CITY OF PERRY, FLORIDA
ANNUAL FINANCIAL REPORT
September 30, 2025

CITY OF PERRY, FLORIDA
ANNUAL FINANCIAL REPORT
September 30, 2025
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FINANCIAL SECTION

CITY OF PERRY, FLORIDA
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LIST OF PRINCIPAL OFFICERS
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CITY OFFICIALS

Mayor	Ward Ketring
Vice Mayor/Council Member	Diane Landry
Council Members	Venita Woodfaulk
	Shirlie Hampton
	Bill Brynes

APPOINTED OFFICIALS

City Manager/Director of Community Development	John Hart II
City Attorney	Hope Demps
Personnel Technician	Stephanie Bailey
Director of Finance	Carley Beck
Chief of Police	Jamie Cruse

Powell and Jones CPA

204 N. Marion Ave.
Lake City, FL 32055
Phone 386.755.4200

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
City Council
Perry, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Perry, Florida (the City) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, 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 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 City'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 it is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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 aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for purposes of additional analysis as governed by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. Additionally, the introductory section, additional pension schedules, combining financial statements and statistical sections have been presented for additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and State Financial Assistance, the combining financial statements, and the additional pension schedules have been fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated October 31, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards,* in considering the City's internal control over financial reporting and compliance.



POWELL and JONES CPA
Lake City, Florida
October 21, 2026

CITY OF PERRY
Management's Discussion and Analysis

This section of the City of Perry's (the City) annual financial report offers readers a narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2025.

FINANCIAL HIGHLIGHTS

- At the close of the fiscal year the City's total assets and deferred outflows exceeded its liabilities and deferred inflows by $43 million (net position). Of this amount, $11 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.

- The government's total net position increased by 5.7% during the current fiscal year.

- Net position of the City's business-type activities increased by approximately $977 thousand as the governmental activities increased by approximately $1.3 million.

- As of the close of the current fiscal year, the City's governmental funds reported combined fund balances of $5.9 million, an increase of $599 thousand in comparison with the prior year mainly due to the level of tax receipts and net incoming transfers as compared to the general expenditures. Approximately $2.8 million, or 47%, of the ending fund balance amount is available for spending at the government's discretion (unassigned fund balance).

- At the end of the current fiscal year, the fund balance for the general fund was $2.8 million or 35% of total general fund expenditures. The unassigned fund balance for the general fund was $2.8 million or 34% of total general fund expenditures. The restricted fund balance was $71 thousand (2.5% of general fund ending fund balance). These designations follow the City's fund balance and financial policies as explained in the notes to the financial statements.

- The City's cash amount of $14.9 million is held in three banks insured as government funds and per the State Statute.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components:

1) Government-wide financial statements,

2) Fund financial statements, and

3) Notes to the financial statements

This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and deferred outflows and liabilities and deferred inflows, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, garage, public safety (police and fire), community development, public works, and transportation. The business-type activities of the City include parks, water, gas, solid waste, sewer, and inventory.

FUND FINANCIAL STATEMENTS

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

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several individual governmental funds organized according to their type (special revenue, debt service, and capital projects). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, utility tax revenue fund, community redevelopment fund, and the local option gas tax fund, which are considered to be major funds.

Proprietary funds are generally used to account for services for which the City charges customers, either outside customers, or internal units or departments of the City. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. Proprietary funds are classified as one of the following two types:

1) Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operations of the water, gas, solid waste, sewer and parks departments. All the enterprise funds are considered major funds except the parks fund.

2) Internal Service funds are used to report activities that provide supplies and services for certain City programs and activities. The City's inventory fund is considered an internal service fund.

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. The City maintains two pension trust funds, which are reported under the fiduciary funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its public safety employees. The City adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the general fund and for the special revenue funds to demonstrate compliance with this budget.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position

As noted earlier, net position may serve as a useful indicator of a government's financial position. For the City, the ending net position in the current fiscal year is approximately $43 million.

The largest portion of the City's net position is its investment in capital assets (e.g., land, buildings, machinery, and equipment) net of the amount used to acquire those assets that is still outstanding, the total of which is approximately $30.6 million. The City of Perry uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. It should be noted that resources needed to repay any debt must be provided from other sources because the capital assets cannot be used to liquidate the liability.

An additional portion of the City of Perry's net position, totaling approximately $11 million, represents resources that are unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

The remaining balance of $1 million, (2.3%), represents resources that are subject to external restrictions on how they may be used.

	Governmental Activities		Business- Type Activities		Total		Total % Change
	2025	2024	2025	2024	2025	2024	2024-25
Assets							
Current and other assets	6,465,015	7,413,661	10,782,163	9,492,766	17,247,178	16,906,427	2.0%
Capital assets, net of depreciation	5,074,003	4,818,990	32,428,463	32,726,451	37,502,466	37,545,441	-0.1%
Total Assets	11,539,018	12,232,651	43,210,626	42,219,217	54,749,644	54,451,868	0.5%
Deferred outflows	800,007	1,867,386	155,772	156,134	955,779	2,023,520	-52.8%
Liabilities							
Long-term liabilities outstanding	2,045,273	4,588,333	7,406,250	7,309,293	9,451,523	11,897,626	-20.6%
Other liabilities	605,346	2,329,095	871,761	1,007,148	1,477,107	3,336,243	-55.7%
Total Liabilities	2,650,619	6,917,428	8,278,011	8,316,441	10,928,630	15,233,869	-28.3%
Deferred inflows	1,658,731	487,835	169,878	117,441	1,828,609	605,276	202.1%
Net Position							
Net investment in capital assets	5,074,003	4,818,990	25,557,101	26,085,121	30,631,104	30,904,111	-0.9%
Restricted	1,001,809	996,079	-	-	1,001,809	996,079	0.6%
Unrestricted	1,953,863	879,705	9,361,408	7,856,348	11,315,271	8,736,053	29.5%
Total Net Position	8,029,675	6,694,774	34,918,509	33,941,469	42,948,184	40,636,243	5.7%

Analysis of Change in Net Position

The City's net position overall increased by approximately $2 million or 5.7%, during the current fiscal year.

	Governmental Activities		Business-Type Activities		Total		Total % Change
	2025	2024	2025	2024	2025	2024	2025-24
Revenues							
Program revenues:							
Charges for services	$ 107,151	$ 174,633	$ 8,059,170	$ 8,155,426	$ 8,166,321	$ 8,330,059	-2.0%
Operating grants and contributions	784,866	654,006	-	652,168	784,866	1,306,174	-39.9%
Capital grants and contributions	173,796	802,098	1,246,090	3,582,233	1,419,886	4,384,331	-67.6%
General revenues:							
Property taxes	1,911,254	1,997,826	-	-	1,911,254	1,997,826	-4.3%
Business taxes	1,244,821	985,792	-	-	1,244,821	985,792	26.3%
Other taxes and revenues	3,528,864	3,215,101	-	-	3,528,864	3,215,101	9.8%
Interest and investment income	179,353	166,391	52,427	13,906	231,780	180,297	28.6%
Other	244,925	284,062	132,926	442,370	377,851	726,432	-48.0%
Total revenues	8,175,030	8,279,909	9,490,613	12,846,103	17,665,643	21,126,012	-16.4%
Expenses							
General Government	1,737,906	2,245,974	-	-	1,737,906	2,245,974	-22.6%
Garage	156,960	176,500	-	-	156,960	176,500	-11.1%
Public Safety	4,561,066	4,620,442	-	-	4,561,066	4,620,442	-1.3%
Community Development	40,427	49,721	-	-	40,427	49,721	-18.7%
Public works transportation	864,270	816,005	-	-	864,270	816,005	5.9%
Parks	-	-	453,967	550,239	453,967	550,239	-17.5%
Water	-	-	1,571,581	1,246,313	1,571,581	1,246,313	26.1%
Gas	-	-	1,768,714	1,271,423	1,768,714	1,271,423	39.1%
Solid Waste	-	-	990,883	1,012,090	990,883	1,012,090	-2.1%
Sewer	-	-	2,778,182	2,802,076	2,778,182	2,802,076	-0.9%
Inventory	-	-	429,746	580,903	429,746	580,903	-26.0%
Total expenses	7,360,629	7,908,642	7,993,073	7,463,044	15,353,702	15,371,686	-0.1%
Excess of revenues over (under) expenses	814,401	371,267	1,497,540	5,383,059	2,311,941	5,754,326	-59.8%
Transfers	520,500	500,000	(520,500)	(500,000)	-	-	0.0%
Change in net position	1,334,901	871,267	977,040	4,883,059	2,311,941	5,754,326	-59.8%
Net position at beginning of year	6,694,774	5,823,507	33,941,469	29,058,410	40,636,243	34,881,917	16.5%
Net position at end of year	$ 8,029,675	$ 6,694,774	$ 34,918,509	$ 33,941,469	$ 42,948,184	$ 40,636,243	5.7%

Governmental activities increased the City's net position by $1.3 million. The business-type activities had an increase of $977 thousand in net position. Key factors related to the changes were as follows:

For governmental activities, the City experienced an increase in net position during the year because total revenues exceeded expenses, with transfers from business-type activities providing additional support. The increase was greater than in the prior year, primarily because the reduction in expenses, particularly General Government and Public Safety, exceeded the decline in total revenues. Capital grants and contributions decreased substantially, while increases in business taxes and other taxes and revenues partially offset the decline.

For business-type activities, the City experienced an increase in net position during the year because total revenues exceeded expenses, even after transfers to governmental activities. However, the increase was smaller than in the prior year, primarily due to substantial decreases in capital grants and contributions and operating grant revenues, together with higher expenses for Water and Gas operations. A modest increase in charges for services and lower Sewer expenses partially offset these changes.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the City include the General Fund and Special Revenue Funds.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $5.93 million, an increase of $599 thousand compared to the prior year. This increase was primarily attributable to reduction in a capital outlay compared to prior year which is partially offset by lower grant revenue in the current year. Approximately $2.8 million, or 47%, of the ending fund balance is unassigned and available for spending at the City's discretion. The remaining fund balance is restricted, committed, assigned, or otherwise unavailable for new spending because it has been designated for specific purposes.

Revenues for governmental functions overall totaled $8.2 million for the current fiscal year. Expenditures totaled $8.1 million, which means that revenues exceeded expenditures before transfers by approximately $80 thousand or 1%.

The general fund is the chief operating fund of the City. At the close of the current fiscal year, the unassigned fund balance of the general fund was approximately $2.78 million, and total fund balance was $2.85 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 34% of total general fund expenditures of $8 million, while total fund balance represents 35% of that same amount.

The fund balance of the City's general fund Increased by $292 thousand during the current fiscal year. This is mainly due to incoming transfers offsetting higher levels of capital spending.

The utility tax fund and local option gas tax fund are special revenue sources. The utility tax is not legally restricted and may be budgeted as needed. The local option gas tax is reserved for street expenditures and the departments that maintain them.

The utility tax revenues are $1.2 million, which is 15% of total governmental revenue and is used to supplement needs in other areas such as other proprietary funds and the General fund; and the local option gas tax revenue is approximately $330 thousand, which is 4% of the total governmental revenue. The proceeds supported the street department and paving projects.

The utility tax fund's fund balance increased by $300 thousand as compared with approximately $140 thousand in the prior year. Revenues increased approximately $260 thousand from the prior year.

The General fund's fund balance increased by $291 thousand. This was also due to budgeted transfers exceeding the revenues that were brought in.

The community redevelopment fund decreased by $18 thousand due to economic development expense.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the fiscal year, the unrestricted net position for the Gas Fund was $2.2 million, the Sewer Revenue Fund was $1.2 million, the Water Revenue Fund was $5.1 million, the Solid Waste Fund was $167 thousand, the Parks Fund was $212 thousand, and the Inventory Fund was $498 thousand.

The total change in net position for the enterprise funds was an increase of $977 thousand.

Factors concerning the finances of these funds indicate that the Water Fund continued to perform strongly, generating positive operating income and reporting an increase in net position of approximately $875 thousand. Conversely, the Sewer Fund experienced the largest decrease in net position of $240 thousand, primarily due to significant depreciation expense associated with the City's utility infrastructure, as well as operating and financing costs that exceeded revenues generated during the year. The Parks and Inventory Funds also reported a decrease in net position as operating expenditures exceeded program revenues.

Fiduciary Fund

The City maintains fiduciary funds for the assets of the Police Officers' and Firefighters' Pension Funds. As of the end of the current fiscal year, the net position of the Police Officers' and Firefighters' Pension Funds totaled $18.3 million, which represents an increase of $1.6 million over the prior fiscal year. This increase is primarily due to an increase in the fair value of plan investments. The note sections 4 and 5 and Required Supplementary Information contain additional statements, clarifications, and actuarial information on these funds.

General Fund budgetary highlights

The City's final budget was amended to increase expenditures by approximately $620 thousand from the original budget. During the year, actual revenues and incoming transfers were below their budgetary estimates by approximately $256 thousand. Actual expenditures were below their budgetary estimates by $1.3 million. The net of these factors represents an overall favorable variance with the budget of approximately $1 million. Unbudgeted grant revenues, insurance reimbursements, and half-cent sales tax revenues, together with higher-than-budgeted discretionary sales tax collections and interest earnings, partially offset lower-than-expected intergovernmental and property tax revenues. The City reported budgeted expenditures of $9.3 million and actual expenditures of $8 million.

Capital Assets and Debt Administration

Capital Assets

The City's capital assets for its governmental and business-type activities as of September 30, 2025, amount to $37.5 million (net of accumulated depreciation). Capital assets include land, buildings, improvements, equipment, and infrastructure. The City's capital assets (net of accumulated depreciation) were substantially the same as in the prior year, but there was a 5% increase for governmental activities and 1% decrease for business-type activities. The decrease was primarily due to depreciation expense exceeding capital asset additions and the disposal of assets during the current fiscal year. Balances as of September 30, 2025, are presented in the table below.

	Governmental Activities	Business-Type Activities	Total
Land	$ 388,041	$ 2,264,256	$ 2,652,297
Construction in progress	955,259	718,712	1,673,971
Buildings	291,620	178,087	469,707
Improvements	1,010,959	-	1,010,959
Equipment	2,216,507	2,196,021	4,412,528
Infrastructure	-	27,071,387	27,071,387
Right of use - SBITA	211,618	-	211,618
Total	$ 5,074,004	$ 32,428,463	$ 37,502,467

For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Governmental Fund financial statements record capital asset purchases as expenditures. See Note 3 to the Financial Statements for further information regarding capital assets.

Debt Administration

The following table illustrates the City's outstanding debt as of September 30, 2025:

	Governmental Activities	Business-Type Activities	Total
SRF Pre Construction Loan	$ -	$ 112,651	$ 112,651
SRF Sewer Loans	-	2,638,262	2,638,262
SRF Water Loans	-	1,430,448	1,430,448
USDA Loan	-	2,690,000	2,690,000
Compensated Absences	383,730	84,480	468,210
OPEB Payable	481,849	196,310	678,159
Net Pension Liability	1,038,232	528,846	1,567,078
SBITA Liability	220,351	-	220,351
Total long-term liabilities	$ 2,124,162	$ 7,680,996	$ 9,805,158

At the end of the current fiscal year, the City had total long-term obligations outstanding of approximately $9.8 million. A pre-construction loan for sewer plant development is $113 thousand and was utilized for engineering plans. The City has closed on several SRF loans for sewer and water projects, with outstanding

balances totaling approximately $4.1 million at year-end. The USDA bond payable related to prior financing activities had an outstanding balance of $2.69 million at year-end and requires annual principal and interest payments. The GASB requires the recording of a liability balance for future retiree benefits. This OPEB liability was actuarially determined and recorded in the amount of $678 thousand. The GASB requires the recording of a liability for the estimated future unfunded balances of employee pension plans. This net pension liability was actuarially determined and recorded in the amount of $1.6 million. The remainder consists of compensated absences in the amount of $468 thousand and the $220 thousand liability related to a Subscription Based IT Arrangement (SBITA) whose term exceeds 12 months. Additional information on the City's long-term liabilities can be found in Note 5 to the Financial Statements.

Economic Factors and Next Year's Budget and Rates

Impact on governmental activities

Funding for the City's governmental activities comes from property and business taxes, and various fees (including franchise fees and occupational license fees). Some funding is also received from state-shared revenues and other intergovernmental revenues. The City's fiscal year 2026 budget focuses on infrastructure improvements, public safety, and economic development while supporting continued hurricane recovery. Enterprise Funds are expected to remain self-supporting through user fees, while federal and state grants are expected to help fund planned capital improvements.

Impact on business-type activities

Revenues for the business-type (enterprise) activities are derived from user fees or service charges. Utility consumption continues to be sensitive to local weather patterns, which influence gas and water usage. The City's natural gas operations—representing a significant portion of the Enterprise Fund—are particularly impacted by both weather volatility and global fuel price trends. A gas supply agreement was made in previous years and continues to help stabilize the prices for our natural gas customers.

Fiscal Year 2026's Budget and Rates

The City's operating budget for fiscal year 2026 totals $14 million, $7.1 million for the Governmental Funds and $5.9 million for the Enterprise Funds. The General Fund consists of general government activities as well as public safety (police and fire), economic development, transportation, and garage. The Enterprise Funds are expected to be self-supporting from user fees and charges for services. The Enterprise Funds consist of parks, water, gas, sewer, solid waste, and inventory.

For the 2026 fiscal year, the millage rate is 5.8336. Ad valorem taxes provide 14.93% of total tax revenues for the City's General Fund.

The City's Capital Outlay Budget totals $665 thousand with $485 thousand in the General Fund and $180 thousand in the Enterprise Funds. The City will be getting grants from federal and state sources to fund capital improvement projects. The City has a five-year plan for capital improvements for all projects through 2029 with appropriations of funding made on an annual basis.

