

TOWN OF JENNINGS, FLORIDA
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2022

**TOWN OF JENNINGS, FLORIDA
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2022
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INTRODUCTORY SECTION

**TOWN OF JENNINGS, FLORIDA
LIST OF PRINCIPAL OFFICIALS**

September 30, 2022

MAYOR

Charles Barrett

VICE MAYOR

Antonette Crumedy

TOWN COUNCIL

Samantha Prueter

Cynthia Daniels

John Prine

TOWN MANAGER

Jennifer Hightower

TOWN ATTORNEY

Sheena Rickerson

FINANCIAL SECTION



Powell and Jones CPA

1359 S.W. Main Blvd.
Lake City, FL 32025
Phone 386.755.4200
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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each of the major funds of the Town of Jennings, Florida (the "Town") as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each of the major funds as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Prior Period Adjustment

Note 13 of the accompanying financial statements discusses a prior period adjustment for the fiscal year ending September 30, 2022. The applicable portions of the financial statements have been restated accordingly. Our opinions have not been modified as a result of this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June __, 2023, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering the Town's internal control over financial reporting and compliance.



POWELL and JONES CPA
Lake City, Florida
June 30, 2023

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 (the "Town's") financial activities based on currently known facts, decisions or conditions. This analysis focuses on the current year's activities and should be read in conjunction with the financial statements that follow.

Report Layout

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

Basic Financial Statements

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

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

Town as a Whole

Government-wide Financial Statements

A condensed version of the Statement of Net Position at September 30, 2022 and 2021, follows:

Net Position at September 30, 2022 and 2021

	Governmental Activities	Business-type Activities	Total Government	
			2022	2021 (Restated)
Assets				
Cash and cash equivalents	\$ 1,061,561	\$ 1,067,168	\$ 2,128,729	\$ 1,419,894
Other assets	62,731	23,964	86,695	402,409
Capital assets	506,134	5,346,687	5,852,821	5,391,021
Total assets	1,630,426	6,437,819	8,068,245	7,213,324
Deferred outflows	244,276	80,948	325,224	-
Liabilities				
Current liabilities	17,017	246,584	263,601	133,775
Long-term liabilities	286,198	689,595	975,793	329,144
Total liabilities	303,215	936,179	1,239,394	462,919
Deferred inflows	11,083	3,673	14,756	-
Net Position				
Net investment in capital assets	506,134	4,735,491	5,241,625	5,052,682
Restricted	-	125,382	125,382	64,832
Unrestricted	1,054,270	718,042	1,772,312	1,632,891
Total net position	\$ 1,560,404	\$ 5,578,915	\$ 7,139,319	\$ 6,750,405

73% 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 \$125,382 consist primarily of funds held on deposit for utility customers and funds restricted by debt covenants. The balance of unrestricted net position is \$1,772,312.

The Town's net position increased by \$388,914 or 5.8% over the year.

The following schedule provides a summary of the changes in net position. The decrease in Business-type Activities net position reflects an increased depreciation expense that is the result of greater levels of investment in capital assets and projects over the past several years. The increase in net position during the year through Governmental Activities is primarily due to the increase in federal grant revenues.

A condensed version of the Statement of Activities follows:

Change in Net Position
For the Fiscal Year Ended September 30, 2022 and 2021

	Governmental Activities	Business-type Activities	Total Government	
			2022	2021 (Restated)
Revenues				
Program revenues				
Charges for services	\$ 62,153	\$ 355,028	\$ 417,181	\$ 367,591
Grants and contributions	570,347	-	570,347	490,211
General revenues				
Taxes	460,290	-	460,290	457,415
Franchise fees	41,211	-	41,211	41,211
State shared revenues	193,377	-	193,377	115,088
Interest and other	1,042	2,185	3,227	14,294
Total revenues	<u>1,328,420</u>	<u>357,213</u>	<u>1,685,633</u>	<u>1,485,810</u>
Expenses				
General government	421,370	-	421,370	380,787
Public safety	218,671	-	218,671	245,211
Physical environment	50,026	453,604	503,630	426,713
Transportation	132,118	-	132,118	139,838
Culture/recreation	11,727	-	11,727	11,478
Interest on long-term debt	-	9,203	9,203	12,017
Total expenses	<u>833,912</u>	<u>462,807</u>	<u>1,296,719</u>	<u>1,216,044</u>
Transfers	-	-	-	-
Change in net position	494,508	(105,594)	388,914	269,766
Beginning net position	1,065,896	5,684,509	6,750,405	6,480,639
Ending net position	<u>\$ 1,560,404</u>	<u>\$ 5,578,915</u>	<u>\$ 7,139,319</u>	<u>\$ 6,750,405</u>

Governmental activities:

Grants and contributions provided 43% of the revenues for Governmental Activities, while taxes provided 35%. Most of the Governmental Activities resources were used to fund activities related to the General Government (51%), Public Safety (26%) and Transportation (15%).

Business-type activities:

Business-type activities decreased the Town's net position by \$105,594. As is noted above, this was due to an increased depreciation expense because of the Town's increasing investment in capital activities.

Budgetary Highlights

The General Fund's revenues were \$506,241 more than were budgeted and expenditures were less than the budgeted amounts by \$367.

Capital Assets and Debt Administration

Capital Assets

At September 30, 2022, the Town had \$5.85 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 \$461,800 or 8.57% more than last year.

Capital Assets at September 30, 2022 and 2021

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Non-depreciable assets:						
Land	\$ 46,955	\$ 46,955	\$ 70,556	\$ 70,556	\$ 117,511	\$ 117,511
Construction in progress	-	-	460,867	1,289,235	460,867	1,289,235
Depreciable assets:						
Buildings and improvements	363,271	363,271	8,500,916	7,211,681	8,864,187	7,574,952
Furnitures and fixtures	2,762	2,762	-	-	2,762	2,762
Equipment and vehicles	518,585	502,472	308,711	214,631	827,296	717,103
Subtotal	931,573	915,460	9,341,050	8,786,103	10,272,623	9,701,563
Accumulated depreciation	(425,439)	(532,838)	(3,994,363)	(3,777,704)	(4,419,802)	(4,310,542)
Capital assets, net	\$ 506,134	\$ 382,622	\$ 5,346,687	\$ 5,008,399	\$ 5,852,821	\$ 5,391,021

Debt Outstanding

At year-end, the Town had \$993,962 in debt outstanding versus \$344,233 the prior year, an increase of \$649,729. This increase was primarily the result of the receipt of funds from the SRF note payable CW #20 and the recognition of the Town's share of the Florida Retirement System's net pension liability.

