

TOWN OF JENNINGS, FLORIDA

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2020

TOWN OF JENNINGS, FLORIDA

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2020

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TOWN OF JENNINGS, FLORIDA

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INTRODUCTORY SECTION

TOWN OF JENNINGS, FLORIDA

LIST OF PRINCIPAL OFFICIALS

September 30, 2020

MAYOR

Samantha Prueter

TOWN COUNCIL

Antonette Pierce Crumbody

Jerry Pittman

Lamar Bennett

Charles Barrett

TOWN MANAGER

Jennifer Hightower

TOWN ATTORNEY

Sheena Rickerson

FINANCIAL SECTION



Powell & Jones
Certified Public Accountants

Richard C. Powell, Jr., CPA
Marian Jones Powell, CPA

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each of the major funds of the Town of Jennings, Florida as of and for the fiscal year ended September 30, 2020, 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 an opinion 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 the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. The standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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 or 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, and each of the major funds of the Town of Jennings, Florida, as of September 30, 2020, and the respective

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changes in financial position and where applicable, cash flows thereof for the fiscal 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2021, on our consideration of the Town of Jennings, Florida's internal control over financial reporting and on our test 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 of Jennings, Florida's internal control over financial reporting and compliance.



POWELL & JONES
Certified Public Accountants
Lake City, Florida
October 21, 2021

TOWN OF JENNINGS, FLORIDA
Management's Discussion and Analysis

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

Report Layout

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

Basic Financial Statements

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

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

Town as a Whole

Government-wide Financial Statements

A condensed version of the Statement of Net Position at September 30, 2020 and 2019, follows:

Net Position at September 30, 2020 and 2019

	Governmental	Business-type	Total Government	
	Activities	Activities	2020	2019
Assets				
Cash and cash equivalents	\$ 811,947	\$ 693,311	\$ 1,505,258	\$ 1,933,200
Other assets	60,716	489,572	550,288	108,486
Capital assets	358,528	4,756,503	5,115,031	4,470,389
Total assets	1,231,191	5,939,386	7,170,577	6,512,075
Liabilities				
Current liabilities	25,028	82,867	107,895	182,381
Long-term liabilities	20,118	302,220	322,338	346,529
Total liabilities	45,146	385,087	430,233	528,910
Net Position				
Invested in capital assets, net of related debt	358,528	4,328,635	4,687,163	3,977,853
Restricted	556,360	113,552	669,912	574,889
Unrestricted	271,157	1,112,112	1,383,269	1,430,423
Total net position	\$ 1,186,045	\$ 5,554,299	\$ 6,740,344	\$ 5,983,165

70% of the Town's net position reflects its investment in capital assets (land, buildings, infrastructure, and equipment), less any related outstanding debt used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted assets of \$669,912 consist primarily of fuel tax funds and funds restricted by debt covenants. The balance of unrestricted net position is \$1,383,269.

The Town's net position increased by \$727,883 or 12% over the year.

The following schedule provides a summary of the changes in net position. The increase in Business-type Activities net position is primarily due to capital grants received by the Town. The decrease during the year through Governmental Activities net position is primarily due to revenues not fully funding depreciation.

A condensed version of the Statement of Activities follows:

Change in Net Position
For the Fiscal Year Ended September 30, 2020 and 2019

	Governmental	Business-type	Total Government	
	Activities	Activities	2020	2019
Revenues				
Program revenues				
Charges for services	\$ 678	\$ 263,314	\$ 263,992	\$ 384,501
Grants and contributions	87,345	873,672	961,017	445,927
General revenues				
Taxes	443,032	-	443,032	163,603
Franchise fees	40,528	-	40,528	-
State shared revenues	86,759	-	86,759	125,727
Interest and other	26,387	432	26,819	3,778
Total revenues	<u>684,729</u>	<u>1,137,418</u>	<u>1,822,147</u>	<u>1,123,536</u>
Expenses				
General government	287,503	-	287,503	136,879
Public safety	240,268	-	240,268	171,837
Physical environment	30,330	345,231	375,561	590,187
Transportation	162,922	-	162,922	172,727
Economic environment	-	-	-	38,110
Culture/recreation	13,720	-	13,720	18,416
Interest on long-term debt	2,431	11,859	14,290	3,982
Total expenses	<u>737,174</u>	<u>357,090</u>	<u>1,094,264</u>	<u>1,132,138</u>
Transfers	76,454	(76,454)	-	-
Change in net position	24,009	703,874	727,883	(8,602)
Beginning net position	1,132,740	4,850,425	5,983,165	5,991,767
Prior period adjustment	29,296	-	29,296	-
Ending net position	<u>\$ 1,186,045</u>	<u>\$ 5,554,299</u>	<u>\$ 6,740,344</u>	<u>\$ 5,983,165</u>

Governmental activities:

Taxes provided 65% of the revenues for Governmental Activities, while grants and contributions provided 13%. Most of the Governmental Activities resources were spent for General Government (39%), Public Safety (33%) and Transportation (22%).

Business-type activities:

Business-type activities increased the Town's net position by \$703,874.

Budgetary Highlights

The General Fund's revenues were \$350,925 more than were budgeted and expenditures were less than the budgeted amounts by \$341,700.

Capital Assets and Debt Administration

Capital Assets

At September 30, 2020, the Town had \$5.12 million invested in capital assets, including police and fire equipment, park and recreation facilities, buildings, roads, bridges and water and sewer facilities. This amount represents a net increase (additions, deductions, and depreciation) of \$879,691 or 20.8% more than last year.

