

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

**TOWN OF PENNEY FARMS, FLORIDA**  
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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 Town Council  
Town of Penney Farms, Florida

#### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Penney Farms, 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 major fund of the Town, 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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and *Government Auditing Standards*, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

## **Required Supplementary Information**

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

statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

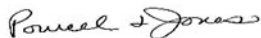
### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the schedule of expenditures of federal awards 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 April 2, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in the Town's internal control over financial reporting and compliance.



**Powell and Jones CPA**  
Lake City, Florida  
April 2, 2025

## **TOWN OF PENNEY FARMS, FLORIDA Management's Discussion and Analysis**

This discussion and analysis is intended to be an easily readable analysis of the Town of Penney Farms, Florida (the Town) financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year 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, and the notes to the financial statements. The first two statements are 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 fire control, public works, parks and recreation, community development and general governmental administration. The Town's water, sewer and solid waste management 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 any amounts restricted for specific purposes and unrestricted amounts. Governmental activities reflect capital assets including infrastructure and long-term liabilities. Business-type activities have long reported capital assets and long-term liabilities. Governmental activities are reported on the accrual basis of accounting.
- The Statement of Activities focuses on 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's has one major governmental fund, the General Fund. A budgetary comparison is presented for this fund. Statements for the Town's proprietary funds 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

#### Net Position at September 30, 2024 and 2023

	Governmental Activities	Business-type Activities	Total Government	
			2024	2023
<b>Assets</b>				
Cash and investments	\$ 1,265,870	\$ 730,327	\$1,996,197	\$ 1,802,018
Other assets	27,457	32,136	59,593	81,960
Capital assets	1,320,834	3,683,643	5,004,477	5,274,745
<b>Total assets</b>	<b>2,614,161</b>	<b>4,446,106</b>	<b>7,060,267</b>	<b>7,158,723</b>
<b>Liabilities</b>				
Current liabilities	14,648	79,470	94,118	533,841
Long-term liabilities	2,662	447,816	450,478	471,542
<b>Total liabilities</b>	<b>17,310</b>	<b>527,286</b>	<b>544,596</b>	<b>1,005,383</b>
<b>Net Position</b>				
Net investment in capital assets	1,320,834	3,214,485	4,535,319	4,784,600
Restricted	670,139	249,672	919,811	249,948
Unrestricted	605,878	454,663	1,060,541	1,118,792
<b>Total net assets</b>	<b>\$ 2,596,851</b>	<b>\$ 3,918,820</b>	<b>\$6,515,671</b>	<b>\$ 6,153,340</b>

The majority of the Town's Net Position reflects its investment in capital assets (land, buildings, infrastructure, and equipment), less any related outstanding debt used to acquire those assets, which represents 70% of total Net Position. 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.

The balance of unrestricted Net Position \$1,060,541 may be used to meet the Town's ongoing obligations to citizens and creditors.

The following schedule provides a summary of the changes in Net Position. The increase in Governmental Activities Net Position is due primarily to revenues exceeding expenditures. The decrease during the year of Business-type Activities Net Position is due mainly to depreciation expense.

**Changes in Net Position  
For the Fiscal Years Ended September 30, 2024 and 2023**

	Governmental	Business-type	Total Government	
	Activities	Activities	2024	2023
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 450	\$ 470,511	\$ 470,961	\$ 350,288
Grants and contributions	502,511	-	502,511	40,298
General revenues				
Taxes	469,580	-	469,580	448,083
State shared revenues	82,880	-	82,880	87,800
Other general revenues	100,076	7,383	107,459	85,182
Total revenues	<u>1,155,497</u>	<u>477,894</u>	<u>1,633,391</u>	<u>1,011,651</u>
<b>Expenses</b>				
General government	318,249	-	318,249	348,253
Public safety	23,620	-	23,620	16,195
Transportation	239,290	-	239,290	292,229
Culture/recreation	38,270	-	38,270	38,028
Water and solid waste	-	141,332	141,332	125,176
Sewer	-	516,299	516,299	487,801
Total expenses	<u>619,429</u>	<u>657,631</u>	<u>1,277,060</u>	<u>1,307,682</u>
<b>Other financing sources</b>				
Gain or (loss) on sale of assets	<u>6,000</u>	<u>-</u>	<u>6,000</u>	<u>-</u>
Change in net position	542,068	(179,737)	362,331	(296,031)
Beginning net position	<u>2,054,783</u>	<u>4,098,557</u>	<u>6,153,340</u>	<u>6,449,371</u>
Ending net position	<u>\$ 2,596,851</u>	<u>\$ 3,918,820</u>	<u>\$ 6,515,671</u>	<u>\$ 6,153,340</u>

Taxes provide 41% of the revenues for Governmental Activities, while grants provided 43%. Most of the Governmental Activities resources are spent for General Government 51%, Transportation 39%, Recreation 6%, and Public Safety 4%.

## FUND FINANCIAL INFORMATION

### Governmental Funds

#### General Fund

The Town's General Fund is the main operating fund of the Town. As of September 30, 2024, total assets were \$1,293,327, and total liabilities were \$14,178. The ending fund balance was \$1,279,149.

During the year ended September 30, 2024, total revenues of \$1,155,497 exceeded total expenditures of \$650,319 by \$505,178. The year's net increase in fund balance was \$511,178 for the General Fund. This increase in revenues were largely driven by the APRA grant being recognized in the amount of \$417,221 as well as continued increases in building permit activity, and growing property values and ad valorem taxes.

#### Budgetary Highlights

In total, the General Fund's expenditures were \$2,657,490 less than budgeted, and revenues were also \$2,152,312 less than budgeted.

### Capital Assets and Debt Administration

#### Capital Assets

At September 30, 2024, the Town had \$5,004,477 invested in capital assets, including fire equipment, park and recreation facilities, buildings, and water facilities and lines. This amount represents a net decrease of \$270,268 over the last year.

#### Capital Assets at September 30, 2024 and 2023

	Governmental	Business-type	Total Government	
	Activities	Activities	2024	2023
Land	\$ 9,200	\$ 5,050	\$ 14,250	\$ 14,250
Buildings and improvements	1,969,257	7,476,833	9,446,090	9,307,628
Equipment	272,213	150,881	423,094	411,142
Subtotal	2,250,670	7,632,764	9,883,434	9,733,020
Accumulated depreciation	(929,836)	(3,949,121)	(4,878,957)	(4,458,275)
Capital assets, net	<u>\$ 1,320,834</u>	<u>\$ 3,683,643</u>	<u>\$ 5,004,477</u>	<u>\$ 5,274,745</u>

#### Debt Outstanding

At year-end, the Town had \$469,158 in bonds outstanding versus \$490,145 last year, a decrease of \$23,521.

**Debt Outstanding at September 30, 2024 and 2023**

	Governmental	Business-type	Total Government	
	Activities	Activities	2024	2023
Capital lease payable	\$ -	\$ -	\$ -	\$ 3,891
Compensated absences	3,132	317	3,449	2,092
Revenue bonds	-	469,158	469,158	490,145
<b>Total</b>	<b>\$ 3,132</b>	<b>\$ 469,475</b>	<b>\$ 472,607</b>	<b>\$ 496,128</b>

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

**Economic Factors and Next Year's Budgets**

- The current unemployment rate for the Town was 3.4%. This is a decrease from the prior year's rate of 0.4%.
- The estimated official population for the Town in 2024 was 850.
- The Town currently has a millage rate of 4.45%.