Debt Outstanding at September 30, 2022 and 2021

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
SRF note payable #10	\$ -	\$ -	\$ 6,531	\$ 9,030	\$ 6,531	\$ 9,030
SRF note payable #11	-	-	46,991	49,718	46,991	49,718
SRF note payable #20	-	-	12,913	13,666	12,913	13,666
SRF note payable DW#10	-	-	37,767	38,975	37,767	38,975
SRF note payable CW #20	-	-	291,994	-	291,994	-
4th series bond payable	-	-	215,000	227,000	215,000	227,000
Accrued compensated absences	5,152	-	3,435	5,844	8,587	5,844
Net pension liability	281,046	-	93,133	-	374,179	-
Total	<u>\$ 286,198</u>	<u>\$ -</u>	<u>\$ 707,764</u>	<u>\$ 344,233</u>	<u>\$ 993,962</u>	<u>\$ 344,233</u>

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 3.8%, which is approximately the same as the Town. This is lower than the prior year.
- The estimated population for the Town in 2022 was approximately 900 and is estimated to be virtually the same in 2023.
- The Town levied ad valorem taxes during 2022 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, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,061,561	\$ 941,786	\$ 2,003,347
Accounts receivable - net	19,139	23,964	43,103
Due from other governmental units	43,592	-	43,592
Total current assets	1,124,292	965,750	2,090,042
NON-CURRENT ASSETS			
Restricted assets			
Cash and cash equivalents	-	71,095	71,095
Customer deposits cash	-	54,287	54,287
Total restricted assets	-	125,382	125,382
Capital assets - net	506,134	5,346,687	5,852,821
Total assets	1,630,426	6,437,819	8,068,245
DEFERRED OUTFLOWS	244,276	80,948	325,224
LIABILITIES AND NET POSITION			
LIABILITIES			
Current liabilities			
Accounts payable	8,775	173,194	181,969
Accrued liabilities	8,242	-	8,242
Accrued interest payable	-	934	934
Deposits	-	54,287	54,287
Current vehicle loans payable	-	-	-
Current portion bonds payable	-	13,000	13,000
Current SRF loans payable	-	5,169	5,169
Accrued compensated absences	-	-	-
Total current liabilities	17,017	246,584	263,601
Noncurrent liabilities			
Other liabilities			
Noncurrent portion bonds payable	-	202,000	202,000
Non-current SRF loans payable	-	391,027	391,027
Accrued compensated absences	5,152	3,435	8,587
Net pension liability	281,046	93,133	374,179
Total noncurrent liabilities	286,198	689,595	975,793
Total liabilities	303,215	936,179	1,239,394
DEFERRED INFLOWS	11,083	3,673	14,756
NET POSITION			
Net investment in capital assets	506,134	4,735,491	5,241,625
Restricted	-	125,382	125,382
Unrestricted	1,054,270	718,042	1,772,312
Total net position	\$ 1,560,404	\$ 5,578,915	\$ 7,139,319

See notes to the financial statements.

TOWN OF JENNINGS, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2022

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	\$ 421,370	\$ -	\$ 431,736	\$ -	\$ 10,366	\$ -	\$ 10,366
Public safety	218,671	-	13,611	125,000	(80,060)	-	(80,060)
Physical environment	50,026	62,153	-	-	12,127	-	12,127
Transportation	132,118	-	-	-	(132,118)	-	(132,118)
Culture/recreation	11,727	-	-	-	(11,727)	-	(11,727)
Total governmental activities	833,912	62,153	445,347	125,000	(201,412)	-	(201,412)
Business-type activities							
Water and sewer services	453,604	355,028	-	-	-	(98,576)	(98,576)
Interest on long-term activities	9,203	-	-	-	-	(9,203)	(9,203)
Total business-type activities	462,807	355,028	-	-	-	(107,779)	(107,779)
Total government	1,296,719	417,181	445,347	125,000	(201,412)	(107,779)	(309,191)
			General revenues				
			Ad valorem taxes		63,607	-	63,607
			Sale and use taxes		312,900	-	312,900
			Franchise fees		41,211	-	41,211
			Utility services taxes		57,600	-	57,600
			service taxes		26,183	-	26,183
			State shared revenues		193,377	-	193,377
			Interest		335	196	531
			Miscellaneous		707	1,989	2,696
			Total general revenues		695,920	2,185	698,105
			Change in net position		494,508	(105,594)	388,914
			Net position beginning (restated)		1,065,896	5,684,509	6,750,405
			Net position ending		\$ 1,560,404	\$ 5,578,915	\$ 7,139,319

See notes to the financial statements.

**TOWN OF JENNINGS, FLORIDA
GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2022**

	<u>General</u>	<u>Volunteer</u>	<u>Total</u>
	<u>Fund</u>	<u>Fire</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
ASSETS			
Cash	\$ 998,047	\$ 7,180	\$ 1,005,227
Certificates of deposit	56,334	-	56,334
Accounts receivable	19,139	-	19,139
Due from other funds	7,180	-	7,180
Due from other governmental units	43,592	-	43,592
Total assets	<u>1,124,292</u>	<u>7,180</u>	<u>1,131,472</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	8,775		8,775
Due to other funds	-	7,180	7,180
Accrued liabilities	8,242	-	8,242
Total liabilities	<u>17,017</u>	<u>7,180</u>	<u>24,197</u>
FUND BALANCES			
Unassigned	1,107,275	-	1,107,275
Total fund balances	<u>1,107,275</u>	<u>-</u>	<u>1,107,275</u>
Total liabilities and fund balances	<u>\$ 1,124,292</u>	<u>\$ 7,180</u>	

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

Net capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	506,134
Deferred outflows of resources represent a consumption of fund equity that will be reported as an outflow of resources in a future period and therefore are not reported in the governmental funds	244,276
Deferred inflows of resources represent an acquisition of fund equity that will be recognized as an inflow of resources in a future period and therefore are not reported in the governmental funds	(11,083)
Long-term liabilities are not due in the current period and, therefore, are not reported in the governmental funds	
Accrued compensated absences	(5,152)
Net pension liability	(281,046)
Net position of governmental activities	<u>\$ 1,560,404</u>

See notes to the financial statements.

