

1. Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary

government is reported separately from any legally separate component unit for which the primary government is financially accountable.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and agency fund financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement 33 - Accounting and Financial Reporting for Nonexchange Transactions.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. As applicable, the Town also chooses to eliminate the indirect costs between governmental activities to avoid the "doubling up" effect.

2. Fund Financial Statements

The underlying accounting system of the Town is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the Town's governmental and proprietary funds are presented after the government-wide financial statements. These statements display information about major funds individually, and nonmajor funds in the aggregate for governmental and enterprise funds.

Governmental Funds - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Franchise fees, licenses, sales taxes, gas taxes, operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the Town.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be the measure of "available spendable resources." Governmental funds operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of

“available spendable resources” during a period.

Any non-current portions of long-term receivables (special assessments) due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

Non-current portions of other long-term receivables are offset by fund balance reserve accounts. Because of their spending measurement focus, expenditure recognition for governmental fund types exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Proprietary Funds - The Town’s Enterprise Fund is a proprietary fund. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods and services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position. The Town applies all GASB pronouncements as well as all FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins, issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements.

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. Nonoperating revenues, such as subsidies, taxes, and investment earnings, result from nonexchange transactions or ancillary activities.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than as an expense.

C. Basis of Accounting - GASB Statement 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures, expenses of either fund category and the governmental and enterprise combined) for the determination of major funds. The Town has used GASB 34 minimum criteria for major fund determination. The Town has three major funds as follows:

1. Governmental Major Funds:

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources, except those required to be accounted for in another fund.

Volunteer Fire Department Fund – Established by the Town to account for financial transactions of the volunteer fire department.

2. Proprietary Major Fund:

Enterprise Fund - The Enterprise Fund accounts for the revenues, expenses, assets, and

liabilities associated with the Town operated water, sewer, and solid waste disposal services.

D. Non-current Governmental Assets/Liabilities:

GASB Statement 34 requires non-current governmental assets, such as land and buildings, and noncurrent governmental liabilities, such as general obligation bonds and capital leases, be reported in the governmental activities column in the government-wide statement of net position.

E. Assets, Liabilities and Net Position or Equity

1. **Cash and Investments** - Cash includes amounts in demand deposits as well as short-term money market investment accounts. Investments, consisting of certificates of deposit, are stated at cost which approximates market value. All such deposits and investments are insured and collateralized as required by state law.
2. **Cash Equivalents** - For purposes of the statement of cash flows, the Town considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents. As of September 30, 2024, the Town's cash consisted solely of checking accounts and money market accounts; it has no other cash equivalents.
3. **Allowance for Doubtful Accounts** - The Town provides an allowance for Enterprise Fund accounts receivable that may become uncollectible. At September 30, 2024, this allowance account totaled \$5,000, based upon prior collection history. No other allowances for doubtful accounts are maintained since other fund accounts receivable are considered collectible as reported at September 30, 2024.
4. **Receivables and Payables** - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All receivables are shown net of an allowance for doubtful accounts. Any receivables in excess of 180 days would comprise the trade accounts receivable allowance for doubtful accounts.

5. **Inventories** - The costs of governmental inventories are generally recorded as expenditures when purchased rather than when consumed. The actual amounts of any such inventory type goods on hand at year end would not be material. Certain inventories consisting of repair items are recorded at cost.
6. **Restricted Assets** - Certain portions of the net position of the Town are classified as restricted assets on the statement of net position because their use is limited either by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributions, or laws or regulations of other governments. In a fund with both restricted and unrestricted assets, qualified expenses are considered to be paid first from restricted net position and then from unrestricted net position.
7. **Encumbrances** - Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not utilized by the Town.

8. **Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, bridges, rights-of-way, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year. With the exception of roads and bridges that were constructed prior to October 1, 1981, all such assets are recorded at historical cost. Roads and bridges constructed prior to October 1, 1981 are generally not reported. Donated capital assets are recorded at acquisition value at the date of donations.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the Town, as well as of component units, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40 years
Water and sewer system	40 years
Machinery and equipment	5 - 10 years
Improvements	10 - 20 years
Other infrastructure	10 - 50 years

9. **Capitalization of Interest** - Interest related to borrowings is capitalized during the construction period. These costs are netted against applicable interest earnings on construction fund investments. During the current period, the Town did not have any capitalized interest.
10. **Unearned Revenues** - Cash received for services yet to be provided that is reported in government-wide financial statements represents unearned revenues. The deferred revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Deferred revenues reported in governmental fund financial statements represent unearned revenues which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as deferred revenues.
11. **Accrued Compensated Absences** - The Town accrues accumulated unpaid vacation and sick leave when earned by the employee. The current portion is the amount estimated to be used in the following year. The non-current portion is the amount estimated to be used in subsequent fiscal years. Both the current and non-current estimated accrued compensated absences amounts for governmental funds are maintained separately and represent a reconciling item between the fund and government-wide presentation.
12. **Proprietary Activity Accounting and Financial Reporting** - The Town applies all applicable Government Accounting Standards (GASB) pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards (FASB) Statements and Interpretations. Accounting Principles Board (APB) Opinion and Account Research Bulletins (ARB's).

13. **Deferred Outflows/Inflows of Resources** – In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until that time. The Town has one item that qualifies for reporting in this category, deferred charges on pensions. Deferred outflows on pensions are recorded when actual earnings on pension plan investments exceed projected earnings and are amortized to pension expense using a systematic and rational method over a closed five-year period. Deferred outflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; or changes in the Town's proportionate share of net pension liability and are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan. Contributions to pension plans made subsequent to the measurement date are also deferred and reduce the net pension liability in the subsequent year.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and, therefore, will not be recognized as an inflow of resources (revenue) until that time. The Town has one item that qualifies for reporting in this category, deferred inflows related to pensions. When deferred inflows on pension plan investments exceed actual earnings they are amortized to pension expense using a systematic and rational method over a closed five-year period. Deferred inflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; or changes in Town's proportionate share of net pension liability. These are amortized over the expected remaining service lives of all employees that are provided with pensions through each pension plan.

14. **Fund Balances – Governmental Funds**

As of September 30, 2024, fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Town Council. The Town Council is the highest level of decision-making authority for the Council. Commitments may be established, modified, or rescinded only through resolutions approved by the Town Council. There were no committed fund balances at year end.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Under current practices, the assignment of amounts for specific purposes is approved by the Town Council.