**REQUEST FOR INFORMATION**

This financial report is designed to present users with a general overview of the Town's finances and to demonstrate the Town's accountability. Questions concerning this report or requests for additional information should be addressed to the Town Manager, P. O. Box 1041, Penney Farms, Florida 32079, or by calling (904) 529-9078.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF PENNEY FARMS, FLORIDA**  
**STATEMENT OF NET POSITION**  
September 30, 2024

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 1,265,870	\$ 480,655	\$ 1,746,525
Accounts receivable - net	-	32,136	32,136
Due from other governmental units	27,457	-	27,457
<b>Total current assets</b>	<u>1,293,327</u>	<u>512,791</u>	<u>1,806,118</u>
<b>Restricted assets</b>			
Cash	-	249,672	249,672
<b>Total restricted assets</b>	<u>-</u>	<u>249,672</u>	<u>249,672</u>
<b>Noncurrent assets</b>			
Non-depreciable capital assets	9,200	5,050	14,250
Depreciable capital assets, net	1,311,634	3,678,593	4,990,227
<b>Total noncurrent assets</b>	<u>1,320,834</u>	<u>3,683,643</u>	<u>5,004,477</u>
<b>Total assets</b>	<u>\$ 2,614,161</u>	<u>\$ 4,446,106</u>	<u>\$ 7,060,267</u>
<b>LIABILITIES AND NET POSITION</b>			
<b>LIABILITIES</b>			
<b>Current liabilities (payable from current assets)</b>			
Accounts payable	\$ 10,724	\$ 14,656	\$ 25,380
Accrued liabilities	3,454	8,177	11,631
Compensated absences - current portion	470	48	518
<b>Total current liabilities (payable from current assets)</b>	<u>14,648</u>	<u>22,881</u>	<u>37,529</u>
<b>Current liabilities (payable from restricted assets)</b>			
Deposits	-	34,978	34,978
Bonds payable - current portion	-	21,611	21,611
<b>Total current liabilities (payable from restricted assets)</b>	<u>-</u>	<u>56,589</u>	<u>56,589</u>
<b>Noncurrent liabilities</b>			
Bond payable - noncurrent portion	-	447,547	447,547
Compensated absences - noncurrent portion	2,662	269	2,931
<b>Total noncurrent liabilities</b>	<u>2,662</u>	<u>447,816</u>	<u>450,478</u>
<b>Total liabilities</b>	<u>17,310</u>	<u>527,286</u>	<u>544,596</u>
<b>NET POSITION</b>			
Invested in capital assets net of related debt	1,320,834	3,214,485	4,535,319
<b>Restricted for:</b>			
Infrastructure	363,359	-	363,359
Transportation	112,893	-	112,893
Permitting	193,887	-	193,887
Debt service	-	249,672	249,672
Unrestricted	605,878	454,663	1,060,541
<b>Total net position</b>	<u>\$ 2,596,851</u>	<u>\$ 3,918,820</u>	<u>\$ 6,515,671</u>

See notes to financial statements.



**TOWN OF PENNEY FARMS, FLORIDA  
GOVERNMENTAL FUND  
BALANCE SHEET  
September 30, 2024**

	<b>General Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,265,870
Due from other governmental units	27,457
<b>Total assets</b>	<b>\$ 1,293,327</b>
<b>LIABILITIES</b>	
Accounts payable	\$ 10,724
Accrued liabilities	3,454
<b>Total liabilities</b>	<b>14,178</b>
<b>FUND BALANCES</b>	
Unassigned	609,010
Restricted for:	
Permitting	193,887
Infrastructure	363,359
Transportation	112,893
<b>Total fund balances</b>	<b>\$ 1,279,149</b>
 <b>Amounts reported for governmental activities in the statement of net position are different because:</b>	
<b>Net capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds</b>	
Cost of capital assets	2,250,670
Accumulated depreciation	(929,836)
<b>Total net capital assets</b>	<b>1,320,834</b>
 <b>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds</b>	
	<b>(3,132)</b>
<b>Net position of Governmental Activities</b>	<b>\$ 2,596,851</b>

See notes to financial statements.

**TOWN OF PENNEY FARMS, FLORIDA**  
**GOVERNMENTAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
For the Fiscal Year Ended September 30, 2024

	<b>General Fund</b>
<b>REVENUES</b>	
<b>Taxes</b>	<b>\$ 469,580</b>
<b>Licenses and permits</b>	<b>45,794</b>
<b>Federal grants</b>	<b>502,511</b>
<b>State shared revenues</b>	<b>82,880</b>
<b>Charges for services</b>	<b>450</b>
<b>Miscellaneous</b>	<b>54,282</b>
<b>Total revenues</b>	<b>1,155,497</b>
 <b>EXPENDITURES</b>	
<b>Current expenditures</b>	
<b>General government</b>	<b>303,638</b>
<b>Public safety</b>	<b>23,620</b>
<b>Transportation</b>	<b>157,953</b>
<b>Culture/recreation</b>	<b>22,408</b>
<b>Capital outlay</b>	
<b>Economic environment</b>	<b>138,462</b>
<b>Debt Service</b>	
<b>Principal</b>	<b>3,891</b>
<b>Interest</b>	<b>347</b>
<b>Total expenditures</b>	<b>650,319</b>
 <b>EXCESS OF REVENUES OVER EXPENDITURES</b>	 <b>505,178</b>
 <b>OTHER FINANCING SOURCES</b>	
<b>Gain or (loss) on sale of assets</b>	<b>6,000</b>
<b>Total other financing sources</b>	<b>6,000</b>
 <b>Net change in fund balances</b>	 <b>511,178</b>
 <b>Fund balances at beginning of year</b>	 <b>767,971</b>
<b>Fund balances at end of year</b>	<b>\$ 1,279,149</b>

See notes to financial statements.

**TOWN OF PENNEY FARMS, FLORIDA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE**  
**GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended September 30, 2024

<b>Net change in fund balances - total governmental funds</b>		<b>\$ 511,178</b>
<b>Amounts reported for governmental activities in the statement of activities are different because:</b>		
<b>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</b>		
<b>Expenditures for capital assets</b>	<b>\$ 138,462</b>	
<b>Less current year depreciation</b>	<b>(106,952)</b>	
<b>Less current year lease amortization</b>	<b>(3,459)</b>	<b>28,051</b>
<b>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.</b>		
<b>Net change in capital leases</b>	<b>3,891</b>	
<b>Net change in compensated absences</b>	<b>(1,052)</b>	<b>2,839</b>
<b>Change in net assets of governmental activities</b>		<b>\$ 542,068</b>

See notes to financial statements.