TOWN OF JENNINGS, FLORIDA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended September 30, 2022

	General Fund	Volunteer Fire Fund	Total Governmental Funds
REVENUES			
Taxes	\$ 460,290	\$ -	\$ 460,290
Licenses and permits	41,211	-	41,211
Intergovernmental	638,724	125,001	763,725
Charges for services	62,153	-	62,153
Miscellaneous	1,041	-	1,041
Total revenues	1,203,419	125,001	1,328,420
EXPENDITURES			
Current expenditures			
General government	390,880	-	390,880
Public safety	68,387	115,796	184,183
Physical environment	49,739	-	49,739
Transportation	104,942	-	104,942
Culture/recreation	2,325	-	2,325
Capital outlay	5,600	166,750	172,350
Total expenditures	621,873	282,546	904,419
Excess (deficit) of revenues over expenditures	581,546	(157,545)	424,001
OTHER FINANCING SOURCES (USES)			
Transfer in	-	157,545	157,545
Transfer out	(157,545)	-	(157,545)
Total other financing sources and uses	(157,545)	157,545	-
Net change in fund balances	424,001	-	424,001
Fund balances at beginning of year	683,274	-	683,274
Fund balances at end of year	\$ 1,107,275	\$ -	\$ 1,107,275

See notes to the financial statements.

**TOWN OF JENNINGS, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2022**

Net change in fund balances - total governmental funds \$ 424,001

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

Expenditures for capital assets	\$ 172,350	
Less current year depreciation	<u>(48,838)</u>	123,512

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

Net (increase) in compensated absences		(5,152)
Net (increase) in pension liability		(281,046)
Change in deferred inflows and outflows		<u>233,193</u>

Change in net position of governmental activities \$ 494,508

See notes to the financial statements.

**TOWN OF JENNINGS, FLORIDA
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 September 30, 2022**

	Business Type Activities Enterprise Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 941,786
Accounts receivable, net	23,964
Total current assets	965,750
NON-CURRENT ASSETS	
Restricted assets	
Cash and cash equivalents	71,095
Customer deposits	54,287
Total restricted assets	125,382
Capital assets	
Land	70,556
Buildings	8,500,916
Equipment	308,711
Construction in progress	460,867
Accumulated depreciation	(3,994,363)
Total capital assets	5,346,687
Total assets	6,437,819
DEFERRED OUTFLOWS	80,948
LIABILITIES AND NET ASSETS	
LIABILITIES	
Current liabilities	
Accounts payable	173,194
Accrued interest payable	934
Deposits	54,287
Current bonds payable	13,000
Current SRF loan payable	5,169
Total current liabilities	246,584
Long-term liabilities	
Bonds payable	202,000
SRF loan payable	391,027
Accrued leave payable	3,435
Net pension liability	93,133
Total long-term liabilities	689,595
Total liabilities	936,179
DEFERRED INFLOWS	3,673
NET POSITION	
Net investment in capital assets	4,735,491
Restricted	125,382
Unrestricted	718,042
Total net position	\$ 5,578,915

See notes to the financial statements.

**TOWN OF JENNINGS, FLORIDA
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 For the Fiscal Year Ended September 30, 2022**

	Business Type of Activities Enterprise Fund
OPERATING REVENUES	
Charges for services	
Water utility services	\$ 157,956
Sewer utility services	190,132
Delinquent fees	6,940
Total operating revenues	355,028
OPERATING EXPENSES	
Water and sewer services	
Personnel services	119,569
Operating expenses	
Lab fees	8,656
Utility services	36,062
Repair and maintenance	31,947
Fuel	8,408
Supplies	26,462
Other expenses	5,841
Depreciation	216,659
Total operating expenses	453,604
Operating loss	(98,576)
NONOPERATING REVENUES (EXPENSES)	
Miscellaneous revenues	1,989
Interest revenue	196
Interest expense	(9,203)
Total nonoperating revenues	(7,018)
Increase in net position	(105,594)
Net position at beginning of year (restated)	5,684,509
Net position at end of year	\$ 5,578,915

See notes to the financial statements.

**TOWN OF JENNINGS, FLORIDA
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 For the Fiscal Year Ended September 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 363,964
Cash payments for goods and services	(124,145)
Cash payments to employees for services	(106,120)
Net cash provided by operating activities	<u>133,699</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Grant receipts	299,271
Acquisitions of property and equipment	(386,074)
Proceeds from issuance of debt	291,994
Principal paid on loans and bonds payable	(19,187)
Interest paid	(9,203)
Net cash received from capital and related financing activities	<u>176,801</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received on investments	<u>196</u>
Net cash provided by investing activities	<u>196</u>
Net increase in cash and cash equivalents	310,696
Cash at beginning of year	<u>756,472</u>
Cash at end of year	<u>\$ 1,067,168</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES:	
Operating loss	<u>\$ (98,576)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	216,659
Changes in assets decrease (increase) and liabilities (decrease) increase:	
Accounts receivable, net	11,001
Deferred outflows	(80,948)
Accrued leave payable	(2,409)
Accounts payable	(6,769)
Deferred inflows	3,673
Customer deposits	(2,065)
Net pension liability	93,133
Total adjustments	<u>232,275</u>
Net cash provided by operating activities	<u>\$ 133,699</u>

See notes to the financial statements.

TOWN OF JENNINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

The basic financial statements of the Town for the year ended September 30, 2022, were prepared in accordance with U.S. GAAP.