Unassigned - all other spendable amounts.

As of September 30, 2024, fund balances are composed of the following:

<u>Fund</u>	<u>Unassigned</u>
General	\$ 699,314
	<u>\$ 699,314</u>

If an expenditure in a fund is allocable to either restricted or unassigned fund balance, priority is given to restricted.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position.

“Total fund balances” of the Town’s governmental funds \$356,519 differs from “net position” of governmental activities \$1,055,833 reported in the statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental funds balance sheet.

Capital related items

When capital assets (property, plant, equipment) that are to be used in governmental activities are purchased or constructed, the cost of these assets are reported as expenditures in governmental funds. However, the statement of net position included those capital assets among the assets of the Town as a whole.

Cost of capital assets	\$ 1,062,665
Accumulated depreciation	<u>(549,555)</u>
Total	<u>\$ 513,110</u>

Long-term debt transactions

Long-term liabilities applicable to the Town’s governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the statement of net position. Balances at September 30, 2024, were:

Net pension liability	\$ (263,868)
Accrued compensated absences	<u>(5,255)</u>
Total	<u>\$ (269,123)</u>

Deferred outflows/inflows of resources

Deferred outflows of resources represent a consumption of net position in a future period while deferred inflows of resources represent an acquisition of net position in a future period and accordingly are not reported in the governmental fund statements. However, the statement of net position included those deferred outflows/inflows of resources

Deferred outflows	\$ 155,159
Deferred inflows	<u>(42,627)</u>
Totals	<u>\$ 112,532</u>

TOWN OF JENNINGS, FLORIDA

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

	Total Governmental Funds	Capital Related Items	Interfund Eliminations	Deferred Inflows/Outflows	Long-Term Debt Transactions	Statement of Net Position
ASSETS						
Cash and cash equivalents	\$ 716,749	\$ -	\$ -	\$ -	\$ -	\$ 716,749
Accounts receivable	16,095	-	-	-	-	16,095
Due from other funds	7,182	-	(7,182)	-	-	-
Due from other governmental units	40,624	-	-	-	-	40,624
Capital assets - net	-	513,110	-	-	-	513,110
Total assets	780,650	513,110	(7,182)	-	-	1,286,578
DEFERRED OUTFLOWS						
	-	-	-	155,159	-	155,159
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	60,720	-	-	-	-	60,720
Accrued liabilities	13,434	-	-	-	-	13,434
Due to other funds	7,182	-	(7,182)	-	-	-
Accrued compensated absences	-	-	-	-	5,255	5,255
Net pension liability	-	-	-	-	263,868	263,868
Total liabilities	81,336	-	(7,182)	-	269,123	343,277
DEFERRED INFLOWS						
	-	-	-	42,627	-	42,627
Fund balances/net position	\$ 699,314	\$ 513,110	\$ -	\$ 112,532	\$ (269,123)	\$ 1,055,833

B. Explanation of Differences Between Governmental Fund Operating Statements and the Statement of Activities

The "net change in fund balances" for governmental funds (\$243,662) differs from the "change in net position" for governmental activities (\$223,788) reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital related items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balances decrease by the amount of financial resources expended, whereas net position decreased by the amount of depreciation expense charges for the year.

Capital outlay	\$ 114,683
Depreciation expense	(63,608)
Total	<u>\$ 51,075</u>

Long-term debt transactions

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

Net decrease in deferred outflows	\$ (35,496)
Net increase in deferred inflows	(26,812)
	<u>\$ (62,308)</u>

Deferred outflows/inflows of resources

Recognition of certain obligations related to prior and subsequent periods are not reported in governmental funds.

Net decrease in net pension liability	\$ 30,964
Net decrease in accrued compensated absences	143
Total	<u>\$ 31,107</u>

TOWN OF JENNINGS, FLORIDA

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

B. Explanation of Differences Between Government Fund Operating Statements and the Statement of Activities

	Total Governmental Funds	Capital Related Items	Deferred Inflows/Outflows	Long-Term Debt/Elimination Transactions	Statement of Activities
REVENUES					
Taxes	\$ 477,125	\$ -	\$ -	\$ -	\$ 477,125
Franchise fees	52,799	-	-	-	52,799
Intergovernmental	491,190	-	-	-	491,190
Charges for services	88,098	-	-	-	88,098
Miscellaneous	6,291	-	-	-	6,291
Total revenues	1,115,503	-	-	-	1,115,503
EXPENDITURES					
Current expenditures:					
General government	775,010	7,921	70,072	(89,344)	763,659
Public safety	272,406	34,722	(1,820)	30,793	336,101
Physical environment	48,194	-	-	-	48,194
Transportation	122,534	11,564	(5,944)	27,444	155,598
Culture/recreation	26,338	9,402	-	-	35,740
Capital outlay					
General government	114,683	(114,683)	-	-	-
Public safety	-	-	-	-	-
Transportation	-	-	-	-	-
Total expenditures	1,359,165	(51,075)	62,308	(31,107)	1,339,291
Excess of revenues over (under) expenditures	(243,662)	51,075	(62,308)	31,107	(223,788)
OTHER FINANCING SOURCES (USES)					
Interfund transfers in/(out)	-	-	-	-	-
Net change in fund balance	(243,662)	51,075	(62,308)	31,107	(223,788)
Fund balance at beginning of year	942,976	462,035	174,840	(300,230)	1,279,621
Fund balance at end of year	\$ 699,314	\$ 513,110	\$ 112,532	\$ (269,123)	\$ 1,055,833

NOTE 3. LEGAL COMPLIANCE–BUDGETS

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 1, the Town Manager develops a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to September 30, the budget is legally enacted by the Town Council through passage of an ordinance.
4. Any revision that alters the total expenditures of any fund or transfers budgeted amounts between departments within any fund must be approved by the Town Council.
5. Budgets for all Town funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the Town Council. Individual amendments were not material in relation to the original appropriations which were amended.

NOTE 4. DEPOSITS AND INVESTMENTS

Deposits. The bank balances of the Town deposits totaling \$1,650,636 were fully insured by federal depository insurance or pledged collateral under state law.

