

TOWN OF JENNINGS, FLORIDA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2019

TOWN OF JENNINGS
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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 Town of Jennings, Florida, ("the Town") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 Town, as of September 30, 2019, 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.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedules of revenues and expenditures – grant budget and actual are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, the schedules of revenues and expenditures – grant budget and actual, and the schedule of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual nonmajor fund financial statements and schedules, and schedule of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2020, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial

reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Valenti, Rackley & Assoc., LLC

Valenti, Rackley & Associates, LLC
Certified Public Accountants

February 4, 2020

TOWN OF JENNINGS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

The Town of Jennings' ("the Town") discussion and analysis is designed to (a) assist the reader in focusing on the Town's significant financial issues, (b) provide an overview of the Town's financial activity, (c) identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Town's financial statement (beginning on page 1).

Financial Highlights

- The following major funds had revenues over expenditures/expenses as follows:
 - Local Option Gas Tax Fund - \$35,354
- The following major funds had expenditures/expenses over revenue (before capital contributions, when applicable) as follows:
 - General fund - \$9,683
 - Water & Sewer Fund - \$176,246 (including depreciation expense of \$176,660)
 - Garbage Fund - \$5,507
- The Town utilized a loan for water and sewer improvements from the State of Florida in the amount of \$167,750. All but \$36,240 is expected to be forgiven.

Using This Annual Report

The financial statement's focus is on both the Town as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the Town's accountability.

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. The focus is on major funds, rather than fund types. The statement combines and consolidates governmental fund current resources (short-term spendable resources) with capital assets and long-term obligations. The statements include a Statement of Net Position and a Statement of Activities that are designed to provide consolidated financial information about the governmental activities of the Town presented on the accrual basis of accounting. The government-wide financial statements can be found on pages 1-2 of this report.

TOWN OF JENNINGS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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

The assets of the Town of Jennings exceeded its liabilities (net position) at September 30, 2019 by \$5,983,165 and at September 30, 2018 by \$5,991,767, a decrease in net assets in the current year over prior year of \$8,602 or less than 1%. Of these amounts, \$1,430,423 (unrestricted net position) at September 30, 2019, as compared to \$1,397,403 at September 30, 2018, may be used to meet the Town's ongoing obligations to citizens and creditors (an increase of \$33,020 or 2.36%).

The Town's total net assets decreased by \$8,602 and increased by \$173,079 during the years ended September 30, 2019 and 2018, respectively. The significant difference in the current year and prior year increase can be largely attributed to increased expenditures in the proprietary fund and a reduction in capital grant contributions received over prior year.

The Statement of Activities presents information showing how the Town's net position changed during the 2019 and 2018 fiscal year. The focus is on both the gross and net costs of various activities, both governmental and business-type that are supported by the government's general tax and other revenues. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes earned). This statement is intended to summarize and simplify the user's analysis of the cost of various governmental services. An increase or decrease in net assets is an indication of whether the Town's financial health is improving or deteriorating.

Both of the financial statements distinguish the functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include general government, public safety, and roads and streets.

During the current year, the Town of Jennings had revenues over expenditures of \$41,641 in the governmental activities and expenses over revenues of \$50,243 in the business-type activities. This represents an increase of \$20,396 of revenues over expenditures over prior year in the governmental activities and a decrease of \$202,077 of revenues over expenses over prior year in the business-type activities. The increase in revenues over expenditures in the governmental activities over prior year is attributed to a small increase in revenue and a small decrease in expenditures over prior year. For more details see the Governmental Funds section on page x. The decrease of revenues over expenses over prior year in business-type activities is largely attributed to an increase in expenses of \$77,923 and a decrease of \$124,437 in capital contributions in the current year over prior year.

TOWN OF JENNINGS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over the resources that have been segregated for specific activities or objectives. The Town, 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 Town can be divided into two categories: governmental and proprietary. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

Governmental 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 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 evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, readers may better understand the long-term impact of the Town's near-term financing decisions.

The Town maintains four governmental funds and information on these funds is presented in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances.

The Town adopts an annual appropriated budget for its governmental funds and a project-length budget for its capital project fund. Budgetary comparison statements have been provided for the general fund and the local option gas tax fund to demonstrate compliance with the budget and are presented as required supplementary information.

The basic governmental fund financial statements can be found on pages 3-5 of this report.

Proprietary Funds

The Town maintains one proprietary fund type. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses one enterprise fund to account for its water and sewer and another to account for its garbage collection service. The proprietary fund statement provides the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 6 - 8 of this report.

TOWN OF JENNINGS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. They can be found on pages 9-28 of this report.

Infrastructure Assets

The Town has implemented the major model portions of GASB Statement 34. Historically a government's largest group of assets (infrastructure – roads, traffic signals, and underground pipes not associated with a utility, etc.) have not been reported nor depreciated in governmental financial statements. This statement requires that these assets be valued and reported within the governmental column of government-wide statements. The Town has elected, in accordance with GASB Statement 34, to record only governmental infrastructure assets acquired after October 1, 2003.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This section is used to present condensed financial information from the government-wide statements that compare the current year to the prior year. Please refer to Table 1 and Table 2 for comparative information.

TOWN OF JENNINGS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Statement of Net Position

The following schedule reflects the condensed Statement of Net Position.

Table 1

Condensed Statement of Net Position
September 30, 2019 and 2018

	Governmental Funds		Proprietary Funds		Total Primary Government	
	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018
Current assets	\$ 824,079	\$ 785,105	\$ 1,217,607	\$ 1,350,488	\$ 2,041,686	\$ 2,135,593
Capital assets	400,745	388,790	4,069,644	3,997,076	4,470,389	4,385,866
TOTAL ASSETS	1,224,824	1,173,895	5,287,251	5,347,564	6,512,075	6,521,459
Current liabilities	59,530	31,319	122,851	158,693	182,381	190,012
Noncurrent liabilities	32,554	51,477	313,975	288,203	346,529	339,680
TOTAL LIABILITIES	92,084	82,796	436,826	446,896	528,910	529,692
NET POSITION						
Net investment in capital assets	392,985	371,773	3,584,868	3,666,956	3,977,853	4,038,729
Restricted	564,573	544,910	10,316	10,725	574,889	555,635
Unrestricted	175,182	174,416	1,255,241	1,222,987	1,430,423	1,397,403
TOTAL NET POSITION	\$ 1,132,740	\$ 1,091,099	\$ 4,850,425	\$ 4,900,668	\$ 5,983,165	\$ 5,991,767

TOWN OF JENNINGS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Statement of Activities

The following schedule reflects revenues and expenses for the current and prior year.

Table 2

Change in Net Position
For the Years Ended September 30, 2019 and 2018

	Governmental Funds		Proprietary Funds		Total Primary Government	
	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018
REVENUES						
Charges for services	\$ 39,722	\$ 67,197	\$ 344,779	\$ 349,838	\$ 384,501	\$ 417,035
Grants and contributions:						
Operating	314,417	275,356	-	-	314,417	275,356
Capital	-	-	131,510	255,947	131,510	255,947
General revenues:						
Taxes	100,229	94,703	63,374	57,785	163,603	152,488
Intergovernmental	125,727	128,272	-	-	125,727	128,272
Miscellaneous	3,321	4,223	-	-	3,321	4,223
Investment earnings	176	635	281	528	457	1,163
Total Revenues	583,592	570,386	539,944	664,098	1,123,536	1,234,484
EXPENDITURES/EXPENSES						
General government	136,879	161,386	-	-	136,879	161,386
Public safety	171,837	154,254	-	-	171,837	154,254
Roads and streets	172,727	199,435	-	-	172,727	199,435
Parks and recreation	18,416	18,416	-	-	18,416	18,416
Urban redevelopment/housing	38,110	10,626	-	-	38,110	10,626
Interest on long-term debt	3,982	5,024	-	-	3,982	5,024
Water and sewer	-	-	515,628	447,575	515,628	447,575
Garbage	-	-	74,559	64,689	74,559	64,689
Total Expenditures/ Expenses	541,951	549,141	590,187	512,264	1,132,138	1,061,405
CHANGE IN NET POSITION						
POSITION	41,641	21,245	(50,243)	151,834	(8,602)	173,079
Net position, beginning	1,091,099	1,069,854	4,900,668	4,748,834	5,991,767	5,818,688
Net position, ending	\$ 1,132,740	\$ 1,091,099	\$ 4,850,425	\$ 4,900,668	\$ 5,983,165	\$ 5,991,767

TOWN OF JENNINGS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

This section provides an analysis of the balances and transactions of individual funds. Please refer to Table 3 and Table 4 for comparative information. As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

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

The Town's governmental funds reported combined ending fund balances of \$782,904 for the year ended September 30, 2019 and \$773,079 for the year ended September 30, 2018, an increase of \$9,825 or 1.27%. Of this amount, \$218,331 was unassigned in the year ended September 30, 2019 and \$228,169 in the year ended September 30, 2018, a decrease of \$9,838 or 4.31%.