**TOWN OF PENNEY FARMS, FLORIDA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
September 30, 2024

	Business-Type Activities-Enterprise Funds		
	Water and Solid Waste	Sewer	Totals
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	\$ 304,048	\$ 176,607	\$ 480,655
Accounts receivable	13,925	18,211	32,136
<b>Total current assets</b>	<b>317,973</b>	<b>194,818</b>	<b>512,791</b>
<b>Restricted assets</b>			
Cash	193,562	56,110	249,672
<b>Total restricted assets</b>	<b>193,562</b>	<b>56,110</b>	<b>249,672</b>
<b>Noncurrent assets</b>			
<b>Fixed assets</b>			
Land	5,050	-	5,050
Buildings and Improvements	897,941	6,578,892	7,476,833
Equipment	48,125	102,756	150,881
Allowance for depreciation	(713,822)	(3,235,299)	(3,949,121)
<b>Total fixed assets</b>	<b>237,294</b>	<b>3,446,349</b>	<b>3,683,643</b>
<b>Total assets</b>	<b>\$ 748,829</b>	<b>\$ 3,697,277</b>	<b>\$ 4,446,106</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accrued liabilities	132	8,045	8,177
Accounts payable	6,155	8,501	14,656
Compensated absences - current portion	24	24	48
Payable from restricted assets			
Deposits	34,978	-	34,978
Bonds payable - current portion	-	21,611	21,611
<b>Total current liabilities</b>	<b>41,289</b>	<b>38,181</b>	<b>79,470</b>
<b>Long-term liabilities</b>			
Compensated absences - noncurrent portion	135	134	269
Bonds payable - noncurrent portion	-	447,547	447,547
<b>Total long-term liabilities</b>	<b>135</b>	<b>447,681</b>	<b>447,816</b>
<b>Total liabilities</b>	<b>41,424</b>	<b>485,862</b>	<b>527,286</b>
<b>NET POSITION</b>			
Invested in capital assets net of related debt	237,294	2,977,191	3,214,485
Restricted	193,562	56,110	249,672
Unrestricted	276,549	178,114	454,663
<b>Total net position</b>	<b>\$ 707,405</b>	<b>\$ 3,211,415</b>	<b>\$ 3,918,820</b>

See notes to financial statements.

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

	<u>Business-Type Activities-Enterprise Funds</u>		
	<u>Water and Solid Waste</u>	<u>Sewer</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>			
Physical environment			
Utility services	\$ 184,629	\$ 257,955	\$ 442,584
Garbage/solid waste services	26,456	-	26,456
Penalties/late fees	1,471	-	1,471
Total revenues	<u>212,556</u>	<u>257,955</u>	<u>470,511</u>
Total physical environment			
Miscellaneous			
Interest	5,849	-	5,849
Other	500	1,034	1,534
Total miscellaneous	<u>6,349</u>	<u>1,034</u>	<u>7,383</u>
Total operating revenues	<u>218,905</u>	<u>258,989</u>	<u>477,894</u>
<b>OPERATING EXPENSES</b>			
Personnel services	61,571	47,915	109,486
Depreciation	21,382	322,979	344,361
Communications	-	316	316
Professional services	4,125	3,120	7,245
Dues and subscriptions	466	-	466
Office supplies	-	1,081	1,081
Operating supplies	18,075	-	18,075
Postage and freight	724	448	1,172
Repairs and maintenance	6,946	2,261	9,207
Testing services	2,686	-	2,686
Utilities	9,526	7,282	16,808
Water tower maintenance	10,468	-	10,468
Miscellaneous	363	16,079	16,442
CCUA bulk rate	-	100,513	100,513
Solid Waste Disposal	5,000	-	5,000
Total operating expenses	<u>141,332</u>	<u>501,994</u>	<u>643,326</u>
Operating Income (loss)	<u>77,573</u>	<u>(243,005)</u>	<u>(165,432)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest expense	-	(14,305)	(14,305)
Interfund transfers in	21,109	46,043	67,152
Interfund transfers out	(46,043)	(21,109)	(67,152)
Total nonoperating revenues (expenses)	<u>(24,934)</u>	<u>10,629</u>	<u>(14,305)</u>
Net Income (loss)	52,639	(232,376)	(179,737)
Net position, beginning of year	654,766	3,443,791	4,098,557
Net position, end of year	<u>\$ 707,405</u>	<u>\$ 3,211,415</u>	<u>\$ 3,918,820</u>

See notes to financial statements.

**TOWN OF PENNEY FARMS, FLORIDA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
For the Fiscal Year Ended September 30, 2024

	<u>Water and Solid Waste</u>	<u>Sewer</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>			
Cash received from customers and users	\$ 212,545	\$ 255,960	\$ 468,505
Cash paid to suppliers	(82,264)	(125,430)	(207,694)
Cash payments for employee services	(61,281)	(47,232)	(108,513)
<b>Net cash provided by operating activities</b>	<u>69,000</u>	<u>83,298</u>	<u>152,298</u>
<b>Cash flows from non-related capital financing activities:</b>			
Transfers to other funds	(45,540)	24,934	(20,606)
Transfers from other funds	-	20,606	20,606
<b>Net cash provided by (used for) financing activities</b>	<u>(45,540)</u>	<u>45,540</u>	<u>-</u>
<b>Cash flows from capital and related activities</b>			
Principal payments	-	(20,988)	(20,988)
Interest paid on long-term debt	-	(14,305)	(14,305)
Interest received	5,849	-	5,849
<b>Net cash provided by (used for) investing activities</b>	<u>5,851</u>	<u>(81,335)</u>	<u>(75,484)</u>
<b>Net increase (decrease) in cash</b>	<b>29,311</b>	<b>47,503</b>	<b>76,814</b>
<b>Cash, beginning of year</b>	<u>462,144</u>	<u>185,214</u>	<u>647,358</u>
<b>Cash, end of year</b>	<u>\$ 491,455</u>	<u>\$ 232,717</u>	<u>\$ 724,172</u>
<b>Reported as:</b>			
Cash	\$ 297,893	\$ 176,607	\$ 474,500
Cash, restricted	193,562	56,110	249,672
	<u>\$ 491,455</u>	<u>\$ 232,717</u>	<u>\$ 724,172</u>
<b>Operating gain (loss)</b>	<b>\$ 77,573</b>	<b>\$ (243,005)</b>	<b>\$ (165,432)</b>
<b>Adjustments to reconcile operating loss to net cash provided by operating activities</b>			
Depreciation	21,382	322,979	344,361
(Increase) decrease in assets:			
Accounts receivable	(1,988)	(3,029)	(5,017)
Increase (decrease) in liabilities:			
Interest liability	(5,848)	-	(5,848)
Accrued liability	132	530	662
Compensated absence	158	152	310
Accounts payable	(23,884)	5,671	(18,213)
Deposits payable	1,477	-	1,477
<b>Total adjustments</b>	<u>(8,573)</u>	<u>326,303</u>	<u>317,730</u>
<b>Net cash provided by operating activities</b>	<u>\$ 69,000</u>	<u>\$ 83,298</u>	<u>\$ 152,298</u>

See notes to financial statements.