Capital Assets at September 30, 2020 and 2019

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Non-depreciable assets:						
Land	\$ 46,955	\$ 46,955	\$ 70,556	\$ 70,556	\$ 117,511	\$ 117,511
Construction in progress	-	-	860,222	235,050	860,222	-
Depreciable assets:						
Buildings and improvements	363,271	363,271	7,211,681	6,963,181	7,574,952	7,326,452
Equipment	436,648	435,487	203,131	224,088	639,779	659,575
Subtotal	846,874	845,713	8,345,590	7,492,875	9,192,464	8,103,538
Accumulated depreciation	(488,346)	(444,966)	(3,589,087)	(3,423,232)	(4,077,433)	(3,868,198)
Capital assets, net	\$ 358,528	\$ 400,747	\$ 4,756,503	\$ 4,069,643	\$ 5,115,031	\$ 4,235,340

Debt Outstanding

At year-end, the Town had \$346,870 in debt outstanding versus \$380,476 the prior year, a decrease of \$33,606.

Debt Outstanding at September 30, 2020 and 2019

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Capital lease - VFD Truck	\$ 602	\$ 7,034	\$ -	\$ -	\$ 602	\$ 7,034
Capital leases	-	1,452	-	-	-	1,452
Notes payable - Police Vehicle	31,952	43,149	-	-	31,952	43,149
SRF note payable #10	-	-	9,532	10,033	9,532	10,033
SRF note payable #11	-	-	52,414	54,770	52,414	54,770
SRF note payable #20	-	-	14,370	15,038	14,370	15,038
4th series bond payable	-	-	238,000	249,000	238,000	249,000
Total	\$ 32,554	\$ 51,635	\$ 314,316	\$ 328,841	\$ 346,870	\$ 380,476

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

OTHER FINANCIAL INFORMATION

Economic Factors and Rates

- The current unemployment rate for Hamilton County is 6.4%, which is approximately the same as the Town. This is higher than the prior year.
- The estimated population for the Town in 2020 was 690 and is estimated to be approximately the same in 2021.
- The Town levied ad valorem taxes during 2020 at 4.7139 mills.

Financial Contact

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

BASIC FINANCIAL STATEMENTS

TOWN OF JENNINGS, FLORIDA
STATEMENT OF NET POSITION
September 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 811,947	\$ 579,759	\$ 1,391,706
Accounts receivable - net	18,700	29,698	48,398
Due from other governmental units	42,016	459,874	501,890
Total current assets	872,663	1,069,331	1,941,994
NON-CURRENT ASSETS			
Restricted assets			
Cash and cash equivalents	-	70,737	70,737
Customer deposits cash	-	42,815	42,815
Total restricted assets	-	113,552	113,552
Capital assets - net	358,528	4,756,503	5,115,031
Total assets	1,231,191	5,939,386	7,170,577
LIABILITIES AND NET POSITION			
LIABILITIES			
Current liabilities			
Accounts payable	12,592	14,402	26,994
Accrued interest payable	-	934	934
Deposits	-	51,940	51,940
Current vehicle loans payable	12,436	-	12,436
Current portion bonds payable	-	11,000	11,000
Current SRF loans payable	-	4,067	4,067
Accrued compensated absences	-	524	524
Total current liabilities	25,028	82,867	107,895
Noncurrent liabilities			
Other liabilities			
Noncurrent portion bonds payable	-	227,000	227,000
Noncurrent vehicle loans payable	20,118	-	20,118
Non-current SRF loans payable	-	72,249	72,249
Accrued compensated absences	-	2,971	2,971
Total noncurrent liabilities	20,118	302,220	322,338
Total liabilities	45,146	385,087	430,233
NET POSITION			
Net investment in capital assets	358,528	4,328,635	4,687,163
Restricted	556,360	113,552	669,912
Unrestricted	271,157	1,112,112	1,383,269
Total net position	\$ 1,186,045	\$ 5,554,299	\$ 6,740,344

See notes to financial statements.

TOWN OF JENNINGS, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes In Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business - type Activities	Total
Governmental activities							
General government	\$ 287,503	\$ 678	\$ -	\$ -	\$ (286,825)	\$ -	\$ (286,825)
Public safety	240,268	-	-	-	(240,268)	-	(240,268)
Physical environment	30,330	68,527	-	-	38,197	-	38,197
Transportation	162,922	-	18,818	-	(144,104)	-	(144,104)
Culture/recreation	13,720	-	-	-	(13,720)	-	(13,720)
Interest on long-term debt	2,431	-	-	-	(2,431)	-	(2,431)
Total governmental activities	737,174	69,205	18,818	-	(649,151)	-	(649,151)
Business-type activities							
Water and sewer services	345,231	263,314	-	873,672	-	791,755	791,755
Interest on long-term activities	11,859	-	-	-	-	(11,859)	(11,859)
Total business-type activities	357,090	263,314	-	873,672	-	779,896	779,896
Total government	1,094,264	332,519	18,818	873,672	(649,151)	779,896	130,745
General revenues							
Ad valorem taxes					60,564	-	60,564
Sale and use taxes					292,560	-	292,560
Franchise fees					40,528	-	40,528
Utility services taxes					62,112	-	62,112
Communications service taxes					27,796	-	27,796
State shared revenues					86,759	-	86,759
Interest					833	432	1,265
Miscellaneous					25,554	-	25,554
Total general revenues					596,706	432	597,138
Transfers in (out)					76,454	(76,454)	-
Change in net position					24,009	703,874	727,883
Net position beginning					1,132,740	4,850,425	5,983,165
Prior period adjustment					29,296	-	29,296
Net position ending					\$ 1,186,045	\$ 5,554,299	\$ 6,740,344

See notes to financial statements.