For more information on the City's capital projects, see the City Manager's Recommended Five-Year Capital Improvements Program Report, which is published by the administrative department under separate cover.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. If you have questions about this report or need additional financial information, contact:

City of Perry Administrative Department
224 S. Jefferson Street
Perry, Florida 32347
(850) 584-7161

BASIC FINANCIAL STATEMENTS

CITY OF PERRY, FLORIDA
STATEMENT OF NET POSITION
September 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 4,848,349	$ 9,093,575	$ 13,941,924
Receivables (net of allowance for uncollectibles)	165,108	1,143,198	1,308,306
Due from other governments	435,438	80,955	516,393
Inventories	-	510,918	510,918
Restricted cash and cash equivalents	955,259	-	955,259
Lease receivable	14,378	-	14,378
Capital assets			
Non-depreciable	1,343,300	2,982,968	4,326,268
Depreciable, net	3,519,085	29,445,495	32,964,580
Right of use assets, net	211,618	-	211,618
Internal balances	46,483	(46,483)	-
Total Assets	11,539,018	43,210,626	54,749,644
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions and OPEB	800,007	155,772	955,779
LIABILITIES			
Accounts payable and accrued liabilities	492,478	371,527	864,005
Customer deposits	2,450	225,486	227,936
Unearned revenue, grants	31,529	-	31,529
Noncurrent Liabilities:			
Due within one year:			
Compensated absences		-	-
SRF loans	-	207,545	207,545
USDA loan	-	51,000	51,000
Pre-construction loan	-	16,203	16,203
SBITA liability	78,889	-	78,889
Due in more than one year:			
SRF loans	-	3,861,166	3,861,166
Pre-construction loan	-	96,448	96,448
USDA loan	-	2,639,000	2,639,000
SBITA liability	141,462	-	141,462
OPEB payable	481,849	196,310	678,159
Compensated absences	383,730	84,480	468,210
Net pension liability	1,038,232	528,846	1,567,078
Total liabilities	2,650,619	8,278,011	10,928,630
DEFERRED INFLOWS OF RESOURCES			
Related to pensions and OPEB	1,647,906	169,878	1,817,784
Related to leases	10,825	-	10,825
NET POSITION			
Net investment in capital assets	5,074,003	25,557,101	30,631,104
Restricted for:			
Capital projects	-	-	-
Transportation	11,400	-	11,400
Local option gas tax	892,311	-	892,311
Law enforcement	59,618	-	59,618
Community redevelopment	38,480	-	38,480
Unrestricted	1,953,863	9,361,408	11,315,271
Total net position	$ 8,029,675	$ 34,918,509	$ 42,948,184

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

CITY OF PERRY, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2025

Function/Program Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants & Contributions	Program Revenues: Capital Grants & Contributions	Net (Expenses) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expenses) Revenue and Changes in Net Position: Primary Government: Business-type Activities	Net (Expenses) Revenue and Changes in Net Position: Primary Government: Total
Primary Government:							
Governmental Activities:							
General government	$ 1,737,906	$ 72,571	$ 737,554	$ -	$ (927,781)	$ -	$ (927,781)
Public works transportation	864,270	-		117,750	(746,520)	-	(746,520)
Economic development	40,427	-	35,360	56,046	50,979	-	50,979
Public safety	4,561,066	34,580	11,952	-	(4,514,534)	-	(4,514,534)
Garage	156,960	-		-	(156,960)	-	(156,960)
Total Governmental Activities	7,360,629	107,151	784,866	173,796	(6,294,816)	-	(6,294,816)
Business-type Activities:							
Gas	1,768,714	2,134,408	-	117,687	-	483,381	483,381
Sewer	2,778,182	1,893,566	-	425,110	-	(459,506)	(459,506)
Water	1,571,581	2,849,865	-	381,763	-	1,660,047	1,660,047
Solid waste	990,883	910,940	-	301,021	-	221,078	221,078
Parks	453,967	6,024	-	20,509	-	(427,434)	(427,434)
Inventory	429,746	264,367	-	-	-	(165,379)	(165,379)
Total business-type activities	7,993,073	8,059,170	-	1,246,090	-	1,312,187	1,312,187
Total Primary Government	$ 15,353,702	$ 8,166,321	$ 784,866	$ 1,419,886	(6,294,816)	1,312,187	(4,982,629)
			General Revenues				
			Property taxes		1,911,254	-	1,911,254
			Discretionary tax		1,050,336	-	1,050,336
			Franchise tax		655,214	-	655,214
			Telecommunications tax		259,312	-	259,312
			Motor fuel tax		409,338	-	409,338
			Sales tax		558,648	-	558,648
			Utility taxes		1,244,821	-	1,244,821
			Intergovernmental		596,016		596,016
			Interest		179,353	52,427	231,780
			Insurance reimbursements		71,219	-	71,219
			Miscellaneous		173,706	132,926	306,632
			Transfers		520,500	(520,500)	-
			Total revenues & transfers		7,629,717	(335,147)	7,294,570
			Change in net position		1,334,901	977,040	2,311,941
			Net position - beginning		6,694,774	33,941,469	40,636,243
			Net position - ending		$ 8,029,675	$ 34,918,509	$ 42,948,184

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

CITY OF PERRY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2025

	General	Community Redevelopment	Utility Tax Revenue	Local Option Gas Tax	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 2,927,732	$ -	$ 1,920,617	$ -	$ 4,848,349
Receivables (net of allowance for uncollectibles)	54,920	-	110,188	-	165,108
Lease receivable	14,378	-	-	-	14,378
Due from other funds	918,038		138,625	-	1,056,663
Due from other governments	403,954	-	-	31,484	435,438
Cash - restricted	71,018	41,680	-	842,561	955,259
Total Assets	4,390,040	41,680	2,169,430	874,045	7,475,195
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	276,745	-	-	-	276,745
Accrued liabilities	215,733	-	-	-	215,733
Deposits	-	2,450	-	-	2,450
Unearned revenues	31,529	-	-	-	31,529
Due to other funds	1,007,099	750	20,597	(18,266)	1,010,180
Total Liabilities	1,531,106	3,200	20,597	(18,266)	1,536,637
Deferred Inflows of Resources					
Related to Leases	10,825	-	-	-	10,825
Fund Balances:					
Restricted	71,018	38,480	-	892,311	1,001,809
Assigned	-	-	2,148,833	-	2,148,833
Unassigned	2,777,091		-	-	2,777,091
Total Fund Balances	2,848,109	38,480	2,148,833	892,311	5,927,733
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 4,390,040	$ 41,680	$ 2,169,430	$ 874,045	$ 7,475,195

The accompanying notes are an integral part of these financial statements

CITY OF PERRY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
September 30, 2025

Fund Balances - Total governmental funds	$	5,927,733
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.		
Property, plant, equipment		4,862,385
Right-of-use asset net of amortization		211,618
Net pension liability		(1,038,232)
Deferred outflows of resources related to pensions and OPEB		800,007
Deferred inflows of resources related to pensions and OPEB		(1,647,906)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.		
OPEB Liability		(481,849)
Compensated absences		(383,730)
SBITA liability		(220,351)
Net position of governmental activities	$	8,029,675

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

CITY OF PERRY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2025

	General	Community Redevelopment	Utility Tax Revenue	Local Option Gas Tax	Total Governmental Funds
REVENUES					
Taxes:					
Property	$ 1,911,249	$ 5	$ -	$ -	$ 1,911,254
Discretionary sales tax	1,050,336	-	-	-	1,050,336
Telecommunications	259,312	-	-	-	259,312
Franchise	655,214	-	-	-	655,214
Motor fuel	77,226	-	-	332,112	409,338
Utility	-	-	1,244,821	-	1,244,821
Sales tax - 1/2 cent	558,648	-	-	-	558,648
Licenses and permits	72,571	-	-	-	72,571
Intergovernmental	596,016	-	-	-	596,016
Fines and forfeitures	34,580	-	-	-	34,580
Interest	179,353	-		-	179,353
Grants	958,662	-	-	-	958,662
Insurance reimbursements	71,219	-	-	-	71,219
Miscellaneous	144,296	22,759	5,395	-	172,450
Total revenues	6,568,682	22,764	1,250,216	332,112	8,173,774
EXPENDITURES					
Current:					
General government	1,616,023	-	-	-	1,616,023
Garage	152,390	-	-	-	152,390
Police	2,795,605	-	-	-	2,795,605
Fire	1,751,823	-	-	-	1,751,823
Public works transportation	780,454	-	-	-	780,454
Economic development	-	40,427	-	-	40,427
Capital outlay	958,131	-	-	-	958,131
Total expenditures	8,054,426	40,427	-	-	8,094,853
Excess (deficiency) of revenues over (under) expenditures	(1,485,744)	(17,663)	1,250,216	332,112	78,921
OTHER FINANCING SOURCES (USES)					
Transfers in	1,777,611	-	-	-	1,777,611
Transfers out	-	-	(950,000)	(307,111)	(1,257,111)
SBITA proceeds	-	-	-	-	-
Total other financing sources and uses	1,777,611	-	(950,000)	(307,111)	520,500
Net change in fund balances	291,867	(17,663)	300,216	25,001	599,421
Fund balances - beginning	2,556,242	56,143	1,848,617	867,310	5,328,312
Fund balances - ending	$ 2,848,109	$ 38,480	$ 2,148,833	$ 892,311	$ 5,927,733

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

CITY OF PERRY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES IN GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2025

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

Net change in fund balances – total governmental funds	$	599,421
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.		
Capital outlay		958,133
Depreciation/amortization		(684,917)
Disposition of assets and adjustments		(18,203)
Some revenues (expenses) reported in the statement of activities do not provide (require) the use of current financial resources, therefore, are not reported as revenues (expenditures) in governmental funds.		
Net change in other post employment benefits (OPEB)		(79,673)
Net change in compensated absences		31,477
Net change in pension liability and related deferred inflows and outflows		422,149
Reduction of SBITA/lease liabilities		106,514
Change in net position of governmental activities	$	1,334,901

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

CITY OF PERRY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2025

	Major Funds				Non-major Funds	Internal Service Funds	
	Gas Revenue	Sewer Revenue	Water Revenue	Solid Waste	Parks	Inventory	Total
ASSETS							
Current Assets:							
Cash and cash equivalents	$ 2,337,345	$ 1,139,012	$ 4,973,552	$ 300,747	$ 328,109	$ 14,810	$ 9,093,575
Accounts receivable (net)	281,089	405,147	390,160	66,537	-	265	1,143,198
Due from other funds	333,617	177,989	584,316	72,739	55,017	5,822	1,229,500
Due from other governments	-	68,330	-	12,625	-	-	80,955
Inventories	-	-	-	-	-	510,918	510,918
Total Current Assets	2,952,051	1,790,478	5,948,028	452,648	383,126	531,815	12,058,146
Capital Assets:							
Land	-	547,530	1,505,410	-	211,316	-	2,264,256
Construction in progress	12,625	316,920	321,667	-	67,500	-	718,712
Buildings and system	-	38,348	6,785	10,295	1,041,203	100,741	1,197,372
Machinery, equipment, and infrastructure	783,971	35,269,832	13,797,377	1,479,055	3,700,519	142,761	55,173,515
Less accumulated depreciation	(463,041)	(16,141,847)	(6,675,552)	(893,791)	(2,584,020)	(167,141)	(26,925,392)
Total Non-Current Assets	333,555	20,030,783	8,955,687	595,559	2,436,518	76,361	32,428,463
Total Assets	3,285,606	21,821,261	14,903,715	1,048,207	2,819,644	608,176	44,486,609
DEFERRED OUTFLOWS OF RESOURCES							
Related to pensions and OPEB	26,477	52,321	35,317	33,430	3,921	4,306	155,772
LIABILITIES							
Current Liabilities:							
Accounts payable	3,504	181,815	5,394	33,319	68,485	4,497	297,014
Accrued liabilities	9,239	29,782	17,044	13,271	2,498	2,679	74,513
SRF loans	-	115,097	92,448	-	-	-	207,545
USDA loan	-	51,000	-	-	-	-	51,000
Pre-construction loan	-	16,203	-	-	-	-	16,203
Due to other funds	481,495	150,290	486,246	69,931	84,790	3,231	1,275,983
Utility deposits	85,311	-	138,698	1,477	-	-	225,486
Total Current Liabilities	579,549	544,187	739,830	117,998	155,773	10,407	2,147,744
Non-Current Liabilities:							
Compensated absences	15,767	42,955	20,401	3,886	-	1,471	84,480
SRF loans	-	2,523,166	1,338,000	-	-	-	3,861,166
USDA loan	-	2,639,000	-	-	-	-	2,639,000
Pre-construction loan	-	96,448	-	-	-	-	96,448
OPEB payables	62,710	40,746	30,665	52,121	4,282	5,786	196,310
Net pension liability	82,610	168,936	140,411	109,767	11,535	15,587	528,846
Total Non-Current Liabilities	161,087	5,511,251	1,529,477	165,774	15,817	22,844	7,406,250
Total Liabilities	740,636	6,055,438	2,269,307	283,772	171,590	33,251	9,553,994
DEFERRED INFLOWS OF RESOURCES							
Related to pensions and OPEB	26,536	54,267	45,103	35,260	3,705	5,007	169,878
NET POSITION							
Net Investment Capital Assets	333,555	14,589,869	7,525,239	595,559	2,436,518	76,361	25,557,101
Unrestricted	2,211,356	1,174,008	5,099,383	167,046	211,752	497,863	9,361,408
Total Net Position	$ 2,544,911	$ 15,763,877	$ 12,624,622	$ 762,605	$ 2,648,270	$ 574,224	$ 34,918,509

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

CITY OF PERRY, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2025

	Major Funds				Non-major Funds	Internal Service Funds	
	Gas Revenue	Sewer Revenue	Water Revenue	Solid Waste	Parks	Inventory	Total
Operating Revenues							
Charges for sales and services	$ 2,134,408	$ 1,893,566	$ 2,849,865	$ 910,940	$ 6,024	$ 264,367	$ 8,059,170
Miscellaneous	-	19,092	23,980	21,367	68,487	-	132,926
Total Operating Revenues	2,134,408	1,912,658	2,873,845	932,307	74,511	264,367	8,192,096
Operating Expenses							
Personnel services	344,272	618,150	546,608	408,584	42,095	65,390	2,025,099
Contractual services	4,545	235,311	3,762	25,143	1,000	3,317	273,078
Supplies and expenses	211,926	517,471	526,643	415,276	145,393	352,578	2,169,287
Utilities	-	216,076	102,607	-	35,246	-	353,929
Depreciation	36,260	1,113,555	383,222	141,880	230,233	8,461	1,913,611
Bad debt expense	-	-	-	-	-	-	-
Gas resale contract	1,171,711	-	-	-	-	-	1,171,711
Total Operating Expenses	1,768,714	2,700,563	1,562,842	990,883	453,967	429,746	7,906,715
Operating Income (Loss)	365,694	(787,905)	1,311,003	(58,576)	(379,456)	(165,379)	285,381
Non-Operating Revenues (Expenses)							
Interest revenue	26,338	-	26,089	-	-	-	52,427
Interest expense	-	(77,619)	(8,739)	-	-	-	(86,358)
Insurance reimbursements	-	-	-	-	-	-	-
Total Non-Operating Revenues (Expenses)	26,338	(77,619)	17,350	-	-	-	(33,931)
Income (Loss) Before Contributions and Transfers	392,032	(865,524)	1,328,353	(58,576)	(379,456)	(165,379)	251,450
Interfund transfers in/(out)	(250,000)	200,000	(834,250)	92,690	200,000	71,060	(520,500)
Capital contributions	117,687	425,110	381,763	301,021	20,509	-	1,246,090
Change in Net Position	259,719	(240,414)	875,866	335,135	(158,947)	(94,319)	977,040
Net Position - Beginning	2,285,192	16,004,291	11,748,756	427,470	2,807,217	668,543	33,941,469
Net Position - Ending	$ 2,544,911	$ 15,763,877	$ 12,624,622	$ 762,605	$ 2,648,270	$ 574,224	$ 34,918,509

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

CITY OF PERRY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2025

	Major Funds				Non-major Funds	Internal Service Funds	
	Gas Revenue	Sewer Revenue	Water Revenue	Solid Waste	Parks	Inventory	Total
Cash Flows from Operating Activities:							
Receipts from customers	$ 2,111,052	$ 1,614,823	$ 2,854,644	$ 922,549	$ 224,511	$ 438,654	$ 8,166,233
Payments to suppliers	(1,578,281)	(912,391)	(731,338)	(483,020)	(293,359)	(430,055)	(4,428,444)
Payments to employees	(340,834)	(688,921)	(550,740)	(421,953)	(47,459)	(66,157)	(2,116,064)
Net Cash Provided by (Used in) Operating Activities	191,937	13,511	1,572,566	17,576	(116,307)	(57,558)	1,621,725
Cash Flows from Noncapital Financing Activities:							
Transfers (out) in	346,670	280,024	(54,761)	231,831	362,472	68,494	1,234,730
Net Cash Flows Provided by (Used in) Noncapital Financing Activities	346,670	280,024	(54,761)	231,831	362,472	68,494	1,234,730
Cash Flows from Capital & Related Financing Activities							
Capital contributions & grants	(203,896)	581,268	(125,016)	284,421	234,837	-	771,614
Loan proceeds	-	-	396,359	-	-	-	396,359
Additions to property, plant & equipment	(121,726)	(323,576)	(465,820)	(460,352)	(244,149)		(1,615,623)
Principal paid	-	(166,328)	-	-	-	-	(166,328)
Interest paid	-	(77,618)	(8,739)	-	-	-	(86,357)
Net Cash Flows Provided by (Used in) Capital and Related Financing Activities	(325,622)	13,746	(203,216)	(175,931)	(9,312)	-	(700,335)
Cash Flows From Investing Activities:							
Earnings on Investments	26,338	-	26,088	-	-	-	52,426
Net Cash Flows Provided by (Used in) Investing Activities	26,338	-	26,088	-	-	-	52,426
Net Increase (Decrease) in Cash & Cash Equivalents	239,323	307,281	1,340,677	73,476	236,853	10,936	2,208,546
Cash & Cash Equivalents at beginning of year	2,098,022	831,731	3,632,875	227,271	91,256	3,874	$6,885,029
Cash & Cash Equivalents at end of year	$ 2,337,345	$ 1,139,012	$ 4,973,552	$ 300,747	$ 328,109	$ 14,810	$ 9,093,575

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

CITY OF PERRY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2025

Reconciliation of Operating Income (Loss) to Net Cash
Provided by (used in) Operating Activities:

	Major Funds				Non-major Funds	Internal Service Funds	
	Gas Revenue	Sewer Revenue	Water Revenue	Solid Waste	Parks	Inventory	Total
Operating Income (Loss)	$ 365,694	$ (787,905)	$ 1,311,003	$ (58,576)	$ (379,456)	$ (165,379)	$ 285,381
Adjustments:							
Depreciation	36,260	1,113,555	383,222	141,880	230,233	8,461	1,913,611
Change in assets and liabilities:							
Decrease (Increase) in							
Inventory	-	-	-	-	-	(50,174)	(50,174)
Accounts Receivable	(159,586)	(297,835)	(18,402)	(9,908)	-	174,302	(311,429)
Deferred Outflows	6,408	912	516	(237)	30	-	14,037
(Decrease) Increase in							
Accounts Payable	(40,098)	56,467	(98,327)	(42,601)	38,280	(24,001)	(110,280)
Customer Deposits	(13,770)	-	(798)	150	-	-	(28,188)
Accrued Payables	2,624	1,616	937	1,739	731	(283)	9,988
OPEB Payable	-	(16,155)	(7,629)	16,673	71	1,177	(5,863)
Compensated Absences	(5,595)	(5,301)	1,671	(5,061)	(1,026)	(12)	(20,919)
Net Pension Liability	-	(66,069)	(17,777)	(36,775)	(5,904)	(3,418)	(129,943)
Deferred Inflows	-	14,226	18,150	10,292	734	1,769	45,171
Total Adjustments	(173,757)	801,416	261,563	76,152	263,149	107,821	1,326,011
Net Cash Provided by (Used in) Operating Activities	$ 191,937	$ 13,511	$ 1,572,566	$ 17,576	$ (116,307)	$ (57,558)	$ 1,621,725

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

CITY OF PERRY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2025

	Police Officers' and Firefighters' Pension Funds
ASSETS	
Cash and short-term investments	$ 371,881
Receivables	
Employer	5,559
Additional City contribution	6,150
Plan members	30,837
Total Receivables	42,546
Investments at fair value	
Equity	12,477,787
Fixed income	4,713,506
Real estate	716,890
Total Investments	17,908,183
TOTAL ASSETS	18,322,610
LIABILITIES	
Investment expenses	13,103
Admin expenses	14,728
TOTAL LIABILITIES	27,831
NET POSITION	
Restricted for pensions	$ 18,294,779

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

CITY OF PERRY, FLORIDA
STATEMENT OFCHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Fiscal Year Ended September 30, 2025

	Police Officers' and Firefighters' Pension Funds
ADDITIONS	
Contributions	
Employer	$ 422,668
State	149,293
Plan member	71,184
Total Contributions	643,145
Investment Income	
Unrealized gains or losses	1,359,258
Interest and dividends	725,591
Less investment expense	(58,728)
Net Investment Income	2,026,121
Total Additions	2,669,266
DEDUCTIONS	
Benefits	1,023,799
Administrative expense	94,323
Total Deductions	1,118,122
Change in net position	1,551,144
NET POSITION	
Restricted for pensions	
Beginning of year	16,743,635
End of year	$ 18,294,779

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

Note 1 – Summary of Significant Accounting Policies

This summary of Significant Accounting Policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies are considered essential and should be read in conjunction with the accompanying financial statements.