During the current year, the Town had revenues over expenditures of \$9,825 as compared to \$16,694 in the prior year. This small decrease can be attributed to an increase in road and street expenditures in the Local Option Gas Tax Fund and the Eight Cent Motor Fuel Fund in the current year over prior year.

Proprietary Funds

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

Total net position of the enterprise funds as of September 30, 2019, was \$4,850,423, of which \$1,100,033 was unrestricted. As of September 30, 2018, total net position was \$4,900,668, of which \$1,155,687 was unrestricted. This was a decrease in total net position of \$50,243 and a decrease in unrestricted net position of \$60,508.

During the current year, the Town had expenses over revenues of \$50,243 as compared to revenues over expenses of \$151,834 in the prior year, a decrease of \$202,077. The decrease in total net position in the current year was primarily due a decrease of \$124,437 in Water and Sewer capital contributions from grantors and increases in expenses of \$68,237 and \$10,022 in the Water and Sewer Fund and Garbage Fund, respectively, over the prior year.

TOWN OF JENNINGS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Fund Balance Sheet

The following schedule reflects the condensed Balance Sheet/Statement of Net Position.

Table 3

Condensed Balance Sheet
September 30, 2019 and 2018

	Governmental Funds		Proprietary Funds		Total Primary Government	
	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018
ASSETS						
Current and other assets	\$ 886,601	\$ 843,665	\$ 1,266,005	\$ 1,379,557	\$ 2,152,606	\$ 2,223,222
Net capital assets	-	-	4,069,644	3,997,076	4,069,644	3,997,076
TOTAL ASSETS	\$ 886,601	\$ 843,665	\$ 5,335,649	\$ 5,376,633	\$ 6,222,250	\$ 6,220,298
LIABILITIES AND FUND BALANCE/NET ASSETS						
Liabilities						
Long-term debt	\$ -	\$ -	\$ 360,972	\$ 332,009	\$ 360,972	\$ 332,009
Other liabilities	103,697	70,586	124,252	143,956	227,949	214,542
TOTAL LIABILITIES	103,697	70,586	485,224	475,965	588,921	546,551
FUND BALANCE						
Restricted	564,573	544,910	-	-	564,573	544,910
Unassigned	218,331	228,169	-	-	218,331	228,169
NET POSITION						
Net investment in capital assets	-	-	3,740,076	3,734,256	3,740,076	3,734,256
Restricted for bonded debt	-	-	10,316	10,725	10,316	10,725
Unrestricted	-	-	1,100,033	1,155,687	1,100,033	1,155,687
TOTAL FUND BALANCE/NET POSITION	782,904	773,079	4,850,425	4,900,668	5,633,329	5,673,747
TOTAL LIABILITIES AND FUND BALANCE/NET POSITION	\$ 886,601	\$ 843,665	\$ 5,335,649	\$ 5,376,633	\$ 6,222,250	\$ 6,220,298

TOWN OF JENNINGS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Fund Change in Fund Balance/Net Position

The following schedule reflects revenues and expenses for the current and prior year.

Table 4

Changes in Fund Balance/Net Position
For the Years Ended September 30, 2019 and 2018

	Governmental Funds		Proprietary Funds		Total Primary Government	
	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018
REVENUES						
Taxes	\$ 100,229	\$ 94,703	\$ 63,374	\$ 57,785	\$ 163,603	\$ 152,488
Intergovernmental	440,144	403,628	-	-	440,144	403,628
Charges for services	39,722	67,197	338,585	349,701	378,307	416,898
Proceeds from disposal	-	-	-	-	-	-
Miscellaneous	15,935	15,247	6,194	137	22,129	15,384
Investment	176	635	-	-	176	635
Total Revenues	596,206	581,410	408,153	407,623	1,004,359	989,033
EXPENDITURES/EXPENSES						
General government	148,164	162,018	-	-	148,164	162,018
Public safety	194,140	199,925	-	-	194,140	199,925
Roads and streets	205,967	192,147	-	-	205,967	192,147
Urban redevelopment/housi	38,110	10,626	-	-	38,110	10,626
Water and sewer	-	-	503,684	435,447	503,684	435,447
Garbage	-	-	74,448	64,426	74,448	64,426
Total Expenditures/ Expenses	586,381	564,716	578,132	499,873	1,164,513	1,064,589
NONOPERATING REVENUE (EXPENSES)						
Capital contribution - grants	-	-	131,510	255,947	131,510	255,947
Interest income	-	-	281	528	281	528
Interest expense	-	-	(12,055)	(12,391)	(12,055)	(12,391)
Total Nonoperating Revenues(Expenses)	-	-	119,736	244,084	119,736	244,084
EXCESS OF REVENUE (UNDER) OVER EXPENSES						
	9,825	16,694	(50,243)	151,834	(40,418)	168,528
Net Assets/Position - beginning	773,079	756,385	4,900,668	4,748,834	5,673,747	5,505,219
Net Assets/Position - ending	\$ 782,904	\$ 773,079	\$ 4,850,425	\$ 4,900,668	\$ 5,633,329	\$ 5,673,747

TOWN OF JENNINGS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

General Fund Budgetary Highlights

There were only minor differences between the original and final budget of the Town.

Capital Assets and Long-Term Debt

Capital additions of \$58,858 and \$251,382 in the governmental activities and business-type activities, respectively, increased net capital assets, whereas, depreciation expense of \$46,903 in the governmental activities and \$178,814 in the business-type activities decreased net capital assets, respectively. The net change in capital assets for the current year was an increase of \$11,955 in the governmental activities and an increase of \$72,568 in the business-type activities.

Existing bonded debt was reduced by \$11,000 and \$10,000 for the years ended September 30, 2019 and 2018, respectively. Other long-term debt (excluding capital leases) increased by a net of \$30,761 and \$23,955 for the years ended September 30, 2019 and 2018, respectively. The net increase in the current year was as a result of funds borrowed to finance water and sewer improvements. Capital leases decreased by \$11,351 as compare to a \$13,147 in the prior year. Detailed information about the Town's capital assets and long-term debt can be found in notes 5 and 6 to the Town's financial statements.

Requests for Information

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

TOWN OF JENNINGS
GOVERNMENT – WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 205,346	\$ 1,024,605	\$ 1,229,951
Accounts receivable	42,666	65,820	108,486
Certificates of deposit - unrestricted	55,523	80,185	135,708
Restricted:			
Cash	520,544	42,634	563,178
Certificates of deposit	-	4,363	4,363
Capital assets:			
Land	46,955	70,556	117,511
Construction in progress	-	235,050	235,050
Other capital assets, net of accumulated depreciation	353,790	3,764,038	4,117,828
Total assets	<u>1,224,824</u>	<u>5,287,251</u>	<u>6,512,075</u>
LIABILITIES			
Accounts payable and accrued expenses	22,044	79,392	101,436
Internal balances	19,131	(19,131)	-
Long-term liabilities			
Water deposits	-	46,997	46,997
Due within one year:			
Note payable	11,197	3,867	15,064
Capital lease payable	7,158	726	7,884
Bond payable	-	11,000	11,000
Due in more than one year:			
Note payable	31,952	-	31,952
Capital lease payable	602	-	602
State Revolving loan payable	-	75,975	75,975
Bond payable	-	238,000	238,000
Total liabilities	<u>92,084</u>	<u>436,826</u>	<u>528,910</u>
NET POSITION			
Net investment in capital assets	392,985	3,584,868	3,977,853
Restricted for:			
Public safety	71,284	-	71,284
Roads and streets	490,662	-	490,662
Culture and recreation	2,627	-	2,627
Bonded debt	-	10,316	10,316
Unrestricted	175,182	1,255,241	1,430,423
Total net position	<u>\$ 1,132,740</u>	<u>\$ 4,850,425</u>	<u>\$ 5,983,165</u>

See accompanying notes to the financial statements.