**TOWN OF JENNINGS, FLORIDA
GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2020**

	General Fund	Volunteer Fire Fund	Total Governmental Funds
ASSETS			
Cash	\$ 761,567	\$ 50,380	\$ 811,947
Accounts receivable	18,700	-	18,700
Due from other governmental units	42,016	-	42,016
Total assets	822,283	50,380	872,663
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	11,049	1,543	12,592
Total liabilities	11,049	1,543	12,592
 FUND BALANCES			
Unassigned	303,711	-	303,711
Restricted:			
Local option gas taxes	359,189	-	359,189
Eighth cent motor fuel taxes	148,334	-	148,334
Public safety	-	48,837	48,837
Total fund balances	811,234	48,837	860,071
 Total liabilities and fund balances	 \$ 822,283	 \$ 50,380	

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

Net capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	358,528
Long-term liabilities are not due in the current period and, therefore, are not reported in the governmental funds	(32,554)
Net position of governmental activities	\$ 1,186,045

See notes to financial statements.

**TOWN OF JENNINGS, FLORIDA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended September 30, 2020**

	General Fund	Volunteer Fire Fund	Total Governmental Funds
REVENUES			
Taxes	\$ 443,032	\$ -	\$ 443,032
Licenses and permits	40,528	-	40,528
Intergovernmental	105,577	-	105,577
Charges for services	69,205	-	69,205
Miscellaneous	25,184	1,927	27,111
Total revenues	683,526	1,927	685,453
EXPENDITURES			
Current expenditures			
General government	284,930	-	284,930
Public safety	206,870	17,715	224,585
Physical environment	29,570	-	29,570
Transportation	152,009	-	152,009
Culture/recreation	269	-	269
Debt service			
Principal	12,649	6,432	19,081
Interest	2,204	227	2,431
Total expenditures	688,501	24,374	712,875
Deficit of revenues under expenditures	(4,975)	(22,447)	(27,422)
Transfer in	75,293	-	75,293
Net change in fund balances	70,318	(22,447)	47,871
Fund balances at beginning of year	711,620	71,284	782,904
Prior year adjustment	29,296	-	29,296
Fund balances at end of year	\$ 811,234	\$ 48,837	\$ 860,071

See notes to financial statements.

**TOWN OF JENNINGS, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2020**

Net change in fund balances - total governmental funds		\$ 47,871
Governmental funds report capital outlay as expenditures and sale of capital items as revenues. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Transfer of capital assets from Enterprise Fund, net	\$ 1,161	
Less current year depreciation	<u>(43,380)</u>	<u>(42,219)</u>
Repayments of notes are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Note principal payments		<u>19,081</u>
Change in net assets of governmental activities		<u><u>\$ 24,009</u></u>

See notes to financial statements.

**TOWN OF JENNINGS, FLORIDA
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 September 30, 2020**

	Enterprise Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 579,759
Accounts receivable, net	29,698
Due from other governmental units	459,874
Total current assets	1,069,331
NON-CURRENT ASSETS	
Restricted assets	
Cash and cash equivalents	70,737
Customer deposits	42,815
Total restricted assets	113,552
Capital assets	
Land	70,556
Buildings	7,211,681
Equipment	203,131
Construction in progress	860,222
Allowance for depreciation	(3,589,087)
Total capital assets	4,756,503
Total assets	5,939,386
LIABILITIES AND NET ASSETS	
LIABILITIES	
Current liabilities	
Accounts payable	14,402
Accrued interest payable	934
Deposits	51,940
Current bonds payable	11,000
Current SRF loan payable	4,067
Accrued leave payable	524
Total current liabilities	82,867
Long-term liabilities	
Bonds payable	227,000
SRF loan payable	72,249
Accrued leave payable	2,971
Total noncurrent liabilities	302,220
Total liabilities	385,087
NET POSITION	
Net investment in capital assets	4,442,187
Unrestricted	1,112,112
Total net position	\$ 5,554,299

See notes to financial statements.

TOWN OF JENNINGS, FLORIDA

**PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended September 30, 2020**

OPERATING REVENUES	<u>Enterprise Fund</u>
Charges for services	
Water utility services	\$ 97,257
Sewer utility services	165,982
Water/sewer connection fees	75
Total operating revenues	<u>263,314</u>
OPERATING EXPENSES	
Water and sewer services	
Personnel services	
Regular salaries and retirement	69,821
FICA	4,477
Retirement	1,146
Life and health insurance	19,660
Total personnel services	<u>95,104</u>
Operating expenses	
Accounting and auditing	3,500
Other services	11,260
Utility services	7,410
Repair and maintenance	11,657
Other charges	38
Supplies	25,793
Training	4,818
Depreciation	185,651
Total operating expenses	<u>250,127</u>
Total water and sewer services	<u>345,231</u>

See notes to financial statements.

TOWN OF JENNINGS, FLORIDA

**PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended September 30, 2020**

	<u>Enterprise Fund</u>
Operating loss	\$ (81,917)
NONOPERATING REVENUES (EXPENSES)	
Grant revenues	873,672
Interest revenue	432
Interest expense	(11,859)
Transfer to General Fund	(76,454)
Total nonoperating revenues	<u>785,791</u>
Increase in net position	703,874
Net position, beginning of year	<u>4,850,425</u>
Net position, end of year	<u>\$ 5,554,299</u>

See notes to financial statements.

**TOWN OF JENNINGS, FLORIDA
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 For the Fiscal Year Ended September 30, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from customers	\$ 239,407
Cash payments for goods and services	(534,036)
Cash payments to employees for services	(91,609)
Net cash used for operating activities	<u>(386,238)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Grant revenues	873,672
Acquisitions of property and equipment	(872,510)
Transfers	(75,293)
Principal paid on loans	(15,252)
Interest paid	(11,859)
Net cash used for capital and related financing activities	<u>(101,242)</u>

Net decrease in cash and cash equivalents **(487,480)**

Cash, beginning of year	<u>1,067,239</u>
Cash, end of year	<u>\$ 579,759</u>

**RECONCILIATION OF OPERATING LOSS TO NET CASH
 USED FOR OPERATING ACTIVITIES:**

Operating loss **\$ (81,917)**

**Adjustments to reconcile operating loss to net cash used
 for operating activities:**

Depreciation **185,651**

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

Accounts receivable, net	(278)
Due from other funds	19,131
Due from other governments	(453,207)
Accrued leave payable	3,495
Accounts payable	(64,056)
Customer deposits	4,943
Total adjustments	<u>(304,321)</u>

Net cash used for operating activities **\$ (386,238)**

See notes to financial statements.