Investments. Under state law, the Town is allowed to invest surplus funds in guaranteed obligations of the U.S. government, interest bearing accounts of financial institutions which are legally secured, and the Local Government Surplus Funds Trust Fund. At year end, invested funds totaling \$56,727 consisted entirely of certificates of deposit which were fully insured or collateralized. These investments are classified as Category 1 in accordance with GASB Standard No. 3, "Deposits with Financial Institutions, Investments, and Reserve Repurchase Agreements." The Town only invests in securities allowed by state law.

NOTE 5. PROPERTY TAX REVENUES

The Town levied a property tax during the year. Although it was allowed by law to levy up to 10 mills of tax, the current year levy was set at 5.1000 mills.

Taxable values for all property are established as of January 1, which is the date of lien, for the fiscal year starting October 1. Property tax revenues recognized for the 2023-2024 fiscal year were levied in October 2023. All taxes are due and payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount. All unpaid taxes become delinquent as of April 1. Virtually all unpaid taxes are collected via the sale of tax certificates on or prior to June 1; therefore, there were no material taxes receivable at the end of the fiscal year.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2024, was as follows:

	Beginning Balance	Additions	Deletions	Reclassifications	Ending Balance
Governmental activities:					
Capital assets:					
Not being depreciated:					
Land	\$ 46,955	\$ -	\$ -	\$ -	\$ 46,955
Being depreciated:					
Equipment and vehicles	518,585	114,683	-	-	633,268
Furniture and fixtures	2,762	-	-	-	2,762
Buildings and improvements	379,680	-	-	-	379,680
Total capital assets	947,982	114,683	-	-	1,062,665
Less accumulated depreciation	(485,947)	(63,608)	-	-	(549,555)
Governmental activities capital assets, net	<u>\$ 462,035</u>	<u>\$ 51,075</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 513,110</u>
 Business-type activities:					
Not being depreciated:					
Land	\$ 70,556	\$ -	\$ -	\$ -	\$ 70,556
Construction in progress	3,154,064	993,108	-	-	4,147,172
Being depreciated:					
Equipment and vehicles	460,584	8,159	-	-	468,743
Waste water treatment plan renovations	8,506,881	-	-	-	8,506,881
Total capital assets	12,192,085	1,001,267	-	-	13,193,352
Less accumulated depreciation	(4,238,877)	(244,659)	-	-	(4,483,536)
Business-type activities capital assets, net	<u>\$ 7,953,208</u>	<u>\$ 756,608</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,709,816</u>

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

Governmental activities:	
General government	\$ 7,921
Public safety	34,722
Transportation	11,564
Culture/recreation	9,402
Total depreciation expense - governmental activities	<u>\$ 63,608</u>
Business -type activities:	
Water and sewer utility	<u>\$ 244,659</u>

NOTE 7. INTERFUND ACTIVITY

Amounts due amongst funds for the year ended September 30, 2024, consisted of the following:

Fund	Receivable	Payable
General	\$ 7,182	\$ -
Volunteer fire fund	-	7,182
Total	<u>\$ 7,182</u>	<u>\$ 7,182</u>

Interfund transfers for the year ended September 30, 2024, were as follows:

Fund	Transfers in	Transfers Out
General	\$ -	\$ 14,409
Volunteer fire fund	14,409	-
Total	<u>\$ 14,409</u>	<u>\$ 14,409</u>

NOTE 8. RECEIVABLE AND PAYABLE BALANCES

Receivables

Receivables at September 30, 2024 were as follows:

	Accounts	Due from other governments
Governmental activities	\$ 16,095	\$ 40,624
Business-type activities	25,243	-
	<u>\$ 41,338</u>	<u>\$ 40,624</u>

Based upon collection history, the Town has included a reserve for doubtful accounts for its Enterprise Fund accounts receivable of \$5,000.

Payables

Payables at September 30, 2024, were as follows:

	<u>Accounts</u>	<u>Customer Deposits</u>	<u>Total Payables</u>
Governmental activities	\$ 60,720	\$ -	\$ 60,720
Business-type activities	<u>331,578</u>	<u>60,628</u>	<u>392,206</u>
	<u>\$ 392,298</u>	<u>\$ 60,628</u>	<u>\$ 452,926</u>

NOTE 9. LONG-TERM LIABILITIES

Governmental Activities

The following summarizes the changes in the Town's governmental long-term liabilities during the year ended September 30, 2024:

	Balance October 1, 2023	Increases	Decreases	Balance September 30, 2024	Within One Year
Compensated absences	\$ 5,398	\$ -	\$ 143	\$ 5,255	\$ -
Net pension liability	294,832		30,964	263,868	-
	<u>\$ 300,230</u>	<u>\$ -</u>	<u>\$ 31,107</u>	<u>\$ 269,123</u>	<u>\$ -</u>

Business-type Activities

A summary of proprietary fund debt as of September 30, 2024, follows. All loan payments have been budgeted and paid from Enterprise Fund revenues.

A summary of changes in proprietary fund long-term debt follows:

	Balance October 1, 2023	Increases	Decreases	Balance September 30, 2024	Due Within One Year
Compensated absences	\$ 1,974	\$ -	\$ (389)	\$ 1,585	\$ -
SRF note payable #10	6,531	-	-	6,531	502
SRF note payable #11	44,283	-	(2,714)	41,569	2,827
SRF note payable #20	12,193	-	(723)	11,470	858
SRF note payable DW #10	35,779	-	(1,987)	33,792	1,988
SRF note payable CW #20	2,939,915	625,087	-	3,565,002	45,786
4th series bonds payable	202,000	-	(13,000)	189,000	14,000
Net pension liability	147,416	-	(15,482)	131,934	-
	<u>\$ 3,390,091</u>	<u>\$ 625,087</u>	<u>\$ (34,295)</u>	<u>\$ 3,980,883</u>	<u>\$ 65,961</u>

USDA Rural Development Water & Sewer Reserve Bonds, 4th Series 92-05

The principal long-term obligations of the Town are revenue bonds to the U.S. Department of Agriculture/Rural Economic Community Development used for the construction and improvement of the Town's water and sewer systems. The payment of these bonds is provided from system revenues and, if necessary, from funds received from the Town's other taxes. The original amount of the obligation was \$400,000, at an interest rate of 4.5% per annum, due in installment until year 2035.