The financial statements of the City of Perry (City) have been prepared in accordance 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. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which along with the subsequent GASB pronouncements (Statements and Interpretations) constitute GAAP for governmental units. The most significant of these accounting policies are described below.

Effective October 1, 2002, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Omnibus,* GASB Statement No. 38, *Certain Financial Statement Note Disclosures,* and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.*

The City's financial statements have been prepared in accordance with the presentation requirements of these statements. The governing body does not subscribe to mandating a minimum fund balance policy and also allows for management's discretion to determine the flow order of a fund's use in regard to assigned vs. unassigned use for expenditures. The same applies to restricted and unrestricted funds. Management considers which monies to be used based on the goals, both long and short term, for which the various funds are budgeted.

(A) Reporting Entity

The City is a political subdivision of the State of Florida, located in Taylor County in the north central portion of the State. Perry is the county seat and the only incorporated municipality in Taylor County. The City was incorporated in 1903 and has operated since 1981 under the same charter. It is governed by an elected City Council and appointed City Manager who is governed by State Statutes, regulations, and a City Charter.

The City's major operations include police and fire protection, road and street facilities, and certain social services and general administration services. In addition, the City owns and operates six major enterprise activities, a water system, a natural gas system, a sewer system, a solid waste system, a parks department and an inventory system.

As required by GAAP, the accompanying financial statements present the City as the primary government, and its component units, entities for which the government is considered to be financially accountable. Component units are included in the reporting entity because of the significance of their operational or financial relationships with the primary government.

A primary government is financially accountable for the organizations that make up its legal entity. Financial accountability or dependence upon the City was determined based on the existence of one or more of the following criteria: the basis of budget adoption, taxing authority, outstanding debt collateralized by revenues or general obligations of the City, and the City's legal responsibility to fund any deficits that may occur.

Blended component units, although legally separate entities are, in substance, part of the primary government's operations and, accordingly, data from these units are combined with data of the City. There were no entities that were excluded from the City's financial statements. Each blended component unit has a September 30 year-end.

Blended Component Units
Using the criteria of GASB Statement No. 14, management determined that the police officers' and firefighters' trust funds should be blended in presentation.

The Police Officers' Retirement Trust (Retirement Trust) is a defined benefit pension plan that covers substantially all full-time police officers of the City. The Retirement Trust is governed by a board comprised of two police officers, two members appointed by the City Council, and a fifth member chosen by the other four members. The police officers and the City contribute their required amounts to the Retirement Trust; however, the City is legally liable to make up any unfunded pension benefit obligation. The Retirement Trust is reported as a trust fund, and separate financial statements are not prepared.

The Firefighters' Pension Trust (Pension Trust) is a defined benefit pension plan that covers substantially all full-time firefighters of the City. The Pension Trust is governed by a board comprised of two firefighters, two members appointed by the City Council, and a fifth member chosen by the other four members. The firefighters and the City contribute their required amounts to the Pension Trust; however, the City is legally liable to make up any unfunded pension benefit obligation. The Pension Trust is reported as a trust fund, and separate financial statements are not prepared.

The City did not participate in any joint ventures during fiscal year 2024-2025.

(B) Government-wide and Fund Financial Statements

Government-wide Financial Statements
The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole excluding fiduciary activities such as the employee pension funds. The primary government financial statements focus on the primary government.

Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues may include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities, including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses.

Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns. Fund accounting segregates funds according to their intended purpose and it is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The City maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column. The City maintains fiduciary funds which are used to account for assets held by the City in a trustee capacity. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, reconciliations are presented following the governmental fund financial statements which briefly explain the adjustments necessary to transform the fund-level financial statements into the governmental activities' column of the government-wide presentation.

The City reports the following major funds:

1. Governmental Funds:

The measurement focus of the Governmental Funds in the Financial Fund Statements is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the Governmental Funds of the City:

a. The General Fund accounts for many of the City's primary services, (Police, Fire, Transportation, Planning, etc.) and is the primary operating unit of the City.

b. The Utility Tax Fund accounts for the receipt of the Utilities Services Taxes and annually makes significant contributions to the General Fund. The City elected to report this fund as major fund even though it did not meet the threshold requiring it to be reported as major.

c. The Local Option Gas Tax Fund accounts for the receipt and disbursement of the Local Option Gas Tax revenues. These revenues are restricted to be used to support the road department and to build or repair roads in the City. The City elected to report this fund as major fund even though it did not meet the threshold requiring it to be reported as major.

d. The Community Redevelopment Agency –The CRA fund is a governmental fund whose purpose is to eliminate and prevent the spread of blight throughout the redevelopment area. The CRA receives the incremental ad valorem taxes generated in future years by the increase in property values in the redevelopment area. The CRA's property taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. The City elected to report this fund as major fund even though it did not meet the threshold requiring it to be reported as major.

2. Proprietary Funds:

The focus of Proprietary Fund measurement is upon determination of operating income, changes in fund net position, financial position, and cash flows, which is similar to businesses. The following is a description of the major Proprietary Funds of the City:

a. The Gas Revenue Fund accounts for the operating activities of the natural gas system owned and operated by the City.

b. The Sewer Revenue Fund accounts for the operating activities of the City's Sewer Utility system.

c. The Water Revenue Fund accounts for the operating activities of the City's Water Utility system.

d. The Solid Waste Fund accounts for the activities of the City's residential collection system.

The City reports the following non-major funds:

a) The Parks Fund is a Proprietary fund which accounts for the activities of the City's recreation programs.

The following is a description of the Internal Service Funds of the City:

a) The Inventory Fund accounts for the activities of the City's warehouse system.

The City reports the following Fiduciary Funds:

The Police and Fire Pension Trust Funds account for the activities of the police and fire retirement systems, which accumulate resources for pension benefit payments to qualified police and fire employees.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

(C) Measurement focus, basis of accounting and financial statement presentation.

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

Government fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property taxes to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred,

as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Taxes, intergovernmental revenues, licenses and permits, interest revenue, and charges for services 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 and available only when cash is received by the government.

(D) Assets, liabilities, and deferred outflows/inflows of resources and net position or fund balance

1. Deposits and Investments:

The City has defined cash, cash equivalents and investments to include cash on hand, demand deposits, money market funds, debt securities and cash with fiscal agents. Each fund's equity in the City's investment pool is considered to be a cash equivalent since funds can be deposited or effectively withdraw at any time without prior notice or penalty. In addition, the City considers all highly liquid investments with a maturity of three months or less when purchased, to be cash equivalent.

Investments, including those of the Pension Trust Funds, are recorded at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City and the Pension Trust Funds categorize an investment's fair value measurements within the fair value hierarchy established by GASB 72 – Fair Value Measurement and Application. The hierarchy is based on the valuation inputs to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. In addition, certain investments are measured at amortized cost.

2. Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds" and advances to/from other funds and advances to/from other funds.

3. Accounts Receivable:

Receivables include amounts due from other governments and others for services provided by the City and are recorded when the related revenue is earned. Allowances for uncollectible receivables are based upon historical trends and the periodic aging of receivables. In the Governmental Funds, the City records a deferred inflow of resources for all receivables that are yet to be collected more than 60 days after the close of the period. The Proprietary funds operate on the accrual basis of accounting where a receivable is recognized when the revenue has been earned regardless of the date of collection.

4. Inventories:

Inventory held by the Inventory Fund consists of materials and supplies. Inventories are valued at cost and adjusted to market value as new inventory arrives.

5. Restricted Assets:

Restricted assets are liquid assets, which have been legally restricted for a certain use or have been set aside for capital projects. When the appropriate opportunities arise, the City uses these restricted assets first, when both restricted and unrestricted assets are available for expenditures.

6. Customer Deposit:

The City collects refundable deposits from utility customers as security for payment of their accounts. These deposits are reported as liabilities in the applicable enterprise funds and are not recognized as revenue when received. Deposits are refunded upon termination of service after outstanding charges have been satisfied in accordance with the City's policy. At September 30, 2025, utility customer deposits totaled $225,486.

7. Capital Assets:

Capital assets, which include land, buildings, equipment, improvements other than buildings, intangibles and public domain infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure, are defined as assets with a cost of $5,000 or more and an estimated useful life greater than one year.

Infrastructure assets are long-lived capital assets that normally are stationary in nature and can be preserved for a significantly greater number of years than most general capital assets. Examples of such assets are roads, bridges, sidewalks, paved paths, utility systems, storm water drainage systems, traffic control and lighting systems. The capitalization threshold for infrastructure assets has been set at $5,000.

Capital assets are recorded at historical cost when purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are completed.

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund's financial statements. These general capital assets are included in the governmental activities' column of the government-wide financial statements. Capital assets used in the Enterprise Funds are accounted for in the respective funds. Depreciation on all exhaustible capital assets used in the Enterprise Funds is charged as an expense against their operations. Accumulated depreciation is reported on the respective fund's balance sheet.

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

Assets	Years
Buildings	25-40
Improvements other than Buildings	10-40
Equipment and Machinery	3-10
Vehicles	3-10
Infrastructure	10-40

8. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.
It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

9. Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

10. Compensated Absences

Policy

The City permits employees to accumulate earned but unused vacation and sick leave in accordance with its personnel policies. Full-time, permanent employees are granted vacation benefits in varying amounts up to specified maximums depending on tenure with the City. Sick leave accrues to full-time, permanent employees up to specified maximums. Generally, after one year of service, employees are entitled to a percentage of their sick leave balance and all accrued vacation leave upon termination. Compensated absences are reported as accrued in the government-wide and proprietary fund financial statements. Governmental funds report only matured compensated absences payable to terminating employees, which are included in wages and benefits payable. The General Fund typically has been used in prior years to liquidate the liability. Accumulated leave is recognized as a liability to the extent it meets the recognition criteria under GASB Statement No. 101.

Recognition and Measurement

In accordance with GASB Statement No. 101, compensated absences are recognized as a liability when leave is attributable to services already rendered, it accumulates, and it is more likely than not to be used or otherwise paid.

The liability is measured using pay rates in effect at the financial statement date. Salary-related payments that are directly and incrementally associated with payments for leave are included in the measurement of the liability. These include applicable employer payroll taxes and employer contributions to defined contribution plans. Employer contributions to defined benefit pension and other postemployment benefit (OPEB) plans are not included in the compensated absences liability and are recognized separately in accordance with applicable standards.

The Government uses a last-in, first-out (LIFO) flow assumption for purposes of determining which leave balances are expected to be used or paid.

11. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt obligations are reported as liabilities in the applicable business-type activity or proprietary fund-type statement of net position. The debt issuance costs are expensed in the period incurred.

12. Fund Equity

In the fund equity financial statements, governmental funds report various restrictions of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

13. Deferred Inflows and Deferred Outflows of Resources Related to Pensions and OPEB

Deferred inflows of resources and deferred outflows of resources related to pensions and OPEB arise from differences between expected and actual experience, differences between projected and actual investment earnings, and changes in assumptions, as applicable. Investment-related differences are recognized in the respective pension or OPEB expense over a closed five-year period. Differences related to experience and changes in assumptions are recognized over a closed period equal to the average expected remaining service lives of all active and inactive employees covered by the respective plan, determined as of the beginning of the measurement period. For the City's OPEB plan, which uses the alternative measurement method, differences related to experience and changes in assumptions are recognized immediately in OPEB expense. Deferred inflows and deferred outflows related to pensions also arise from changes in the City's proportion and differences between City contributions and its proportionate share of contributions. Employer pension contributions and OPEB benefit payments made subsequent to the respective measurement dates and before the end of the reporting period are reported as deferred outflows of resources and recognized as reductions of the respective liabilities in the subsequent fiscal year.

14. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets, liabilities, disclosures of contingent liabilities, revenues and expenditures/expenses reported in the financial statements and accompanying notes. These estimates include assessing the collectability of receivables, the realization of pension obligations, OPEB, compensated absences more likely than not to be used and the useful lives of capital assets. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from results.

15. New Accounting Pronouncements

In June 2022, the Government Accounting Standards Board (GASB) implemented GASB Statement No. 100, *Accounting Changes and Error Corrections.* The purpose of this statement is to improve the consistency and transparency of financial reporting by providing clearer guidance on the classification, reporting, and disclosure of accounting changes and errors. The City has adopted this standard in the fiscal period ending September 30, 2025. The implementation of GASB 100 has not had a material impact on the government's financial position or on the result of operations.

16. Current Year Reclassifications

Certain amounts from the financial statements for the fiscal year ending September 30, 2024 may have been reclassified in order to remain comparable and conform to the financial statement groupings for the current fiscal year.

Note 2 – Stewardship, Compliance, and Accountability

A. BUDGETARY INFORMATION

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to August 1, the City Manager submits to the City 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 and workshops are conducted to obtain taxpayer comments.

3. Prior to October 1, the budget is legally enacted through passage of a resolution.

4. The Council, by resolution, may provide that at any time during the fiscal year the City Manager may transfer part or all of any unencumbered appropriation balance among programs within a department, office, or agency. Upon written request by the City Manager, the Council may, by resolution, transfer part or all of any unencumbered appropriation balance from one department, office, or agency to another.

5. The Council adopts the budget resolution for all governmental funds including special revenue funds of the City. Annual budgets are adopted on a basis consistent with GAAP. The appropriated budget is prepared by fund, function, and department. The City Manager may make transfers of appropriations within a department. Expenditures may not legally exceed appropriations for each individual department.

6. All budget amounts presented in the accompanying financial statements have been adjusted through legally authorized revisions of the annual budgets during the year. The effect of these revisions was to reallocate funds within the budget. Appropriations, except open project appropriations, lapse at the end of the fiscal year. The City does not use the encumbrance method.

B. COMPLIANCE WITH FINANCE-RELATED LEGAL AND CONTRACTUALPROVISIONS

The City has no material violations of finance-related legal and contractual provisions.

C. DEFICIT FUND EQUITY – FUND BALANCE OF INDIVIDUAL FUNDS

The City has no individual fund with a deficit in its overall fund equity.

Note 3 – Detail Notes – All Funds

A. Cash and Cash Equivalents

Cash and cash equivalents consist of restricted and unrestricted cash and investments with maturities, when purchased, of ninety days or less. At year end this included deposits with the State Board of Administration's Local Government Surplus Trust Fund as discussed below.

B. Deposits and Investments

Custodial credit risk – deposits. At year-end, the bank balance of the City's deposits was $14,847,183. The difference between the book balance on the financial statements and bank balance is due to outstanding checks and deposits in transit. The bank balance is insured by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposits Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses, in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository, are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

The investments in the Police Officers' Retirement Trust and the Firefighters' Pension Trust are held by Salem Trust Company, as trustee, respectively, and follow an investment policy prepared by the investment advisors and authorized by the board of trustees. The general investment objective is to obtain a reasonable total rate of return commensurate with the Prudent Investor Rule and any other applicable statute. Rate of return, by definition, is equal to interest and dividend income plus realized and unrealized capital gains or losses. On an absolute basis it is expected that total return of the combined equity, fixed income, and cash portfolio will equal or exceed the actuarial earnings assumption (7%), and equal or exceed the Consumer Price Index plus 3% over a three-to-five-year period.

The deposits held by the Police Officers' Pension Fund at September 30, 2025 consisted of the following:

	Fair Value
Cash with trustees Salem Trust	$ 195,060

The deposits held by the Firefighter's Pension Fund at September 30, 2025, consisted of the following:

	Fair Value
Cash with trustees Salem Trust	$ 176,821

The investments held by the Police Officers' Pension Fund at September 30, 2025 consisted of the following:

Equity	$ 8,254,998
Fixed Income	2,937,724
Real Estate	716,890
Total investments	$ 11,909,612

The investments held by the Firefighter's Pension Fund at September 30, 2025 consisted of the following:

Equity	$ 4,222,789
Fixed income	1,775,782
Real estate	$ 5,998,571

Investment securities held by the City's pension trust funds have the following carrying values as of September 30, 2025, based upon the measurement criteria as specified.