TOWN OF JENNINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

In evaluating how to define the Town, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, management determined that the following component unit existed which should be included within the reporting entity.

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

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

1. Government-wide Financial Statements

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

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

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

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

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

2. Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

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

- 1. Governmental Major Funds:**
General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources, except those required to be accounted for in another fund.
- 2. Volunteer Fire Department Fund** - Established by the Town to account for financial transactions of the volunteer fire department.

3. **Proprietary Major Fund:**
Enterprise Fund - The Enterprise Fund accounts for the revenues, expenses, assets, and liabilities associated with the Town operated water, sewer, and solid waste disposal services.
4. **Consolidation of Funds:** Effective October 1, 2019, the Town consolidated the following Special Revenue Funds into the General Fund:

<u>Fund</u>	<u>Restricted Fund Balance</u>
Local Option Gas Tax	\$ 359,189
Eighth Cent Motor Fuel	148,334
	<u>\$ 507,523</u>

These funds' activities are now maintained as separate departments in the General Fund.

Additionally, the solid waste services previously accounted for in the Enterprise Fund are now accounted for in the General Fund. This results in a transfer of \$76,454 from the Enterprise Fund to the General Fund.

D. Non-current Governmental Assets/Liabilities:

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

E. Assets, Liabilities and Net Position or Equity

1. **Cash and Investments** - Cash includes amounts in demand deposits as well as short-term money market investment accounts. Investments, consisting of certificates of deposit, are stated at cost which approximates market value. All such deposits and investments are insured and collateralized as required by state law.
2. **Cash Equivalents** - For purposes of the statement of cash flows, the Town considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents. As of September 30, 2020, the Town's cash consisted solely of checking accounts and money market accounts; it has no other cash equivalents.
3. **Allowance for Doubtful Accounts** - The Town provides an allowance for Enterprise Fund accounts receivable that may become uncollectible. At September 30, 2020, this allowance account totaled \$5,000, based upon prior collection history. No other allowances for doubtful accounts are maintained since other fund accounts receivable are considered collectible as reported at September 30, 2020.
4. **Receivables and Payables** - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

5. **Inventories** - The costs of governmental inventories are generally recorded as expenditures when purchased rather than when consumed. The actual amounts of any such inventory type goods on hand at year end would not be material. Certain inventories consisting of repair items are recorded at cost.

6. **Restricted Assets** - Certain net position of the Town are classified as restricted assets on the statement of net position because their use is limited either by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributions, or laws or regulations of other governments. In a fund with both restricted and unrestricted assets, qualified expenses are considered to be paid first from restricted net position and then from unrestricted net position.
7. **Encumbrances** - Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not utilized by the Town.
8. **Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, bridges, right-of-ways, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year. Except for roads and bridges constructed prior to October 1, 1981, assets are recorded at historical cost. Roads and bridges constructed prior to October 1, 1981 are generally not reported. Donated capital assets are recorded at acquisition value at the date of donations.

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

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

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

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

9. **Capitalization of Interest** - Interest related to borrowings are capitalized during the construction period. These costs are netted against applicable interest earnings on construction fund investments. During the current period, the Town did not have any capitalized interest.
10. **Unearned Revenues** - Unearned revenues reported in government-wide financial statements represent unearned revenues. The deferred revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Deferred revenues reported in governmental fund financial statements represent unearned revenues which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as deferred revenues.
11. **Accrued Compensated Absences** - The Town accrues accumulated unpaid vacation and sick leave when earned by the employee. The current portion is the amount estimated to be used in the following year. The non-current portion is the amount estimated to be used in subsequent fiscal years. Both the current and non-current estimated accrued compensated absences amounts for governmental funds are maintained separately and represent a reconciling item between the fund and government-wide presentation.

12. Proprietary Activity Accounting and Financial Reporting - The Town applies all applicable Government Accounting Standards (GASB) pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards (FASB) Statements and Interpretations. Accounting Principles Board (APB) Opinion and Account Research Bulletins (ARB's).

13. Fund Balances – Governmental Funds

As of September 30, 2020, fund balances of the governmental funds are classified as follows:

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

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

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

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

Unassigned - all other spendable amounts.

As of September 30, 2020, fund balances are composed of the following:

<u>Fund</u>	<u>Unassigned</u>	<u>Restricted</u>
General	\$ 303,711	507,523
Volunteer Fire	-	48,837
	<u>\$ 303,711</u>	<u>556,360</u>

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

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

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

“Total fund balances” of the Town’s governmental funds \$860,071 differs from “net position” of governmental activities \$1,186,045 reported in the statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental funds balance sheet.