Year Ended September 30	Principal	Interest	Total
2025	\$ 14,000	\$ 8,505	\$ 22,505
2026	14,000	7,875	21,875
2027	15,000	7,245	22,245
2028	16,000	6,570	22,570
2029-2033	89,000	21,600	110,600
2034-2035	41,000	2,790	43,790
	<u>\$ 189,000</u>	<u>\$ 54,585</u>	<u>\$ 243,585</u>

SRF Note Payable #10

State Revolving Loan (Clean Water, Phase I) - On January 26, 2016, the Town entered into a Clean Water State Revolving Fund Loan agreement with the State of Florida (Department of Environmental Protection), for improvements to the Town's water and sewer systems (Phase 1). The total amount of the loan is \$10,034, with an interest rate of 0% per annum. Forty payments in the amount of \$251 are due semiannually, beginning October 15, 2019. Based on the payments made by the Town as of September 30, 2024, remaining debt payments to maturity are as follows:

Year Ended September 30	Principal	Interest	Total
2025	\$ 502	\$ -	\$ 502
2026	502	-	502
2027	502	-	502
2028	502	-	502
2029-2033	2,510	-	2,510
2034-2035	2,013	-	2,013
	<u>\$ 6,531</u>	<u>\$ -</u>	<u>\$ 6,531</u>

SRF Note Payable #11

State Revolving Loan (Clean Water, Phase II) - On March 5, 2018, the Town entered into a Clean Water State Revolving Fund Design Loan agreement with the State of Florida (Department of Environmental Protection), for improvements to the Town's water and sewer systems (Phase 2). The total amount of the loan is \$54,770, with an interest rate of .26% per annum. Forty payments in the amount of \$1,414 are due semiannually, beginning October 15, 2019. Debt payments to maturity are as follows:

Year Ended September 30	Principal	Interest	Total
2025	\$ 2,817	\$ 11	\$ 2,828
2026	2,817	11	2,828
2027	2,819	9	2,828
2028	2,819	9	2,828
2029-2033	14,110	30	14,140
2034-2038	14,119	21	14,140
2039	2,068	2	2,070
	<u>\$ 41,569</u>	<u>\$ 93</u>	<u>\$ 41,662</u>

SRF Note payable #20

State Revolving Loan (DRF Drinking Water) - On March 14, 2018, the Town entered into a Drinking Water State Revolving Fund Construction Loan agreement with the State of Florida (Department of Environmental Protection), to rehabilitate the Town's elevated storage tank. The total amount of the loan is \$15,383, with an interest rate of 1.110% per annum. Forty payments in the amount of \$435 are due semiannually, beginning June 15, 2019. Debt payments to maturity are as follows:

Year Ended September 30	Principal	Interest	Total
2025	\$ 733	\$ 137	\$ 870
2026	733	137	870
2027	769	101	870
2028	775	95	870
2029-2033	3,890	460	4,350
2034-2038	4,145	205	4,350
2039	425	25	450
	<u>\$ 11,470</u>	<u>\$ 1,160</u>	<u>\$ 12,630</u>

SRF Note Payable DW #10

State Revolving Loan (Clean Water Phase 1) – In 2021, the Town entered into a Clean Water State Revolving Fund Loan agreement with the State of Florida (Department of Environmental Protection) for improvement to the Town’s water and sewer systems. The total amount of the loan is \$38,975 with and interest rate of 0% per annum. Payments in the amount of \$994 are due semiannually. Debt payments to maturity are as follows:

Year Ended September 30	Principal	Interest	Total
2025	\$ 1,988	\$ -	\$ 1,988
2026	1,988	-	1,988
2027	1,988	-	1,988
2028	1,988	-	1,988
2029-2033	9,940	-	9,940
2034-2038	9,940	-	9,940
2039-2042	5,960	-	5,960
	<u>\$ 33,792</u>	<u>\$ -</u>	<u>\$ 33,792</u>

SRF Note Payable CW #20

State Revolving Loan (Clean Water Construction Loan) – In 2020, the Town entered into a Clean Water State Revolving Fund Construction Loan agreement with the State of Florida (Department of Environmental Protection) for rehabilitation of the Town’s sewer system. The initial amount of the loan was \$3,240,500 and was increased to \$3,888,177 through an amendment to the loan agreement in September 2022. Of this amount, \$2,592,400 is set to be forgiven. The remaining balance of \$1,295,777 will be paid back in fifty-five semi-annual installments of \$22,893 at an interest rate of 0% per annum and a final payment of the remaining balance at the end. Per the amended loan agreement date of first repayment is 02/15/2025. As of September 30, 2024, the Town had made draws of \$3,565,002. Projected future debt payments to maturity are as follows:

Year Ended September 30	Principal	Interest	Total
2025	68,679	-	68,679
2026	45,786	-	45,786
2027	45,786	-	45,786
2028	45,786	-	45,786
2029-2033	228,930	-	228,930
2034-2038	228,930	-	228,930
2039-2043	228,930	-	228,930
2044-2048	228,930	-	228,930
2049-2052	174,020	-	174,020
	<u>\$ 1,295,777</u>	<u>\$ -</u>	<u>\$ 1,295,777</u>

All of the State of Florida Department of Environmental Protection Revolving Fund loans discussed above contain provisions that in the event of default, and subject to the rights of superior liens on the pledged revenues, the lender may request a court to appoint a receiver to manage the water and sewer systems, intercept the delinquent amount from any unobligated funds due to the Town under any revenue or tax sharing fund established by the State of Florida, impose a penalty in the amount not to exceed a rate of 18 percent per annum on the amount due, notify financial market credit ratings agencies and potential creditors, sue for payment of amounts due and may accelerate the repayment schedule or increase the interest rate on the unpaid principal on the loan to as much as 1.667 times the loan interest rate.

NOTE 10. COST-SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS - FLORIDA RETIREMENT SYSTEM PENSION PLAN AND THE RETIREE HEALTH INSURANCE SUBSIDY PROGRAM

Florida Retirement System

General Information - All of the Town's employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, *Florida Statutes*, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, which include the FRS Pension Plan (Pension Plan) and the Retiree Health Insurance Subsidy (HIS Plan). Under Section 121.4501, *Florida Statutes*, the FRS also provides a defined contribution plan (Investment Plan) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (SBA). As a general rule, membership in the FRS is compulsory for all employees who work in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating municipality or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, *Florida Statutes*, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site: www.dms.myflorida.com/workforce_operations/retirement/publications.