**TOWN OF PENNEY FARMS, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2024

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of Penney Farms, Florida (the Town) have been prepared in conformity with generally accepted accounting principles (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 provided by GASB 34, the Town has elected not to report retroactive infrastructure improvements in its financial statements due to the fact that its annual revenues are less than ten million. The Town has implemented all other applicable provisions of this Statement.

**A. Reporting Entity** - The Town of Penney Farms, Florida is a municipal, political subdivision of the State of Florida created under the provisions of Chapter 165, *Florida Statutes*. The Town was incorporated as the Town of Penney Farms in 1927 by Laws of Florida, Chapter 13253 (1927). The Town operates under a Council-Manager form of government. Accordingly, it is controlled by the Florida Constitution and various *Florida Statutes* as well as its own local charter, ordinances and policies. It is governed by an elected Council, which appoints the Penney Farms. Pursuant to the Town's charter, the Manager is also appointed by the Council.

In evaluating how to define the Town, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, management determined that no potential component units existed which should be included within the reporting entity.

**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 another 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 as applicable yearly, 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 as soon as 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 a 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 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 another 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.

During the fiscal year ended September 30, 2024, the Town’s major governmental funds was its General Fund.

**Proprietary Funds** - The Town’s Enterprise Funds are proprietary funds. 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 operation 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 another 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, expenditures or 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 only one governmental major fund and two proprietary major funds at year end.

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.
2. **Proprietary Major Funds:**  
The Town maintains its utility services in the following Enterprise Funds, each of which is classified as a major fund:
  - Water and Solid Waste Fund
  - Sewer Fund
3. **Non-current Governmental Assets/Liabilities:**  
GASB Statement 34 requires non-current governmental assets, such as land and building, 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.

#### **D. 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. **Allowance for Doubtful Accounts** - The Town periodically provides an allowance for Enterprise Fund accounts receivable that may become uncollectible. At September 30, 2024, this allowance was \$0 based upon current anticipation of collectability. No other allowances for doubtful accounts are maintained since other fund accounts receivable are considered collectible as reported at September 30, 2024.
3. **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."
4. **Inventories** - The costs of governmental and enterprise fund inventories are recorded as expenditures when purchased rather than when consumed. The actual amounts of any inventory type goods on hand at year end would not be material.
5. **Restricted Assets** - Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "revenue bond current debt service" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "revenue bond reserve" account is used to report resources set aside to make up potential future deficiencies in the revenue bond current debt service account, and to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

Also, certain 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.

6. **Fixed Assets** - General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.
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, right-of-ways, 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 \$5,000 or more and an estimated useful life in excess of one year. Except for roads and bridges constructed prior to October 1, 1981, assets are recorded at historical cost. Roads and bridges constructed prior to October 1, 1981 are reported at estimated historical cost. Donated capital assets are recorded at estimated fair market 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 component units, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Building and improvements	10 - 40
Machinery and equipment	5
Street and related infrastructure	15 - 40

9. **Capitalization of Interest** - Interest related to bond issues are 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** - Unearned revenues reported in government-wide financial statements represent revenues not yet earned. The unearned revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Unearned revenues reported in governmental fund financial statements represent revenues which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as unearned revenues.
11. **Capital Contributions** - Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

**12. Fund Balances – Governmental Funds –**

As of September 30, 2024, fund balances of the governmental funds are 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. There were no restricted fund balances at year end.

**Committed** – amounts that can be used only for specific purposes determined by a formal action of the Council. The Council is the highest level of decision-making authority for the Town. Commitments may be established, modified, or rescinded only through resolutions approved by the 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 Council.

**Unassigned** – all other spendable amounts.

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

	<u>General Fund</u>
Unassigned	\$ 609,010
Restricted for:	
Permitting - Florida Building Code Permits	193,887
Infrastructure - 1% Infrastructure Sales Surtax	363,359
Transportation - \$0.05 Additional Local Option Motor Fuel Tax	112,893
Total fund balance	<u>\$ 1,279,149</u>

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

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

“Total fund balances” of the Town’s governmental funds \$1,279,149 differs from “Net Position” of governmental activities \$2,596,851 reported in the statement of Net Position. This difference primarily results from the long-term economical 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	\$ 2,250,670
Accumulated depreciation	(929,836)
Total	<u>\$ 1,320,834</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. Balance at September 30, 2024, was:

Compensated absences	<u>\$ 3,132</u>
	<u>\$ 3,132</u>

**TOWN OF PENNEY FARMS, FLORIDA**

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

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

	<u>Total Governmental Fund</u>	<u>Capital Related Items</u>	<u>Long-Term Debt Transactions</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,265,870	\$ -	\$ -	\$ 1,265,870
Accounts receivable	-	-	-	-
Due from other governmental units	27,457	-	-	27,457
Capital assets - net	-	1,320,834	-	1,320,834
<b>Total assets</b>	<u><u>\$ 1,293,327</u></u>	<u><u>\$ 1,320,834</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,614,161</u></u>
<b>LIABILITIES AND FUND BALANCES/NET POSITION</b>				
Accounts payable	\$ 10,724	\$ -	\$ -	\$ 10,724
Accrued liabilities	3,454	-	-	3,454
Accrued compensated absences	-	-	3,132	3,132
<b>Total liabilities</b>	<u><u>14,178</u></u>	<u><u>-</u></u>	<u><u>3,132</u></u>	<u><u>17,310</u></u>
<b>Fund balances/net position</b>	<u><u>1,279,149</u></u>	<u><u>1,320,834</u></u>	<u><u>(3,132)</u></u>	<u><u>2,596,851</u></u>
<b>Total liabilities and fund balance/net position</b>	<u><u>\$ 1,293,327</u></u>	<u><u>\$ 1,320,834</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,614,161</u></u>

**B. Explanation of Differences Between Governmental Funds Operating Statement and the Statement of Activities**

The “net change in fund balances” for governmental funds \$511,178 differs from the “change in net position” for governmental activities \$542,068 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 decrease by the amount of depreciation expense charges for the year.

**Expenditures for capital assets**

Capital outlay	\$ 138,462
Current year depreciation/amortization	<u>(110,411)</u>
	<u>\$ 28,051</u>

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 lease liability	\$ 3,891
Net increase in compensated absences	<u>(1,052)</u>
	<u>\$ 2,839</u>