Firefighters' Retirement Trust Fund	September 30,			
Investments at Fair Value	2025	Level 1	Level 2	Level 3
Mutual funds:				
Fixed income mutual funds	$ 1,775,782	$ 1,775,782	$ -	$ -
Equity mutual funds	4,222,789	4,222,789	-	-
Total investments at fair value	5,998,571	$ 5,998,571	$ -	$ -

Police Officers' Retirement Trust Fund	September 30,			
Investments at Fair Value	2025	Level 1	Level 2	Level 3
Mutual funds:				
Fixed income mutual funds	$ 2,937,724	$ 2,937,724	$ -	$ -
Equity mutual funds	8,254,998	8,254,998	-	-
Pooled/Common/Commingled Funds:				
Real estate	716,890	-	-	716,890
Total investments at fair value	$ 11,909,612	$ 11,192,722	$ -	$ 716,890

C. Receivables

Net receivables at September 30, 2025, were as follows:

	Accounts	Intergovernmental	Total
Governmental Activities by Fund:			
General	$ 54,920	$ 403,954	$ 458,874
Community redevelopment	-	-	-
Utility tax revenue	110,188	-	110,188
Local option gas tax	-	31,484	31,484
	$ 165,108	$ 435,438	$ 600,546

	Accounts	Intergovernmental	Total
Business-type Activities by Fund:			
Gas revenue	$ 281,089	$ -	$ 281,089
Sewer revenue	405,147	68,330	473,477
Water revenue	390,160	-	390,160
Solid waste	66,537	12,625	79,162
Parks	-	-	-
Inventory	265	-	265
	$ 1,143,198	$ 80,955	$ 1,224,153

	Accounts	Interest	Total
Fiduciary Funds:			
Fund:			
Police officers' pension	$ 13,156	$ -	$ 13,156
Firefighters' pension	29,390	-	29,390
	$ 42,546	$ -	$ 42,546

Receivables of the governmental and enterprise funds are reported net of uncollectible amounts. The total uncollectible amounts as of September 30, 2025 are as follows:

	Accounts
Business-type Activities by Fund:	
Gas Revenue	$ 534
Sewer Revenue	75,624
Water Revenue	150,768
Solid Waste	32,787
	$ 259,713

D. Property Taxes

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessment are also designed to assure a consistent property valuation method statewide. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The millage rate assessed by the City at fiscal year beginning October 1, 2024 was 5.8336 mills.

The tax levy of the City is established by the City Council prior to October 1 of each year, and the Taylor County Tax Collector incorporates the City millage into the total tax levy, which includes Taylor County and Taylor County School Board tax requirements.

All property is reassessed by the County according to its fair market value on January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State Statutes.

All taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed and are subject to interest and penalties. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. The taxes paid in March are without discount.

Delinquent taxes on real property bear interest of 18% per year. On or before September 1 following the tax year, certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest of 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Delinquent taxes on personal property bear interest at a maximum rate of 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations.

Since the Taylor County Tax Collector's office acts quickly in selling tax certificates and in remitting such collections to the City, no delinquent or uncollected property taxes exist at year-end. The City Tax Calendar is as follows: Valuation Date: January 1; Levy Date: November 1; Due Date: March 31, Succeeding Year; and Lien Date: April 1, Succeeding Year.

E. Capital Assets

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

	Beginning Balance	Increases	Decreases	Adjustments	Reclassifications	Ending Balance
Governmental Activities:						
Non-Depreciable Assets:						
Land	$ 388,041	$ -	$ -	$ -	$ -	$ 388,041
Construction in Process	899,213	56,046	-	-	-	955,259
Depreciable Assets:						
Buildings	1,195,184	26,432	(381,025)	29,836	-	870,427
Equipment	3,767,247	425,078	(289,527)	48,871	19,427	3,971,096
Improvements other than buildings	3,348,756	450,577	(209,273)	1,306	-	3,591,366
Right of use asset - SBITA	400,852	-	(32,471)		-	368,381
	9,999,293	958,133	(912,296)	80,013	19,427	10,144,570
Less accumulated depreciation/ amortization for:						
Buildings	(922,507)	(34,420)	381,025	(2,905)	-	$ (578,807)
Equipment	(1,845,284)	(116,697)	233,687	(6,868)	(19,427)	(1,754,589)
Improvements other than buildings	(2,326,288)	(463,261)	209,273	(131)	-	(2,580,407)
Right of use asset - SBITA	(86,224)	(70,539)	-	-	-	(156,763)
	(5,180,303)	(684,917)	823,985	(9,904)	(19,427)	(5,070,566)
Governmental activities capital assets, net	$ 4,818,990	$ 273,216	$ (88,311)	$ 70,109	$ -	$ 5,074,004
Business-type Activities						
Non-Depreciable Assets						
Land	$ 2,264,256	$ -	$ -	$ -	$ -	$ 2,264,256
Construction in Process	3,947,619.00	410,770	-	-	(3,639,677)	718,712
Depreciable Assets:						
Buildings	1,237,411	17,319	(57,358)	-	-	1,197,372
Equipment	4,318,937	932,874	(319,993)	-	(19,432)	4,912,386
Infrastructure	49,527,902	259,212	(3,165,662)	-	3,639,677	50,261,129
	61,296,125	1,620,175	(3,543,013)	-	(19,432)	59,353,855
Less accumulated depreciation for:						
Buildings	(1,029,463)	(47,180)	57,358	-		$ (1,019,285)
Equipment	(2,705,159)	(346,515)	319,993	(4,116)	19,432	(2,716,365)
Infrastructure	(24,835,052)	(1,519,916)	3,165,662	(436)		(23,189,742)
	(28,569,674)	(1,913,611)	3,543,013	(4,552)	19,432	(26,925,392)
Business-type activities capital assets, net	$ 32,726,451	$ (293,436)	$ -	$ (4,552)	$ -	$ 32,428,463

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

Government Activities:		
General Government	$	213,343
Police		282,261
Fire		86,921
Garage		7,178
Street/Transportation		95,213
Total depreciation/amortization expense - governmental activities	$	684,917
Business-type Activities		
Parks	$	230,233
Water		383,222
Gas		36,260
Solid Waste		141,880
Sewer		1,113,555
Inventory		8,461
Total depreciation expense - business-type activities	$	1,913,611

F. Capitalization of Interest

Due to the implementation of GASB statement 89, interest that once was capitalized on proprietary fund assets acquired with tax-exempt debt is no longer capitalized. Consequently, for the fiscal year ended September 30, 2025, no interest was capitalized.

G. Interfund Transfers

Transfers are indicative of funding for capital projects or subsidies to various funds as needed to provide the budgeted level of service. Several utilities and taxes have enough revenue to generally support other funds that have virtually no revenue. This covers everything from payroll to operations to capital outlay. The Gas Tax specifically covers the road improvements, street, and garage departments.

At September 30, 2025, interfund transfers were as follows:

	Transfer in	Transfer out
General	$ 1,777,611	$ -
Utility Tax Revenue	-	950,000
Local Option Gas Tax	-	307,111
Parks	200,000	-
Solid Waste	92,690	-
Sewer Revenue	200,000	-
Water Revenue	-	834,250
Gas Revenue	-	250,000
Inventory	71,060	-
	$ 2,341,361	$ 2,341,361

Leases

The city is the lessor under agreements whereby it leases City-owned buildings and land to various individuals and organizations. The agreements expire at various dates from 2025 through 2028 and contain no prefixed renewal options. Rental payments are due monthly to annually, with payment amounts and other terms specified in the respective agreements.

The lease receivable is measured at the present value of expected payments over the applicable lease terms using a agreed upon discount rate or prime rate. The weighted-average discount rate as of year end was 7.53%.No estimated uncollectible amounts have been deducted from the lease receivable.

In accordance with GASB Statement No. 87, Leases, the City records a lease receivable and a related deferred inflow of resources in its General Fund and government-wide financial statements. Lease receipts are allocated to interest revenue and reduction of the receivable. The deferred inflow of resources is recognized as lease revenue on a straight-line basis over the lease term; the General Fund recognizes that revenue if available.

On September 30, 2025, the lease receivable and related deferred inflow of resources were $14,378 and $10,825, respectively, in governmental activities. The leases are accounted for in the General Fund.
The agreement contains no variable payments excluding from the lease receivable. No debt is secured by receipts from these leases.

Interest revenue and lease revenue from deferred inflows for the year ended September 30, 2025, were as follows:

Lease-related inflows	Governmental activities
Interest revenue	$ 2,274
Lease revenue from deferred inflows	33,241
	$ 35,515

H. Subscription-Based Information Technology Arrangements

The City is the subscriber under two long-term subscription-based information technology arrangements (SBITAs) with Edmunds and Motorola for software used in City operations. The Edmunds arrangement has a final scheduled payment in November 2027. The Motorola agreement began in June 2024 and expires in June 2028. Annual payments are $60,700 for Edmunds and $36,756 for Motorola. The subscription liabilities are measured at the present value of remaining payments using discount rates of 8.5% and 8.25%, respectively.

In accordance with GASB Statement No. 96, Subscription-Based Information Technology Arrangements, the City records subscription liabilities and related right-to-use subscription assets in its government-wide financial statements. Payments are allocated to interest and reduction of the liabilities. The subscription assets are amortized on a straight-line basis over the respective subscription terms.

At September 2025, total subscription liabilities and net right-to-use subscription assets were $220,351 and $211,618, respectively, in governmental activities.

During the year, the Edmunds agreement was modified due to a reduction in services, decreasing annual payments from $71,700 to $60,700. The modification was evaluated as a partial termination, requiring removal of the related portions of the subscription liability and asset, with any difference recognized as a gain or loss. The remaining balances continue to be accounted for prospectively based on the revised services and payments. The Motorola arrangement remained unchanged. Interest expense for the year

ended September 2025 were $24,680.

Note 4 – Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of damage to and destruction of assets: errors and omissions; and natural disasters for which the City carries commercial insurance.

Through Florida Municipal Insurance Trust (FMIT) Company, insurance against losses is provided for the following types of risk:

- General and Automobile Liability
- Inland Marine/Equipment Liability
- Real and Personal Property Damage
- Public Officials Liability

During the past year, there has not been any reduction in insurance coverage from coverage in the prior year. Additionally, insurance settlements have not exceeded insurance coverage for any of the past three years.

The City's workers' compensation coverage is provided by Preferred Governmental Insurance Trust (FMIT). FMIT was organized pursuant to Section 624.4622 of the Florida Statutes to provide for workers' compensation insurance coverage for FMIT Members. Each Member of FMIT must be a local governmental entity as defined by Section 163.01 (3) (b), Florida Statutes.

FMIT is a non-assessable trust fund, and should a deficit develop in the trust fund, after excess reinsurance recoveries, whereby claims or other expenses cannot be paid, each individual Member shall assume liability for the cost of claims brought against that Member as if such Member were individually self-insured without an obligation to, or a right of contribution from, other Members. The City is not aware of any loss contingency that would have a material effect on the financial statements.

B. Single Employer Pension Plans

The City maintains two separate single employer pension plans for firefighters and police officers, which are maintained as Pension Trust Funds. Pension Trust Funds covering firefighters and police officers are contributory. Firemen and police officers contribute 2.9% and 3.8% respectively, of their gross salary to each of the trust funds. The State of Florida requires the City to contribute a minimum of 5% of firemen's and police officers' gross salaries to the firefighters' and police officers' pension trust funds. The normal entry age actuarial cost method is used for both Pension Funds. Copies of the funds' Annual Trust Statements and Actuarial Valuation Reports are available upon request from the City.

A schedule of funding progress in accordance with the requirements of paragraph 37 of Statement No. 25 of the Governmental Accounting Standards Board is not required per paragraph 124 for plans using the aggregate actuarial cost method. The benefits and refunds of the postemployment defined benefit plan are recognized when they are due and payable in accordance with the terms of the plan. All administrative costs are financed out of the plan's assets.

The aggregate actuarial cost funding method is used for the firefighters' pension plan. This actuarial cost method does not identify or separately amortize unfunded actuarial accrued liabilities. Information about funded status and funding progress is presented using the entry age actuarial cost method and that the information presented is intended to serve as a surrogate for the funded status and funding progress of

the plan. The State of Florida has established guidelines for state and local pension plan funding and requires submission to and approval of the local government's actuarial reports by a state agency at least every year. The actuarial information does an interim update every year, but only completely evaluated every three years, hence the date on the notes labeled 'Funding Policy and Annual Pension Cost'.

Firefighters' Pension

The Firefighters' Pension Trust Fund of the City of Perry, Florida, has been established to conform to the Retirement Trust Fund provisions of Chapter 175 of the Florida Statutes. This is a defined benefit pension plan, which is administered by the Firefighters' Pension Trust Fund Board of Trustees, which is made up of two firefighters, two residents of the City, who are appointed by the City Council; and a fifth member elected by the other four members and covers substantially all full-time firemen. The fiscal year ending September 30, 2025, contributions totaling $384,177, $290,526 from the employer and $27,002 from the employees were made to the Firefighters' Pension Trust Fund. The on-behalf payments of fringe benefits and salaries for the employees were recognized as revenues and expenditures during this period. Employer contributions represented 34.50% of covered payroll for the fiscal year ended September 30, 2025. The percentage of annual pension cost contributed was 111%. The State of Florida's contribution to the pension plan for the year ended amounted to $66,649.

A firefighter may retire after completing ten or more years of creditable service as a firefighter and attains age 55 or completes 25 years of creditable service as a firefighter and attains age 52. Firefighters separating from municipal employment prior to attaining ten years of service receive no benefits but do receive a refund of member contributions. The Trust Fund also provides death and disability benefits. The State's contribution represents a 1.85% tax on all fire insurance premiums collected within the city limits.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

The components of the net pension liability of the sponsor to be reported on September 30, 2025 were as follows:

Total Pension Liability	$ 6,019,383
Plan Fiduciary Net Position	(5,483,848)
Sponsor's Net Pension Liability	$ 535,535
Plan Fiduciary Net Position as a percentage of total Pension Liability	91.10%

At September 30, 2025, the City reported a liability of $535,535 for its Pension Plan's net pension liability. The net pension liability was measured as of September 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2022 updated to September 30, 2025.

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2022 and reported on September 30, 2025 using the following actuarial assumptions applied to all measurement periods.

Inflation	2.50%
Salary Increases	Service based
Discount Rate	6.75%
Investment Rate of Return	6.75%

All rates are projected generationally with Mortality Improvement Scale MP-2018. This assumption

sufficiently accommodates future mortality improvements.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2025 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
Domestic Equity	7.50%
International Equity	8.50%
Broad Market Fixed Income	2.50%
Fixed Income (Non-Core)	2.50%
Global Fixed Income	3.50%

Discount Rate:

The discount rate used to measure the total pension liability was 6.75 percent.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2024	$ 5,935,629	$ 4,584,684	$ 1,350,945
Changes for a Year:			
Service Cost	172,863	-	172,863
Interest	395,579	-	395,579
Share Plan Allocation	11,975	-	11,975
Differences between Expected and Actual Experience	(548)	-	(548)
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions- Employer	-	229,579	(229,579)
Contributions - State	-	65,277	(65,277)
Contributions - Employee	-	24,419	(24,419)
Net Investment Income	-	1,114,732	(1,114,732)
Benefit Payments, including Refunds of Employee Contributions	(496,115)	(496,115)	-
Administrative Expense	-	(38,728)	38,728
Net Changes	83,754	899,164	(815,410)
Balances at September 30, 2025	6,019,383	5,483,848	$ 535,535

Sensitivity of the net pension liability to changes in the discount rate:

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Sponsor's Net Pension Liability	$ 1,259,798	$ 535,535	$ (69,124)

Pension plan fiduciary net position:

Detailed information about the pension plan's fiduciary net position is available in a separately issued Plan financial report.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

For the year ended September 30, 2025, the City will recognize a pension expense of $263,968 related to the Firefighter's Retirement Trust Fund. On September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 19,923	$ 4,381
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	430,348
Pension plan contributions subsequent to the measurement date	357,175	-
Total	$ 377,098	$ 434,729

The deferred outflows of resources related to the Pension Plan, totaling $357,175, resulting from City

contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2025. Contributions made after the measurement date of the net pension liability but before the end of the City's reporting period will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Amount
2026	(56,952)
2027	27,736
2028	(223,082)
2029	(162,508)
2030	
Thereafter	-
	$ (414,806)

Plan Membership as of October 2024:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	11
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	11
Active Plan Members	14
	36

Investment policy:

The following was the Board's adopted asset allocation policy as of September 30, 2025:

Asset Class	Target Allocation
Domestic Equity	50.0%
International Equity	15.0%
Broad Market Fixed Income	30.0%
Fixed Income (Non-Core)	2.5%
Global Fixed Income	2.5%
	100%

Concentrations:

The Plan did not hold investments in any one organization that represent 5 or more of the Pension Plan's fiduciary net position.

Rate of Return:

For the year ended September 30, 2025 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 12.43 percent.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program:

Eligibility: Satisfaction of Normal Retirement requirements. Participation: Period not to exceed 60 months.

Rate of Return: At Participants election:

1.) Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs)

2.) 6.5% fixed annual return

The DROP balance at September 30, 2025 is $0.

Police Pension

The Police Officers' Retirement Fund was established to conform to the Retirement Trust Fund provisions of Chapter 185 of the Florida Statutes. This is a defined benefit pension plan which is administered by the Police Officers' Retirement Fund Board of Trustees, which is made up of two police officers, two residents of the City, who are appointed by the City Council and a fifth member elected by the other four members and covers substantially all full-time police officers. The amortization periods used are closed. The fiscal year ended September 30, 2025, contributions— totaling $258,968, $132,142 from employer and $44,182 from employees—were made to the Police Officers' Retirement Fund. The on-behalf payments of fringe benefits and salaries for the employees were recognized as revenues and expenditures during this period. Employer contributions represented 11.06% of covered payroll for the fiscal year ended September 30, 2025. The percentage of annual pension cost contributed was 34.55%. The State of Florida's contribution to the pension plan for year ended amounted to $82,644.