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

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

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

1. Government-wide Financial Statements

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

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

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

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

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

2. Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

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

1. Governmental Major Funds:

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

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

2. Proprietary Major Fund:

Enterprise Fund - The Enterprise Fund accounts for the revenues, expenses, assets, and liabilities associated with the Town operated water, sewer, and solid waste disposal services.

D. Non-current Governmental Assets/Liabilities:

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

E. Assets, Liabilities and Net Position or Equity

- 1. Cash and Investments -** Cash includes amounts in demand deposits as well as short-term money market investment accounts. Investments, consisting of certificates of deposit, are stated at cost which approximates market value. All such deposits and investments are insured and collateralized as required by state law.
- 2. Cash Equivalents -** For purposes of the statement of cash flows, the Town considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents. As of September 30, 2022, 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, 2022, 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, 2022.
- 4. Receivables and Payables -** Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All receivables are shown net of an allowance for doubtful accounts. Any receivables in excess of 180 days would comprise the trade accounts receivable allowance for doubtful accounts.
- 5. Inventories -** The costs of governmental inventories are generally recorded as expenditures when purchased rather than when consumed. The actual amounts of any such inventory type goods on hand at year end would not be material. Certain inventories consisting of repair items are recorded at cost.
- 6. Restricted Assets -** Certain portions of the net position of the Town are classified as restricted assets on the statement of net position because their use is limited either by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributions, or laws or regulations of other governments. In a fund with both restricted and unrestricted assets, qualified expenses are considered to be paid first from restricted net position and then from unrestricted net position.
- 7. Encumbrances -** Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not utilized by the Town.

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

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

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

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

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

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

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

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

14. **Fund Balances – Governmental Funds**

As of September 30, 2022, 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, 2022, fund balances are composed of the following:

<u>Fund</u>	<u>Unassigned</u>
General	\$ 1,107,275
Volunteer Fire	-
	<u>\$ 1,107,275</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 \$1,107,275 differs from “net position” of governmental activities \$1,596,179 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	\$ 931,573
Accumulated depreciation	(425,439)
Total	<u>\$ 506,134</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, 2022, were:

Net pension liability	\$ (281,046)
Accrued compensated absences	(5,152)
Total	<u>\$ (286,198)</u>

Deferred outflows/inflows of resources

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

Deferred outflows	\$ 244,276
Deferred inflows	(11,083)
Totals	<u>\$ 233,193</u>

TOWN OF JENNINGS, FLORIDA

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

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

	Total Governmental Funds	Capital Related Items	Interfund Eliminations	Deferred Inflows/Outflows	Long-Term Debt Transactions	Statement of Net Position
ASSETS						
Cash and cash equivalents	\$ 1,061,561	\$ -	\$ -	\$ -	\$ -	\$ 1,061,561
Accounts receivable	19,139	-	-	-	-	19,139
Due from other funds	7,180	-	(7,180)	-	-	-
Due from other governmental units	43,592	-	-	-	-	43,592
Capital assets - net	-	506,134	-	-	-	506,134
Total assets	1,131,472	506,134	(7,180)	-	-	1,630,426
DEFERRED OUTFLOWS	-	-	-	244,276	-	244,276
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	8,775	-	-	-	-	8,775
Accrued liabilities	8,242	-	-	-	-	8,242
Due to other funds	7,180	-	(7,180)	-	-	-
Accrued compensated absences	-	-	-	-	5,152	5,152
Net pension liability	-	-	-	-	281,046	281,046
Total liabilities	24,197	-	(7,180)	-	286,198	303,215
DEFERRED INFLOWS	-	-	-	11,083	-	11,083
Fund balances/net position	\$ 1,107,275	\$ 506,134	\$ -	\$ 233,193	\$ (286,198)	\$ 1,560,404

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

The “net change in fund balances” for governmental funds \$424,001 differs from the “change in net position” for governmental activities \$530,283 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	\$ 172,350
Depreciation expense	(48,838)
Total	<u>\$ 123,512</u>

Long-term debt transactions

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

Net increase in net position liability	\$ (281,046)
Net increase in accrued compensated absences	(5,152)
Total	<u>\$ (286,198)</u>

Deferred outflows/inflows of resources

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

Net increase in deferred outflows	\$ 244,276
Net increase in deferred inflows	(11,083)
	<u>\$ 233,193</u>

TOWN OF JENNINGS, FLORIDA

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

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

	Total Governmental Funds	Capital Related Items	Deferred Inflows/Outflows	Long-Term Debt/Elimination Transactions	Statement of Activities
REVENUES					
Taxes	\$ 460,290	\$ -	\$ -	\$ -	\$ 460,290
Licenses and permits	41,211	-	-	-	41,211
Intergovernmental	763,725	-	-	-	763,725
Charges for services	62,153	-	-	-	62,153
Miscellaneous	1,041	-	-	-	1,041
Total revenues	1,328,420	-	-	-	1,328,420
EXPENDITURES					
Current expenditures:					
General government	390,880	7,836	(97,860)	120,514	421,370
Public safety	184,183	18,069	(72,215)	88,634	218,671
Physical environment	49,739	122	(808)	973	50,026
Transportation	104,942	13,409	(62,310)	76,077	132,118
Culture/recreation	2,325	9,402	-	-	11,727
Capital outlay					
Public safety	166,750	(166,750)	-	-	-
Transportation	5,600	(5,600)	-	-	-
Total expenditures	904,419	(123,512)	(233,193)	286,198	833,912
Excess of revenues over (under) expenditures	424,001	123,512	233,193	(286,198)	494,508
OTHER FINANCING SOURCES (USES)					
Interfund transfers in/(out)	-	-	-	-	-
Net change in fund balance	424,001	123,512	233,193	(286,198)	494,508
Fund balance at beginning of year	683,274	382,622	-	-	1,065,896
Fund balance at end of year	\$ 1,107,275	\$ 506,134	\$ 233,193	\$ (286,198)	\$ 1,560,404

NOTE 3. LEGAL COMPLIANCE–BUDGETS

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

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

NOTE 4. DEPOSITS AND INVESTMENTS

Deposits. The bank balances of the Town deposits totaling \$1,999,319 were fully insured by federal depository insurance or pledged collateral under state law.