**TOWN OF PENNEY FARMS, 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**

	<u>Governmental Fund</u>	<u>Capital Related Items</u>	<u>Long-Term Debt Transactions</u>	<u>Statement of Activities</u>
<b>Revenues</b>				
Taxes	\$ 469,580	\$ -	\$ -	\$ 469,580
Licenses and permits	45,794	-	-	45,794
Federal grants	502,511			502,511
State shared revenues	82,880			82,880
Charges for services	450	-	-	450
Miscellaneous	54,282	-	-	54,282
<b>Total revenues</b>	<u>1,155,497</u>	<u>-</u>	<u>-</u>	<u>1,155,497</u>
<b>Expenditures</b>				
<b>Current expenditures</b>				
General government	303,638	13,212	1,052	317,902
Public safety	23,620	-	-	23,620
Transportation	157,953	81,337	-	239,290
Culture/recreation	22,408	15,862	-	38,270
<b>Capital outlay</b>				
Economic environment	138,462	(138,462)	-	-
<b>Debt service</b>				
Principal	3,891	-	(3,891)	-
Interest	347	-	-	347
<b>Total expenditures</b>	<u>650,319</u>	<u>(28,051)</u>	<u>(2,839)</u>	<u>619,429</u>
<b>Gain or (loss) on sale of assets</b>	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>6,000</u>
<b>Total transfers</b>	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>6,000</u>
<b>Net change in fund balance/net position</b>	<u>511,178</u>	<u>28,051</u>	<u>2,839</u>	<u>542,068</u>
<b>Fund balance/net position at beginning of year</b>	<u>767,971</u>	<u>1,292,783</u>	<u>(5,971)</u>	<u>2,054,783</u>
<b>Fund balance/net position at end of year</b>	<u>\$ 1,279,149</u>	<u>\$ 1,320,834</u>	<u>\$ (3,132)</u>	<u>\$ 2,596,851</u>

### **NOTE 3. LEGAL COMPLIANCE–BUDGETS**

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

1. On or before July 15, 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 to obtain taxpayer comments.
3. Usually prior to October 1, the budget is legally enacted through passage of an ordinance.
4. The Town Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Town Council.
5. Appropriations lapse at the end of the fiscal year.

The budget for the General Fund is adopted on a basis which does not differ materially from generally accepted accounting principles (GAAP). Budgetary data presented in the accompanying financial statements represents the final budget as amended for the fiscal year end.

### **NOTE 4. DEPOSITS AND INVESTMENTS**

#### **DEPOSITS**

All funds collected by the Town are required to be deposited in accordance with the laws of the State of Florida, which authorize the Town to invest in the following:

- Direct obligations of, or obligations guaranteed by the U.S. Government;
- Interest-bearing time deposits or savings accounts in qualified institutions;
- Obligations of the Federal Farm Credit Banks;
- Obligations of the Federal National Mortgage Association; and
- The Local Government Surplus Funds Trust Fund.
- Other investments authorized by the Town Council.

All bank accounts and certificates of deposit of the Town are placed in banks that qualify as public depositories, pursuant to law (Florida Security Public Deposits Act). Every qualified public depository is required by this law to deposit with the State Treasurer eligible collateral equal to, or in excess of, an amount to be determined by the State Treasurer. The State Treasurer is required to ensure that the Town's funds are entirely insured throughout the fiscal year. As of September 30, 2024, the carrying amounts of these deposits were \$1,966,197.

## NOTE 5. PROPERTY TAX REVENUES

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 2023-23 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 fiscal year end.

## NOTE 6. CAPITAL ASSETS

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

	Beginning Balance	Additions	Reclassification/ Deletions	Ending Balance
<u>Governmental activities:</u>				
Nondepreciable capital assets				
Land	\$ 9,200	\$ -	\$ -	\$ 9,200
Total nondepreciable capital assets	9,200	-	-	9,200
Depreciable capital assets				
Buildings and improvements	1,830,795	138,462	-	1,969,257
Equipment and vehicles	284,513	-	(12,300)	272,213
Total depreciable capital assets	2,115,308	138,462	(12,300)	2,241,470
Less accumulated depreciation				
Buildings and improvements	(669,437)	(89,073)	-	(758,510)
Equipment and vehicles	(165,747)	(17,879)	12,300	(171,326)
Total accumulated depreciation	(835,184)	(106,952)	12,300	(929,836)
Total depreciable capital assets, net	1,280,124	31,510	-	1,311,634
Right-to-use lease assets				
Equipment	21,790	-	(21,790)	-
Total right-to-use lease assets	21,790	-	(21,790)	-
Less accumulated amortization				
Equipment	(18,331)	(3,459)	21,790	-
Total accumulated amortization	(18,331)	(3,459)	21,790	-
Total right-to-use lease assets, net	3,459	(3,459)	-	-
Governmental activities				
capital assets, net	\$1,292,783	\$ 28,051	\$ -	\$ 1,320,834

**Business-type activities:**

**Nondepreciable capital assets**

Land	\$ 5,050	\$ -	\$ -	\$ 5,050
Total nondepreciable capital assets at cost	<u>5,050</u>	<u>-</u>	<u>-</u>	<u>5,050</u>

**Depreciable capital assets**

Equipment	104,839	46,042	-	150,881
Utility plant	<u>7,476,833</u>	<u>-</u>	<u>-</u>	<u>7,476,833</u>
Total depreciable capital assets	<u>7,581,672</u>	<u>46,042</u>	<u>-</u>	<u>7,627,714</u>

**Less accumulated depreciation:**

Equipment	(66,874)	(13,390)	-	(80,264)
Utility plant	<u>(3,537,886)</u>	<u>(330,971)</u>	<u>-</u>	<u>(3,868,857)</u>
Total accumulated depreciation	<u>(3,604,760)</u>	<u>(344,361)</u>	<u>-</u>	<u>(3,949,121)</u>
Total depreciable capital assets, net	3,976,912	(298,319)	-	3,678,593

**Business-type activities**

capital assets, net	<u>\$3,981,962</u>	<u>\$ (298,319)</u>	<u>\$ -</u>	<u>\$ 3,683,643</u>
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Depreciation expense was charged to functions/programs of the Town as follows:

**Governmental activities**

General government	\$ 9,753
Transportation	81,337
Culture and recreation	<u>15,862</u>
Total depreciation expense-governmental activities	<u>\$ 106,952</u>

**Business-type activities:**

Water utility	\$ 322,979
Sewer utility	<u>21,382</u>
Total depreciation expense- business-type activities	<u>\$ 344,361</u>

**NOTE 7. RECEIVABLE AND PAYABLE BALANCES**

**Receivables**

Receivables at September 30, 2024, were as follows:

	<u>Accounts</u>	<u>Due from Other Governmental Units</u>	<u>Total Receivables</u>
<b>Governmental activities:</b>			
General Fund	<u>\$ -</u>	<u>\$ 27,457</u>	<u>\$ 27,457</u>
<b>Business-type activities</b>			
Enterprise Fund	<u>\$ 32,136</u>	<u>\$ -</u>	<u>\$ 32,136</u>

Based upon collection history, the Town has included a reserve for doubtful accounts for its enterprise funds' accounts receivable of \$0.