A member police officer may retire after completing ten or more years of creditable service as a police officer and attains age 55 or completes 25 years of creditable service as a police officer and attains age 52. Police officers separating from municipal employment prior to attaining ten years of service receive no benefits, but do receive a refund of member contributions. The Trust fund also provides death and disability benefits. The State's contribution represents a 0.85% tax on all casualty insurance premiums collected within the City limits.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

The components of the net pension liability of the sponsor to be reported on September 30, 2025 were as

follows:

Total Pension Liability	$ 10,464,421
Plan Fiduciary Net Position	(11,259,787)
Sponsor's Net Pension Liability	$ (795,366)
Plan Fiduciary Net Position as a percentage of total Pension Liability	107.60%

At September 30, 2025, the City reported as a part of its net pension liability is $795,366 related to the Police pension plan. The net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2022 updated to September 30, 2025.

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2022 and reported on September 30, 2025 using the following actuarial assumptions applied to all measurement periods.

Inflation	2.50%
Salary Increases	Service based
Discount Rate	7.25%
Investment Rate of Return	7.25%

All rates are projected generationally with Mortality Improvement Scale MP-2018. This assumption sufficiently accommodates future mortality improvements.

The long-term expected rate of return on pension plan investments was determined using a building- block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2025 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
Domestic Equity	7.50%
International Equity	8.50%
Broad Market Fixed Income	2.50%
Fixed Income (Non-Core)	2.50%
Global Fixed Income	3.50%
Real Estate	4.50%

Discount Rate:

The discount rate used to measure the total pension liability was 6.75 percent.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2023	$ 10,360,785	$ 9,641,485	$ 719,300
Changes for a Year:			
Service Cost	196,521	-	196,521
Interest	741,508	-	741,508
Differences between Expected and Actual Experience	(175,152)	-	(175,152)
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions- Employer	-	134,865	(134,865)
Contributions - State	-	86,498	(86,498)
Contributions - Employee	-	37,024	(37,024)
Net Investment Income	-	2,058,237	(2,058,237)
Benefit Payments, including Refunds of Employee Contributions	(659,241)	(659,241)	-
Administrative Expense	-	(39,081)	39,081
Net Changes	103,636	1,618,302	(1,514,666)
Balances at September 30, 2024	$ 10,464,421	$ 11,259,787	$ (795,366)

Sensitivity of the net pension liability to changes in the discount rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Sponsor's Net Pension Liability	$ (1,721,528)	$ (795,366)	$ 309,532

Pension plan fiduciary net position:

Detailed information about the pension plan's fiduciary net position is available in a separately issued Plan financial report.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

For the year ended September 30, 2025, the City will recognize a pension income of $29,640 related to the Police Officers' Retirement Trust Fund. On September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 194,114
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	602,091
Pension plan contributions subsequent to the measurement date	214,786	-
Total	$ 214,786	$ 796,205

The deferred outflows of resources related to the Pension Plan, totaling $214,786, resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2025. Contributions made after the measurement date of the net pension liability but before the end of the City's reporting period will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Amount
2026	(250,440)
2027	76,836
2028	(347,566)
2029	(275,035)
2030	-
Thereafter	-
	$ (796,205)

Plan Membership as of October 2024:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	22
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	12
Active Plan Members	20
	54

Investment policy:

The following was the Board's adopted asset allocation policy as of September 30, 2024:

Asset Class	Target Allocation
Domestic Equity	50.0%
International Equity	15.0%
Broad Market Fixed Income	20.0%
Fixed Income (Non-Core)	2.5%
Global Fixed Income	2.5%
Real Estate	10.0%
	100%

Concentrations:

The Plan did not hold investments in any one organization that represent 5 or more of the Pension Plan's fiduciary net position.

Rate of Return:

For the year ended September 30, 2025 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 12.26 percent.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program:

Eligibility: Satisfaction of Normal Retirement requirements. Participation: Period not to exceed 60 months.

Rate of Return:

Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs).

The DROP balance at September 30, 2025 is $0.

C. Multiple Employer Cost Sharing Pension and Other Post Employment Benefits Plan.

Florida Retirement System

General Information - Many of the City's employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, *Florida Statutes*, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, which include the FRS Pension Plan (Pension Plan) and the Retiree Health Insurance Subsidy (HIS Plan). Under Section 121.4501, *Florida Statutes*, the FRS also provides a defined contribution plan (Investment Plan) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (SBA). As a general rule, membership in the FRS is compulsory for all

employees who work in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, *Florida Statutes*, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

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

Pension Plan

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

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. This amount increases with every year of additional service up to a maximum of 1.68% of the final average compensation of their five highest years for each year of credited service at age 65 with 33 or more years of service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service (age 52 if credited service includes at least four years of wartime military service) or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, beginning at 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service and increasing to a maximum of 1.68% of each year up to age 58 (55 with wartime service) and 28 years of special risk service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 (age 52 with wartime experience) with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

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

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

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with an FRS employer for a period not to exceed 96 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions – Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2024 through June 30, 2025 and from July 1, 2025 through September 30, 2025. respectively, were as follows:

Class	October 1, 2024 - June 30, 2025	July 1, 2025 - September 30, 2025
Regular class	13.63%	14.03%
Special risk class	32.79%	35.19%
Special risk administrative support	39.82%	39.48%
County elected officers class	58.68%	54.57%
Senior management class	34.52%	33.24%
Deferred Retirement Option Program (DROP)	21.13%	22.02%

The City's contributions, including employee contributions, to the Pension Plan totaled $324,685 for the fiscal year ended September 30, 2025.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2025, the City reported a liability of $1,145,893 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2025. The City's proportionate share of the net pension liability was based on the City's 2024-2025 fiscal year contributions relative to the 2023-2024 fiscal year contributions of all participating members. At June 30, 2025, the City's proportionate share was 0.003904559 percent, which was an decrease of 11.00 percent from its proportionate share measured as of June 30, 2025.

For the fiscal year ended September 30, 2025, the City recognized a pension expense of $126,251. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 122,393	$ -
Changes in assumptions	133,068	-
Net difference between projected and actual earnings on Pension Plan investments	-	191,318
Changes in proportion and differences between City Pension Plan contributions and proportionate share of contributions	14,263	168,547
City Pension Plan contributions subsequent to the measurement date	50,885	-
Total	$ 320,609	$ 359,865

The deferred outflows of resources related to the Pension Plan, totaling $50,885 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a change in the net pension liability in the fiscal year ended September 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Amount
2026	(260,964)
2027	46,366
2028	69,389
2029	55,068
2030	
Thereafter	-
	$ (90,141)

Actuarial Assumptions – The total pension liability in the July 1, 2025 actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

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

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

The actuarial assumptions used in the July 1, 2025, valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2024.

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

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.20%	3.20%	1.10%
Fixed income	29.00%	5.50%	5.40%	4.00%
Global equity	45.00%	8.50%	6.90%	18.30%
Real estate	12.00%	8.40%	7.10%	16.80%
Private equity	11.00%	12.40%	8.80%	28.40%
Strategic investments	2.00%	6.50%	6.10%	8.70%
Total	100.00%			
Assumed Inflation - mean			2.40%	1.50%

(1) As outlined in the Pension Plan's investment policy

Discount Rate - The discount rate used to measure the total pension liability was 6.70%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

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

	1 % Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
City's proportionate share of the net pension liability	$ 2,248,797	$ 1,145,893	$ 221,234

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

Payables to the Pension Plan - The City had a $49,257 payable for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2025.

HIS Plan

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

in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided – For the fiscal year ended September 30, 2025, eligible retirees and beneficiaries received a monthly HIS payment of $7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $45 and a maximum HIS payment of $225 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2025, the HIS contribution for the period October 1, 2024 through June 30, 2025 and from July 1, 2025 through September 30, 2025 was 2.00%. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The City's contributions, including employee contributions to the HIS Plan totaled $69,939 for the fiscal year ended September 30 2025.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2025, the City reported a liability of $681,016 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The City's proportionate share of the net pension liability was based on the City's 2023-2024 fiscal year contributions relative to the 2023-2024 fiscal year contributions of all participating members. At June 30, 2025, the City's proportionate share was 0.0053131927258426percent, which was an decrease of 5.17 percent from its proportionate share measured as of June 30, 2024.

For the fiscal year ended September 30, 2025, the City recognized pension expense of $14,458. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 4,065	$ 1,080
Changes in assumptions	6,028	164,720
Net difference between projected and actual earnings on HIS Plan investments	-	567
Changes in proportion and differences between Town HIS Plan contributions and proportionate share of contributions	1,563	60,618
Town HIS Plan contributions subsequent to the measurement date	10,605	-
Total	$ 22,261	$ 226,985

The deferred outflows of resources related to the HIS Plan, totaling $22,261 resulting from City contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Amount
2026	(47,502)
2027	(56,872)
2028	(47,882)
2029	(38,372)
2030	(24,702)
Thereafter	-
	$ (215,330)

Actuarial Assumptions – The total pension liability in the July 1, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial valuations were prepared as of July 1,2025 valuation was based on the results of an actuarial experience study, completed in 2024, for the period July 1, 2018 through June 30, 2023.

Discount Rate - The discount rate used to measure the total pension liability was 5.20%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 5.20%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.20%) or one percentage point higher (5.20%) than the current rate:

	1 % Decrease 4.20%	Current Discount Rate 5.20%	1% Increase 6.20%
City's proportionate share of the net pension liability	$ 767,955	$ 681,016	$ 608,102

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

Payables to the Pension Plan - The City had a $10,610 payable for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2025.

Investment Plan

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

As provided in Section 121.4501, *Florida Statutes*, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts at the end of the 2023 fiscal year, as established by Section 121.72, *Florida Statutes*, are based on a percentage of gross compensation, by class, as follows: Regular class 11.51%, Special Risk Administrative Support class 37.76%, Special Risk class 30.61%, Senior Management Service class 32.46% and Elected Officers class 56.62%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2025, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

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

The City had 17 participants in the Investment Plan for the fiscal year ended September 30, 2025.

Other Post Employment Benefits (OPEB)

The City follows GASB Cod. Sec. P50 for certain post-employment benefits provided by the City.

Plan Description:

The City of Perry's Retiree Health Care Plan (Plan) is a single employer defined benefit post- employment health care plan that covers eligible retired employees of the City. The Plan, which is administered by the City, allows employees who retire and meet retirement eligibility requirements under the applicable retirement plan to continue medical and life insurance coverage as a participant in the City's plan. For purposes of applying Paragraph 4 under Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the Plan does not meet the requirements for an OPEB plan administered through a trust.

Employees Covered by Benefit Terms:

At September 30, 2025, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	1
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	1
Active Plan Members	87
	89

Funding Policy:

The City Council is authorized to establish benefit levels and approve the actuarial assumptions used in the determination of contributions levels. The City Council establishes the contributions requirements of plan members and the City. These contributions are neither mandated nor guaranteed. The amortization period is closed and over 30 years. The retiree contributes the premium cost each month. Spouses and other dependents are also eligible for coverage, although the retiree pays the premium cost.

Retirees must pay a monthly premium as determined by the insurance carrier. The premium varies depending on whether the retiree elects single, single plus spouse, single plus dependents, or family coverage.

Currently, the City's subsidy to OPEB benefits is unfunded. There are no separate Trust Funds or equivalent arrangements into which the City makes contributions to advance-fund the OPEB obligations, as it does for its retiree pension plans. The City's change in the OPEB benefits, funded on a pay-as-you-go basis, was a decrease of $109,151 for the year ended September 30, 2025.

The ultimate implicit and explicit subsidies which are provided over time are financed directly by general assets of the City, which are invested in short-term fixed income instruments according to its current investment policy. The City selected an interest discount rate of 4.06% per annum, which is the long-range expected return on such short-term fixed income instruments, to calculate thepresent values and costs of the OPEB. This is consistent with GASB Statement No. 45 guidelines.

Basis Accounting:
The OPEB is recorded in the government-wide financial statements, and the enterprise fund only on the accrual basis of accounting.

Annual OPEB cost and Net OPEB Obligation:

The Annual OPEB Cost is the amount that was expensed for the fiscal year. For the year ended September 30, 2025, the City recognized a decrease in OPEB expenses of $130,539 Since the City's OPEB plan is currently unfunded, the offset to that expense comes from subsidies paid on behalf of the current retirees and their dependents for the current year. This offset is called the Employer Contribution and equals the total age-adjusted premiums paid by the City for coverage for the retirees and their dependents for the year (net of the retiree's own payments for the year). The cumulative difference between the Annual OPEB Cost for the year and the Employer Contribution for the year is called the Net OPEB Obligation. The Net OPEB Obligation is reflected as a liability in the statement of net position.

Total OPEB Liability

The measurement date is September 30, 2024
The measurement period of the OPEB expense was October 1, 2023 to September 30, 2024. The reporting period is October 1, 2024 through September 30, 2025.

The City's Total OPEB Liability was measured as of September 30, 2023.

The City's Total OPEB Liability was determined by an actuarial valuation as of September 30, 2023, updated to September 30, 2024, using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	4.87%
Initial Trend Rate	7.00%
Ultimate Trend Rate	4.00%
Years to Ultimate	51

For all lives, mortality rates were based on the PubG-2010 Mortality Tables projected to the valuation date using Projection Scale MP2019.

Discount Rate:

Given the City's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.06%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

Changes in the Total OPEB Liability (Unaudited):

	Increases and (Decreases) in Total OPEB Liability
Reporting Period Ending September 30, 2024	$ 569,009
Changes for a Year:	
Service Cost	28,472
Interest	28,688
Differences Between Expected and Actual Experience	-
Changes of Assumptions	69,029
Changes of Benefit Terms	-
Contributions - Employer	-
Benefit Payments	(17,038)
Other Changes	-
Net Changes	109,151
Reporting Period Ending September 30, 2025	$ 678,160

Changes of assumptions reflect a change in the discount rate from 4.87% for the fiscal year ending September 30, 2024 to 4.06% for the fiscal year ending September 30, 2025.

Sensitivity of the total OPEB liability to changes in the discount rate:

The following table presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.06%) or 1-percentage-point higher (5.06%) than the current discount rate.

	1% Decrease	Current Discount Rate	1% Increase
	3.06%	4.06%	5.06%
Total OPEB Liability (Asset)	$ 780,062	$ 678,160	$ 594,426

Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates:

The following presents the Total OPEB Liability of the City, as well as what the City's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

		Healthcare Cost Trend	
	1% Decrease	Rates	1% Increase
	3.00% - 6.00%	4.00% - 7.00%	5.00% - 8.00%
Total OPEB Liability (Asset)	$ 585,765	$ 678,160	$ 791,341

OPEB Liabilities and OPEB Expense – At September 30, 2025, the City reported an amount of $678,160 for its OPEB liability. The City has historically used the General Fund to pay the OPEB liability.

For the fiscal year ended September 30, 2025, the City recognized a increase in OPEB expenses of $109,151. Under GASB 75 as it applies to plans that qualify for the Alternative Measurement Method, changes in the Total OPEB Liability are not permitted to be included in deferred outflows of resources or deferred inflows of resources related to OPEB. These changes will be immediately recognized through OPEB Expense.

Fiscal Year Ending	9/30/2025
Service Cost	$ 28,472
Interest	28,688
Differences between Expected and Actual Experience	-
Recognition of Changes in Total OPEB Liability	69,029
Administrative Expenses	4,350
Total OPEB Expense	$ 130,539

Summary Pension Expense, Deferred Outflow and Deferred Inflow of Resources Related to Pensions:

Deferred outflows and inflows of resources of pension costs related to pensions are as follow.

	Retirement Plan					
Deferred outflows	FRS	HIS	OPEB	Firefighters	Police	Total
Difference between expected and actual experience	$ 122,393	$ 4,065	$ -	$ 19,923	$ -	$ 146,381
Changes in assumptions	133,068	6,028	-	-	-	139,096
Net difference between projected and actual earnings on Pension Plan investments	-	-	-	-	-	-
Changes in proportion and differences between City Pension Plan contributions and proportionate share of contributions	14,263	1,564	-	-	-	15,827
City Pension Plan contributions subsequent to the measurement date	50,885	10,605	21,024	357,175	214,786	654,475
Total	$ 320,609	$ 22,262	$ 21,024	$ 377,098	$ 214,786	$ 955,779

Deferred inflows	FRS	HIS	OPEB	Firefighters	Police	Total
Difference between expected and actual experience	$ -	$ 1,080	$ -	$ 4,381	$ 194,114	$ 199,575
Changes in assumptions	-	164,720	-	-	-	164,720
Net difference between projected and actual earnings on Pension Plan investments	191,318	567	-	430,348	602,091	1,224,324
Changes in proportion and differences between City Pension Plan contributions and proportionate share of contributions	168,547	60,618	-	-	-	229,165
City Pension Plan contributions subsequent to the measurement date	-	-	-	-	-	-
Total	$ 359,865	$ 226,985	$ -	$ 434,729	$ 796,205	$ 1,817,784
Pension Expense (Income)	$ 126,251	$ 14,458	$ (130,159)	$ 263,968	$ (29,640)	$ 244,878

Note 5 – Summary of Disclosure of Significant Contingencies

A. Litigation

During the ordinary course of its operation, the City is a party to various claims, legal actions, and complaints. These matters are covered by the City's Risk Management Program.

In the opinion of the City's management and legal counsel, these matters are not anticipated to have a material financial impact on the City.

B. Grants

The City has ongoing major initiatives partially funded by grants that are subject to compliance requirements. Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. In the opinion of management, the City has complied with grant requirements and future disallowance of grant expenditures, if any, would not have a material adverse effect on the City's financial condition.

C. Long-term Debt

Long-term liabilities directly related to and intended to be paid from Proprietary Funds are included in the accounts of such funds. The State Revolving Fund Loan will sometime in the future have a schedule of repayment listed below, but presently it is not in the repayment phase where an amortization schedule is available. The State Revolving Loan is to relieve the cash shortage until the Wastewater grant reimburses the City for the work that was paid for in previous years, specifically the spray field.

The State of Florida Department of Environmental Protection Revolving Fund loans above all contain provisions that in the event of default are 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 City under any revenue or tax sharing fund established by the State of Florida, impose a penalty in the amount not to exceed a rate of 18 percent per annum on the amount due, notify financial market credit rating agencies and potential creditors, sue for payment of amounts due and may accelerate the repayment schedule or increase the interest rate on the unpaid principal on the loan.

Description of Long-Term Debt – Summarized below are the City's long-term debt issues, which are outstanding at September 30, 2025.