TOWN OF JENNINGS
GOVERNMENT –WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Function/Programs:	Net (Expense) Revenue and Changes in Net Position					
	Expenses	Program Revenues			Primary Government	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Governmental activities						
General government	\$ 136,879	\$ 1,222	\$ 36,533	-	\$ (99,124)	\$ (99,124)
Public safety	171,837	22,208	2,500	-	(147,129)	(147,129)
Roads and streets	172,727	16,292	237,274	-	80,839	80,839
Parks and recreation	18,416	-	-	-	(18,416)	(18,416)
Urban redevelopment and housing	38,110	-	38,110	-	-	-
Interest on long-term debt	3,982	-	-	-	(3,982)	(3,982)
Total governmental activities	<u>541,951</u>	<u>39,722</u>	<u>314,417</u>	<u>-</u>	<u>(187,812)</u>	<u>(187,812)</u>
Business-type activities:						
Water and sewer	515,628	275,926	-	131,510	\$ (108,192)	(108,192)
Garbage	74,559	68,853	-	-	(5,706)	(5,706)
Total business-type activities	<u>590,187</u>	<u>344,779</u>	<u>-</u>	<u>131,510</u>	<u>(113,898)</u>	<u>(113,898)</u>
Total primary government	<u>\$ 1,132,138</u>	<u>\$ 384,501</u>	<u>\$ 314,417</u>	<u>\$ 131,510</u>	<u>(187,812)</u>	<u>(113,898)</u>
General revenues:						
Taxes				100,229	63,374	163,603
Intergovernmental (sales and use taxes)				125,727	-	125,727
Investment earnings				176	281	457
Miscellaneous				3,321	-	3,321
Total general revenues				<u>229,453</u>	<u>63,655</u>	<u>293,108</u>
Change in net position				41,641	(50,243)	(8,602)
Net position - beginning				<u>1,091,099</u>	<u>4,900,668</u>	<u>5,991,767</u>
Net position - ending				<u>\$ 1,132,740</u>	<u>\$ 4,850,425</u>	<u>\$ 5,983,165</u>

See accompanying notes to the financial statements.

TOWN OF JENNINGS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	General Fund	Local Option Gas Tax Fund	CDBG Capital Projects Fd	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash:					
Unrestricted	\$ 205,346	\$ -	\$ -	\$ -	\$ 205,346
Restricted	<u>2,627</u>	<u>352,143</u>	<u>-</u>	<u>165,774</u>	<u>520,544</u>
Total cash	207,973	352,143	-	165,774	725,890
Certificates of deposit	9,054	-	-	46,469	55,523
Receivables:					
Intergovernmental	7,824	-	30,906	-	38,730
Other receivables	3,936	-	-	-	3,936
Interfund balances	<u>43,373</u>	<u>4,258</u>	<u>-</u>	<u>14,891</u>	<u>62,522</u>
Total assets	<u>\$ 272,160</u>	<u>\$ 356,401</u>	<u>\$ 30,906</u>	<u>\$ 227,134</u>	<u>\$ 886,601</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	16,087	3,348	1,750	828	22,013
Payroll liabilities	31	-	-	-	31
Interfund balances	<u>35,084</u>	<u>10,725</u>	<u>29,156</u>	<u>6,688</u>	<u>81,653</u>
Total liabilities	51,202	14,073	30,906	7,516	103,697
Fund balances:					
Restricted for:					
Culture and recreation	2,627	-	-	-	2,627
Roads and streets	-	342,328	-	148,334	490,662
Public safety	-	-	-	71,284	71,284
Unassigned	<u>218,331</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>218,331</u>
Total fund balances	<u>220,958</u>	<u>342,328</u>	<u>-</u>	<u>219,618</u>	<u>782,904</u>
Total liabilities and fund balances	<u>\$ 272,160</u>	<u>\$ 356,401</u>	<u>\$ 30,906</u>	<u>\$ 227,134</u>	

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

 Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

400,745

 Capital leases payable are not due and payable in the current period and therefore are not reported in the funds.

(50,909)

Net position of governmental activities

\$ 1,132,740

See accompanying notes to the financial statements.

TOWN OF JENNINGS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General Fund	Local Option Gas Tax Fund	CDBG Capital Projects Fd	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes:					
Franchise	\$ 42,067	\$ -	\$ -	\$ -	\$ 42,067
Real estate	58,162	-	-	-	58,162
Intergovernmental:					
Sales and use taxes	125,727	219,008	-	-	344,735
Revenue sharing	36,533	-	-	20,766	57,299
Grant	-	-	38,110	-	38,110
Charges for services:					
Mowing and maintenance	11,200	-	-	9,000	20,200
Fines and forfeitures	13,208	-	-	-	13,208
Other services	1,222	5,092	-	-	6,314
Insurance proceeds	5,785	-	-	6,829	12,614
Investment earnings	167	-	-	9	176
Miscellaneous	2,657	131	-	533	3,321
Total revenues	<u>296,728</u>	<u>224,231</u>	<u>38,110</u>	<u>37,137</u>	<u>596,206</u>
EXPENDITURES					
Current:					
General government	134,731	-	-	-	134,731
Public safety	141,538	-	-	28,014	169,552
Roads and streets	-	144,197	-	17,090	161,287
Urban redevelopment and housing	-	-	38,110	-	38,110
Capital outlay:					
General government	13,433	-	-	-	13,433
Public safety	2,950	-	-	-	2,950
Roads and streets	-	42,475	-	-	42,475
Debt service:					
Public safety	13,759	-	-	7,879	21,638
Roads and streets	-	2,205	-	-	2,205
Total expenditures	<u>306,411</u>	<u>188,877</u>	<u>38,110</u>	<u>52,983</u>	<u>586,381</u>
Excess (deficiency) of revenues over (under) expenditures	(9,683)	35,354	-	(15,846)	9,825
Fund balances - beginning	<u>230,641</u>	<u>306,974</u>	<u>-</u>	<u>235,464</u>	<u>773,079</u>
Fund balances - ending	<u>\$ 220,958</u>	<u>\$ 342,328</u>	<u>\$ -</u>	<u>\$ 219,618</u>	<u>\$ 782,904</u>

See accompanying notes to the financial statements.

TOWN OF JENNINGS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Net change in fund balances - total governmental funds	\$	9,825
<p>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 expense. This is the amount by which capital outlay (\$58,858) exceeded depreciation (\$46,903) in the current period.</p>		
		11,955
<p>Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of repayments.</p>		
		<u>19,861</u>
Change in net position of governmental activities	\$	<u><u>41,641</u></u>

See accompanying notes to the financial statements.

TOWN OF JENNINGS
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
SEPTEMBER 30, 2019

	Enterprise Funds		
	Water & Sewer Fund	Garbage Fund	Total
ASSETS			
Current assets:			
Cash:			
Unrestricted	\$ 937,811	\$ 86,794	\$ 1,024,605
Restricted	42,634	-	42,634
Total cash	<u>980,445</u>	<u>86,794</u>	<u>1,067,239</u>
Accounts receivable (net of allowance for bad debt in the Water and Sewer Fund)	24,574	4,846	29,420
Due from grantor	36,400	-	36,400
Certificates of deposit:			
Unrestricted	65,223	14,962	80,185
Restricted	4,363	-	4,363
Interfund balances	48,398	-	48,398
Total current assets	<u>1,159,403</u>	<u>106,602</u>	<u>1,266,005</u>
Noncurrent assets:			
Capital assets:			
Land	70,556	-	70,556
Construction in progress	235,050	-	235,050
Equipment and vehicles	203,132	20,958	224,090
Buildings and improvements	6,963,181	-	6,963,181
Less accumulated depreciation	<u>(3,403,436)</u>	<u>(19,797)</u>	<u>(3,423,233)</u>
Total noncurrent assets	<u>4,068,483</u>	<u>1,161</u>	<u>4,069,644</u>
Total assets	<u>5,227,886</u>	<u>107,763</u>	<u>5,335,649</u>
LIABILITIES			
Current liabilities:			
Accounts payable	75,981	2,477	78,458
Accrued interest	934	-	934
Interfund balances	-	29,267	29,267
Capital lease payable	-	726	726
Notes payable	3,867	-	3,867
Revenue bonds payable	11,000	-	11,000
Total current liabilities	<u>91,782</u>	<u>32,470</u>	<u>124,252</u>
Noncurrent liabilities:			
Water deposits	46,997	-	46,997
Notes payable	75,975	-	75,975
Revenue bonds payable, less current portion	238,000	-	238,000
Total noncurrent liabilities	<u>360,972</u>	<u>-</u>	<u>360,972</u>
Total liabilities	<u>452,754</u>	<u>32,470</u>	<u>485,224</u>
NET POSITION			
Net investment in capital assets	3,739,641	435	3,740,076
Restricted for bonded debt	10,316	-	10,316
Unrestricted	1,025,175	74,858	1,100,033
Total net position	<u>\$ 4,775,132</u>	<u>\$ 75,293</u>	<u>\$ 4,850,425</u>

See accompanying notes to the financial statements.