Pension Plan

Plan Description – The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (“DROP”) for eligible employees.

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. This amount increases with every year of additional service up to a maximum of 1.68% of the final average compensation of their five highest years for each year of credited service at age 65 with 33 or more years of service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service (age 52 if credited service includes at least four years of wartime military service) or 25 years of service regardless of

age are entitled to a retirement benefit payable monthly for life, beginning at 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service and increasing to a maximum of 1.68% for of with each year up to age 58 (55 with wartime service) and 28 years of special risk service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 (age 52 with wartime experience) with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, *Florida Statutes*, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before August 1, 2011, the annual cost-of-living adjustment is three percent per year. The cost-of-living adjustment for participants with a retirement date or DROP participation date after August 1, 2011 is determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement and multiplying by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants

Contributions – Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2023 through June 30, 2024 and from July 1, 2024 through September 30, 2024. respectively, were as follows:

Class	October 1, 2023 - June 30, 2024	July 1, 2024 - September 30, 2024
Regular Class	13.57%	13.63%
Special Risk Class	32.67%	32.79%
Special Risk Administrative Support	39.82%	39.82%
County Elected Officers Class	58.68%	58.68%
Senior Management Class	34.52%	34.52%
Deferred Retirement Option Program (DROP)	21.13%	21.13%

These employer contribution rates include a 2.00% and 2.00% HIS Plan subsidy for the periods October 1, 2023 through June 30, 2024 and from July 1, 2024 through September 30, 2024, respectively.

The Town's contributions, including employee contributions, to the Pension Plan totaled \$65,897 for the fiscal year ended September 30, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2024, the Town reported a liability of \$325,370 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024. The Town's proportionate share of the net pension liability was based on the Town's 2023-2024 fiscal year contributions relative to the 2022-2023 fiscal year contributions of all participating members. At June 30, 2024, the Town's proportionate share was 0.000736026 percent, which was an decrease of 9.86 percent from its proportionate share measured as of June 30, 2023.

For the fiscal year ended September 30, 2024, the Town recognized pension expense of \$108,641. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 28,765	\$ -
Changes in assumptions	39,025	-
Net difference between projected and actual earnings on Pension Plan investments	-	18,925
Changes in proportion and differences between Town Pension Plan contributions and proportionate share of contributions	96,464	20,804
Town Pension Plan contributions subsequent to the measurement date	16,063	-
Total	\$ 180,317	\$ 39,729

The deferred outflows of resources related to the Pension Plan, totaling \$16,063 resulting from Town contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Amount
2025	\$ (11,030)
2026	119,829
2027	8,735
2028	413
2029	6,578
Thereafter	-
	\$ 124,525

Actuarial Assumptions - The total pension liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	3.50%
Salary increases	3.50%, average, including inflation
Investment rate of return	6.70%, net of pension plan investment expense, including inflation
Discount rate	6.70%

Mortality rates were based on the PUB-2010 base table, generational mortality using the gender specific MP 2018 mortality improvement projection scale.

The actuarial assumptions used in the July 1, 2024, valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023.

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized below:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound	Standard Deviation
			Annual (Geometric) Return	
Cash	1.0%	3.3%	3.3%	1.1%
Fixed income	29.0%	5.7%	5.6%	3.9%
Global equity	45.0%	8.6%	7.0%	18.2%
Real estate	12.0%	8.1%	6.8%	16.6%
Private equity	11.0%	12.4%	8.8%	28.4%
Strategic investments	2.0%	6.6%	6.2%	8.7%
Total	100.0%			
Assumed inflation - mean			2.4%	1.5%

Discount Rate - The discount rate used to measure the total pension liability was 6.70%. The Pension 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 the calculation of the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the Town's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.70%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.70%) or one percentage point higher (7.70%) than the current rate:

Town's proportionate share of the net pension liability	1% Decrease	Current	1% Increase
	5.70%	Discount Rate 6.70%	7.70%
	<u>\$ 500,828</u>	<u>\$ 284,729</u>	<u>\$ 103,700</u>

Pension Plan Fiduciary Net Position - Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered System's Annual Comprehensive Financial Report.

Payables to the Pension Plan - The Town had an amount of \$- in payables for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2024.

HIS Plan

Plan Description – The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, *Florida Statutes*, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided – For the fiscal year ended September 30, 2024, eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2024, the HIS contribution for the period October 1, 2023 through June 30, 2024 and from July 1, 2024 through September 30, 2024 was 2% and 2%, respectively. The Town contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The Town's contributions including employee contributions to the HIS Plan totaled \$12,349 for the fiscal year ended September 30, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2024, the Town reported a liability of \$284,729 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The Town's proportionate share of the net pension liability was based on the Town's 2023-2024 fiscal year contributions relative to the 2022-2023 fiscal year contributions of all participating members. At June 30, 2024, the Town's proportionate share was .000735948 percent, which was an increase of 0.61 percent from its proportionate share measured as of June 30, 2023.

For the fiscal year ended September 30, 2024, the Town recognized pension expense of \$22,135. In addition, the Town reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,072	\$ 213
Changes in assumptions	1,966	13,150
Net difference between projected and actual earnings on Pension Plan investments	-	40
Changes in proportion and differences between Town Pension Plan contributions and proportionate share of contributions	47,514	10,808
Town Pension Plan contributions subsequent to the measurement date	2,004	-
Total	\$ 52,556	\$ 24,211

The deferred outflows of resources related to the HIS Plan, totaling \$2,004 resulting from Town contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Amount
2025	\$ 3,341
2026	4,122
2027	6,005
2028	4,198
2029	2,287
Thereafter	6,388
	\$ 26,341

Actuarial Assumptions - The total pension liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%
Salary increases	3.25%, average, including inflation
Municipal bond rate	3.93%

Mortality rates were based on the PUB-2010 base table, generational mortality using the gender specific MP 2018 mortality improvement projection scale.

The actuarial assumptions used in the July 1, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023.