Capital related items

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

Cost of capital assets	\$ 846,874
Accumulated depreciation	<u>(488,346)</u>
Total	<u>\$ 358,528</u>

Long-term debt transactions

Long-term liabilities applicable to the Town’s governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the statement of net position. Balances at September 30, 2020, were:

Notes payable	\$ (32,554)
Total	<u>\$ (32,554)</u>

TOWN OF JENNINGS, FLORIDA

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

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

	Total Governmental Funds	Capital Related Items	Long-Term Debt Transactions	Statement of Net Position
ASSETS				
Cash and cash equivalents	\$ 811,947	\$ -	\$ -	\$ 811,947
Accounts receivable	18,700	-	-	18,700
Due from other governmental units	42,016	-	-	42,016
Capital assets - net	-	358,528	-	358,528
Total assets	872,663	358,528	-	1,231,191
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	12,592	-	-	12,592
Notes payable	-	-	32,554	32,554
Total liabilities	12,592	-	32,554	45,146
Fund balances/net position	\$ 860,071	\$ 358,528	\$ (32,554)	\$ 1,186,045

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

The “net change in fund balances” for governmental funds \$47,871 differs from the “change in net position” for governmental activities \$24,009 reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital related items

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

Capital outlay	\$ 1,161
Depreciation expense	(43,380)
Total	<u>\$ (42,219)</u>

Long-term debt transactions

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

Long-term debt transaction	\$ 19,081
Total	<u>\$ 19,081</u>

Other adjustments	\$ (724)
	<u>\$ (724)</u>

TOWN OF JENNINGS, FLORIDA

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

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

	Total Governmental Funds	Capital Related Items	Long-Term Debt/Elimination Transactions	Statement of Activities
REVENUES				
Taxes	\$ 443,032	\$ -	\$ -	\$ 443,032
Licenses and permits	40,528	-	-	40,528
Intergovernmental	105,577	-	-	105,577
Charges for services	69,205	-	-	69,205
Miscellaneous	26,387	-	-	26,387
Total revenues	684,729	-	-	684,729
EXPENDITURES				
Current expenditures:				
General government	284,930	2,573	-	287,503
Public safety	224,585	15,683	-	240,268
Transportation	152,009	10,913	-	162,922
Physical environment	29,570	760	-	30,330
Culture/recreation	269	13,451	-	13,720
Debt service				
Principal	19,081	-	(19,081)	-
Interest	2,431	-	-	2,431
Total expenditures	712,875	43,380	(19,081)	737,174
Excess of revenues over (under) expenditures:	(27,422)	(43,380)	19,081	(51,721)
OTHER FINANCING SOURCES (USES)				
Transfers In	75,293	1,161	-	76,454
Total other financing sources (uses)	75,293	1,161	-	76,454
Net change in fund balance	47,871	(42,219)	19,081	24,009
Fund balance at beginning of year	782,904	400,747	(51,635)	1,132,740
Prior period adjustment	29,296	-	-	29,296
Fund balance at end of year	\$ 860,071	\$ 358,528	\$ (32,554)	\$ 1,186,045

NOTE 3. LEGAL COMPLIANCE–BUDGETS

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

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

NOTE 4. DEPOSITS AND INVESTMENTS

Deposits. The bank balances of the Town deposits were fully insured by federal depository insurance or pledged collateral under state law.

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

NOTE 5. PROPERTY TAX REVENUES

The Town levied a property tax during the year. Although it was allowed by law to levy up to 10 mills of tax, the current year levy was set at 4.7139 mills.

Taxable values for all property are established as of January 1, which is the date of lien, for the fiscal year starting October 1. Property tax revenues recognized for the 2019-2020 fiscal year were levied in October 2019. All taxes are due and payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount. All unpaid taxes become delinquent as of April 1. Virtually all unpaid taxes are collected via the sale of tax certificates on or prior to June 1; therefore, there were no material taxes receivable at fiscal year end.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets:				
Not being depreciated:				
Land	\$ 46,955	\$ -	\$ -	\$ 46,955
Being depreciated:				
Equipment and vehicles	432,725	1,161	-	433,886
Furniture and fixtures	2,762	-	-	2,762
Buildings and improvements	363,271	-	-	363,271
Total capital assets	845,713	1,161	-	846,874
Less accumulated depreciation	(444,966)	(43,380)	-	(488,346)
Governmental activities capital assets, net	\$ 400,747	\$ (42,219)	\$ -	\$ 358,528
 Business-type activities:				
Not being depreciated:				
Land	\$ 70,556	\$ -	\$ -	\$ 70,556
CIP	235,050	873,672	(248,500)	860,222
Being depreciated:				
Equipment and vehicles	224,088	-	(1,161)	222,927
Waste water treatment plan renovations	6,963,181	248,500	-	7,211,681
Total capital assets	7,492,875	1,122,172	(249,661)	8,365,386
Less accumulated depreciation	(3,423,232)	(185,651)	-	(3,608,883)
Business-type activities capital assets, net	\$ 4,069,643	\$ 936,521	\$ (249,661)	\$ 4,756,503

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

Governmental activities:	
General government	\$ 2,573
Public safety	15,683
Transportation	10,913
Culture/recreation	13,451
Physical environment	760
Total depreciation expense - governmental activities	\$ 43,380

Business -type activities:	
Water and sewer utility	\$ 185,651

NOTE 7. RECEIVABLE AND PAYABLE BALANCES

Receivables

Receivables at September 30, 2020, were as follows:

	<u>Accounts</u>
Governmental activities:	
General	\$ 18,700
Business-type activities:	
Enterprise	<u>29,698</u>
	<u>\$ 48,398</u>

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

Payables

Payables at September 30, 2020, were as follows:

	<u>Accrued Vendor and Other Liabilities</u>	<u>Customer Deposits</u>	<u>Total Payables</u>
Governmental activities:			
General	<u>\$ 12,592</u>	<u>\$ -</u>	<u>\$ 12,592</u>
Business-type activities:			
Enterprise	<u>\$ 15,336</u>	<u>\$ 51,940</u>	<u>\$ 67,276</u>

NOTE 8. INTERFUND TRANSFERS

Inter fund transfers for the year ended September 30, 2020, consisted of the following:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers Out</u>
General	\$ 76,454	\$ -
Enterprise	-	76,454
Total	<u>\$ 76,454</u>	<u>\$ 76,454</u>

This transfer was made in conjunction with transferring the Town's solid waste services assets to the General Fund from the Enterprise Fund.