**Payables**

Payables at September 30, 2024 were as follows:

	<u>Accounts</u>
Governmental activities:	
General Fund	<u>\$ 10,724</u>
Business-type activities:	
Enterprise Fund	<u>\$ 14,656</u>

**NOTE 8. LONG-TERM LIABILITIES**

Long-term liabilities for the year ended September 30, 2024 for governmental activities were as follows:

	<u>October 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>September 30, 2024</u>	<u>Due Within One Year</u>
Governmental Activities:					
Compensated absences	\$ 2,080	\$ 1,052	\$ -	\$ 3,132	\$ 470
Lease payable	3,891	-	(3,891)	-	-
	<u>\$ 5,971</u>	<u>\$ 1,052</u>	<u>\$ (3,891)</u>	<u>\$ 3,132</u>	<u>\$ 470</u>

Long-term liabilities for the year ended September 30, 2024 for business-type activities were as follows:

	<u>October 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>September 30, 2024</u>	<u>Due Within One Year</u>
Buisness-type Activities:					
Compensated absences	\$ 12	\$ 305	\$ -	\$ 317	\$ 48
Bonds payable	490,145	-	(20,987)	469,158	21,611
	<u>\$ 490,157</u>	<u>\$ 305</u>	<u>\$ (20,987)</u>	<u>\$ 469,475</u>	<u>\$ 21,659</u>

In April of 2011, the Town entered into a Wastewater System Revenue Bond agreement, which is collateralized by pledged revenues. The pledged is made up of 60 semiannual payments of \$17,646, with a interest rate of 1.45%, and a grant allocation assessment of 1.45%. As of September 30, 2024 the principal amount outstanding is \$469,158.

The Town is in compliance with all significant limitations and restrictions set forth by the bond indentures.

The annual requirements to amortize water revenue bonds outstanding at September 30, 2024, are as follows:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	21,610	13,682	35,292
2026	22,253	13,040	35,293
2027	22,914	12,378	35,292
2028	23,595	11,697	35,292
2029	24,296	10,996	35,292
2030 - 2034	132,750	43,712	176,462
2035 - 2039	153,683	22,780	176,463
2040 - 2041	68,057	2,529	70,586
Total	<u>469,158</u>	<u>130,814</u>	<u>599,972</u>

The State of Florida Department of Environmental Protection Revolving Fund loan above contains 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 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.

The revenue bond ordinances require the establishment of the following accounts:

**Reserve Fund** - To maintain a debt service contingency reserve equal to the largest annual debt service requirement.

At September 30, 2024, sufficient funds were available in the Reserve Fund.

**NOTE 9. PENSION PLAN**

The Town has adopted a tax-sheltered retirement plan. This plan is a qualified defined contribution plan under Section 401(a) of the Internal Revenue Code. The Town makes contributions for eligible employees at ten percent of earnings. Eligibility extends to all full-time employees after six months of service. Full vesting accumulates after ten years of participation. Contributions for the year ended September 30, 2024, 2023, 2022 and 2021, respectively, were \$27,717, \$26,686, \$19,774, and \$23,871, respectively.

Since this is a defined contribution plan, there is no unfunded liability, normal cost, past or prior service cost, nor any current effects on pension costs under ERISA. None of the benefits exceed the total value of the pension fund since this is a defined contribution type plan. The plan is administered by the Town through a contractual agreement with a servicing company.

Eligible employees are also required to contribute a minimum of five percent of their earnings to an accompanying tax-sheltered retirement plan under Section 457(b) of the Internal Revenue Code.

**NOTE 10. INTERFUND TRANSACTIONS**

<u>Fund</u>	<u>Transfer in</u>	<u>Transfer out</u>
Buisness- type Activities	<u>\$ 67,152</u>	<u>\$ 67,152</u>

**NOTE 11. INTERFUND RECEIVABLES/PAYABLES**

There were no interfund receivables or payables at September 30, 2024.

**NOTE 12. LEASES**

The town went into a lease agreement with Premier Advantage in May of 2019 for a copier and ended in 2024. The lease went to a month-to-month agreement.

**NOTE 13. CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State and Federal governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

**NOTE 14. RISK MANAGEMENT**

The Town is exposed to various risks of loss related to theft of, damage to and destruction of assets; and injury or death on the job of all employees. These risks are primarily covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial or workers' compensation insurance coverage for the past three years. There has been no reduction in insurance coverage from the previous year.

**Note 15. Upcoming Accounting Pronouncements**

SGAS No. 104 Disclosure of Certain Capital Assets

This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures. Initial adoption is required by the fiscal year ended September 30, 2026, but early adoption is encouraged. Management believes this statement will have a nominal impact on the financial statements and other significant matters.

SGAS No. 103 Financial Reporting Model Improvements

This Statement requires:

- Information presented in MD&A be limited to certain topics and presented in a new format.
- Inflows and outflows related to each unusual or infrequent items to be reported separately as the last resource flow.
- Proprietary nonoperating revenues and expenses be classified according to new definitions and that a separate subtotal be presented for noncapital subsidies.
- Each major component unit to be presented in a separate column on the statement of net position and statement of activities, or a combining statement be presented.

- Budgetary comparison information be presented as RSI and that variances between original and final budgets be presented as well as an explanation of significant variances in the notes.

This standard is required to be adopted for the fiscal year ended September 30, 2026, but early adoption is encouraged. Management believes this statement will have a nominal impact on the financial statements and other significant matters.

#### SGAS No. 102 Certain Risk Disclosures

This Statement requires that risks of substantial impact that are likely to occur due to concentrations and constraints be reported in the notes with certain additional information. This standard is required to be adopted for the fiscal year ended September 30, 2026, but early adoption is encouraged. Management believes this statement will have a nominal impact on the financial statements and other significant matters.

#### SGAS No. 101 Compensated Absences

In June 2022, the Governmental Accounting Standards Board issued SGAS No. 101, Compensated Absences. Under SGAS No. 101, compensated absences must be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. Unused leave includes leave for services already rendered, leave that accumulates, and leave that more likely than not will be used for time off or paid to the employee at some point in the future. Additionally, governments are now able to report year-over-year increases and decreases in compensated absences net of each other and disclose them in one lump sum in the notes to the financial statements. This standard is required to be adopted for the fiscal year ended September 30, 2025, but early adoption is encouraged. Management is evaluating the impact that this statement will have on the financial statements and other significant matters.

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF PENNEY FARMS, FLORIDA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended September 30, 2024

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
<b>REVENUES</b>			
<b>Taxes</b>			
Ad valorem taxes	\$ 105,154	\$ 105,815	\$ 661
Sales and use taxes			
Local option gas tax/ alternative fuel	40,000	38,976	(1,024)
Infrastructure surtax	115,000	132,631	17,631
Local government half-cent sales tax	55,000	59,085	4,085
Franchise fees			
Electricity	66,500	74,014	7,514
Utility service taxes			
Electricity and propane	51,500	48,832	(2,668)
Communications services tax	16,500	10,227	(6,273)
<b>Total taxes</b>	<u>449,654</u>	<u>469,580</u>	<u>19,926</u>
<b>Licenses and permits</b>			
Building permits	35,000	45,794	10,794
Business license	50	-	(50)
Other permits and fees	21,500	-	(21,500)
<b>Total licenses and permits</b>	<u>56,550</u>	<u>45,794</u>	<u>(10,756)</u>
<b>Intergovernmental</b>			
State grant	2,270,443	85,300	(2,185,143)
Federal grant	417,212	417,211	(1)
FDOT agreements	25,000	24,340	(660)
State revenue sharing	60,000	58,540	(1,460)
<b>Total intergovernmental</b>	<u>2,772,655</u>	<u>585,391</u>	<u>(2,187,264)</u>
<b>Charges for services</b>			
Culture/recreation	150	450	300
<b>Total charges for services</b>	<u>150</u>	<u>450</u>	<u>300</u>
<b>Fines and forfeitures</b>			
	100	-	(100)
<b>Miscellaneous</b>			
Other miscellaneous			
Contributions	100	3,125	3,025
Other revenues	13,600	31,193	17,593
Interest income	15,000	19,964	4,964
<b>Total miscellaneous</b>	<u>28,700</u>	<u>54,282</u>	<u>25,582</u>
<b>Total revenues</b>	<u>3,307,809</u>	<u>1,155,497</u>	<u>(2,152,312)</u>
(continued)			

See notes to required supplementary information.