Discount Rate - The discount rate used to measure the total pension liability was 3.93%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Town's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the Town's proportionate share of the net pension liability calculated using the discount rate of 3.93%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.93%) or one percentage point higher (4.93%) than the current rate:

	1% Decrease 2.93%	Current Discount Rate 3.93%	1% Increase 4.93%
Towns's proportionate share of the net pension liability	\$ 126,442	\$ 111,073	\$ 98,314

Pension Plan Fiduciary Net Position - Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered System's Annual Comprehensive Financial Report.

Payables to the Pension Plan - The Town had an amount of \$- in payables for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2024.

Investment Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, *Florida Statutes*, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Town employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected District Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts at the end of the 2024 fiscal year, as established by Section 121.72, *Florida Statutes*, are based on a percentage of gross compensation, by class, as follows: Regular class 8.30%, Special Risk Administrative Support class 9.95%, Special Risk class 16.00%, Senior Management Service class 9.67% and District Elected Officers class 15.23%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2024, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Town.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan or remain in the Investment Plan and rely upon that account balance for retirement income.

The Town did not have any participants in the Investment Plan for the fiscal year ended September 30, 2024.

NOTE 11. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. Insurance against losses is provided for the following types of risk:

- Workers' Compensation and Employer's Liability
- General and Automobile Liability
- Real and Personal Property Damage
- Public Officials' Liability
- Accidental Death and Dismemberment

Settled claims from these risks have not exceeded commercial or worker's compensation insurance coverage for the past three years. There has been no reduction in insurance coverage from the previous year.

NOTE 12. CONTINGENT LIABILITIES

During the current year and prior years, the Town has been granted funds through state and federal programs. These programs are subject to review and audit by the grantor agency. Such audits could lead to request for reimbursement to the grantor agency for expenses disallowed under the terms of the grant. Management believes that the Town will not incur significant losses on possible grant disallowances.

During the course of any given year, the Town may be subject to various legal proceedings and litigation arising from its ordinary operations. For the fiscal year ending September 30, 2024, the Town and its legal counsel has stated that they do not believe that there are any such legal matters

whose resolution has had or is expected to have a material adverse effect on the financial condition of the Town.

13. SUBSEQUENT EVENTS

The Town has evaluated events and transactions for potential recognition or disclosure in the accompanying financial statements through June 30, 2025 the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF JENNINGS, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended September 30, 2024

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
REVENUES			
Taxes:			
Ad valorem taxes	\$ 104,640	\$ 109,945	\$ 5,305
Discretionary tax	75,900	69,750	(6,150)
Utility service tax	58,000	66,562	8,562
Communication service tax	31,068	29,977	(1,091)
Local option gas tax	217,768	200,891	(16,877)
Total taxes	487,376	477,125	(10,251)
Permits, fees, and assessments:			
Franchise fees - electric	42,000	52,799	10,799
Total permits, fees, assessments	42,000	52,799	10,799
Intergovernmental revenues:			
Governmental grants	-	365,453	365,453
State shared revenues:			
DOT contracts	83,600	20,886	(62,714)
State revenue sharing	58,900	57,724	(1,176)
Mobile home license tax	1,000	1,131	131
Alcoholic beverage license tax	200	136	(64)
Local half-cent sales tax	35,300	27,694	(7,606)
Other state shared revenue	-	18,166	
Total intergovernmental revenues	179,000	491,190	294,024
Charges for service:			
Garbage	61,000	71,607	10,607
Police fines	-	4,866	4,866
Other services	1,500	40	(1,460)
Total charges for service	62,500	76,513	15,473
Miscellaneous:			
Interest	700	1,080	380
Other miscellaneous revenues	1,000	5,211	4,211
Total miscellaneous	1,700	6,291	4,591
Total revenues	772,576	1,103,918	314,636

See notes to the budgetary comparison schedules.

TOWN OF JENNINGS, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended September 30, 2024

EXPENDITURES

General government:			
Personnel services	\$ 137,250	\$ 171,357	\$ (34,107)
Operating expenses	272,800	603,653	(330,853)
Capital outlay	5,000	114,683	(109,683)
Total general government	<u>415,050</u>	<u>889,693</u>	<u>(474,643)</u>
Public safety:			
Law enforcement:			
Personnel services	197,625	164,031	33,594
Operating expenses	83,000	82,381	619
Total public safety	<u>280,625</u>	<u>246,412</u>	<u>34,213</u>
Physical Environment:			
Garbage:			
Personnel services	-	639	(639)
Operating expenses	45,000	47,555	(2,555)
Total physical environment	<u>45,000</u>	<u>48,194</u>	<u>(3,194)</u>
Transportation:			
Road and streets:			
Personnel services	130,730	103,088	27,642
Operating expenses	18,469	19,446	(977)
Capital outlay	-	-	-
Other transportation expense	-	-	-
Total transportation	<u>149,199</u>	<u>122,534</u>	<u>26,665</u>
Culture and recreation:			
Libraries	2,500	26,338	(23,838)
Total expenditures	<u>892,374</u>	<u>1,333,171</u>	<u>(440,797)</u>
Excess of revenues over expenditures	<u>(119,798)</u>	<u>(229,253)</u>	<u>(109,455)</u>
Transfer out	(21,200)	(14,409)	6,791
Net change in fund balance	(140,998)	(243,662)	(102,664)
Fund balance at beg. of year	942,976	942,976	-
Fund balance at end of year	<u>\$ 801,978</u>	<u>\$ 699,314</u>	<u>\$ (102,664)</u>

See notes to the budgetary comparison schedules.

**TOWN OF JENNINGS, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 VOLUNTEER FIRE DEPARTMENT FUND
 For the Fiscal Year Ended September 30, 2024**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
REVENUES			
Charges for services	\$ 50,000	11,585	\$ (38,415)
Total revenues	<u>50,000</u>	<u>11,585</u>	<u>(38,415)</u>
EXPENDITURES			
Fire control:			
Personnel services	-	-	-
Operating expenses	<u>71,200</u>	<u>25,994</u>	<u>45,206</u>
Total expenditures	<u>71,200</u>	<u>25,994</u>	<u>45,206</u>
Excess (deficit) of revenues over expenditures	<u>(21,200)</u>	<u>(14,409)</u>	<u>6,791</u>
Transfer in	21,200	14,409	(6,791)
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to the budgetary comparison schedules.