Investments. Under state law, the Town is allowed to invest surplus funds in guaranteed obligations of the U.S. government, interest bearing accounts of financial institutions which are legally secured, and the Local Government Surplus Funds Trust Fund. At year end, invested funds totaling \$127,428 consisted entirely of certificates of deposit which were fully insured or collateralized. These investments are classified as Category 1 in accordance with GASB Standard No. 3, “Deposits with Financial Institutions, Investments, and Reserve Repurchase Agreements.” The Town only invests in securities allowed by state law.

NOTE 5. PROPERTY TAX REVENUES

The Town levied a property tax during the year. Although it was allowed by law to levy up to 10 mills of tax, the current year levy was set at 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 2021-2022 fiscal year were levied in October 2021. All taxes are due and payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount. All unpaid taxes become delinquent as of April 1. Virtually all unpaid taxes are collected via the sale of tax certificates on or prior to June 1; therefore, there were no material taxes receivable at the end of the fiscal year.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022, was as follows:

	Beginning Balance	Additions	Deletions	Reclassifications	Ending Balance
Governmental activities:					
Capital assets:					
Not being depreciated:					
Land	\$ 46,955	\$ -	\$ -	\$ -	\$ 46,955
Being depreciated:					
Equipment and vehicles	502,472	172,350	(156,237)	-	518,585
Furniture and fixtures	2,762	-	-	-	2,762
Buildings and improvements	363,271	-	-	-	363,271
Total capital assets	915,460	172,350	(156,237)	-	931,573
Less accumulated depreciation	(532,838)	(48,838)	156,237	-	(425,439)
Governmental activities capital assets, net	<u>\$ 382,622</u>	<u>\$ 123,512</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 506,134</u>
 Business-type activities:					
Not being depreciated:					
Land	\$ 70,556	\$ -	\$ -	\$ -	\$ 70,556
Construction in progress	1,289,235	460,867	-	(1,289,235)	460,867
Being depreciated:					
Equipment and vehicles	214,631	94,080	-	-	308,711
Waste water treatment plan renovations	7,211,681	-	-	1,289,235	8,500,916
Total capital assets	8,786,103	554,947	-	-	9,341,050
Less accumulated depreciation	(3,777,704)	(216,659)	-	-	(3,994,363)
Business-type activities capital assets, net	<u>\$ 5,008,399</u>	<u>\$ 338,288</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,346,687</u>

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

Governmental activities:	
General government	\$ 7,836
Public safety	18,069
Transportation	13,409
Culture/recreation	9,402
Physical environment	122
Total depreciation expense - governmental activities	<u>\$ 48,838</u>

Business -type activities:	
Water and sewer utility	<u>\$ 216,659</u>

NOTE 7. INTERFUND ACTIVITY

Amounts due amongst funds for the year ended September 30, 2022, consisted of the following:

Fund	Receivable	Payable
General	\$ 7,180	\$ -
Volunteer fire fund	-	7,180
Total	<u>\$ 7,180</u>	<u>\$ 7,180</u>

Interfund transfers for the year ended September 30, 2022, were as follows:

Fund	Transfers in	Transfers Out
General	\$ -	\$ 157,545
Volunteer fire fund	157,545	-
Total	<u>\$ 157,545</u>	<u>\$ 157,545</u>

NOTE 8. RECEIVABLE AND PAYABLE BALANCES

Receivables

Receivables at September 30, 2022 were as follows:

	Accounts	Due from other governments
Governmental activities	\$ 19,139	\$ 43,592
Business-type activities	23,964	-
	<u>\$ 43,103</u>	<u>\$ 43,592</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, 2022, were as follows:

	<u>Accounts</u>
Governmental activities	\$ 8,775
Business-type activities	<u>173,194</u>
	<u>\$ 181,969</u>

NOTE 9. LONG-TERM LIABILITIES

Governmental Activities

The following summarizes the changes in the Town's governmental long-term liabilities during the year ended September 30, 2022:

	Balance October 1, 2021	Increases	Decreases	Balance September 30, 2022	Due Within One Year
Compensated absences	\$ -	\$ 5,152	\$ -	\$ 5,152	\$ -
Net pension liability	-	281,046	-	281,046	-
	<u>\$ -</u>	<u>\$ 286,198</u>	<u>\$ -</u>	<u>\$ 286,198</u>	<u>\$ -</u>

Business-type Activities

A summary of proprietary fund debt as of September 30, 2022, 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, 2021	Increases	Decreases	Balance September 30, 2022	Within One Year
Compensated absences	\$ 5,844	\$ -	\$ (2,409)	\$ 3,435	\$ -
SRF note payable #10	9,030	-	(2,499)	6,531	502
SRF note payable #11	49,718	-	(2,727)	46,991	2,828
SRF note payable #20	13,666	-	(753)	12,913	833
SRF note payable DW #10	38,975	-	(1,208)	37,767	1,006
SRF note payable CW #20	-	291,994	-	291,994	-
4th series bonds payable	227,000	-	(12,000)	215,000	13,000
Net pension liability	-	93,133	-	93,133	-
	<u>\$ 344,233</u>	<u>\$ 385,127</u>	<u>\$ (21,596)</u>	<u>\$ 707,764</u>	<u>\$ 18,169</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
2023	\$ 13,000	\$ 9,675	\$ 22,675
2024	13,000	9,090	22,090
2025	14,000	8,505	22,505
2026	14,000	7,875	21,875
2027	15,000	7,245	22,245
2028-2032	86,000	25,470	111,470
2033-2035	60,000	5,490	65,490
	<u>\$ 215,000</u>	<u>\$ 73,350</u>	<u>\$ 288,350</u>

SRF Note Payable #10

State Revolving Loan (Clean Water, Phase I) - On January 26, 2016, the Town entered into a Clean Water State Revolving Fund Loan agreement with the State of Florida (Department of Environmental Protection), for improvements to the Town's water and sewer systems (Phase 1). The total amount of the loan is \$10,034, with an interest rate of 0% per annum. Forty payments in the amount of \$251 are due semiannually, beginning October 15, 2019. Based on the payments made by the Town as of September 30, 2022, remaining debt payments to maturity are as follows:

Year Ended September 30	Principal	Interest	Total
2023	\$ 502	\$ -	\$ 502
2024	502	-	502
2025	502	-	502
2026	502	-	502
2027	502	-	502
2028-2032	2,510	-	2,510
2033-2035	1,511	-	1,511
	<u>\$ 6,531</u>	<u>\$ -</u>	<u>\$ 6,531</u>

SRF Note Payable #11

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

Year Ended September 30	Principal	Interest	Total
2023	\$ 2,816	\$ 12	\$ 2,828
2024	2,817	11	2,828
2025	2,817	11	2,828
2026	2,817	11	2,828
2027	2,819	9	2,828
2028-2032	14,102	38	14,140
2033-2037	14,119	21	14,140
2038-2039	4,684	2	4,686
	<u>\$ 46,991</u>	<u>\$ 115</u>	<u>\$ 47,106</u>

SRF Note payable #20

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

Year Ended September 30	Principal	Interest	Total
2023	\$ 717	\$ 153	\$ 870
2024	725	145	870
2025	733	137	870
2026	733	137	870
2027	769	101	870
2028-2032	3,890	460	4,350
2033-2037	4,145	205	4,350
2038-2039	1,201	25	1,226
	<u>\$ 12,913</u>	<u>\$ 1,363</u>	<u>\$ 14,276</u>

SRF Note Payable DW #10

State Revolving Loan (Clean Water Phase 1) – In 2021, the Town entered into a Clean Water State Revolving Fund Loan agreement with the State of Florida (Department of Environmental Protection) for improvement to the Town’s water and sewer systems. The total amount of the loan is \$38,975 with an interest rate of 0% per annum. Payments in the amount of \$504 are due semiannually. Debt payments to maturity are as follows:

Year Ended September 30	Principal	Interest	Total
2023	\$ 1,008	\$ -	\$ 1,008
2024	1,008	-	1,008
2025	1,008	-	1,008
2026	1,008	-	1,008
2027	1,008	-	1,008
2028-2032	5,040	-	5,040
2033-2037	5,040	-	5,040
2038-2042	5,040	-	5,040
2043-2047	5,040	-	5,040
2048-2052	5,040	-	5,040
Thereafter	7,527	-	7,527
	<u>\$ 37,767</u>	<u>\$ -</u>	<u>\$ 37,767</u>

SRF Note Payable CW #20

State Revolving Loan (Clean Water Construction Loan) – In 2020, the Town entered into a Clean Water State Revolving Fund Construction Loan agreement with the State of Florida (Department of Environmental Protection) for rehabilitation of the Town’s sewer system. The initial amount of the loan was \$3,240,500 and was increased to \$3,888,177 through an amendment to the loan agreement in September 2022. Of this amount, \$2,592,400 is set to be forgiven. The remaining balance of \$1,295,777 will be paid back in fifty five semi-annual installments of \$22,893 at an interest rate of 0% per annum and a final payment of the remaining balance at the end. Per the amended loan agreement these payments are set to begin in February 2024. As of September 30, 2022, the Town had made draws of \$291,994. Projected future debt payments to maturity are as follows:

Year Ended September 30	Principal	Interest	Total
2023	\$ -		\$ -
2024	45,786		45,786
2025	45,786		45,786
2026	45,786		45,786
2027	45,786		45,786
2028-2032	228,930		228,930
2033-2037	228,930		228,930
2038-2042	228,930		228,930
2043-2047	228,930		228,930
2048-2052	196,913		196,913
	<u>\$ 1,295,777</u>	<u>\$ -</u>	<u>\$ 1,295,777</u>

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

NOTE 10. DEFERRED COMPENSATION PLAN

On December 4, 2012, the Town Council adopted a deferred compensation plan (Section 457(b)). 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 \$5,940 to the plan for the year ended September 30, 2022.

NOTE 11. COST-SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS - FLORIDA RETIREMENT SYSTEM PENSION PLAN AND THE RETIREE HEALTH INSURANCE SUBSIDY PROGRAM

Florida Retirement System

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

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

Pension Plan

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

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers’ class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

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

As provided in Section 121.101, *Florida Statutes*, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

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

Contributions - Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2021 through June 30, 2022 and from July 1, 2022 through September 30, 2022, respectively, were as follows: Regular—10.82% and 11.91%; Special Risk Administrative Support—37.76% and 38.65%; Special Risk—25.89% and 27.83%; Senior Management Service—29.01% and 31.57%; Elected Officers’—40.91% and 43.77%; and DROP participants—18.34% and 18.60%. These employer contribution rates include 1.66% and 1.66% HIS Plan subsidy for the periods October 1, 2021 through June 30, 2022 and from July 1, 2022 through September 30, 2022, respectively.

The Town’s contributions, including employee contributions, to the Pension Plan totaled \$48,646 for the fiscal year ended September 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2022, the Town reported a liability of \$281,432 for its proportionate share of the Pension Plan’s net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The Town’s proportionate share of the net pension liability was based on the Town’s 2021-2022 fiscal year contributions relative to the 2020-2021 fiscal year contributions of all participating members. At June 30, 2022, the Town’s proportionate share was 0.0007563739 percent.

For the fiscal year ended September 30, 2022, the Town recognized pension expense of \$83,824. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,366	\$ -
Changes in assumptions	34,660	-
Net difference between projected and actual earnings on Pension Plan investments	18,583	-
Changes in proportion and differences between Town Pension Plan contributions and proportionate share of contributions	163,977	-
Town Pension Plan contributions subsequent to the measurement date	7,386	-
Total	\$ 237,972	\$ -

The deferred outflows of resources related to the Pension Plan, totaling \$7,386 resulting from Town contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Amount
2023	\$ 55,764
2024	21,042
2025	(18,832)
2026	163,850
2027	8,762
Thereafter	-
	<u>\$ 230,586</u>

Actuarial Assumptions – The total pension liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	6.70%, net of pension plan investment expense, including inflation
Discount rate	6.70%

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

The actuarial assumptions used in the July 1, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

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

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	2.60%	2.60%	1.10%
Fixed Income	19.80%	4.40%	4.40%	3.20%
Global Equity	54.00%	8.80%	7.30%	17.80%
Real Estate	10.30%	7.40%	6.30%	15.70%
Private Equity	11.10%	12.00%	8.90%	26.30%
Strategic Investments	3.80%	6.20%	5.90%	7.80%
Total	<u>100.00%</u>			
Assumed Inflation - Mean			2.40%	1.30%

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
	5.70%	6.70%	7.70%
Town's proportionate share of the net pension liability	<u>\$ 486,717</u>	<u>\$ 281,432</u>	<u>\$ 109,789</u>

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

Payables to the Pension Plan - The Town had no payables for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2022.