NOTE 9. LONG-TERM LIABILITIES

Governmental Activities

A summary of all long-term debt associated with governmental activities, including compensated absences, of the Town as of September 30, 2020, follows.

The following summarizes the changes in the Town's governmental long-term liabilities during the year ended September 30, 2020:

	Balance October 1, 2019	Increases	Decreases	Balance September 30, 2020	Due Within One Year
Capital Lease- LOGT Truck	\$ 726	\$ -	\$ (726)	\$ -	\$ -
Capital Lease- F150 Truck	726	-	(726)	-	-
Capital Lease- VFD Truck	7,034	-	(6,432)	602	602
Note Payable- Police Vh	43,149	-	(11,197)	31,952	11,834
	<u>\$ 51,635</u>	<u>\$ -</u>	<u>\$ (19,081)</u>	<u>\$ 32,554</u>	<u>\$ 12,436</u>

Capital Lease Volunteer Fire Department – 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, including interest at 5.95%, are due monthly beginning November 3, 2015 until October 3, 2020. Debt service requirements to maturity including interest of \$18 are as follows:

Year Ended September 30	Principal	Interest	Total
2021	\$ 602	\$ 18	\$ 620
	<u>\$ 602</u>	<u>\$ 18</u>	<u>\$ 620</u>

This lease was secured by the vehicle purchased, which would be forfeited if the lease were not paid.

Note Payable Police Vehicles - On April 11, 2017, the Town entered into a note payable in the amount of \$67,804 for the purpose of financing two police vehicles totaling that amount. Note payments of \$1,108, including interest at 5.5%, are due monthly until April 11, 2023. Debt service requirements to maturity including interest of \$2,395 are as follows:

Year Ended September 30	Principal	Interest	Total
2021	\$ 11,834	\$ 1,461	\$ 13,295
2022	12,502	794	13,296
2023	7,616	140	7,756
	<u>\$ 31,952</u>	<u>\$ 2,395</u>	<u>\$ 34,347</u>

This loan was secured by the vehicle purchased, which would be forfeited if the loan were not paid.

Business-type Activities

A summary of proprietary fund debt as of September 30, 2020, follows. All loan payments have been budgeted and paid from Enterprise Fund revenues.

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

	Balance October 1, 2019	Increases	Decreases	Balance September 30, 2020	Due Within One Year
Compensated absences	\$ -	\$ 3,495	\$ -	\$ 3,495	\$ 524
SRF Note Payable #10	10,033	-	(501)	9,532	502
SRF Note Payable #11	54,770	-	(2,356)	52,414	2,817
SRF Note Payable #20	15,038	-	(668)	14,370	748
4th Series Bonds Payable	249,000	-	(11,000)	238,000	11,000
	<u>\$ 328,841</u>	<u>\$ 3,495</u>	<u>\$ (14,525)</u>	<u>\$ 317,811</u>	<u>\$ 15,591</u>

USDA Rural Development Water & Sewer Reserve Bonds, 4th Series 92-05 - The principal long-term obligations of the Town are revenue bonds to the U.S. Department of Agriculture/Rural Economic Community Development used for the construction and improvement of the Town's water and sewer systems. The payment of these bonds is provided from system revenues and, if necessary, from funds received from the Town's other taxes. The original amount of the obligation was \$400,000, at an interest rate of 4.5% per annum, due in installment until year 2035.

Year Ended September 30	Principal	Interest	Total
2021	\$ 11,000	\$ 10,710	\$ 21,710
2022	12,000	10,215	22,215
2023	13,000	9,675	22,675
2024	13,000	9,090	22,090
2025	14,000	8,505	22,505
2026-2030	78,000	32,670	110,670
2031-2035	97,000	13,410	110,410
	<u>\$ 238,000</u>	<u>\$ 94,275</u>	<u>\$ 332,275</u>

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

Year Ended September 30	Principal	Interest	Total
2021	\$ 502	\$ -	\$ 502
2022	502	-	502
2023	502	-	502
2024	502	-	502
2025	502	-	502
2026-2030	2,510	-	2,510
2031-2035	2,510	-	2,510
2036-2039	2,002	-	2,002
	<u>\$ 9,532</u>	<u>\$ -</u>	<u>\$ 9,532</u>

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

Year Ended September 30	Principal	Interest	Total
2021	\$ 2,817	\$ 11	\$ 2,828
2022	2,815	13	2,828
2023	2,816	12	2,828
2024	2,817	11	2,828
2025	2,817	11	2,828
2026-2030	14,098	42	14,140
2031-2035	14,117	23	14,140
2036-2039	10,117	5	10,122
	<u>\$ 52,414</u>	<u>\$ 128</u>	<u>\$ 52,542</u>

State Revolving Loan (DRF Drinking Water) - On March 14, 2018, the Town entered into a Drinking Water State Revolving Fund Construction Loan agreement with the State of Florida (Department of Environmental Protection), to rehabilitate the Town's elevated storage tank. The total amount of the loan is \$15,383, with an interest rate of 1.110% per annum. Forty payments in the amount of \$429 are due semiannually, beginning June 15, 2019. Debt payments to maturity are as follows:

Year Ended September 30	Principal	Interest	Total
2021	\$ 748	\$ 122	\$ 870
2022	709	163	872
2023	717	154	871
2024	725	145	870
2025	733	137	870
2026-2030	3,789	503	4,292
2031-2035	4,005	288	4,293
2036-2039	2,944	63	3,007
	<u>\$ 14,370</u>	<u>\$ 1,575</u>	<u>\$ 15,945</u>

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

NOTE 10. 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 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 unforeseen emergency. The Town contributed \$8,568 to the plan for the year ended September 30, 2020.