TOWN OF JENNINGS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Enterprise Funds		
	Water & Sewer Fund	Garbage Fund	Total
OPERATING REVENUES			
Charges for services	\$ 275,248	\$ 63,337	\$ 338,585
Public service tax	63,374	-	63,374
Franchise fee	-	5,516	5,516
Miscellaneous	678	-	678
Total operating revenues	<u>339,300</u>	<u>68,853</u>	<u>408,153</u>
OPERATING EXPENSES			
Depreciation	176,660	2,154	178,814
Personnel services	133,641	30,692	164,333
Utilities	78,384	-	78,384
Supplies	39,897	682	40,579
Repairs and maintenance	32,463	735	33,198
Contract services	-	32,453	32,453
Other expenses	18,666	425	19,091
Insurance	7,681	4,998	12,679
Lab fees	7,890	-	7,890
Fuel	6,184	534	6,718
Professional fees	2,218	1,775	3,993
Total operating expenses	<u>503,684</u>	<u>74,448</u>	<u>578,132</u>
Operating income (loss)	<u>(164,384)</u>	<u>(5,595)</u>	<u>(169,979)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	82	199	281
Interest expense	(11,944)	(111)	(12,055)
Total nonoperating revenues (expenses)	<u>(11,862)</u>	<u>88</u>	<u>(11,774)</u>
Income (loss) before capital contribution	<u>(176,246)</u>	<u>(5,507)</u>	<u>(181,753)</u>
CAPITAL CONTRIBUTIONS			
Capital contribution - grants	131,510	-	131,510
Income (loss)	(44,736)	(5,507)	(50,243)
Total net position - beginning	<u>4,819,868</u>	<u>80,800</u>	<u>4,900,668</u>
Total net position - ending	<u>\$ 4,775,132</u>	<u>\$ 75,293</u>	<u>\$ 4,850,425</u>

See accompanying notes to the financial statements.

TOWN OF JENNINGS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Enterprise Funds		
	Water & Sewer Fund	Garbage Fund	Total
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 282,221	\$ 68,954	\$ 351,175
Receipts of taxes from utility companies	63,374	-	63,374
Payments to employees or for their benefit	(135,892)	(31,191)	(167,083)
Payments on interfund transactions	(19,329)	2,205	(17,124)
Payments to suppliers	(217,477)	(39,125)	(256,602)
Net cash provided (used) by operating activities	<u>(27,103)</u>	<u>843</u>	<u>(26,260)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital equipment	(251,382)	-	(251,382)
Principal paid on capital debt	(11,345)	(2,094)	(13,439)
Proceeds from capital grants	95,110	-	95,110
Proceeds from borrowing	41,710	-	41,710
Interest paid on capital debt	(11,985)	(111)	(12,096)
Net cash provided (used) by capital and related financing activities	<u>(137,892)</u>	<u>(2,205)</u>	<u>(140,097)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	82	199	281
Increase in investment in certificates of deposit	-	(199)	(199)
Net cash provided by investing activities	<u>82</u>	<u>-</u>	<u>82</u>
Net increase (decrease) in cash	(164,913)	(1,362)	(166,275)
Balances - beginning	1,145,358	88,156	1,233,514
Balances - ending	<u>\$ 980,445</u>	<u>\$ 86,794</u>	<u>\$ 1,067,239</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (164,384)	\$ (5,595)	\$ (169,979)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	176,660	2,154	178,814
Change in assets and liabilities:			
Accounts receivable	3,104	101	3,205
Deposits	3,191	-	3,191
Interfund balance	(19,329)	2,205	(17,124)
Accounts payable and accruals	(26,345)	1,978	(24,367)
Net cash provided by operating activities	<u>\$ (27,103)</u>	<u>\$ 843</u>	<u>\$ (26,260)</u>

See accompanying notes to the financial statements.

THE TOWN OF JENNINGS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Jennings (“the Town”), was established by municipal charter in 1919. The Town operates under a Council-Manager form of government. The Town’s major operations include police and fire protection, public works, parks and recreation and general administrative services. In addition, the Town owns and operates a water and sewer system.

The Town’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies, established in GAAP and used by the Town, are discussed below.

A. Reporting Entity

The Governmental Accounting Standards Board sets forth criteria for determining whether related organizations are included in the reporting entity. The definition of the financial reporting entity is primarily based on the concept of financial accountability. Financial accountability exists if the primary government appoints a majority of an organization’s governing body, and is either able to impose its will on the organization or there is a potential for the organization to provide a specific benefit to, or impose specific burdens on, the primary government.

Based upon these criteria, the financial statements of the Town contain no component units.

B. Basic Financial Statements – Government-wide Statements

The Town’s basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town’s major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Town’s police and fire protection, roads and streets, parks and recreation and general administrative services are classified as governmental activities. The Town’s water, sewer and garbage services are classified as business-type activities. Neither fiduciary funds nor component units that are fiduciary in nature are included.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resources measurement focus, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town’s net position is reported in three parts – net investment in capital assets; restricted; and unrestricted. Restricted net position are liquid assets (generated from revenues and not bond proceeds) that have a third party (statutory, bond covenant, or granting agency) limitation on their use. The Town would typically use restricted amounts first, as appropriate opportunities arise, but reserve the right to selectively defer the use thereof to a future project or replacement equipment acquisition.

THE TOWN OF JENNINGS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (general administration, public safety, etc.). The functions are also supported by general government revenues (intergovernmental revenue, property taxes, charges for services, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (general administration, public safety, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue (intergovernmental revenue, property taxes, charges for services, etc.).

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activity.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred inflows of resources, liabilities, deferred outflows of resources, fund equity/net position, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column in the fund financial statements. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for determination of major funds.

The Town's major funds are the General Fund, Local Option Gas Tax Fund, the CDBG Capital Projects Fund, Water and Sewer Fund and the Garbage Fund. The Eighth Cent Motor Fuel Tax Fund and the Volunteer Fire Department Fund are nonmajor funds.

THE TOWN OF JENNINGS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following fund types are used by the Town:

1. **Governmental Funds:** The focus of the governmental funds' measurement (in the 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 Town:
 - a. General Fund - is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
 - b. Special Revenue Funds - are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes, other than debt service or capital projects. The Town has three special revenue funds:
 - i. Local Option Gas Tax Fund - used to account for receipt and expenditure of local gas tax revenues, which are restricted to payment of transportation expenditures in accordance with Section 336.025, Florida Statutes.
 - ii. Eighth Cent Motor Fuel Tax Fund - used to account for proceeds of the eighth cent motor fuel tax which is restricted to payment of certain road and street, drainage and right-of-way expenditures pursuant to Section 206.605(3), Florida Statutes.
 - iii. Volunteer Fire Department Fund - used to account for monies received and expended for firefighting and fire prevention.
 - c. Capital Project Fund – used to account for large capital projects funded by grants.
2. **Proprietary Funds:** The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. Goods or services from such activities provided to outside parties are accounted for in enterprise funds. The generally accepted accounting principles applicable are similar to businesses in the private sector. The following is a description of the proprietary funds of the Town:
 - a. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities. Non-operating revenues and expenses include subsidies, interest expense from financing and investment earnings resulting from non-exchange transactions or auxiliary activities.
 - i. Water and Sewer Fund - used to account for the revenues and related expenses of providing water and sewer services to the Town's residents.
 - ii. Garbage Fund - used to account for the revenues and related expenses of providing garbage removal service to the Town's residents.

THE TOWN OF JENNINGS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

1. Government-wide and Proprietary Fund Financial Statements:

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

2. Governmental Fund Financial Statements:

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within one year. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. Financial Statement Amounts

1. Cash

Cash shown on the balance sheets and statements of cash flows includes amounts in demand deposits and short-term investments with a maturity date within six months of the date acquired by the Town.

Restricted cash in the proprietary funds consists of funds held in bond reserve and debt service accounts and restricted to payment of bonded debt service. Also included are funds restricted to payment of customer deposits.

THE TOWN OF JENNINGS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Investments

The Town's policy is to limit investment of surplus funds to the following, as provided in Chapter 218, Part IV, Section 218.415(15), Florida Statutes:

- a. Local Government Surplus Funds Trust.
- b. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- c. Savings accounts or certificates of deposit in certified qualified public depositories as defined in F.S. Section 280.02.
- d. Direct obligations of the U.S. Treasury.
- e. Federal agencies and instrumentalities.

3. Receivables and Property Taxes

Accounts receivable are recorded in the governmental funds for taxes receivable and amounts due from other governments. The accounts receivable for water, sewer and garbage are recorded net of the associated allowance for doubtful accounts in the proprietary fund.

The property tax rate for the year ended September 30, 2019 was 4.9000 per \$1,000 of assessed valuation and current tax collection for the year then ended was 98.05% of the tax levied. The full year property tax calendar is as follows:

January 1	Enforceable lien date
November 1	Full year levy assessed for current fiscal year
November 30	Bills paid during November grant 4% discount
December 31	Bills paid during December grant 3% discount
January 31	Bills paid during January grant 2% discount
February 28	Bills paid during February grant 1% discount
March 31	Gross amount of levy due
April - May	Taxes are delinquent
May 31	Delinquent real properties sold at annual tax sale

THE TOWN OF JENNINGS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant, and equipment.

Assets that have an original cost of \$1,000 or more are capitalized. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are listed below:

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

GASBS No. 34 requires the Town to report and depreciate infrastructure assets. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town.

5. Interfund Activity

Interfund activity is reported either as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Receipts and/or payments to or from other governmental units included in the reporting entity of the Town are not reported as transfers. They are classified according to the purpose for which the receipt or payment has been made.