TOWN OF JENNINGS, FLORIDA
NOTES BUDGETARY COMPARISON SCHEDULES
SEPTEMBER 30, 2024

I. Stewardship, Compliance, and Accountability

A. Budgetary information - The Town, in establishing its budgetary data reflected in the financial statements follows the procedures set out in Chapters 166 and 200, *Florida Statutes*. The Town prepares a tentative budget, which is used by the Town at a public workshop to prepare the budgets for the coming year. Public hearings are conducted to obtain taxpayer comments. Subsequently, these budgets are legally adopted through the passage of a resolution at an advertised public session. Such actions are recorded in the Town's minutes.

The budget is adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America "(US GAAP)". The only exception to the US GAAP basis is the Enterprise Fund, where depreciation is not budgeted for capital assets, while capital outlay expenditures are budgeted and are reclassified into fixed assets. These are then eliminated from the results of operations for financial reporting purposes in the Enterprise Fund. Estimated beginning fund balances are considered in the budgetary process but are not included in the financial statements as budgeted revenues.

The annual budget serves as the legal authorization for expenditures. All budget amendments, which change the legally adopted total appropriation for a fund, are approved by the Town Council.

If during the fiscal year, additional revenue becomes available for appropriations in excess of those estimated in the budget, the Town Council, by resolution, may make supplemental appropriations for the year up to the amount of such excess.

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 1, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted in August and September to obtain taxpayer comments.
3. Prior to November 1, the budget is legally enacted through passage of an ordinance.
4. The legal level of budgetary control is the department level; however, the Town Council may, by formal motion, transfer appropriations between departments and may use surplus revenues not appropriated in the budget for any municipal purpose.
5. Budgets are prepared in accordance with accounting principles generally accepted in the United States of America for governmental fund types.

**TOWN OF JENNINGS, FLORIDA
PENSION SCHEDULES
SCHEDULE OF THE PROPORTIONATE SHARE OF NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM
LAST 10 FISCAL YEARS***

	<u>2024</u>	<u>2023</u>
Town's proportion of the FRS net pension liability (asset)	0.000736026%	0.000816552%
Town's proportionate share of the FRS net pension liability (asset)	\$ 284,729	\$ 325,370
Town's proportion of the HIS net pension liability (asset)	0.000740435%	0.000735948%
Town's proportionate share of the HIS net pension liability (asset)	<u>111,073</u>	<u>116,878</u>
Town's proportionate share of the total net pension liability (asset)	<u>\$ 395,802</u>	<u>\$ 442,248</u>
Town's covered-employee payroll	\$ 351,753	\$ 302,272
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	112.52%	146.31%
Plan fiduciary net position as a percentage of the total pension liability	78.79%	77.04%

Note 1) The amounts presented for each year were determined as of the June 30 year end of the Florida Retirement System

*GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, only those years for which information is available is presented.

See notes to pension schedules.

**TOWN OF JENNINGS, FLORIDA
PENSION SCHEDULES
SCHEDULE OF CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM
LAST 10 FISCAL YEARS***

	2024	2023
Contractually required FRS contribution	\$ 82,100	\$ 65,897
Contractually required HIS contribution	12,349	8,121
Total Contractually Required Contributions	94,449	74,018
Contribution in relation to the contractually required contribution	(94,449)	(74,018)
Contribution deficiency (excess)	\$ -	\$ -
Town's covered-employee payroll	\$ 351,753	\$ 322,257
Contributions as a percentage of covered-employee payroll	26.85%	22.97%

*GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, only those years for which information is available is presented.

See notes to pension schedules.

TOWN OF JENNINGS, FLORIDA
NOTES TO PENSION SCHEDULES
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM
For the Fiscal Year End September 30, 2024

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 September 30, 2024, are shown below:

	FRS	HIS
Total pension liability	\$ 237,370,289,000	\$ 15,757,751,902
Plan fiduciary net position	(198,685,586,034)	(756,775,056)
	\$ 38,684,702,966	\$ 15,000,976,846
 Plan fiduciary net position as a percentage of the total pension liability	 83.70%	 4.80%
 Average Percentage	 78.79%	

The total pension liability for each plan was determined by the plans' actuary and reported in the plans' valuations dated July 1, 2024. 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. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements. Update procedures were not used.

The HIS actuarial valuation was prepared as of July 1, 2024. 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. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to 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 fiscal years ending June 30, 2014 through 2024, respectively, for employers that were members of the FRS and HIS during those fiscal years. For fiscal year 2024, 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 proportionate 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.

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 amounts applicable for that fiscal year to determine each employer's proportionate share of the liability, deferred outflows of resources, deferred inflow 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

Actuarial assumptions for both cost-sharing defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation 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, 2013 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 3.25%. 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 3.65% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both Plans were based on the Generational RP-2000 with Projection Scale BB tables (refer to the valuation reports for more information – See Additional Financial and Actuarial Information).

The following changes in actuarial assumptions occurred in 2024:

- **HIS:** The discount rate was modified to reflect the change in value of the municipal bond index between GASB measurement dates.
- **HIS:** Chapter 2023-193 Laws of Florida (Senate Bill 7024) increased the level of monthly benefits from \$5 times years of service to \$7.50, with an increased minimum of \$45 and maximum of \$225. This change applies to all years of service for both members currently receiving benefits and members not yet receiving benefits.

OTHER INFORMATION

TOWN OF JENNINGS, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For The Year Ended September 30, 2024

<u>Grantor/Program Title</u>	<u>CFSA #</u>	<u>Contract Number</u>	<u>Award Amount</u>	<u>Reported In Prior Years</u>	<u>Loan Outstanding</u>	<u>Expenditures</u>
FEDERAL AWARDS						
U.S. Department of Housing & Urban Development Passed through Florida Department of Economic Opportunity Florida Small Cities Community Development Block Grant	14.228	22DB-OP-03-34-02-H12	\$ 650,000	-	-	\$ 325,953
U.S. Department of Justice Passed through Florida Department of Law Enforcement Edward Byrne Memorial Justice Assistance Grant	16.738	15BP/JA-22-GG-006556-MUMU	50,000	-	-	39,500
TOTAL FEDERAL AWARDS			<u>\$ 700,000</u>	<u>-</u>	<u>-</u>	<u>\$ 365,453</u>
STATE FINANCIAL ASSISTANCE						
Florida Department of Environmental Protection Wastewater Treatment Facility Construction	37.077	WW240220	\$ 3,888,177	\$ 2,939,915	\$ 3,565,002	\$ 625,087
TOTAL STATE FINANCIAL ASSISTANCE			<u>\$ 6,480,577</u>	<u>\$ 2,939,915</u>	<u>\$ 3,565,002</u>	<u>\$ 625,087</u>
TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			<u>\$ 7,180,577</u>	<u>\$ 2,939,915</u>	<u>\$ 3,565,002</u>	<u>\$ 990,540</u>

See Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

TOWN OF JENNINGS, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2024

1. Basis of Presentation

The accompanying Schedule of Expenditures of State Financial Assistance includes the State award activity of Town of Jennings, Florida, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.550, Rules of the State of Florida, Office of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

2. Indirect Cost Rate

The District did not elect to use the 10% de minimis cost rate.