1. STATE REVOLVING FUND LOANS

A. State Revolving Loan (Pre-Construction Loan)

There is a pre-construction SRF loan originally approved in 2009 from Florida Department of Environmental Protection for $225,566. The proceeds were used for the study to either upgrade or build a new wastewater treatment plant and evaluate the best options. The loan is collateralized by a subordinate lien on net revenues of the sewer utility fund. The interest rate is .88% and this will take 26 years to repay. The following is a schedule of payments that will be made under the loan agreement:

Fiscal Year Ended September	Principal	Interest	Total
2026	16,203	909	17,112
2027	16,346	766	17,112
2028	16,490	622	17,112
2029	16,635	477	17,112
2030	16,782	330	17,112
Thereafter	30,195	217	30,412
	$ 112,651	$ 3,321	$ 115,972

B. Construction Loan Agreement (WW570011)

The State of Florida Department of Environmental Protection (FDEP) Revolving Fund Water Loan Agreement WW570011 is secured by the net revenues of the water and sewer system. The loan is payable semiannually with principal and interest payments due on October 15 and April 15. The estimated principal amount of the Loan to be repaid is $2,888,396. The Financing Rate on the unpaid principal of the Loan amount is 0 percent per annum and will take 30 years to repay. Each semiannual loan payment shall be in the amount of $49,800. The loan proceeds were used to upgrade and expand the City's wastewater treatment facilities. The following is a schedule of payments that will be made under the loan agreement:

Fiscal Year Ended September	Principal	Interest	Total
2026	99,600	-	99,600
2027	99,600	-	99,600
2028	99,600	-	99,600
2029	99,600	-	99,600
2030	99,600	-	99,600
Thereafter	1,991,996	-	1,991,996
	$ 2,489,996	$ -	$ 2,489,996

C. Construction Loan Agreement (DW620201)

The State of Florida Department of Environmental Protection Revolving Fund Water Loan Agreement DW620201 is secured by the net revenues of the water and sewer system. The loan is payable semiannually with principal and interest payments due on September 15 and March 15. The estimated principal amount of the Loan to be repaid is $91,969. The loan bears interest at a rate of 0.56% and the term shall be 20 years. Each Semiannual Loan Payment shall be in the amount of $2,442. The loan proceeds were used to upgrade water treatment facilities. The following is a schedule of payments that will be made under the loan agreement:

Fiscal Year Ended September	Principal	Interest	Total
2026	4,520	361	4,881
2027	4,545	336	4,881
2028	4,571	310	4,881
2029	4,596	285	4,881
2030	4,622	259	4,881
Thereafter	42,782	1,148	43,930
	$ 65,636	$ 2,699	$ 68,335

D. Construction Loan Agreement (DW620250)

The State of Florida Department of Environmental Protection Revolving Fund Water Loan Agreement DW620201 is secured by the net revenues of the water and sewer system. The loan is payable semiannually with principal and interest payments due on October 15 and April 15. The estimated principal amount of the Loan to be repaid is $428,635. The loan bears interest at a rate of 0.12% and the term shall be 20 years. Each Semiannual Loan Payment shall be in the amount of $10,842. The loan proceeds were used to upgrade water treatment facilities. The following is a schedule of payments that will be made under the loan agreement:

Fiscal Year Ended September	Principal	Interest	Total
2026	21,278	406	21,684
2027	21,304	380	21,684
2028	21,329	355	21,684
2029	21,355	329	21,684
2030	21,381	303	21,684
Thereafter	236,892	1,641	238,533
	$ 343,539	$ 3,414	$ 346,953

E. Construction Loan Agreement (DW620260)

The State of Florida Department of Environmental Protection Revolving Fund Water Loan Agreement DW620260 is secured by pledged revenues from the water system. The loan is payable semiannually with principal and interest payments of $4,762 due each March 15 and September 15 over the course of ten years, which began in March 2023. The loan is a reimbursement of expenditures of $175,000 which were incurred in the fiscal year ending September 30, 2022. The full reimbursement amount has been received in October 2022. Upon receipt, $87,500 was forgiven and recognized as revenue in the fiscal year ending September 2023. The remaining unforgiven amount is considered to be principal and accrued service fees worth $91,000. Loan proceeds were used to add carbon filtration to the water treatment plant. The following is a schedule of payments that will be made under the loan agreement:

Fiscal Year Ended September	Principal	Interest	Total
2026	8,415	1,109	9,524
2027	8,563	961	9,524
2028	8,715	809	9,524
2029	8,869	655	9,524
2030	9,026	499	9,525
Thereafter	20,926	569	21,495
	$ 64,514	$ 4,602	$ 69,116

F. Construction Loan Agreement (DW620261)

The State of Florida Department of Environmental Protection Drinking Water State Revolving Fund Construction Loan Agreement, DW620261 is secured by pledged revenues from the water system. The loan is payable semiannually with principal and interest payments of $28,410 due each August 15 and February 15 over the course of seventeen years, which is set to begin in August 2025. The loan is a reimbursement of expenditures of $3,702,000 on improvements to City's Water Treatment Facility related to carbon filters, which were partially incurred in the fiscal year ending September 30, 2023 and partially in subsequent

years. In the fiscal year ending September 30, 2023, $2,752,578 was forgiven and recognized as revenue. The remaining unforgiven amount that is considered to be principal and accrued capitalized interest as of September 30, 2024, was $525,756. As of September 30,2025 the accrued interest on this loan was 10,462. the following is a schedule of payments that will be made under this agreement.

Fiscal Year Ended September	Principal	Interest	Accrued Interest	Total
2026	$ 47,773	$ 9,047	$ 10,462	$ 67,282
2027	48,248	8,572		56,820
2028	48,726	8,094		56,820
2029	49,210	7,610		56,820
2030	49,698	7,122		56,820
Thereafter	702,640	36,020		738,660
	$ 946,296	$ 76,464	$ 10,462	$ 1,033,222

G. Construction Loan Agreement (WW620261)

The State of Florida Department of Environmental Protection Clean Water State Revolving Fund Planning Loan Agreement, WW620270 is secured by pledged revenues from the utility system. The purpose of the loan was to pay for improvements to the wastewater collection system. The loan was a reimbursement of $300,000, of which half was forgiven, leaving a year-end balance of $150,000. The balance is payable semiannually with principal and interest payments of $7,887 due each August 15 and February 15 over the course of seventeen years and is set to begin in February 2025. The following is a schedule of payments that will be made under the loan agreement:

Fiscal Year Ended September	Principal	Interest	Total
2026	15,497	277	15,774
2027	15,528	246	15,774
2028	15,559	215	15,774
2029	15,590	184	15,774
2030	15,622	152	15,774
Thereafter	70,470	513	70,983
	$ 148,266	$ 1,587	$ 149,853

2. USDA LOAN

On September 13, 2018, the City closed on a loan from the U.S. Department of Agriculture in the amount of $2,926,000 for the purpose of providing long-term financing for the wastewater treatment plant. The loan calls for payments of principal and interest yearly beginning September 13, 2021. The loan requires that a reserve account be established that will accumulate 1/10 of the maximum annual debt payment until the equivalent of one annual payment has been deposited, and thereafter as necessary to maintain the account. The maximum reserve is $125,087. The following is a schedule of payments that will be made under the loan agreement:

Fiscal Year Ended September	Principal	Interest	Total
2026	$ 51,000	$ 73,975	$ 124,975
2027	53,000	72,573	125,573
2028	54,000	71,115	125,115
2029	55,000	69,630	124,630
2030	57,000	68,118	125,118
Thereafter	2,420,000	1,080,228	3,500,228
	$ 2,690,000	$ 1,435,638	$ 4,125,638

3. SBITA Liability

The City has subscription-based information technology arrangements (SBITAs) with Edmunds and Motorola for software used in City operations, with a combined year-end liability of $220,351. The liabilities are payable in annual installments of $60,700 for Edmunds and $36,756 for Motorola, including principal and interest at discount rates of 8.5% and 8.25%, respectively. Remaining payments are due each November through November 2027 for Edmunds and each June through June 2027 for Motorola. The following is a schedule of payments that will be made under the SBITA agreements:

Fiscal Year Ended September	Principal	Interest	Total
2026	78,889	18,567	97,456
2027	85,517	11,939	97,456
2028	55,945	4,755	60,700
	$ 220,351	$ 35,261	$ 255,612

Changes in long-term liabilities:

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

	Beginning Balance	Additions	(Reductions)	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Compensated Absences	$ 415,207	$ -	$ (31,477)	$ 383,730	$ -
OPEB Payable	402,176	79,673	-	481,849	-
Net Pension Liability	3,731,897	-	(2,693,665)	1,038,232	-
SBITA Liability	326,865	-	(106,514)	220,351	86,953
Governmental Activities Total	$ 4,876,145	$ 79,673	$ (2,831,656)	$ 2,124,162	$ 86,953
Business-type Activities:					
SRF Pre Construction Loan	$ 127,645	$ -	$ (14,994)	$ 112,651	$ 16,203
SRF Sewer Loans	2,739,596	-	(101,334)	2,638,262	115,097
SRF Water Loans	1,034,089	431,003	(34,645)	1,430,448	92,448
USDA Loan	2,740,000	-	(50,000)	2,690,000	51,000
Compensated Absences	99,803	-	(15,323)	84,480	-
OPEB Payable	166,833	29,477	-	196,310	-
Net Pension Liability	689,274	-	(160,428)	528,846	-
Business-type Activities Total	$ 7,597,240	$ 460,481	$ (376,724)	$ 7,680,996	$ 274,748

Note 6 – Fund Balances of Governmental Funds

As of September 30, 2025, fund balances of the governmental funds are classified as follows:

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.

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 fund balances is approved by the City Council as a component of the budgetary approval process.

Unassigned – all other spendable amounts.

Fund	Restricted	Assigned	Unassigned
General			
Law enforcement	$ 59,618	$ -	$ -
Other	-	-	2,777,091
Transportation	11,400	-	-
Community redevelopment	38,480	-	-
Utility Tax Revenue	-		
Reserves	-	2,148,833	-
Local Option Gas Tax	892,311		
	$ 1,001,809	$ 2,148,833	$ 2,777,091

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PERRY, FLORIDA
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	$ 2,078,917	$ 2,078,917	$ 1,911,249	$ (167,668)
Discretionary Sales Tax	991,050	991,050	1,050,336	59,286
Communication service tax	264,307	264,307	259,312	(4,995)
Franchise	650,000	650,000	655,214	5,214
Motor Fuel	-	82,334	77,226	(5,108)
Licenses & permits	82,000	82,000	72,571	(9,429)
Intergovernmental	2,230,116	554,270	596,016	41,746
Fines & Forfeitures	18,010	18,010	34,580	16,570
Sales Tax - 1/2 Cent	-	585,097	558,648	(26,449)
Interest	165,000	165,000	179,353	14,353
Grants	-	1,021,693	958,662	(63,031)
Insurance reimbursements	-	0	71,219	71,219
Miscellaneous	32,800	32,800	144,296	111,496
Total Revenues	6,512,200	6,525,478	6,568,682	43,204
EXPENDITURES				
Current:				
Legislative (Council)	105,388	105,388	96,364	9,024
Administration	578,002	620,437	553,409	67,028
Finance	667,293	667,293	570,759	96,534
Legal	38,500	54,500	44,504	9,996
Comprehensive Planning	81,637	81,637	75,415	6,222
Garage	312,515	312,514	152,390	160,124
Police	3,213,367	3,235,797	2,795,605	440,192
Fire	2,053,318	2,011,595	1,751,823	259,772
Protective Inspections	-	244,840	275,572	(30,732)
Transportation (Street)	1,163,000	1,470,112	780,454	689,658
Contingency	4,180	-	-	-
Capital Outlay	488,303	522,359	958,131	(435,772)
Total Expenditures	8,705,503	9,326,472	8,054,426	1,272,046
Excess (deficiency) of revenues over (under) expenditures	(2,193,303)	(2,800,994)	(1,485,744)	1,315,250
OTHER FINANCING SOURCES - USES				
Transfers In	1,705,000	2,077,611	1,777,611	(300,000)
SBITA procceds	-	-	-	-
Total other financing sources & uses	1,705,000	2,077,611	1,777,611	(300,000)
Net change in fund balances	(488,303)	(723,383)	291,867	1,015,250
Fund balances - beginning	2,556,242	2,556,242	2,556,242	-
Fund balances - ending	$ 2,067,939	$ 1,832,859	$ 2,848,109	$ 1,015,250

See notes to required supplementary information.

CITY OF PERRY, FLORIDA
Budgetary Comparison Schedule
Utility Tax Revenue Fund
For the Fiscal Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final budget- Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Electric	$ 750,000	$ 750,000	$ 944,328	$ 194,328
Water	150,000	150,000	167,512	17,512
Propane/Natural Gas	115,000	115,000	132,981	17,981
Fines & Forfeitures	4,000	4,000	-	(4,000)
Misce	-	-	5,395	5,395
Total Revenues	1,019,000	1,019,000	1,250,216	231,216
EXPENDITURES				
Current:				
Total Expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	1,019,000	1,019,000	1,250,216	231,216
OTHER FINANCING SOURCES-USES				
Transfers In (Out)	(1,000,000)	(1,000,000)	(950,000)	50,000
Total other financing sources & uses	(1,000,000)	(1,000,000)	(950,000)	50,000
Net change in fund balances	19,000	19,000	300,216	281,216
Fund balances-beginning	1,848,617	1,848,617	1,848,617	-
Fund balances-ending	$ 1,867,617	$ 1,867,617	$ 2,148,833	$ 281,216

See notes to required supplementary information.

CITY OF PERRY, FLORIDA
Budgetary Comparison Schedule
Local Option Gas Tax Fund
For the Fiscal Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Motor Fuel	$ 345,621	$ 345,621	$ 332,112	$ (13,509)
Interest	-	-	-	-
Total Revenues	345,621	345,621	332,112	(13,509)
EXPENDITURES				
Current:				
Miscellaneous	-	-	-	-
Total Expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	345,621	345,621	332,112	(13,509)
OTHER FINANCING SOURCES-USES				
Budgeted transfers in (out)	(345,621)	(345,621)	(307,111)	38,510
Other transfers in (out)	-	-	-	-
Total other financing sources & uses	(345,621)	(345,621)	(307,111)	38,510
Net change in fund balances	-	-	25,001	25,001
Fund balances - beginning	867,310	867,310	867,310	-
Fund balances - ending	$ 867,310	$ 867,310	$ 892,311	$ 25,001

See notes to required supplementary information.

CITY OF PERRY, FLORIDA
Budgetary Comparison Schedule
Community Redevelopment Fund
For the Fiscal Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final budget- Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
County	$ -	$ -	$ 5	$ 5
City	-	-	-	-
Depot Rental	11,400	11,400	22,759	11,359
Rent	18,000	18,000		
Insurance reimbursments	-	-	-	-
Grants	-	-		-
Total Revenues	29,400	29,400	22,764	11,364
EXPENDITURES				
Current:				
Expenses	16,750	16,750	40,427	(23,677)
Total Expenditures	16,750	16,750	40,427	(23,677)
Net change in fund balances	12,650	12,650	(17,663)	(12,313)
Fund balances-beginning	56,143	56,143	56,143	-
Fund balances-ending	$ 68,793	$ 68,793	$ 38,480	$ (12,313)

See notes to required supplementary information.

CITY OF PERRY, FLORIDA
Notes to the Required Supplementary Information for
Budgetary Comparison Schedule
For the Fiscal Year Ended September 30, 2025

Budgetary Accounting

The annual operating budgets of governmental funds are prepared and presented in accordance with GAAP.

Budget Requirements

The fiscal year for the City of Perry begins on October 1 of each year and ends September 30 of the following year. This is mandated by Florida Statutes and Article V of the City Charter.

The City follows the following procedures in establishing the budget document.

1. Prior to August 1, the City Manager submits to the City 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 and workshops are conducted to obtain taxpayer comments.

3. Prior to October 1, the budget is legally enacted through passage of a resolution.

4. The Council may, by resolution, provide that at any time during the fiscal year the City Manager may transfer part or all of any unencumbered appropriation balance among programs within a department, office or agency. Upon written request by the City Manager, the Council may, by resolution, transfer part or all of any unencumbered appropriation balance from one department, office or agency to another.

5. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds. Formal budgetary integration is not employed for debt service funds because effective budgetary control is alternately achieved through bond indenture provisions.

6. Budgets for the general and special revenue funds are adopted on a modified accrual basis which is consistent with generally accepted accounting principles (GAAP).