Interfund balances are primarily for amounts due to and from other funds for: (1) one third share of the state revenue sharing income received by the general fund but due to the Eighth Cent Motor Fuel Fund and (2) insurance expenses paid out of the general fund that are allocable to the proprietary funds.

THE TOWN OF JENNINGS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Revenues

Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied. Revenues of the governmental funds susceptible to accrual are sales and franchise taxes, local communication service tax, and Department of Transportation maintenance. Subsidies and grants to general or special revenue funds, which finance either capital or current operations, are reported as non-operating revenue based on GASBS No. 33. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

Program revenues reported on the statement of activities are: fines and forfeitures, licenses and permits, mowing and maintenance, firefighting, and local government shared revenue.

7. Expenditures

Expenditures are recognized when the related fund liability is incurred. Prepaid expenses are recorded when an expense is incurred but benefits are for a subsequent period.

THE TOWN OF JENNINGS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Fund Balances and Net Position

Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classification that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

1. Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
2. Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the entity or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
3. Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Council through the adoption of a resolution. The Council also may modify or rescind the commitment.
4. Assigned – Fund balances are reported as assigned when amounts are constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed. Through resolution the Council can authorize the Town Manager to assign fund balances.
5. Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criteria.

Flow Assumption

When both restricted and unrestricted amounts of the fund balance or net position are available for use for expenditures/expenses, it is the Town’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town’s policy to use fund balances in the following order: (a) committed, (b) assigned, (c) unassigned.

Net Position

Contributed capital is recorded in proprietary funds that have received grants from federal, state or private sources designated for the specific activity or monies received from other funds entities of the Town. These contributions are combined with net position of the enterprise activity.

THE TOWN OF JENNINGS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 2 - CASH

Cash balances are as follows:

	Carrying Amount	Bank Balance
Governmental activities		
Deposits		
General Fund	\$ 207,423	\$ 216,482
Other governmental funds	517,917	517,917
Petty cash	550	-
Total governmental activities	\$ 725,890	\$ 734,399
Business-type activities		
Proprietary Funds		
Water and Sewer Fund	\$ 980,445	\$ 983,976
Garbage Fund	86,794	86,794
Total business-type activities	1,067,239	1,070,770
Total cash	\$ 1,793,129	\$ 1,805,169

Custodial Credit Risk

The Town has cash on deposit at one financial institution. This financial institution is rated as Qualified by the Florida Security for Public Depositors Program. Under Chapter 280, Florida Statute, no public depositor shall be liable for any loss resulting from the default or insolvency of any qualified depository in the absence of negligence or misconduct on its part.

Interest Rate Risk

The Town has made no investments that would subject it to interest rate risk.

THE TOWN OF JENNINGS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

NOTE 2 – CASH (CONTINUED)

Restricted Cash and Certificates of Deposit

Restricted cash and certificates of deposit are as follows:

Governmental activities:

General Fund

Restricted by a civic organization for the annual Peanut Festival	\$ 2,627
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Local Option Gas Tax Fund

Restricted for transportation expenditures pursuant to Section 336.025, Florida Statutes	352,143
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Nonmajor funds

Restricted for fire fighting and safety expenditures	78,067
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Restricted for certain road and street, drainage and right-of-way expenditures pursuant to Section 206.605(3), Florida Statutes	87,707
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Total governmental activities	<u>\$ 520,544</u>
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Business-type activities:

Water and Sewer Fund

Restricted for customer water deposits and bonded debt

Cash	\$ 42,634
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Portion of certificate of deposit	<u>4,363</u>
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Total business-type activities	<u>\$ 46,997</u>
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THE TOWN OF JENNINGS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 3 - RECEIVABLES AND ALLOWANCE FOR BAD DEBT

Intergovernmental receivables and other receivables are detailed below:

Receivables:	<u>Governmental Activities</u>	<u>Business -Type Activities</u>	<u>Total</u>
Intergovernmental:			
State of Florida:			
Half cent sales tax	\$ 2,646	\$ -	\$ 2,646
Discretionary sales tax	4,334	-	4,334
CDBG Grant	30,906	-	30,906
SRF grant/loan	-	36,400	36,400
Hamilton County:			
Fines and forfeitures	844	-	844
Duke Energy Florida:			
Franchise tax	3,936	-	3,936
Municipal utility tax	-	4,854	4,854
Charges for services:			
Water and sewer	-	22,220	22,220
Sanitation	-	4,846	4,846
Less: allowance for bad debt	-	(2,500)	(2,500)
	<u> </u>	<u> </u>	<u> </u>
Total receivables	<u>\$ 42,666</u>	<u>\$ 65,820</u>	<u>\$108,486</u>

THE TOWN OF JENNINGS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 4 - INTERFUND BALANCES

Interfund balances consisted of the following:

	Interfund Balances		
	Receivable	Payable	Net
Governmental Funds			
General Fund:			
Local Option Gas Tax Fund	\$ 10,725	\$ -	\$ 10,725
Volunteer Fire Department Fund	6,688	-	6,688
CCBG Fund	951	-	951
Nonmajor governmental fund	-	(14,891)	(14,891)
Water & Sewer Fund	-	(20,193)	(20,193)
Garbage Fund	25,009	-	25,009
Local Option Gas Tax Fund			
General fund	-	(10,725)	(10,725)
Garbage Fund	4,258	-	4,258
CDBG fund			
General fund	-	(951)	(951)
Water & Sewer Fund	-	(28,205)	(28,205)
Nonmajor governmental fund			
General fund	14,891	(6,688)	8,203
Total governmental funds	<u>62,522</u>	<u>(81,653)</u>	<u>(19,131)</u>
Enterprise Funds			
Water and Sewer Fund:			
General Fund	20,193	-	20,193
CDBG Fund	28,205	-	28,205
Garbage Fund:			
General Fund	-	(25,009)	(25,009)
Local Option Gas Tax Fund	-	(4,258)	(4,258)
Total Enterprise Funds	<u>48,398</u>	<u>(29,267)</u>	<u>19,131</u>
Total government	<u>\$ 110,920</u>	<u>\$ (110,920)</u>	<u>\$ -</u>

THE TOWN OF JENNINGS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 5 – CAPITAL ASSETS

The summary of capital asset activity is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Sold/ Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 46,955	\$ -	\$ -	\$ 46,955
Total capital assets not being depreciated	<u>46,955</u>	<u>-</u>	<u>-</u>	<u>46,955</u>
Capital assets being depreciated				
Equipment and vehicles	412,716	20,008	-	432,724
Furniture and fixtures	2,762	-	-	2,762
Buildings and improvements	<u>324,421</u>	<u>38,850</u>	<u>-</u>	<u>363,271</u>
Total assets being depreciated	<u>739,899</u>	<u>58,858</u>	<u>-</u>	<u>798,757</u>
Less accumulated depreciation for:				
Equipment and vehicles	(264,594)	(33,390)	-	(297,984)
Furniture and fixtures	(2,762)	-	-	(2,762)
Buildings and improvements	<u>(130,708)</u>	<u>(13,513)</u>	<u>-</u>	<u>(144,221)</u>
Total accumulated depreciation	<u>(398,064)</u>	<u>(46,903)</u>	<u>-</u>	<u>(444,967)</u>
Total capital assets being depreciated, net	<u>341,835</u>	<u>11,955</u>	<u>-</u>	<u>353,790</u>
Total Governmental activities capital assets, net	<u>\$ 388,790</u>	<u>\$ 11,955</u>	<u>\$ -</u>	<u>\$ 400,745</u>
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 70,556	\$ -	\$ -	\$ 70,556
Construction in progress	<u>67,300</u>	<u>167,750</u>	<u>-</u>	<u>235,050</u>
Total capital assets not being depreciated	<u>137,856</u>	<u>167,750</u>	<u>-</u>	<u>305,606</u>
Capital assets being depreciated				
Equipment and vehicles	153,879	70,209	-	224,088
Waste water treatment plant and renovations	<u>6,949,758</u>	<u>13,423</u>	<u>-</u>	<u>6,963,181</u>
Total assets being depreciated	<u>7,103,637</u>	<u>83,632</u>	<u>-</u>	<u>7,187,269</u>

THE TOWN OF JENNINGS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 5 – CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Less accumulated depreciation for:				
Equipment and vehicles	(102,323)	(14,887)	-	(117,210)
Waste water treatment plant and renovations	<u>(3,142,094)</u>	<u>(163,927)</u>	<u>-</u>	<u>(3,306,021)</u>
Total accumulated depreciation	<u>(3,244,417)</u>	<u>(178,814)</u>	<u>-</u>	<u>(3,423,231)</u>
Total capital assets being depreciated, net	<u>3,859,220</u>	<u>(95,182)</u>	<u>-</u>	<u>3,764,038</u>
Total Business-type activities capital assets, net	<u>\$ 3,997,076</u>	<u>\$ 72,568</u>	<u>\$ -</u>	<u>\$ 4,069,644</u>

Depreciation expense was charged to divisions as follows:

Governmental activities:

General government	\$ 2,148
Public safety	14,899
Parks and recreation	18,416
Roads and streets	<u>11,440</u>

Total depreciation expense - governmental activities	<u>\$ 46,903</u>
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Business-type activities:

Water and Sewer Fund	\$ 176,660
Garbage Fund	<u>2,154</u>

Total depreciation expense - business-type activities	<u>\$ 178,814</u>
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THE TOWN OF JENNINGS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 6 – LONG-TERM DEBT

Governmental Activities

On April 11, 2017, the Town entered into a note payable in the amount of \$67,804.05 for the purpose of financing two police vehicles. Note payments of \$1,107.93, including interest at 5.5%, are due monthly until April 11, 2023.