NOTE 11. RISK MANAGEMENT

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

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

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

NOTE 12. CONTINGENT LIABILITIES

During the current year and prior years, the Town 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 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.

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) was characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Town. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

NOTE 13. PRIOR PERIOD ADJUSTMENT

In the financial statements for the year ended September 30, 2019, an error was made in accounting for accrued intergovernmental revenues in the general fund. This error has been corrected and has had the following effect on the beginning fund balance:

	<u>General Fund</u>
Beginning fund balance, as previous reported (consolidated)	\$ 781,938
Adjustment of accrued revenues	<u>29,296</u>
Beginning fund balance, as corrected	<u>\$ 811,234</u>

NOTE 14. RELATED-PARTY TRANSACTION

During the year the Town purchased a used portable building from the former Town Manager for \$4,572.33, the loan balance on the building. There was no documentation retained to substantiate that this purchase represented a public value to the Town or that the Town Manager properly recused himself from the purchase.

REQUIRED SUPPLEMENTARY INFORMATION

**TOWN OF JENNINGS, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2020**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget Positive (Negative)</u>
REVENUES			
Taxes:			
Ad valorem taxes	\$ 61,731	\$ 60,564	\$ (1,167)
Discretionary tax	79,690	292,560	212,870
Utility service tax	-	62,112	62,112
Communication service tax	17,400	27,796	10,396
Total taxes	<u>158,821</u>	<u>443,032</u>	<u>284,211</u>
Permits, fees, and assessments:			
Franchise fees - electric	36,000	40,528	4,528
Business license	600	-	(600)
License building	200	-	(200)
Total permits, fees, assessments	<u>36,800</u>	<u>40,528</u>	<u>3,728</u>
Intergovernmental revenues:			
State grant:			
Transportation	-	18,818	18,818
State revenue sharing	57,400	51,556	(5,844)
State shared revenues:			
Mobile home license tax	1,000	992	(8)
Alcoholic beverage license tax	180	147	(33)
Local half-cent sales tax	44,000	34,064	(9,936)
Total intergovernmental revenues	<u>102,580</u>	<u>105,577</u>	<u>2,997</u>
Charges for service:			
Garbage	-	68,527	68,527
Recording fees	300	678	378
Police fines	20,000	-	(20,000)
Total charges for service	<u>20,300</u>	<u>69,205</u>	<u>48,905</u>
Miscellaneous:			
Interest	100	833	733
DOT contracts	12,000	-	(12,000)
Other miscellaneous revenues	2,000	24,351	22,351
Total miscellaneous	<u>14,100</u>	<u>25,184</u>	<u>11,084</u>
Total revenues	<u>332,601</u>	<u>683,526</u>	<u>350,925</u>

See notes to financial statements.

**TOWN OF JENNINGS, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

For the Fiscal Year Ended September 30, 2020

EXPENDITURES

General government:			
Personnel services	\$ 110,975	\$ 115,069	\$ (4,094)
Operating expenses	<u>129,495</u>	<u>169,861</u>	<u>(40,366)</u>
Total general government	<u>240,470</u>	<u>284,930</u>	<u>(44,460)</u>
Public safety:			
Law enforcement:			
Personnel services	129,750	110,916	18,834
Operating expenses	44,381	95,954	(51,573)
Debt service	<u>15,000</u>	<u>14,853</u>	<u>147</u>
Total public safety	<u>189,131</u>	<u>221,723</u>	<u>(32,592)</u>
Physical Environment:			
Garbage:			
Personnel services	30,090	-	30,090
Operating expenses	<u>95,410</u>	<u>29,570</u>	<u>65,840</u>
Total physical environment	<u>125,500</u>	<u>29,570</u>	<u>95,930</u>
Transportation:			
Road and streets:			
Personnel services	103,400	91,249	12,151
Operating expenses	103,400	60,760	42,640
Capital outlay	46,000	-	46,000
Other transportation expense	<u>22,300</u>	<u>-</u>	<u>22,300</u>
Total transportation	<u>275,100</u>	<u>152,009</u>	<u>123,091</u>
Economic environment:			
Community development grant	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Culture and recreation:			
Libraries	<u>-</u>	<u>269</u>	<u>(269)</u>
 Total expenditures	 <u>1,030,201</u>	 <u>688,501</u>	 <u>341,700</u>
 Excess of revenues over expenditures	 <u>(697,600)</u>	 <u>(4,975)</u>	 <u>692,625</u>
 Transfer In	 -	 75,293	 75,293
 Net change in fund balance	 <u>(697,600)</u>	 <u>70,318</u>	 <u>767,918</u>
 Fund balance at beg. of year	 <u>711,620</u>	 <u>711,620</u>	 <u>-</u>
Prior period adjustment	<u>-</u>	<u>29,296</u>	<u>29,296</u>
Fund balance at end of year	<u>\$ 14,020</u>	<u>\$ 811,234</u>	<u>\$ 797,214</u>

See notes to financial statements.

**TOWN OF JENNINGS, FLORIDA
VOLUNTEER FIRE DEPARTMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2020**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget Positive (Negative)</u>
REVENUES			
Charges for service:			
Fire protection	\$ 10,000	\$ -	\$ (10,000)
Miscellaneous revenues	500	1,927	1,427
Total revenues	<u>10,500</u>	<u>1,927</u>	<u>(8,573)</u>
EXPENDITURES			
Fire control:			
Operating expenses	28,200	17,715	10,485
Debt service	7,300	6,659	641
Total expenditures	<u>35,500</u>	<u>24,374</u>	<u>11,126</u>
Excess (deficit) of revenues over expenditures	<u>(25,000)</u>	<u>(22,447)</u>	<u>2,553</u>
Net change in fund balance	<u>(25,000)</u>	<u>(22,447)</u>	<u>2,553</u>
Fund balance at beginning of year	<u>71,284</u>	<u>71,284</u>	<u>-</u>
Fund balance at end of year	<u>\$ 46,284</u>	<u>\$ 48,837</u>	<u>\$ 2,553</u>

See notes to financial statements.