3. Summary of Significant Account Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the State of Florida's uniform guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

4. Subrecipients

The Schedule of Expenditures of Federal Awards and State Financial Assistance is required to identify amounts passed through to subrecipients of grant funding. The Town did not have any subrecipients of grant funding in the current year.

5. Loan Programs

State financial assistance received from the Florida Department of Environmental protections was provided under a grant program with planned forgiveness in the amount of \$2,592,400 of the total loan balance of \$ 3,888,177. The current balance of loan under this program at year end was \$3,565,002.

COMPLIANCE SECTION



Powell and Jones CPA

1359 S.W. Main Blvd.
Lake City, FL 32025
Phone 386.755.4200

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

June 30, 2025

To the Honorable Mayor and the Town Council
Town of Jennings, 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, and each major fund of the Town of Jennings, Florida (the Town) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated June 30, 2025.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town'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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

2024-001
Budgetary Noncompliance

Condition:

During our audit of the Town of Jennings, Florida, for the fiscal year ended September 30, 2024, we noted that actual expenditures exceeded final budgeted appropriations in the General Fund for both the sanitation and public safety functions.

Criteria:

Section 166.241(2), Florida Statutes, prohibits municipalities from expending or contracting for expenditures in any fund in excess of the amount budgeted in each fund. Additionally, GASB Cod. 2200.206-207 requires governments to include a comparison of actual to budgeted amounts for each governmental fund with a legally adopted annual budget.

Cause:

The Town did not amend its adopted budget to reflect operational changes or unexpected increases in costs within the sanitation and public safety departments during the fiscal year.

Effect:

This resulted in expenditures exceeding appropriations in two functional categories, which constitutes noncompliance with Florida statutory budget requirements and indicates weaknesses in the Town's budget monitoring process.

Recommendation:

We recommend that the Town enhance its procedures for monitoring expenditures against budgeted amounts and present timely budget amendments for approval when significant variances are identified. Budget estimates should also be revisited mid-year to account for changes in service demands and costs.

We noted the General Fund had expenditures materially in excess of the appropriated budget. We recommend monitoring the budget more closely to ensure that governmental funds are not overspent. Practical examples of steps to take include reviewing year to date budget against actual comparisons on a periodic basis at Town council meetings, making budget amendments if unanticipated events cause changes to expected spending, and following standard procurement procedures through the issuance of purchase orders for purchases in excess of a predetermined threshold in order to better track and control spending.

Management Response:

We agree with this finding and as those who have been charged with management and governance of the Town, we plan to discuss proposed suggestions and implement those solutions that we believe will help to reduce the risk of spending in excess of budgeted amounts in the future.

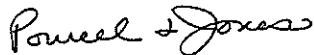
Compliance and Other Matters

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

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



Powell and Jones CPA
Lake City, Florida
June 30, 2025



Powell and Jones CPA

1359 S.W. Main Blvd.
Lake City, FL 32025
Phone 386.755.4200

MANAGEMENT LETTER

To the Honorable Mayor and the Town Council
Town of Jennings, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Jennings, Florida (the Town), for the year ended September 30, 2024, and have issued our report thereon dated June 30, 2025

Auditor's Responsibility

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to the financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards; and Independent Accountant's Report on an examination conducted in accordance with AICPA *Professional Standards*. Disclosures in those reports and schedule, which are dated June 30, 2024 and should be considered in conjunction with this management letter.

Prior Audit Findings

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

Tabulation of Uncorrected Audit Findings

Current Year Finding No.	2022-23 FY Finding No.	2021-22 FY Finding No.
2024-001	2023-001	2022-001

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been disclosed in Note 1 of the financial statements.

Financial Condition and Management

Sections 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 met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions 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 the representations made by management and review of financial information provided by the same.

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

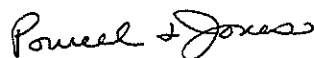
Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the Town a statement as to whether a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did/did not operate within the (entity name's) geographical boundaries during the fiscal year under audit. As required by Section 10.554(1)(i)6.b., Rules of the Auditor General, if a PACE program was operating within the geographical areas of the (name of entity), a list of all program administrators and third-party administrators that administered the program. As required by Section 10.554(1)(i)6.c., Rules of the Auditor General, if a PACE program was operating within the geographical areas of the (name of entity), the full names and contact information of each such program administrator and third-party administrator.

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

Purpose of This Letter

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



Powell and Jones CPA
Lake City, Florida
June 30, 2025



Powell and Jones CPA

1359 S.W. Main Blvd.
Lake City, FL 32025
Phone 386.755.4200

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415,
FLORIDA STATUTES , REGARDING INVESTMENT OF PUBLIC FUNDS**

To the Honorable Mayor and the Town Council
Town of Jennings, Florida

We have examined the Town of Jennings, Florida's compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2024. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Town's compliance with specified requirements.

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2024.

This report is intended solely for the information and use of the Town of Jennings, Florida and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Powell and Jones CPA
Lake City, Florida
June 30, 2025



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COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To the Honorable Mayor and the Town Council
Town of Jennings, Florida

We have audited the financial statements of the Town of Jennings, Florida (the "Town") for the year ended September 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town are described in Note 1 to the financial statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus.

All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no sensitive estimates affecting the Town's financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures affecting the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements identified during our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 30, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues


We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

Very truly yours,



POWELL & JONES
Certified Public Accountants
Lake City, Florida
June 30, 2025