Business-type Activities:

Proprietary fund type/Enterprise fund:

Revenue Bonds Payable

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

State Revolving Fund Loans Payable

SRF Clean Water, Phase I Loan. On January 26, 2016, the Town entered into a Clean Water State Revolving Fund Loan agreement with the State of Florida (Department of Environmental Protection), for improvements to the Town's water and sewer systems (Phase 1). The total amount of the loan is \$10,034, with an interest rate of 0% per annum. Forty payments in the amount of \$250.83 are due semiannually, beginning October 15, 2019.

SRF Clean Water, Phase II Loan. On March 5, 2018, the Town entered into a Clean Water State Revolving Fund Design Loan agreement with the State of Florida (Department of Environmental Protection), for improvements to the Town's water and sewer systems (Phase 2). The total amount of the loan is \$54,770, with an interest rate of .26% per annum. Forty payments in the amount of \$1,406 are due semiannually, beginning October 15, 2019.

SRF Drinking Water Loan. On March 14, 2018, the Town entered into a Drinking Water State Revolving Fund Construction Loan agreement with the State of Florida (Department of Environmental Protection), to rehabilitate the Town's elevated storage tank. The total amount of the loan is \$15,382.66, with an interest rate of 1.110% per annum. Forty payments in the amount of \$429.29 are due semiannually, beginning June 15, 2019.

THE TOWN OF JENNINGS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 6 – LONG-TERM DEBT (CONTINUED)

Summarized below are the Town’s long-term obligations which are outstanding at year end and transactions during the year:

	Beginning Balance <u>10/1/18</u>	Additions	Reductions	Ending Balance <u>9/30/19</u>	Amount Due in One Year
Governmental activities:					
Note payable	\$ 53,753	\$ -	\$ (10,604)	\$ 43,149	\$ 11,197
Total governmental activities	<u>53,753</u>	<u>-</u>	<u>(10,604)</u>	<u>43,149</u>	<u>11,197</u>
Business-type activities:					
Bonds Payable - 4th series	260,000	-	(11,000)	249,000	11,000
SRF Clean Water, Phase I	10,034	-	-	10,034	502
SRF Clean Water, Phase II	13,460	41,310	-	54,770	2,671
SRF Drinking Water	14,983	400	(345)	15,038	694
Total business-type activities	<u>298,477</u>	<u>41,710</u>	<u>(11,345)</u>	<u>328,842</u>	<u>14,867</u>
Total	<u>\$352,230</u>	<u>\$ 41,710</u>	<u>\$ (21,949)</u>	<u>\$371,991</u>	<u>\$ 26,064</u>

Summary of long-term debt service schedule:

Year Ended <u>September 30</u>	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$11,197	\$ 2,099	\$13,296	\$ 14,867	\$ 11,511	\$ 26,378
2021	11,834	1,461	13,295	14,881	11,001	25,882
2022	12,502	794	13,296	15,896	10,491	26,387
2023	7,616	140	7,756	16,911	9,936	26,847
2024	-	-	-	16,926	9,337	26,263
2025-2029	-	-	-	94,858	37,048	131,906
2030-2034	-	-	-	113,249	18,207	131,456
2035-2039	-	-	-	41,254	1,149	42,403
Total	<u>\$43,149</u>	<u>\$ 4,494</u>	<u>\$47,643</u>	<u>\$328,842</u>	<u>\$108,680</u>	<u>\$437,522</u>

THE TOWN OF JENNINGS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 6 – LONG-TERM DEBT (CONTINUED)

Total interest cost incurred and recorded as a direct functional expense, in the current year, was \$3,155 and \$11,659 in the governmental funds and water and sewer fund, respectively. No interest was capitalized in the current year. The general fund is being used to liquidate the note payable and the Water and Sewer Fund has been used in the past to liquidate the bond payable. The Water and Sewer Fund is also expected to be used to liquidate the State Revolving Fund loan payable.

Provisions of the revenue bonds require a monthly reserve fund contribution until such time as the reserve account equals the maximum annual debt service requirement. The Town’s reserve met bond ordinance requirements for the year.

Capital Leases Payable (Governmental Activities and Business-Type Activities)

Lease #1. On February 9, 2015, the Town entered into a capital lease in the amount of \$19,125 for the purpose financing a truck. Lease payments of \$367.47, including interest at 5.95%, are due monthly until January 9, 2020. Payments on the lease are being funded as follows: governmental activities (Local Option Gas Tax Fund) – 50% and business-type activities (Garbage Fund) – 50%.

Lease #2. On June 17, 2015, the Town entered into a capital lease in the amount of \$31,500 for the purpose of financing a truck. Lease payments of \$605.24, including interest at 5.95%, are due monthly beginning November 3, 2015 until October 3, 2020.

<u>Capital Lease Payable</u>	<u>Beginning Balance 10/1/18</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance 9/30/19</u>	<u>Amount Due in One Year</u>
Vehicle					
Governmental activities:					
Local Option Gas Tax Fund					
Lease #1	\$ 2,819	\$ -	\$ (2,093)	\$ 726	\$ 726
Volunteer Fire Dept. Fund					
Lease #2	14,198	-	(7,164)	7,034	6,432
Total governmental activities	<u>17,017</u>	<u>-</u>	<u>(9,257)</u>	<u>7,760</u>	<u>7,158</u>
Business-type activities:					
Water/Sewer & Garbage Fund					
Lease #1	2,820	-	(2,094)	726	726
Total business-type activities	<u>2,820</u>	<u>-</u>	<u>(2,094)</u>	<u>726</u>	<u>726</u>
Total	<u><u>\$ 19,837</u></u>	<u><u>\$ -</u></u>	<u><u>\$(11,351)</u></u>	<u><u>\$ 8,486</u></u>	<u><u>\$ 7,884</u></u>

THE TOWN OF JENNINGS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 6 – LONG-TERM DEBT (CONTINUED)

Payments on the capital lease are due as follows:

<u>Year Ended</u> <u>September 30</u>	<u>Governmental Funds</u>			<u>Enterprise Funds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 7,158	\$ 235	\$ 7,393	\$ 726	\$ 9	\$ 735
2021	<u>602</u>	<u>2</u>	<u>604</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 7,760</u>	<u>\$ 237</u>	<u>\$ 7,997</u>	<u>\$ 726</u>	<u>\$ 9</u>	<u>\$ 735</u>

Interest expense of \$3,981 and \$111 was incurred and paid in the governmental activities and business-type activities, respectively.

The carrying amount of the assets under notes payable or capital leases are as follows: a 2014 Ford F-150 truck with a cost of \$19,125 and accumulated depreciation of \$17,850 and a 2016 Ford F-250 with a cost of \$31,500 and accumulated depreciation of \$11,800. Amortization of assets recorded under capital leases is included with depreciation expense.

THE TOWN OF JENNINGS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

NOTE 7 - FUND BALANCE CLASSIFICATIONS

Fund balance classifications are as follows:

	<u>Amount</u>
RESTRICTED:	
Governmental activities:	
General Fund	
Contributions received from a civic organization are restricted for the purpose of beautification of the Town	\$ 2,627
Special Revenue Funds	
Local Option Gas Tax Fund	
The State of Florida restricts these funds to transportation expenditures.	342,328
Eighth Cent Motor Fuel Fund	
The State of Florida restricts these funds to transportation related services.	148,334
Volunteer Fire Department Fund	
These funds are restricted by Hamilton County and donors for firefighting and fire prevention purposes and debt service.	<u>71,284</u>
Total governmental activities	<u>\$564,573</u>
Business-type activities:	
Water and Sewer Fund	
Restricted for bonded debt	<u>\$ 10,316</u>

THE TOWN OF JENNINGS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 8 – DEFERRED COMPENSATION PLAN

On December 4, 2012, the Town Council adopted a deferred compensation plan (Section 457). Plan provisions and contribution requirements of the plan are established by the Town Council and may be amended by the Town Council. The plans are administered by independent plan administrators (Florida Municipal Trust Fund) through administrative service agreements. The Town's staff administrative involvement is limited to transmitting amounts withheld from payroll to the plan administrator who performs investing functions. The Town Council approved plan amendments such that plan assets are held in trust for the benefit of the plan participants and their beneficiaries. The assets will not be diverted to any other purpose. Therefore, the financial activities of the plan are not reported in the Town's financial statements.