**TOWN OF JENNINGS, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2020**

I. Stewardship, Compliance, and Accountability

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

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

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

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

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

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

COMPLIANCE SECTION

**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 the Town Council
Town of Jennings, Florida

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the business-type activities and the major funds of the Town of Jennings, Florida, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Jennings, Florida's basic financial statements and have issued our report thereof dated October 21, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. The following significant deficiencies were noted by the prior auditor:

2019-001 (Prior Auditor)

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: It was recommended that increased management oversight of the accounting function be utilized to mitigate risk.

2019-002 (Prior Auditor)

This finding regarding responsibility for preparation of annual financial statements was substantially corrected by the Town contracting with a CPA firm for financial management services.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Jennings, Florida's financial statements are free of 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*.

We also noted certain matters that we reported to management of the Town of Jennings, Florida, in a separate "Management Letter Required by Chapter 10.550, Rules of the State of Florida, Office of the Auditor General" dated October 21, 2021.

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 Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



POWELL & JONES
Certified Public Accountants
Lake City, Florida
October 21, 2021

MANAGEMENT LETTER

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

In planning and performing our audit of the financial statements of the Town of Jennings, Florida, for the year ended September 30, 2020, we considered the Town's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

This letter furnishes the following information required by Chapter 10.550, *Rules of the Auditor General*, and other compliance matters.

PRIOR YEAR FINDINGS

There were no reportable findings applicable to the management letter by the prior auditor.

CURRENT YEAR FINDINGS

- 2020-01 Fuel Purchasing System** - The Town purchases fuel for vehicles from a vendor which utilized an automated fuel accountability system that tracks individual vehicle purchases and provides the Town monthly, detailed reports of fuel purchasing activity. From our review of selected reports, we found that the Town's staff did not utilize those reports for fuel purchase accountability. We recommend that procedures be implemented which properly track fuel purchases, utilizing the vendor accountability reports or other accountability measures.
- 2020-02 Credit Card Accountability** - From our audit of selected credit card statements, we found that documentation generally was not submitted nor retained for all credit card purchases. For proper accountability, all purchase receipts should be remitted to the Town's finance office and the receipts should be fully reconciled to all purchases on the monthly credit card statements.
- 2020-03 Payroll Files** - From our audit of payroll transactions, we found that formal payroll files were not maintained for Town employees. For proper payroll accountability we recommend that formal payroll files be maintained for all Town employees and that the files contain proper documentation of salary rates, required employment forms and authorizations for payroll deductions.
- 2020-04 Employee Leave Records** - From our test of payroll transactions, we were unable to locate where contemporaneous records of employee leave earned and used were maintained for all Town employees. Such records are necessary to document that employee leave is correctly managed and accounted for. We recommend that such leave records be maintained for all Town employees.
- 2020-05 Cash Receipts** - From our test of cash receipts for the fiscal year, we found that individual cash receipts generally could not be traced to specific bank deposits. We recommend that procedures be implemented to provide a complete audit accountability trail of all cash receipts of the Town.

- 2020-06** **Utility Accounts Receivable** – From our audit procedures we were unable to find where the monthly listing of utility customer accounts receivable was run and retained by the Town. Such reports are necessary to periodically adjust the Town’s financial records and properly monitor customer collections and/or delinquencies. We recommend that the Town run and retain all required monthly reports from the utility billing system and periodically reconcile these reports to the financial records.
- 2020-07** **Cash Disbursements** – From our test of selected cash disbursements, Town employees were unable to locate several paid invoices in varying amounts. For proper accountability we recommend that invoices or equivalent source documents be retained for all Town expenditures and be properly documented regarding review and approval status to ensure compliance with Town purchasing procedures.
- 2020-08** **Building Purchase** – In October 2019, the Town issued a check to a finance company for \$4,572.33. Upon inquiry we found that this check represented payment for a portable building owned by the former Town Manager. No documentation was available to verify that this transaction represented proper value to the Town, nor was there any evidence to show that comparable pricing was sought for this purchase. We also found no evidence that the former Town Manager properly recused himself from the negotiation or decision making regarding the purchase. While this was likely an unusual transaction not likely to reoccur in the future, we recommend that the Town adopt policies to ensure that all related party transactions are fully and transparently administered.

AUDITOR GENERAL COMPLIANCE MATTERS

Financial Condition Assessment - As required by the *Rules of the Auditor General* (Sections 10.554(1)(i)5.b and 10.556(8)), we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information they provided.

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

Our audit did not disclose any further items that would be required to be reported under the *Rules of the Auditor General*, Chapter 10.554(1)(f).

CONCLUSION

We have reviewed each of our specific findings with appropriate officials or employees and have provided them with documentation as requested. We very much enjoyed the challenges and experiences associated with this year’s audit of the Town. We appreciate the helpful assistance and courtesy afforded us by all Town employees and look forward to working with you in the future.



POWELL & JONES
Certified Public Accountants
Lake City, Florida
October 21, 2021

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the Town of Jennings, Florida's compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2020. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

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

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

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



POWELL & JONES
Certified Public Accountants
Lake City, Florida
October 21, 2021

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

We have audited the financial statements of the Town of Jennings, Florida for the year ended September 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Jennings, Florida, are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the Town during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 21, 2021.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Information in Documents Containing Audited Financial Statements

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

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

Very truly yours,



POWELL & JONES
Certified Public Accountants
Lake City, Florida
October 21, 2021

RESPONSE LETTER GOES HERE