SCHEDULE OF CHANGES IN FIREFIGHTERS' PENSION FUND
NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years

Reporting Period Ending	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
Measurement Date	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Total Pension Liability										
Service Cost	$ 172,863	$ 159,897	$ 149,160	$ 153,198	$ 149,168	$ 139,074	$ 128,341	$ 118,446	$ 102,147	$ 68,009
Interest	395,579	379,541	357,616	339,699	330,230	331,056	329,241	317,117	309,146	302,674
Share Plan Allocation	11,975	7,916	3,830	1,097	-	-	-	-	-	-
Changes of Benefit Terms	-	79,622	-	-	-	(191)	-	-	-	-
Differences Between Expected and Actual Experience	(548)	(7,941)	79,690	57,211	69,143	(63,746)	(37,464)	(25,456)	(189,134)	(79,654)
Changes of Assumptions	-	-	-	166,975	(142,052)	120,283	112,233	111,855	223,700	-
Benefit Payments, Including Refunds of Employee Contributions	(496,115)	(292,673)	(259,771)	(278,153)	(272,342)	(498,642)	(234,324)	(233,295)	(236,004)	(252,512)
Net Change in Total Pension Liability	83,754	326,362	330,525	440,027	134,147	27,834	298,027	288,667	209,855	38,517
Total Pension Liability - Beginning	5,935,629	5,609,267	5,278,742	4,838,715	4,704,568	4,676,734	4,378,707	4,090,040	3,880,185	3,841,668
Total Pension Liability - Ending	$ 6,019,383	$ 5,935,629	$ 5,609,267	$ 5,278,742	$ 4,838,715	$ 4,704,568	$ 4,676,734	$ 4,378,707	$ 4,090,040	$ 3,880,185
Plan Fiduciary Net Position										
Contributions - Employer	$ 229,579	$ 216,921	$ 260,804	$ 288,438	$ 265,534	$ 236,821	$ 195,748	$ 192,146	$ 281,438	$ 176,554
Contributions - State	65,277	57,158	48,987	43,751	32,683	41,083	36,114	39,613	38,522	49,773
Contributions - Employee	24,419	14,384	7,257	6,870	6,441	6,819	6,098	6,019	5,703	4,115
Net Investment Income	1,114,732	574,421	(928,352)	812,828	399,488	165,671	267,505	387,624	158,924	(32,885)
Benefit Payments, Including Refunds of Employee Contributions	(496,115)	(292,673)	(259,771)	(278,153)	(272,342)	(498,642)	(234,324)	(233,295)	(236,004)	(252,512)
Administrative Expense	(38,728)	(41,478)	(34,241)	(43,295)	(31,967)	(38,551)	(28,303)	(16,895)	(16,976)	(15,607)
Net Change in Plan Fiduciary Net Position	899,164	528,733	(905,316)	830,439	399,837	(86,799)	242,838	375,212	231,607	(70,562)
Plan Fiduciary Net Position - Beginning	4,584,684	4,055,951	4,961,267	4,130,828	3,730,991	3,817,790	3,574,952	3,199,740	2,968,133	3,038,695
Plan Fiduciary Net Position - Ending	$ 5,483,848	$ 4,584,684	$ 4,055,951	$ 4,961,267	$ 4,130,828	$ 3,730,991	$ 3,817,790	$ 3,574,952	$ 3,199,740	$ 2,968,133
Net Pension Liability - Ending (a) - (b)	$ 535,535	$ 1,350,945	$ 1,553,316	$ 317,475	$ 707,887	$ 973,577	$ 858,944	$ 803,755	$ 890,300	$ 912,052
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	91.10%	77.24%	72.31%	93.99%	85.37%	79.31%	81.63%	81.64%	78.23%	76.49%
Covered-Employee Payroll	$ 842,041	$ 735,924	$ 726,147	$ 686,580	$ 644,045	$ 681,942	$ 610,905	$ 601,947	$ 570,338	$ 468,196
Net Position Liability as a Percentage of Covered-Employee Payroll	63.60%	183.57%	213.91%	46.24%	109.91%	142.77%	140.60%	133.53%	156.10%	194.80%

SCHEDULE OF CONTRIBUTIONS FOR FIREFIGHTERS' PENSION FUND
Last 10 Fiscal Years

	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
Actuarially Determined Contribution	$ 344,514	$ 305,661	$ 260,517	$ 298,446	$ 324,065	$ 295,625	$ 278,233	$ 232,144	$ 231,148	$ 319,960
Contributions in Relation to the Actuarially Determined Contribution	344,514	282,881	266,163	305,961	331,092	298,217	277,904	231,862	231,759	319,960
	$ -	$ 22,780	$ (5,646)	$ (7,515)	$ (7,027)	$ (2,592)	$ 329	$ 282	$ (611)	$ -
Covered-EmployeevPayroll	$ 931,119	$ 842,041	$ 735,924	$ 686,580	$ 644,065	$ 681,942	$ 610,905	$ 601,947	$ 570,338	$ 468,196
Contributions as a Percentage of Covered-Employe Payroll	37.00%	33.59%	36.17%	44.56%	51.41%	43.73%	45.49%	38.52%	40.64%	68.34%

SCHEDULE OF FIREFIGHTERS' PENSION FUND INVESTMENT RETURNS
Last 10 Fiscal Years

	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	09/30/2017	09/30/2016
Annual Money-Weighted Rate of Return Net of Investment Expense	12.43%	24.97%	14.32%	-18.82%	19.81%	10.81%	4.66%	7.58%	12.29%	5.40%

Notes to the Required Supplementary Information for Firefighters' Pension

Valuation Date	October 1, 2024
Presentation	GASB 68 requires information for 10 years.

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method	Entry Age Normal Actuarial Cost Method
Amortization Method	Level dollar, closed
Remaining Amortization period	15 years
Mortality	All rates are projected generationally with Mortality Improvement Scale MP-2018
Interest Rate	6.75% per year, compounded annually, net of of investment-related expenses. This assumption is supported by the target asset allocation of the trust and expected long-term return by asset class.
Retirement Age;	Earlier of age 55 and 10 years of service or 25 years service, regardless of age.
Early Retirement	Commencing with the earliest Early Retirement Age (50). Members are assumed to retire with an Immediate subsidized benefit at the rate of 5% per Year.
Disability Rates	See table below.
Termination Rates	See table below.
Salary Increase	Service based
Payroll Growth	None
Asset Valuation Method	Each year the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value

Termination and Disability Rate Tables:

Age	% Becoming Disabled During the Year
20	0.03%
30	0.04%
40	0.07%
50	0.18%

Service	% Terminating During the Year Rate
<1	10.00%
1 - 5	5.50%
6 - 10	4.50%
11 - 15	4.00%
16+	0.00%

SCHEDULE OF CHANGES IN POLICE OFFICERS' PENSION FUND
NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years

Reporting Period Ending	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
Measurement Date	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Total Pension Liability										
Service Cost	$ 196,521	$ 234,351	$ 188,929	$ 210,241	$ 246,666	$ 245,631	$ 201,904	$ 223,106	$ 201,527	$ 211,890
Interest	741,508	737,184	709,760	721,305	711,299	684,451	642,122	589,625	592,602	582,837
Change in Excess State Money	-	-	-	-	-	-	-	(27,217)	-	-
Share Plan Allocation	-	-	-	-	-	(13,608)	-	13,608	-	-
Changes of Benefit Terms	-	-	-	-	-	136,411	-	-	-	-
Differences Between Expected and Actual Experience	(175,152)	(232,037)	35,487	(463,345)	(98,395)	8,874	(14,909)	267,370	(286,364)	(20,807)
Changes of Assumptions	-	-	-	282,712	(170,644)	239,641	-	-	187,750	-
Contributions - Buy Back	-	-	-	-	-	-	-	-	5,729	-
Benefit Payments, Including Refunds of Employee Contributions	(659,241)	(624,831)	(577,856)	(536,553)	(501,625)	(525,686)	(400,461)	(389,811)	(654,738)	(628,255)
Net Change in Total Pension Liability	103,636	114,667	356,320	214,360	187,301	775,714	428,656	676,681	46,506	145,665
Total Pension Liability - Beginning	10,360,785	10,246,118	9,889,798	9,675,438	9,488,137	8,712,423	8,283,767	7,607,086	7,560,580	7,414,915
Total Pension Liability - Ending	$10,464,421	$10,360,785	$ 10,246,118	$ 9,889,798	$ 9,675,438	$ 9,488,137	$ 8,712,423	$ 8,283,767	$ 7,607,086	$ 7,560,580
Plan Fiduciary Net Position										
Contributions - Employer	$ 134,865	$ 170,963	$ 253,732	$ 300,488	$ 215,673	$ 235,783	$ 214,135	$ 209,331	$ 392,928	$ 363,840
Contributions - State	86,498	72,798	67,764	68,784	60,041	67,550	57,494	52,972	40,967	52,719
Contributions - Employee	37,024	39,833	38,094	35,784	33,942	35,584	21,351	21,429	20,961	18,978
Contributions - Buy Back	-	-	-	-	-	-	-	-	5,729	
Net Investment Income	2,058,237	1,002,636	(1,632,694)	1,929,216	869,567	398,725	601,006	771,054	392,453	(55,592)
Benefit Payments, Including Refunds of Employee Contributions	(659,241)	(624,831)	(577,856)	(536,553)	(501,625)	(525,686)	(400,461)	(389,811)	(654,738)	(628,255)
Administrative Expense	(39,081)	(35,753)	(36,071)	(42,989)	(32,205)	(28,971)	(28,436)	(25,830)	(30,495)	(26,275)
Net Change in Plan Fiduciary Net Position	1,618,302	625,646	(1,887,031)	1,754,730	645,393	182,985	465,089	639,145	167,805	(274,585)
Plan Fiduciary Net Position - Beginning	9,641,485	9,015,839	10,902,870	9,148,140	8,502,747	8,319,762	7,854,673	7,215,528	7,047,723	7,322,308
Plan Fiduciary Net Position - Ending	$11,259,787	$ 9,641,485	$ 9,015,839	$ 10,902,870	$ 9,148,140	$ 8,502,747	$ 8,319,762	$ 7,854,673	$ 7,215,528	$ 7,047,723
Net Pension Liability - Ending (a) - (b)	$ (795,366)	$ 719,300	$ 1,230,279	$ (1,013,072)	$ 527,298	$ 985,390	$ 392,661	$ 429,094	$ 391,558	$ 512,857
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	107.60%	93.06%	87.99%	110.24%	94.55%	89.61%	95.49%	94.82%	94.85%	93.22%
Covered-Employee Payroll	$ 1,194,315	$ 1,284,922	$ 1,228,851	$ 1,154,325	$ 1,094,916	$ 1,147,872	$ 1,067,547	$ 1,071,441	$ 1,048,055	$ 975,095
Net Position Liability as a Percentage of Covered-Employee Payroll	-66.60%	55.98%	100.12%	-87.76%	48.16%	85.84%	36.78%	40.05%	37.36%	52.60%

SCHEDULE OF CONTRIBUTIONS FOR POLICE OFFICERS' PENSION FUND
Last 10 Fiscal Years

	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
Actuarially Determined Contribution	$ 228,945	$ 197,062	$ 253,129	$ 312,128	$ 369,384	$ 309,861	$ 295,003	$ 255,143	$ 252,860	$ 433,895
Contributions in Relation to the Actuarially Determined Contribution	214,786	221,363	243,761	321,496	369,272	275,714	303,333	271,629	262,303	433,895
	$ 14,159	$ (24,301)	$ 9,368	$ (9,368)	$ 112	$ 34,147	$ (8,330)	$ (16,486)	$ (9,443)	$ -
Covered-Employee Payroll	$ 1,338,854	$ 1,194,315	$ 1,284,922	$ 1,154,325	$ 1,094,916	$ 1,147,872	$ 1,067,547	$ 1,071,441	$ 1,048,055	$ 975,095
Contributions as a Percentage of Covered-Employee Payroll	16.04%	18.53%	18.97%	27.85%	33.73%	24.02%	28.41%	25.35%	25.03%	44.50%

SCHEDULE OF POLICE OFFICERS' PENSION FUND INVESTMENT RETURNS
Last 10 Fiscal Years

	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	09/30/2018	09/30/2017	09/30/2016
Annual Money-Weighted Rate of Return Net of Investment Expense	12.26%	21.84%	11.38%	-15.23%	21.37%	10.41%	4.89%	7.78%	10.84%	5.63%

Notes to the Required Supplementary Information for Police Officers' Pension

Valuation Date	October 1, 2024
Presentation	GASB 68 requires information for 10 years.

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method	Entry Age Normal Actuarial Cost Method
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization period	15 years
Mortality	All rates are projected generationally with Mortality Improvement ScaleMP-2018
Interest Rate	7.25% per year, compounded annually, net of of investment expenses. This is supported by the target asset class allocation of the trust and expected long-term return by asset class.
Retirement Age;	Earlier of age 55 and 10 years of service or 20 years service, regardless of age. Also, any member who has reached normal retirement is assumed to continue employment for one additional year.
Early Retirement	It is assumed that members who are eligible for Early Retirement (age 50) will retire at a rate of 5.00% per year.
Disability Rates	See table below.
Termination Rates	See table below.
Salary Increase	15.0% increase in the first year, 5.0% for the following four Years, and 4.5% thereafter.
Payroll Growth	None
Asset Valuation Method	Each year the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value

Termination and Disability Rate Tables:

Age	% Becoming Disabled During the Year
20	0.03%
30	0.04%
40	0.07%
50	0.18%

Service	% Terminating During the Year Rate
<1	10.00%
1	10.00%
2 - 5	7.00%
6 - 9	3.50%
10 - 14	10.00%
15+	2.00%

CITY OF PERRY, FLORIDA

SCHEDULE OF PROPORTINATE SHARE OF NET PENSION LIABILITY

FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM

LAST 10 FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
City's proportion of the FRS net pension liability (asset)	0.003692246%	0.003904559%	0.004387206%	0.004419894%	0.004623785%	0.004252204%	0.004592558%	0.004485714%	0.004789156%	0.004770012%
City's proportionate share of the FRS net pension liability (asset)	$ 1,145,893	$ 1,510,467	$ 1,748,163	$ 1,644,556	$ 349,274	$ 1,842,968	$ 1,581,613	$ 1,351,120	$ 1,416,600	$ 1,204,432
City's proportion of the HIS net pension liability (asset)	0.005313193%	0.005602694%	0.005743372%	0.005769096%	0.005763863%	0.005751697%	0.005966489%	0.005604617%	0.005934001%	0.005796838%
City's proportionate share of the HIS net pension liability (asset)	681,016	840,459	912,124	611,039	707,024	702,273	667,590	593,199	634,491	675,597
City's proportionate share of the total net pension liability (asset)	$ 1,826,909	$ 2,350,926	$ 2,660,287	$ 2,255,595	$ 1,056,298	$ 2,545,241	$ 2,249,203	$ 1,944,319	$ 2,051,091	$ 1,880,029
City's covered-employee payroll	$ 2,469,504	$ 2,423,178	$ 2,273,554	$ 2,104,430	$ 2,102,439	$ 1,965,127	$ 2,051,523	$ 1,877,629	$ 1,931,891	$ 1,844,091
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	73.98%	97.02%	117.01%	107.18%	50.24%	129.52%	109.64%	103.55%	106.17%	101.95%
Plan fiduciary net position as a percentage of the total pension liability	82.96%	78.79%	77.04%	79.09%	91.09%	74.46%	78.22%	79.86%	79.30%	79.30%

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

CITY OF PERRY, FLORIDA
SCHEDULE OF CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM
LAST 10 FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required FRS contribution	$ 324,685	$ 314,801	$ 302,972	$ 263,875	$ 189,963	$ 160,079	$ 148,058	$ 170,822	$ 131,395	$ 125,987
Contractually required HIS contribution	69,939	67,536	54,236	48,839	36,537	37,554	34,447	40,613	33,097	32,180
Total Contractually Required Contributions	394,624	382,337	357,208	312,714	226,500	197,633	182,505	211,435	164,492	158,167
Contributions in relation to the contractually required contribution	(394,624)	(382,337)	(357,208)	(312,714)	(226,500)	(197,633)	(182,505)	(211,435)	(164,492)	(158,167)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered-employee payroll	$ 2,446,298	$ 2,429,492	$ 2,270,088	$ 2,148,080	$ 2,041,203	$ 2,025,904	$ 1,991,770	$ 1,935,700	$ 1,875,622	$ 1,901,125
Contributions as a percentage of covered-employee payroll	16.13%	15.74%	15.74%	14.56%	11.10%	9.76%	9.16%	10.92%	8.77%	8.32%

CITY OF PERRY, FLORIDA
Notes to the Required Supplementary Information on for Schedule of
Proportionate Share of Net Pension Liability and Contributions
Florida Retirement System and Health Insurance Subsidy Program
For the Fiscal Year Ended September 30, 2025

Net Pension Liability

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

	FRS	HIS
Total pension liability	$ 243,620,457,000	$ 13,687,702,516
Plan fiduciary net position	(212,585,325,722)	(870,258,386)
	$ 31,035,131,278	$ 12,817,444,130
Plan fiduciary net position as a percentage of the total pension liability	87.26%	6.36%

The total pension liability for each plan was determined by the plans' actuary and reported in the plans' valuations dated June 30, 2025. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements, and the net pension liability is disclosed in the notes to the financial statements. Update procedures were not used.

The HIS actuarial valuation was prepared as of June 30, 2024. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the Plan. The fiduciary net position is reported in the financial statements, and the net pension liability is disclosed in the notes to the financial statements. Update procedures were not used.

Basis for Allocation

The employer's proportionate share reported in the pension allocation schedules was calculated using accrued retirement contributions related to the reporting periods included in the system's current and several prior measurement dates. For fiscal years June 30, 2018 through June 30, 2025, in addition to contributions from employers the required accrued contributions for the division (paid on behalf of the division's employees who administer the plans) were allocated to each employer on a proportionate basis. The division administers the Plans and therefore cannot allocate a portion of the liability to itself. Although GASB 68 encourages the use of the employers' projected long-term contribution effort to the retirement plan, allocating based on historical employer contributions is acceptable. The aggregate employer contribution amounts for each fiscal year agree to the employer contribution amounts reported in the ACFR system for that fiscal year.

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

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

Actuarial Methods and Assumptions

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

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

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.93 % was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both Plans were based on the Pub-2010 base table.

The following changes in actuarial assumptions occurred in 2025:

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

CITY OF PERRY, FLORIDA
Other Post-Employment Benefits (OPEB) Retirement Healthcare Plan
September 30, 2025

Schedule of Changes in the City's Total OPEB Liability and Related Ratios

Reporting Period Ending	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Measurement Date	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017
Total OPEB Liability								
Service Cost	$ 28,472	$ 38,723	$ 58,036	$ 57,203	$ 42,863	$ 36,034	$ 38,602	$ 41,673
Interest	28,688	40,132	26,748	31,860	43,080	34,536	30,775	26,693
Changes of benefit terms	-	-	-	(444,469)	-		-	-
Differences between Expected and Actural Experience	-	(95,299)	-	-	-	232,304	-	-
Changes of Assumptions	69,029	(205,427)	(302,583)	10,033	248,102	114,654	(53,509)	(62,236)
Benefit Payments	(17,038)	(23,201)	(21,582)	(65,154)	(60,608)	(33,955)	(31,223)	(28,711)
Net Change in Total OPEB Liability	109,151	(245,072)	(239,381)	(410,527)	273,437	383,573	(15,355)	(22,581)
Total OPEB Liability - Beginning	569,009	814,081	1,053,462	1,463,989	1,190,552	806,979	822,334	844,915
Total OPEB Liability - Ending	$ 678,160	$ 569,009	$ 814,081	$ 1,053,462	$ 1,463,989	$ 1,190,552	$ 806,979	$ 822,334
Covered-Employee Payroll*	$ 4,186,152	$ 4,084,051	$ 3,814,594	$ 3,721,555	$ 3,769,197	$ 3,677,265	$ 3,811,244	$ 3,718,287
Total OPEB Liability as a percentage of Covered-Employee Payroll	16.20%	13.93%	21.34%	28.31%	38.84%	32.38%	21.17%	22.12%

*Covered-Employee payroll is projected to the measurement date based on actual covered payroll as of the valuaion date using applicable salary increase assumptions.

GASB 75 requires information for 10 years. However, until full 10 year trend has been compiled, only those years for which information is available has been presented.