HIS Plan

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

Benefits Provided - For the fiscal year ended September 30, 2022, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions - The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2022, the HIS contribution for the period October 1, 2021 through June 30, 2022 and from July 1, 2022 through September 30, 2022 was 1.66% and 1.66%, respectively. The Town contributed 100% of its statutorily required contributions for the current year. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The Town's contributions including employee contributions to the HIS Plan totaled \$7,987 for the fiscal year ended September 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2022, the Town reported a liability of \$92,747 for its proportionate share of the HIS Plan’s net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The Town’s proportionate share of the net pension liability was based on the Town’s 2021-2022 fiscal year contributions relative to the 2020-2021 fiscal year contributions of all participating members. At June 30, 2022, the Town’s proportionate share was .00007566927 percent.

For the fiscal year ended September 30, 2022, the Town recognized pension expense of \$26,878. In addition, the Town reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,815	\$ 408
Changes in assumptions	5,316	14,348
Net difference between projected and actual earnings on Pension Plan investments	134	-
Changes in proportion and differences between Town Pension Plan contributions and proportionate share of contributions	77,768	-
Town Pension Plan contributions subsequent to the measurement date	1,219	-
Total	\$ 87,252	\$ 14,756

The deferred outflows of resources related to the HIS Plan, totaling \$1,219 resulting from Town contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Amount
2023	\$ (153,278)
2024	(82,655)
2025	(37,792)
2026	181,905
2027	136,044
Thereafter	27,053
	\$ 71,277

Actuarial Assumptions – The total pension liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Municipal bond rate	3.54%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Discount Rate - The discount rate used to measure the total pension liability was 3.54%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Town’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the Town’s proportionate share of the net pension liability calculated using the discount rate of 3.54%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	2.54%	3.54%	4.54%
Town's proportionate share of the net pension liability	\$ 106,110	\$ 92,747	\$ 81,689

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

Payables to the Pension Plan - The Town had no payables for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2022.

Investment Plan

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

As provided in Section 121.4501, *Florida Statutes*, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Town employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates, based on salary and membership class (Regular Class, Elected Town Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2021-2022 fiscal year, as established by Section 121.72, *Florida Statutes*, are based on a percentage of gross compensation, by class, as follows: Regular class 6.30%, Special Risk Administrative Support class 7.95%, Special Risk class 14.00%, Senior Management Service class 7.67% and Town Elected Officers class 11.34%. Each of these member classes pays 3.00% of the contribution.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2022, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Town.

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

The Town did not have any participants in the Investment Plan for the fiscal year ended September 30, 2022.

NOTE 11. RISK MANAGEMENT

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

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

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

NOTE 12. CONTINGENT LIABILITIES

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

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.

The Town is a defendant in various lawsuits. Although the outcomes of these lawsuits are not presently determinable, it is the opinion of the Town's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the Town.

NOTE 13. PRIOR-PERIOD ADJUSTMENT

In the financial statements for the year ended September 30, 2021, an error was made related to cutoff procedures for intergovernmental grant revenues in the proprietary fund. The related portions of the current year's financial statements have been restated accordingly. The following schedule illustrates the impact of the restatement:

	As originally reported 2021	Restated 2021
	<hr/>	<hr/>
Total Government Statement of Net Position		
Other assets	\$ 305,296	\$ 402,409
Unrestricted net position	1,535,778	1,632,891
Net position	6,653,292	6,750,405
Total Government Statement of Activities		
Revenues		
Grants and contributions	393,098	490,211
Change in net position	172,653	269,766
Ending net position	6,653,292	6,750,405
Proprietary Fund Statement of Activities		
Total net position	5,587,396	5,684,509

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF JENNINGS, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended September 30, 2022

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
REVENUES			
Taxes:			
Ad valorem taxes	\$ 61,697	\$ 63,607	\$ 1,910
Discretionary tax	83,056	88,271	5,215
Utility service tax	57,000	57,600	600
Communication service tax	23,162	26,183	3,021
Local option gas tax	228,317	224,629	(3,688)
Other taxes	13,000	-	(13,000)
Total taxes	466,232	460,290	(5,942)
Permits, fees, and assessments:			
Franchise fees - electric	40,000	41,211	1,211
Franchise fees - garbage	3,500	-	(3,500)
Building permit	200	-	(200)
Total permits, fees, assessments	43,700	41,211	(2,489)
Intergovernmental revenues:			
Federal grant:			
USDA	-	13,611	13,611
ARPA	-	431,736	431,736
State shared revenues:			
DOT contracts	17,842	81,583	63,741
State revenue sharing	57,823	72,314	14,491
Mobile home license tax	1,000	1,034	34
Alcoholic beverage license tax	200	105	(95)
Local half-cent sales tax	36,963	38,341	1,378
Total intergovernmental revenues	113,828	638,724	524,896
Charges for service:			
Garbage	63,000	59,846	(3,154)
Police fines	6,000	-	(6,000)
Other services	200	2,307	2,107
Total charges for service	69,200	62,153	(9,154)
Miscellaneous:			
Interest	111	334	223
Other miscellaneous revenues	2,000	707	(1,293)
Total miscellaneous	2,111	1,041	(1,070)
Total revenues	695,071	1,203,419	506,241

See notes to the budgetary comparison schedules.