The deferred compensation plan is available to all eligible employees for voluntary contributions and the Town will contribute up to a 3% match. Compensation that is deferred will not be available to employees until termination, retirement, death, disability or an unforeseeable emergency. The Town contributed \$7,364 to the plan for the year ended September 30, 2019.

NOTE 9 – RISK FINANCING ACTIVITY

Major categories of risk to which the entity is exposed consist of property damage from casualties such as fire or other causes, liability for injuries to employees while on the job, liability for injuries to others for which the Town is responsible, and losses due to theft or illegal acts by Town employees. The Town reduces these risks of loss by purchasing commercial insurance coverage. There were no instances in the last three years of insurance claims exceeding insurance coverage.

NOTE 10 – CONTINGENCIES - COMMITMENTS

During the current year and prior years, the Town received federal monies through the Community Development Block Grant Program and other state and federal programs. These programs are subject to review and audit by the grantor agency. Such audits could lead to a request for reimbursement to the grantor agency for expenses disallowed under the terms of the grant. Management believes that the Town will not incur significant losses on possible grant disallowances.

The Town has received a statutory notice of a claim. The Town's insurance carrier has agreed that this incident is covered by the terms of the Town's insurance policy and has assigned an attorney to represent the Town on this issue. The Town's attorney is of the opinion that the exposure of the Town is limited due to the insurance coverage and statutory limited liability of the Town .

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF JENNINGS
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts <u>Original</u>	Budgeted Amounts <u>Final</u>	Actual Amounts (Budgetary Basis) <u> </u>	Variance with Final Budget <u> </u>
Cash on hand and certificate of deposit, October 1	\$ 115,000	\$ 115,000	\$ 209,940	\$ 94,940
Resources (inflows):				
Property taxes:				
Franchise	36,000	36,000	42,067	6,067
Real estate	59,318	59,318	58,115	(1,203)
Intergovernmental:				
Discretionary sales tax	80,000	80,000	73,322	(6,678)
Half-cent sales tax	35,000	35,000	38,874	3,874
Revenue sharing	34,900	34,900	37,339	2,439
Communication services tax	15,417	15,417	18,442	3,025
Mobile home tax	1,000	1,000	797	(203)
Alcohol beverage tax	160	160	189	29
Charges for services:				
Mowing and maintenance	11,200	11,200	11,200	-
Fines and forfeitures	30,000	30,000	13,094	(16,906)
Licenses and permits	800	800	1,049	249
Other services	300	300	173	(127)
Investment earnings	100	100	167	67
Insurance proceeds	-	-	5,785	5,785
Miscellaneous	2,000	2,000	2,657	657
Amounts available for appropriation	<u>421,195</u>	<u>421,195</u>	<u>513,210</u>	<u>92,015</u>
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	96,900	97,424	96,549	875
Operating expenditures	149,320	139,220	38,587	100,633
Capital outlay	-	-	7,536	(7,536)
Total - general government	<u>246,220</u>	<u>236,644</u>	<u>142,672</u>	<u>93,972</u>

TOWN OF JENNINGS
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Budgeted Amounts Original</u>	<u>Budgeted Amounts Final</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget</u>
Public safety				
Direct				
Personnel services	119,931	119,931	99,588	20,343
Operating expenditures	39,044	48,620	36,562	12,058
Debt service	16,000	16,000	13,759	2,241
Capital outlay	-	-	-	-
Total - public safety	<u>174,975</u>	<u>184,551</u>	<u>149,909</u>	<u>34,642</u>
Total charges to appropriations	<u>421,195</u>	<u>421,195</u>	<u>292,581</u>	<u>128,614</u>
Budgetary cash balance, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 220,629</u>	<u>\$ 220,629</u>

TOWN OF JENNINGS
 BUDGETARY COMPARISON SCHEDULE – LOCAL OPTION GAS TAX FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts <u>Original</u>	Budgeted Amounts <u>Final</u>	Actual Amounts (Budgetary Basis) <u></u>	Variance with Final Budget <u></u>
Cash on hand, October 1	\$ 31,000	\$ 31,000	\$ 317,748	\$ 286,748
Resources (inflows):				
Intergovernmental:				
Local option gas tax	230,000	230,000	219,008	(10,992)
Other intergovernmental income	4,700	4,700	5,092	392
Other income	-	-	131	131
Amounts available for appropriation	<u>265,700</u>	<u>265,700</u>	<u>541,979</u>	<u>276,279</u>
Charges to appropriation (outflows):				
Roads and streets				
Direct				
Personnel services	125,200	117,350	90,193	27,157
Operating expenditures	121,500	129,350	45,312	84,038
Capital outlay	11,000	11,000	42,475	(31,475)
Debt service	8,000	8,000	2,205	5,795
Total charges to appropriations	<u>265,700</u>	<u>265,700</u>	<u>180,185</u>	<u>85,515</u>
Budgetary cash balance, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 361,794</u>	<u>\$ 361,794</u>

TOWN OF JENNINGS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2019

NOTE A - BUDGETS

The Town Council annually adopts the Budget Ordinance for all operating funds of the Town. Budgetary control is legally maintained at the fund level. Town Council action is required for the approval of a supplemental budget.

The Town prepares its annual budget on a basis (budget basis) that differs from generally accepted accounting principles (GAAP basis). The major fund's budget and all transactions are presented in accordance with the Town's method (budget basis) in the Budgetary Comparison Schedules to provide a meaningful comparison of actual results with the budget. The major differences between budget and GAAP basis in the General Fund and Local Option Gas Tax Fund are listed on the Budget-to-Actual Reconciliation following the Budgetary Comparison Schedules.

The budget for the year ended September 30, 2019 was adopted by the Town Council on September 20, 2018. Amendments were made to the budget and adopted by the Board on August 6, 2019.

TOWN OF JENNINGS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
SEPTEMBER 30, 2019

NOTE B – BUDGET TO-ACTUAL RECONCILIATION

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

	General Fund	Local Option Gas Tax Fund
	<u> </u>	<u> </u>
Sources/inflows of resources:		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 513,210	\$ 541,979
Differences - budget to GAAP:		
Cash on hand at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes	(209,940)	(317,748)
GAAP basis adjustments	<u>(6,542)</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 296,728</u>	<u>\$ 224,231</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 292,581	\$ 180,185
Difference - budget to GAAP		
GAAP basis adjustments	<u>13,830</u>	<u>8,692</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 306,411</u>	<u>\$ 188,877</u>

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

TOWN OF JENNINGS
NONMAJOR GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2019

	<u>Eighth Cent Motor Fuel Tax Fund</u>	<u>Volunteer Fire Department Fund</u>	<u>Total Other Governmental Funds</u>
ASSETS			
Cash:			
Restricted	\$ 87,707	\$ 78,067	\$ 165,774
Certificates of deposit	46,469	-	46,469
Interfund receivable	14,891	-	14,891
Total assets	<u>\$ 149,067</u>	<u>\$ 78,067</u>	<u>\$ 227,134</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	733	95	828
Interfund payable	-	6,688	6,688
Total liabilities	<u>733</u>	<u>6,783</u>	<u>7,516</u>
 Fund balances:			
Restricted for:			
Public safety	-	71,284	71,284
Roads and streets	148,334	-	148,334
Total fund balance	<u>148,334</u>	<u>71,284</u>	<u>219,618</u>
Total liabilities and fund balances	<u>\$ 149,067</u>	<u>\$ 78,067</u>	<u>\$ 227,134</u>

TOWN OF JENNINGS
NONMAJOR GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Eighth Cent Motor Fuel Tax Fund	Volunteer Fire Department Fund	Total Other Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Intergovernmental:			
Revenue sharing	\$ 18,266	\$ 2,500	\$ 20,766
Charges for services	-	9,000	9,000
Insurance proceeds	-	6,829	6,829
Other income	-	533	533
Interest	-	9	9
Total revenues	<u>18,266</u>	<u>18,871</u>	<u>37,137</u>
EXPENDITURES			
Current:			
Roads and streets	17,090	-	17,090
Public safety	-	28,014	28,014
Debt service:			
Public safety		7,879	7,879
Total expenditures	<u>17,090</u>	<u>35,893</u>	<u>52,983</u>
Excess (deficiency) of revenues over (under) expenditures	1,176	(17,022)	(15,846)
Fund balances - beginning	<u>147,158</u>	<u>88,306</u>	<u>235,464</u>
Fund balances - ending	<u>\$ 148,334</u>	<u>\$ 71,284</u>	<u>\$ 219,618</u>