Notes to the RSI for Total OPEB Liability and Related Ratios

There are no assets accumulated in a trust that meet the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal Year Ending September 30, 2025	4.06%
Fiscal Year Ending September 30, 2024	4.87%
Fiscal Year Ending September 30, 2023	4.77%
Fiscal Year Ending September 30, 2022	2.43%
Fiscal Year Ending September 30, 2021	2.14%
Fiscal Year Ending September 30, 2020	3.58%
Fiscal Year Ending September 30, 2019	4.18%
Fiscal Year Ending September 30, 2018	3.64%
Fiscal Year Ending September 30, 2017	3.06%

Per Capita Annual Claims Costs Per Participant (Age-adjusted Premium)

Program	Pre-65 Cost
Medical Insurance	$16,359

Blended Annual Premium Amounts

Program	Employee Contribution	Spouse Contribution
Medical Insurance	$11,729	$10,064

Member Statistical Data

	9/30/2023
Number of Active Participants	87
Average Current Age	46.0
Average Age at Employment	37.9
Average Past Service	8.2
Covered-Employee Payroll*	$ 4,084,051
Average Salary	46,943
Number of Inactives Receiving Benefits	
Retirees, Beneficiaries and Disabled Members	1
Covered Spouses	1
Total	2
Average Current Age of Retirees	62

*FY 2025 Covered-Employee Payroll projected based on actual FY 2023 Covered-Employee Payroll

Actuarial Assumptions and Funding Methods:

Valuation Date	9/30/2023
Measurement Date	9/30/2024
Fiscal Year End	9/30/2025
Actuarial Value of Assets	Market Value
Mortality Rate	PubG-2010 Mortality Table projected to the valuation date using MP-2019
Discount Rate	4.06% Based on the September 30, 2024 S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices
Retirement Rates	100% at Normal Retirement Eligibility
Inflation	2.50% per year.
Salary Increase Rate	2.50% per year.
Marital Status	100% assumed married, with male spouses 3 years older than female spouses.
Health Care Participation	25% participation assumed, with 50% electing spouse coverage.
Health Care Inflation	Initial rate of 7.00% in fiscal 2024, grading down to the ultimate trend rate of 4.00% in fiscal 2075.
Termination Rates	Selected rates for various ages listed below:

Age	% Remaining Employed Until Assumed Retirement Age
20	29.60%
30	59.30%
40	84.10%
50	100.00%

Disability Rates	None Assumed
Funding Method	Entry Age Cost Method (Level % of Pay)

OTHER INFORMATION

CITY OF PERRY, FLORIDA
Combining Statement of Fiduciary Net Position
September 30, 2025

	Police Officers' Pension Fund	Firefighters' Pension Fund	Total
ASSETS			
Cash and short-term investments	$ 195,060	$ 176,821	$ 371,881
Receivables			
Employer	3,571	1,988	5,559
State	-	6,150	6,150
Plan Member	9,585	21,252	30,837
Total Receivables	13,156	29,390	42,546
Investments at fair value			
Equity	8,254,998	4,222,789	12,477,787
Fixed Income	2,937,724	1,775,782	4,713,506
Real Estate	716,890	-	716,890
Total investments	11,909,612	5,998,571	17,908,183
Total Assets	12,117,828	6,204,782	18,322,610
LIABILITIES			
Payables:			
Benefit payments	-	-	-
Investment expenses	7,122	5,981	13,103
Administrative Expenses	13,007	1,721	14,728
Total Liabilities	20,129	7,702	27,831
NET POSITION			
Restricted for pensions	$ 12,097,699	$ 6,197,080	$ 18,294,779

CITY OF PERRY, FLORIDA
Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended September 30, 2025

	Police Officers' Pension Fund	Firefighters' Pension Fund	Total
ADDITIONS			
Contributions			
Employer	$ 132,142	$ 290,526	$ 422,668
State	82,644	66,649	149,293
Plan Member	44,182	27,002	71,184
Total Contributions	258,968	384,177	643,145
Investment Income			
Net Increase in Fair Value of Investments	907,299	451,959	1,359,258
Interest and Dividends	478,557	247,034	725,591
Less Investment Expense	(35,028)	(23,700)	(58,728)
Net investment income	1,350,828	675,293	2,026,121
Total Additions	1,609,796	1,059,470	2,669,266
DEDUCTIONS			
Benefits	721,486	302,313	1,023,799
Administrative Expense	50,398	43,925	94,323
Total deductions	771,884	346,238	1,118,122
Change in net position	837,912	713,232	1,551,144
NET POSITION			
Restricted for pensions			
Beginning of year	11,259,787	5,483,848	16,743,635
End of year	$ 12,097,699	$ 6,197,080	$ 18,294,779

CITY OF PERRY, FLORIDA
Combining Final Components of Pension Expense
For the Fiscal Year Ended September 30, 2025

	Police Officers' Pension Fund	Firefighters' Pension Fund	Total
Service cost	$ 196,521	$ 172,863	$ 369,384
Interest on total pension liability	741,508	395,579	1,137,087
Share plan allocation	-	11,975	11,975
Change in benefit terms		-	-
Contributions - employee	(37,024)	(24,419)	(61,443)
Projected earnings on investments	(683,060)	(302,191)	(985,251)
Administrative expenses	39,081	38,728	77,809
Recognition of deferred outflows/(inflows)			
Experience gains/losses	(123,901)	32,104	(91,797)
Assumption changes	-	41,744	41,744
Investment returns	(162,765)	(102,415)	(265,180)
Net change	$ (29,640)	$ 263,968	$ 234,328

SUPPLEMENTARY INFORMATION

CITY OF PERRY, FLORIDA
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the fiscal year ended September 30, 2025

Program Titles and Grant Numbers	Assistance Listing #/ CSFA#	Award Number	Major Program	Award/ Contract Amount	Expenditures	Sub-recipients
Federal Awards						
Department of Homeland Security/Federal Emergency Management Agency						
Fiscal Year 2023 Assistance to Firefighters Grant	97.044	EMW-2023-FG-00626		$ 73,984	$ 11,952	$ -
Public Assistance Grants - Hurricane Idalia	97.036	Z3910		N/A	146,268	-
Public Assistance Grants - Hurricane Helene	97.036	Z4486		N/A	19,809	-
					166,077	-
U.S. Department of Treasury passed through Florida Executive Office of the Governor						
Coronavirus State and Local Fiscal Recovery Funds	21.027	Y5263	*	3,445,372	1,364,239	-
U.S. Environmental Protection Agency (EPA) passed through Florida Department of Environmental Protection						
Drinking Water SRF Loan	66.468	DW620261		1,049,422	-	-
Drinking Water SRF Loan Forgiveness	66.468	DW620261		2,752,578	21,373	-
				3,802,000	21,373	-
U.S Department of Transportation passed through Pipeline and Hazardous Materials Safety Administration (PHMSA)						
Natural Gas Distrubution Infrastructure Safety and Modernization	20.708	693JK32540017NGDI		525,174	12,625	-
U.S Department of Housing and Urban Development (HUD) passed through Florida Department of Commerce						
Small Cities Community Development Block Grant	14.228	25DB-E04		2,150,785	56,046	-
U.S. Environmental Protection Agency						
Capitalization Grants for State Revolving Fund	66.458	WW620271		870,000	161,520	-
Total Federal Awards				$ 10,867,315	$ 1,793,832	$ -
State Awards						
Florida Department of Commerce						
Regional Community Development and Infrastructure	40.042	D0291		$ 300,000	$ 117,750	$ -
Regional Community Development and Infrastructure	40.042	D0277		4,737,809	170,926	-
				5,037,809	288,676	-
Growth Management Implementation	40.024	P0528		35,860	35,860	-
						-
Total State Awards				$ 5,073,669	$ 324,536	$ -

See notes to the schedule of expenditures of federal awards and state financial assistance.

CITY OF PERRY, FLORIDA
Note to Schedule of Expenditures of Federal Awards and
State Financial Assistance
For the Fiscal Year Ended September 30, 2025

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the federal and state award activity of the City of Perry, Florida, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and Chapter 10.550, Rules of the State of Florida, Office of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

II. Indirect Cost Rate

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

III. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance Chapter 10.550, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

IV. Subrecipients

The City of Perry did not pass any of the State or Federal funding received through to subrecipients.

V. Drinking Water SRF Loan

Total expenditures as reported above represent a principal forgiveness grant that was applied to the City's DW620261 installment note to the Florida Department of Environmental Protection (FDEP) and includes current year City expenditures/expenses. As part of the Drinking Water State Revolving Fund (SRF) Construction Loan Agreement DW620261, the City was awarded $3,702,000 in SRF loan funding for a major sewer rehabilitation project for which loan proceeds were used to fund project costs during the 2023 and 2024 fiscal years. The grant agreement provides for up to $2,752,578 of principal forgiveness. Current loan balance as of September 30, 2025 is $1,430,448.

COMPLIANCE SECTION

Powell and Jones CPA

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

Honorable Mayor and
City Council
City of Perry, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the City of Perry, Florida (the City), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 21, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City 's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2025-002 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2025-001 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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. Accordingly, this communication is not suitable for any other purpose.

Powell and Jones

Powell and Jones CPA
Lake City, Florida
October 21, 2026

Powell and Jones CPA

204 S Marion Ave
Lake City, FL 32025
Phone 386.755.4200

MANAGEMENT LETTER

Honorable Mayor and
City Council
City of Perry, Florida

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of the City of Perry, Florida (the City), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated October 21, 2026.

AUDITOR'S RESPONSBILITY

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

OTHER PREPORTING REQUIREMENTS

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Controls Over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated October 21, 2026, should be considered in conjunction with this management letter.

PRIOR AUDIT FINDINGS

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no findings or recommendations identified in the preceding financial audit reports for the prior two years.

OFFICIAL TITLE AND LEGAL AUTHORITY

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

FINANCIAL CONDITION AND MANAGEMENT

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we have the following recommendations:

2025-003 – Year End Adjustments and Reconciliations
We recommend that the City strengthen its reconciliation and year-end closing procedures by regularly reconciling inventory balances, performing periodic physical inventory counts, reviewing and preparing utility billing accruals, and ensuring that any necessary adjusting entries are made before the audit.

PROPERTY ASSESSED CLEAN ENERGY (PACE) PROGRAMS

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

SPECIAL DISTRICT COMPONENT UNITS

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7., Rules of the Auditor General, the City's Community Development Agency (CRA) reported the following unaudited data:

Data Element	Reference	Comment
The total number of CRA employees compensated in the last pay period of the CRA's fiscal year being reported	Section 218.32(1)(e)(2)(a)	The CRA has no employees
the total number of independent contractors to whom nonemployee compensation was paid in the last month of the CRA' fiscal year being reported.	Section 218.32(1)(e)(2)(b)	$0
All compensation earned by or awarded to the CRA employees, whether paid or accrued, regardless of contingency.	Section 218.32(1)(e)(2)(c)	The CRA has no employees
All compensation earned by or awarded to CRA nonemployees, independent contractors whether paid or accrued, regardless of contingency.	Section 218.32(1)(e)(2)(d)	$0
Budget variance report based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the CRA amended a final adopted budget under Section 189.016(6), Florida Statutes.	Section 218.32(1)(e)(3)	There were no budget amendments
Each construction project with a total cost of at least $65,000 approved by the CRA that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project.	Section 218.32(1)(e)(2)(e)	None

ADDITIONAL MATTERS

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

PURPOSE OF THIS LETTER

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

Powell & Jones

Powell and Jones CPA
Lake City Florida
October 21, 2026

Powell and Jones CPA

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Phone 386.755.4200

INDEPENDENT ACCOUNTANT'S REPORT

Honorable Mayor and
City Council
City of Perry, Florida

We have examined the City of Perry, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, regarding the investment of public funds, and Sections 163.387(6) and (7), Florida Statutes, regarding the Perry Community Redevelopment Agency, during the fiscal year ended September 30, 2025. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

Our examination does not provide a legal determination on the City's compliance with the specified requirements.

In our opinion, the City complied, in all material respects, with the requirements of Sections 218.415, 163.387(6) and (7), Florida Statutes, during the fiscal year ended September 30, 2025.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the City Council of the City of Perry, Florida, and its management, and is not intended to be, and should not be, used by anyone other than these specified parties.

Powell and Jones

Powell and Jones
CPA Lake City, Florida
October 21, 2026

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COMMUNICATIONS WITH THOSE
CHARGED WITH GOVERNANCE

Honorable Mayor and
City Council
City of Perry, Florida

We have audited the financial statements of City of Perry, Florida (the City) for the year ended September 30, 2025. 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 City are described in Note 1 to the financial statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus.

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

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Sensitive estimates related to utility fund receivables that affect the City's financial statements have been audited, and we believe the inputs that produce the estimates, as well as the estimates themselves, are reasonable.

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 potential misstatements have been provided to management and corrected.

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 October 21, 2026.

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

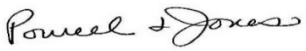
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses 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 the financial statements themselves.

This information is intended solely for the use of the members of the City Council and management of the City 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
October 21, 2026

Powell and Jones CPA

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

Honorable Mayor and
City Council
City of Perry, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Perry, Florida's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2025. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance

requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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



Powell and Jones CPA
Lake City, Florida
October 21, 2026

CITY OF PERRY, FLORIDA
Schedule of Findings and Questioned Costs
For the fiscal year ended September 30, 2025

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
● Material weakness identified?	Yes
● Significant deficiencies identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over financial reporting:	
● Material weaknesss identified?	No
● Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR200.516(a)?	No

Identification of major programs:

CFDA Number/Grant Number	Name of Program or Cluster
	U.S. Department of Treasury
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Audity qualified as low-risk auditee?	No

CITY OF PERRY, FLORIDA
Schedule of Findings and Questioned Costs (Continued)
For the fiscal year ended September 30, 2025

Financial Statement Findings

Finding 2025-001 Utility Billing Accuracy

Criteria: Utility billings and revenues should be accurately recorded in the accounting records and in the fiscal year they are earned.

Condition: During our audit, we identified the following errors:

A November 2024 billing to Superpuft of approximately $95,000 was not recorded in the accounting software, although the related payment was recorded.

A September 2025 billing to Superpuft was understated by $14,611. The error was corrected in fiscal year 2026 rather than 2025.

Cause: Procedures were not sufficient to ensure that utility billings were accurately recorded and revenues were reported in the correct fiscal year.

Effect: These errors resulted in inaccurate utility revenue and account balances and required audit adjustments to properly report the financial statements.

Recommendation: We recommend that the City:

Require a second employee to review all manually prepared utility billings, including Superpuft, for accuracy before they are processed and verify that they are properly posted to the accounting software.

Review utility revenue accounts and related records at year-end to ensure all billings and revenue accruals are recorded in the correct fiscal year.

Finding 2025-002 – Fixed Asset Reconciliation Procedures

Criteria: Fixed asset records should be accurately maintained and regularly reconciled to the accounting records. Capital purchases and related transactions should also be properly classified to ensure accurate financial reporting.

Condition: During our audit, we identified the following issues:

Following the City's transition to new accounting software, the new fixed asset tracking module was not fully reconciled to the historical fixed asset spreadsheets. This required an extensive manual reconciliation during the audit and resulted in adjustments of approximately $57,000 in the Enterprise Fund and $70,000 in governmental activities.

Approximately $2 million in capital expenditures were recorded using operating expenditure account codes rather than the appropriate capital outlay codes under Florida's Uniform Accounting System. These expenditures were recorded but required reclassification for proper financial reporting.

Approximately $71,000 in insurance reimbursements were incorrectly netted against hurricane-related expenses rather than recorded separately.

Cause: Fixed asset records were not fully reconciled during the software transition, and certain transactions were recorded using incorrect account classifications.

Effect: These issues resulted primarily in classification differences and discrepancies between supporting records and the general ledger, requiring audit adjustments and additional reconciliation efforts.

Recommendation: We recommend that the City maintain the new fixed asset tracking module with timely updates for purchases, disposals, and depreciation and regularly reconcile it to the general ledger. Additionally, capital expenditures should be recorded using the appropriate capital outlay account codes, and insurance reimbursements should be recorded separately from related expenses. Any differences identified should be investigated and corrected in a timely manner.

Federal Award Findings

None

MANAGEMENT'S RESPONSE TO AUDIT FINDINGS

CITY OF PERRY
FLORIDA

224 S. Jefferson Street, Perry, Fl. 32347 850-584-7161

Auditor General
State of Florida
Claude Pepper Building, Suite G74
111 West Madison Street
Tallahassee, Florida 32399-1450

RE: Corrective Actions Planned – Fiscal Year Ended September 30, 2025

The City of Perry has reviewed the findings and recommendations resulting from the audit of its financial statements for the fiscal year ended September 30, 2025. The City recognizes the importance of maintaining accurate financial records, effective internal controls, and reliable year-end closing procedures. The following corrective actions are planned or have been implemented in response to the findings and recommendation.

Finding 2025-001 – Utility Billing Accuracy
The City has implemented a second-employee review of all manually prepared utility billings, including billings to Superpufft, to verify accuracy and completeness before processing and to ensure that billings are properly recorded in the accounting software. Additionally, the Finance Department will review utility revenue accounts and supporting records as part of the year-end closing process to identify unrecorded billings, discrepancies, and revenue requiring recognition in the appropriate fiscal year. Any differences identified will be investigated and corrected in a timely manner.

Finding 2025-002 – Fixed Asset Reconciliation Procedures
The discrepancies identified during the audit resulted primarily from the conversion to the City's new accounting software and the reconciliation of the new fixed asset tracking module to the historical fixed asset records. The reconciliation has been completed. Going forward, the City will maintain the fixed asset tracking module through timely recording of asset additions, disposals, and depreciation, and regularly reconcile the module to the general ledger to identify and resolve discrepancies. The Finance Department will also review capital expenditures to ensure that transactions are recorded using the appropriate capital outlay account classifications under Florida's Uniform Accounting System. Insurance reimbursements will be recorded separately from related expenses to ensure proper classification and financial reporting. Any discrepancies identified through these procedures will be investigated and corrected in a timely manner.

Recommendation 2025-003 – Year-End Adjustments and Reconciliations
The City will strengthen its year-end closing procedures to ensure that account balances are reconciled, supporting records agree with the general ledger, and necessary adjusting entries are identified and recorded before the annual audit.

The City of Perry is committed to implementing and maintaining these procedures to strengthen internal controls, improve the accuracy of financial reporting, and address the matters identified during the audit.

Sincerely,

Carley Beck

Carley Beck
Finance Director
City of Perry, Florida