**TOWN OF PENNEY FARMS, FLORIDA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (CONTINUED)**  
For the Fiscal Year Ended September 30, 2024

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget Positive (Negative)</u>
<b>EXPENDITURES</b>			
<b>General government</b>			
<b>Legislative</b>			
Personnel services	\$ 7,100	\$ 3,802	\$ 3,298
<b>Executive</b>			
Personnel services	98,630	95,256	3,374
<b>Financial and administrative</b>			
Personnel services	140,387	98,663	41,724
Operating expenses	39,800	47,713	(7,913)
<b>Total financial and administrative</b>	<u>180,187</u>	<u>146,376</u>	<u>33,811</u>
<b>Legal Counsel</b>			
Operating expenses	20,000	19,500	500
<b>Other General Government</b>			
Personnel services	7,100	6,997	103
Operating expenses	36,091	35,945	146
<b>Total other general government</b>	<u>43,191</u>	<u>42,942</u>	<u>249</u>
<b>Total general government</b>	<u>349,108</u>	<u>307,876</u>	<u>41,232</u>
<b>Public safety</b>			
Protective inspections	893,515	23,620	869,895
<b>Total public safety</b>	<u>893,515</u>	<u>23,620</u>	<u>869,895</u>
<b>Transportation</b>			
<b>Roads and streets</b>			
Personnel services	224,472	108,305	116,167
Operating expenses	59,971	49,648	10,323
<b>Total transportation</b>	<u>284,443</u>	<u>157,953</u>	<u>126,490</u>
(continued)			

See notes to required supplementary information.

**TOWN OF PENNEY FARMS, FLORIDA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (CONCLUDED)**  
For the Fiscal Year Ended September 30, 2024

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget Positive (Negative)</u>
<b>Culture/recreation</b>			
<b>Parks and recreation</b>			
Operating expenses	22,729	22,408	321
<b>Total culture/recreation</b>	<u>22,729</u>	<u>22,408</u>	<u>321</u>
<b>Economic environment</b>			
Capital outlay	1,758,014	138,462	1,619,552
<b>Total economic environment</b>	<u>1,758,014</u>	<u>138,462</u>	<u>1,619,552</u>
<b>Total expenditures</b>	<u>3,307,809</u>	<u>650,319</u>	<u>2,657,490</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Gain or (loss) on sale of assets	-	6,000	6,000
Interfund transfers out	-	-	-
Interfund transfers in	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>6,000</u>	<u>6,000</u>
<b>Excess of revenues over expenditures</b>	<u>-</u>	<u>511,178</u>	<u>511,178</u>
<b>Fund balance at beginning of year</b>	767,971	767,971	-
<b>Fund balance at end of year</b>	<u>\$ 767,971</u>	<u>\$ 1,279,149</u>	<u>\$ 511,178</u>

See notes to required supplementary information.

**TOWN OF PENNEY FARMS, FLORIDA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**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 (GAAP). The only exception to the 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.

## OTHER INFORMATION

**TOWN OF PENNEY FARMS, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended September 30, 2024

<u>GRANTOR/PROGRAM TITLE</u>	<u>ALN#</u>	<u>GRANT #</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>REPORTED IN PRIOR YEARS</u>	<u>REVENUES RECOGNIZED</u>	<u>EXPENDITURES</u>
<b>FEDERAL AWARDS</b>						
<b>NON-MAJOR PROGRAMS</b>						
<b>US Department of the Treasury</b>						
<b>Passed through the Florida Division of Emergency Management</b>						
<b>Coronavirus State &amp; Local Fiscal Recovery Funds</b>						
	21.027	Y5262	\$ 417,211	\$ -	\$ 417,211	\$ 417,211
<b>U.S. Department of Housing and Urban Development</b>						
<b>Passed through the Florida Department of Economic Opportunity</b>						
<b>Community Development Block Grant (CDBG)</b>						
	14.228	23DB-N14	600,000	-	85,300	85,300
<b>Total federal awards</b>			<u>\$1,017,211</u>	<u>\$ -</u>	<u>\$ 502,511</u>	<u>\$ 502,511</u>

See notes to schedule of expenditures of federal awards.

**TOWN OF PENNEY FARMS, FLORIDA**  
Notes to Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended September 30, 2024

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and presentation of the Schedule of Expenditures of Federal Awards of the Town of Penney Farms, Florida (the Town) have been designed to conform to generally accepted accounting principles as applicable to governmental units.

**A. Reporting Entity**

This reporting entity consists of the Town of Penney Farms, Florida. The Town includes a Schedule of Expenditures of Federal Awards in the compliance Section for the purpose of additional analysis.

**B. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus.

The accrual basis of accounting is followed in the Schedule of Expenditures of Federal Awards. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**C. Subrecipients**

The Town had no subrecipients during the fiscal year.

**D. Indirect Cost Rate**

The Town did not elect to use the de minimis indirect cost rate for the fiscal year ended September 30, 2024.

## **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

To the Town Council  
Town of Penney Farms, 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 and the business-type activities and each major fund of the Town of Penney Farms, 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 basic financial statements, and have issued our report thereon dated April 2, 2025.

#### Internal Control Over Financial Reporting

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

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

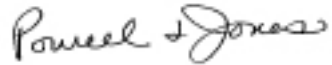
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and recommendations as items 2024-1 - Data Entry Errors, and 2024-2 - Financial Statement Preparation, that we consider to be significant deficiencies.

#### Compliance and Other Matters

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

**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.

A handwritten signature in cursive script that reads "Powell & Jones".

**Powell and Jones CPA**  
Lake City, Florida  
April 2, 2025



**Powell and Jones CPA**

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

**MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550,  
RULES OF THE AUDITOR GENERAL**

To the Town Council  
Town of Penney Farms  
Penney Farms, Florida

We have audited the basic financial statements of the Town of Penney Farms, Florida (the Town) as of and for the year ended September 30, 2024, and have issued our report thereon dated April 2, 2025.

We have issued our 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 dated April 2, 2025. Disclosures in that report, should be considered in conjunction with this management letter.

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. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that the following be addressed in this letter:

**PRIOR YEAR FINDINGS**

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit. If the audit findings in the preceding audit report are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. See summary below for update on prior year findings.

Schedule of Uncorrected Audit Findings

Current Year Finding Number	Prior Year Finding Number	Years as Findings
2024-2	2011-1	3+

**FINANCIAL COMPLIANCE MATTERS**

Financial Emergency Status - We determined that the Town had not met any of the conditions described in Section 218.503(1), *Florida Statutes*, that might result in a financial emergency.