TOWN OF JENNINGS
NONMAJOR GOVERNMENTAL FUNDS
BUDGETARY COMPARISON SCHEDULE – EIGHTH CENT MOTOR FUEL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Final		
Cash on hand and certificate of deposit, October 1	\$ 4,300	\$ 133,710	\$ 129,410
Resources (inflows):			
Intergovernmental			
Revenue sharing	18,000	17,760	(240)
Amounts available for appropriation	22,300	151,470	129,170
Charges to appropriation (outflows):			
Roads and streets			
Direct			
Operating expenditures	22,300	16,357	5,943
Total charges to appropriations	22,300	16,357	5,943
Budgetary cash balance, September 30	\$ -	\$ 135,113	\$ 135,113
Sources/inflows of resources:			
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule		\$ 151,470	
Differences - budget to GAAP:			
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes		(133,710)	
Other GAAP basis adjustments		506	
Total revenues as reported on the statement of revenues expenditures and changes in fund balances - governmental funds		\$ 18,266	
Uses/outflows of resources:			
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule		\$ 16,357	
Difference - budget to GAAP			
GAAP basis adjustments		733	
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds		\$ 17,090	

TOWN OF JENNINGS
NONMAJOR GOVERNMENTAL FUNDS
BUDGETARY COMPARISON SCHEDULE – VOLUNTEER FIRE DEPARTMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Budgeted Amounts</u>	<u>Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Cash on hand, October 1	\$ 25,000	\$ 25,000	\$ 95,585	\$ 70,585
Resources (inflows):				
Intergovernmental				
Revenue sharing	17,000	17,000	2,500	(14,500)
Charges for services	12,000	12,000	9,000	(3,000)
Insurance proceeds	-	-	6,829	6,829
Other income	500	500	533	33
Interest	-	-	9	9
Amounts available for appropriation	<u>54,500</u>	<u>54,500</u>	<u>114,456</u>	<u>59,956</u>
Charges to appropriation (outflows):				
Roads and streets				
Direct				
Operating expenditures	47,200	46,620	27,919	18,701
Debt service	7,300	7,880	7,879	1
Total charges to appropriations	<u>54,500</u>	<u>54,500</u>	<u>35,798</u>	<u>18,702</u>
Budgetary cash balance, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,658</u>	<u>\$ 78,658</u>

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 114,456
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes	<u>(95,585)</u>

Total revenues as reported on the statement of revenues expenditures and changes in fund balances - governmental funds	<u>\$ 18,871</u>
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Uses/outflows of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 35,798
Difference - budget to GAAP	
GAAP basis adjustments	<u>95</u>

Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 35,893</u>
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TOWN OF JENNINGS
NONMAJOR GOVERNMENTAL FUNDS
BUDGETARY COMPARISON SCHEDULE – CAPITAL PROJECTS FUND - CDBG
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Project-Length			Variance with Final Budget	
	Budget Amount	Actual Amounts (Budgetary Basis)			
	Final	Prior Year	Current Year		Total
Budgetary fund balance, October 1	\$ -	\$ -	\$ -	\$ -	\$ -
Resources (inflows):					
Intergovernmental:					
Grant	<u>600,000</u>	<u>11,373</u>	<u>38,110</u>	<u>49,483</u>	<u>550,517</u>
Amounts available for appropriation	<u>600,000</u>	<u>11,373</u>	<u>38,110</u>	<u>49,483</u>	<u>550,517</u>
Charges to appropriation (outflows):					
Housing rehabilitation	<u>600,000</u>	<u>11,373</u>	<u>38,110</u>	<u>49,483</u>	<u>550,517</u>
Total charges to appropriations	<u>600,000</u>	<u>11,373</u>	<u>38,110</u>	<u>49,483</u>	<u>550,517</u>
Budgetary fund balance, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

FEDERAL AND STATE COMPLIANCE

Independent Auditor's Report on Compliance with Section 218.415, Florida Statutes

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

We have examined the Town of Jennings', Florida ("the Town") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2019. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

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

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

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

Valenti, Rackley & Assoc., LLC

Valenti, Rackley & Associates, LLC
Certified Public Accountants

February 4, 2020

INDEPENDENT AUDITOR'S LETTER TO MANAGEMENT

Honorable Mayor and Town Council
Town of Jennings, Florida

We have audited the financial statements of the Town of Jennings, Florida, as of and for the fiscal year ended September 30, 2019 and have issued our report thereon dated February 4, 2020.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Audit Standards*, and Chapter 10.550, Rules of the Florida Auditor General and Schedule of Findings and Responses. Disclosures in those reports and schedule, if any, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which requires disclosure in the management letter noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or State project amounts that is less than material but which warrants the attention of those charged with governance.

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in previous annual financial audit reports, except that findings 2018-001 and 2018-002 currently are unable to be corrected and are recited as 2019-001 and 2019-002.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. We have the following recommendation: utilize management oversight of the accounting function to mitigate the risk resulting from inadequate segregation of accounting duties among personnel.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we had no such findings.

- 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 Town of Jennings, Florida was established by municipal charter, Chapter 8284, No. 502, Laws of Florida, 1919, as amended. The Town of Jennings had no component units at September 30, 2019.
- Section 10.554(1)(i)5.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of that specific condition met. In connection with our audit, we determined that the Town of Jennings met none of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.554(1)(i)5.c., Rules of the Auditor General, we applied financial condition assessment procedures. It is management’s responsibility to monitor the Town’s financial condition, and our financial condition assessment was based in part on representations made by management and the review of the financial information provided by the same.

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 and is not intended to be and should not be used by anyone other than these specified parties.

Valenti, Rackley & Assoc., LLC

Valenti, Rackley & Associates, LLC
Certified Public Accountants

February 4, 2020

TOWN OF JENNINGS
 SCHEDULE OF STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

<u>State Agency & Program Title</u>	<u>State Contract/Grant Number</u>	<u>State Receipts</u>	<u>Total Receipts</u>
Florida Department of:			
Environmental Protection			
Clean Water State Revolving Fund	WW235011		
Grant proceeds		\$131,510	\$131,510
Loan proceeds		36,240	36,240
CDBG			
Neighborhood revitalization	18DB-OM-03-34-02-N 02	38,110	38,110
Transportation:			
Mowing/maintenance contract		11,200	11,200
Lighting contract		<u>5,092</u>	<u>5,092</u>
Total		<u>\$222,152</u>	<u>\$222,152</u>

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Jennings, Florida (“the Town”), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements and have issued our report thereon dated February 4, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Town’s internal control.

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 2019-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompany schedule of findings and questioned costs as 2019-002 to be a significant deficiency.

Compliance and Other Matters

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

The Town's Response to Findings

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

Purpose of this Report

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

Valenti, Rackley & Assoc., LLC

Valenti, Rackley & Associates, LLC
Certified Public Accountants

February 4, 2020

TOWN OF JENNINGS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

2019-001

Criteria: Proper segregation of accounting functions strengthens internal controls.

Condition: Inadequate segregation of accounting duties among personnel. Certain functions are not segregated including collection/deposit of cash and recording of cash receipts and general ledger; cash receipts/disbursements and preparation of bank reconciliation; accounts payable and recording of general ledger and payroll processing and general ledger.

Cause: Limited staff size

Effect: Increased risk of misstatement or fraud.

Recommendation: We recommend that increased management oversight of the accounting function be utilized to mitigate risk.

Management Response: See management's Corrective Action Plan.

2019-002

Criteria: Optimum internal control requires that an entity prepare its own financial statements in conformity with Generally Accepted Accounting Principles (GAAP).

Condition: The financial statements of the Town are not prepared by the Town's personnel.

Cause: There was no one on staff with the technical expertise to prepare GAAP-based financial statements.

Effect: Increased risk of errors or omissions in the financial statements and notes.

Recommendation: The outsourcing of these services to independent external auditors is common for governments of this size and is a result of management's cost benefit decision to outsource rather than incur this internal resource cost. Therefore, no practical solution exists in this case. However, management should continue to review the financial statements in detail with the external auditor in order to mitigate the risk of errors and omissions.

Management Response: See management's Corrective Action Plan.

TOWN OF JENNINGS
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

AUDIT
REFERENCE
NUMBERS

2018-001, 2017-001, 2016-01 Unable to be corrected, therefore, it has been recited as 2019-001

2018-002, 2017-002, 2016-02 Unable to be corrected, therefore, it has been recited as 2019-002

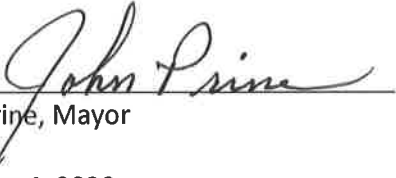
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TOWN OF JENNINGS
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2019

2019-001 and 2019-002

Description: Inadequate segregation of duties among personnel, inadequate design of internal controls over the preparation of financial statements being audited.

Management Explanation/Rebuttal: Management concurs with these findings. However, due to limited staff size and economic constraints, no practical solution exists.



John Prine, Mayor

February 4, 2020