Financial Condition Assessment Procedures - As required by the *Rules of the Auditor General* (Sections 10.554(1)(i)5.a and 10.556(7)), we applied financial condition assessment procedures. It is management’s responsibility to monitor the entity’s financial condition, and our financial

condition assessment was based in part on representations made by management and the review of financial information they provided.

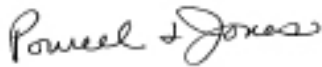
We noted no deteriorating financial conditions as defined by Rule 10.544(2)(f).

Property Assessed Clean Energy Programs (PACE) - As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the Town did not have a property assessed clean energy (PACE) program that finances qualifying improvements authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, operated within the Town's geographical boundaries during the fiscal year under audit.

Our audit did not disclose any further items that would be required to be reported under the Rules of the Auditor General, Chapter 10.550.

## **CONCLUSION**

We very much enjoyed the challenges and experiences associated with this year's audit of the Town. We appreciate the helpful assistance and courtesy afforded us by all Town employees and look forward to working with you in the future.



**Powell and Jones CPA**  
Lake City, Florida  
April 2, 2025



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**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH FLORIDA  
STATUTES RELATING TO LOCAL GOVERNMENT INVESTMENTS**

To the Penney Farms and Members  
of the Town Council  
Town of Penney Farms, Florida

We have examined the Town of Penney Farms, Florida's (the Town) 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 and the Auditor General, State of Florida, and is not appropriate for use by anyone other than these specified parties.

**Powell and Jones CPA**  
Lake City, Florida  
April 2, 2025



## Powell and Jones CPA

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Phone 386.755.4200

### Communication with Those Charged with Governance

To the Penney Farms and Members of the Town Council  
Town of Penney Farms, Florida

We have audited the financial statements of the Town of Penney Farms, 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. No new accounting policies were adopted and the application of existing policies was not changed during 2024. 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. All misstatements identified were communicated to the appropriate level of management.

##### *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 April 2, 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*

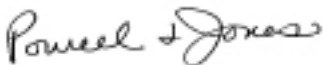
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses 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 Penney Farms and Members of the Town Council and management of the Town of Penney Farms, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



**Powell and Jones CPA**  
Lake City, Florida  
April 2, 2025



## Powell and Jones CPA

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Phone 386.755.4200

### SCHEDULE OF FINDINGS AND RECOMMENDATIONS

#### **Material Weaknesses**

##### **2024-1 – Data Entry Errors**

**Criteria:** According to US GAAP and standard bank reconciliation procedures, all transactions should be recorded once and reconciled to the bank statements. Proper reconciliation ensures that all financial activity is accounted for and that cash balances provide an accurate representation of available funds.

**Condition:** During our review of the bank reconciliation process, it was discovered that certain transactions were recorded more than once in the accounting software. The issue was a bookkeeping oversight that affected the accounting records only, and did not result in any duplicate payments or misappropriation of assets.

**Cause:** The duplicated items were caused by manual data entry errors and a lack of review of the outstanding items during the reconciliation process.

**Effect:** The duplicate entries resulted in a \$56,904 misstatement in the accounting records which was corrected by our audit adjustments.

#### **Recommendations:**

To resolve this issue, we recommend the implementation of the following steps:

1. Strengthen internal controls by requiring a second-level review of bank reconciliations to detect and correct duplicate entries.
2. Utilize the bank reconciliation software within QuickBooks to automate transaction matching and reduce manual errors.
3. Standardize data entry by establishing clear guidelines for recording transactions, ensuring they are only entered once at the appropriate stage.
4. Document and review outstanding items on bank reconciliations.
5. Provide QuickBooks training for accounting Town Clerk.

(continued on next page)

## SCHEDULE OF FINDINGS AND RECOMMENDATIONS (Concluded)

### **Significant Deficiencies**

#### **2024-2: Financial Statement Preparation**

**Criteria:** The preparation of the financial statements is the responsibility of management. Management must have the ability to draft financial statements in accordance with US GAAP, ensuring they fairly present the financial position, results of operations, and cash flows of the entity. While auditors may assist in the preparation of the financial statements, this should not replace the capability of management to oversee and prepare such statements themselves.

**Condition:** During our audit, we identified a deficiency in internal control because the Town lacks the capability to draft its financial statements in accordance with GAAP. The Town does not have a staff or a contracted accountant with the necessary skills to prepare these statements

**Cause:** The Town has not employed or contracted with an accounting professional who possesses the technical expertise required to prepare financial statements in accordance with GAAP. Although the Town has staff with suitable skills, knowledge, and experience to oversee services provided by the auditors in assisting with financial statement preparation, this level of competence is lower than what is required to independently draft the financial statements.

**Effect:** The Town is unable to internally prepare financial statements in compliance with GAAP. This places reliance on the auditors for financial statement preparation.

**Recommendation:** We recommend that the Town hire a qualified accounting professional, either in-house or on a contractual basis, who has the expertise to prepare financial statements in accordance with GAAP. We understand that the Town has a limited budget, and this may not be feasible at this time and that even with a qualified professional it may be more efficient for the Town to continue using its auditors to prepare these financial statements in future years.

## SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

### **Significant Deficiencies**

#### **2011-1 Financial Statement Preparation**

A system of internal control over financial reporting includes controls over financial statement preparation, including footnote disclosures. While your auditor can assist with the preparation of your financial statements and related footnotes, the financial statements are the responsibility of management. A deficiency exists when the Town does not have the expertise necessary to prevent, detect, and correct misstatements. A deficiency in internal control exists in instances where the Town is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures.

Finding 2011-1 was not corrected. No corrective action was taken as management believes it is not financially feasible for the Town at this time. This finding was repeated as finding 2024-2.



# Town of Penney Farms

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## FY 2023/2024 ANNUAL AUDIT

### MANAGEMENTS RESPONSE TO FINDINGS AND RECOMMENDATIONS

#### **(1) 2024-1 Data Entry Errors**

The Town of Penney Farms Town Clerk has met with the Auditor to discuss this finding and recognizes the error. The Auditor was helpful in instructing the Town Clerk on how to enter this kind of transaction into the Town's QuickBooks program correctly and how to avoid errors like this in the future by utilizing more of the modules available in the QuickBooks program, which would help reduce any manual errors and ensure transactions are entered once at the appropriate stage.

#### **(2) 2024-2 Financial Statement Preparation**

The Town of Penney Farms Management recognizes that the Town does not have a qualified accounting professional, either in-house or on a contractual basis, who has the expertise to prepare financial statements in accordance with GAAP. The Town of Penney Farms itself is very small, and it has a very small staff that it can afford with its limited budget. The option of hiring a CPA to be on the staff is not feasible currently. The Town Clerk always consults the auditor on financial questions and concerns regarding any legalities of GAAP accounting, and they have always been helpful. The Town of Penney Farms plans on continuing to use its auditors to prepare those financial statements in future years.

FOR THE TOWN OF PENNEY FARMS,

This response was completed by:

  
\_\_\_\_\_  
Town Clerk, Anita Cooper

This response was authorized and approved by:

  
\_\_\_\_\_  
Town Manager, David Cooper