TOWN OF JENNINGS, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended September 30, 2022

EXPENDITURES

General government:			
Personnel services	\$ 114,900	\$ 137,987	\$ (23,087)
Operating expenses	134,740	252,893	(118,153)
Capital outlay	5,000	-	5,000
Total general government	<u>254,640</u>	<u>390,880</u>	<u>(136,240)</u>
Public safety:			
Law enforcement:			
Personnel services	118,500	52,980	65,520
Operating expenses	25,100	15,407	9,693
Total public safety	<u>143,600</u>	<u>68,387</u>	<u>75,213</u>
Physical Environment:			
Garbage:			
Personnel services	-	1,130	(1,130)
Operating expenses	35,000	48,609	(13,609)
Total physical environment	<u>35,000</u>	<u>49,739</u>	<u>(14,739)</u>
Transportation:			
Road and streets:			
Personnel services	113,500	93,811	19,689
Operating expenses	63,000	11,131	51,869
Capital outlay	10,000	5,600	4,400
Other transportation expense	-	-	-
Total transportation	<u>186,500</u>	<u>110,542</u>	<u>75,958</u>
Culture and recreation:			
Libraries	2,500	2,325	175
Total expenditures	<u>622,240</u>	<u>621,873</u>	<u>367</u>
Excess of revenues over expenditures	<u>72,831</u>	<u>581,546</u>	<u>508,715</u>
Transfer out	-	(157,545)	(157,545)
Net change in fund balance	72,831	424,001	351,170
Fund balance at beg. of year	683,274	683,274	-
Fund balance at end of year	<u>\$ 756,105</u>	<u>\$ 1,107,275</u>	<u>\$ 351,170</u>

See notes to the budgetary comparison schedules.

**TOWN OF JENNINGS, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 VOLUNTEER FIRE DEPARTMENT FUND
 For the Fiscal Year Ended September 30, 2022**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
REVENUES			
Intergovernmental revenues	\$ 40,000	\$ 125,001	\$ 85,001
Total revenues	40,000	125,001	85,001
EXPENDITURES			
Fire control:			
Personnel services	68,900	63,484	5,416
Operating expenses	25,600	52,312	(26,712)
Capital Outlay	-	166,750	(166,750)
Total expenditures	25,600	282,546	(193,462)
 Excess (deficit) of revenues over expenditures	 14,400	 (157,545)	 (171,945)
 Transfer in	 -	 157,545	 (157,545)
 Net change in fund balance	 14,400	 -	 14,400
 Fund balance at beginning of year	 -	 -	 -
Fund balance at end of year	\$ 14,400	\$ -	\$ (14,400)

See notes to the budgetary comparison schedules.

TOWN OF JENNINGS, FLORIDA
NOTES BUDGETARY COMPARISON SCHEDULES
SEPTEMBER 30, 2022

I. Stewardship, Compliance, and Accountability

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

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

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

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

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

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

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

	2022
Town's proportion of the FRS net pension liability (asset)	0.000756374%
Town's proportionate share of the FRS net pension liability (asset)	\$ 281,432
Town's proportion of the HIS net pension liability (asset)	0.000875669%
Town's proportionate share of the HIS net pension liability (asset)	92,747
Town's proportionate share of the total net pension liability (asset)	\$ 374,179
Town's covered-employee payroll	\$ 321,396
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	116.42%
Plan fiduciary net position as a percentage of the total pension liabi	79.09%

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

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

See notes to pension schedules.

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

	2022
Contractually required FRS contribution	\$ 48,646
Contractually required HIS contribution	7,987
Total Contractually Required Contributions	56,633
Contribution in relation to the contractually required contribution	(56,633)
Contribution deficiency (excess)	\$ -
Town's covered-employee payroll	\$ 321,396
Contributions as a percentage of covered-employee payroll	17.62%

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

See notes to pension schedules.

Town

TOWN OF JENNINGS, FLORIDA
NOTES TO PENSION SCHEDULES
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM
For the Fiscal Year End September 30, 2022

Net Pension Liability

The components of the collective net pension liability of the participating employers for each defined benefit plan for the measurement date of September 30, 2022, are shown below:

	FRS	HIS
Total pension liability	\$ 217,434,441,000	\$ 11,126,965,688
Plan fiduciary net position	\$ (180,226,404,807)	(535,368,479)
	\$ 37,208,036,193	\$ 10,591,597,209
Plan fiduciary net position as a percentage of the total pension liability	82.89%	4.81%
Average Percentage	79.09%	

The total pension liability for each plan was determined by the plans' actuary and reported in the plans' valuations dated July 1, 2022. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements. Update procedures were not used.

The HIS actuarial valuation was prepared as of July 1, 2022. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the Plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements.

Basis for Allocation

The employer's proportionate share reported in the pension allocation schedules was calculated using accrued retirement contributions related to the reporting periods included in the System's fiscal years ending June 30, 2014 through 2022, respectively, for employers that were members of the FRS and HIS during those fiscal years. For fiscal year 2022, in addition to contributions from employers the required accrued contributions for the Division (paid on behalf of the Division's employees who administer the Plans) were allocated to each employer on a proportionate basis. The Division administers the Plans, and therefore, cannot allocate a portion of the liability to itself. Although GASB 68 encourages the use of the employers' projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is acceptable. The aggregate employer contribution amounts for each fiscal year agree to the employer contribution amounts reported in the system's ACFR for that fiscal year.

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

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

Actuarial Methods and Assumptions

Actuarial assumptions for both cost-sharing defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2022 for the period July 1, 2013 through June 30, 2021. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both Plans is assumed at 2.40%. Payroll growth, including inflation, for both Plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.70%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.54% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both Plans were based on the Generational RP-2000 with Projection Scale BB tables (refer to the valuation reports for more information – See Additional Financial and Actuarial Information).

The following changes in actuarial assumptions occurred in 2022:

- FRS: The long-term expected rate of return was decreased from 6.80% to 6.70%.
- HIS: The demographic assumptions for the Special Risk class were updated to reflect plan changes due to HB5007, HB689, and SB838
- HIS: The election assumption for vested terminated members was updated from 20% to 50% to reflect recent experience.
- HIS: The municipal bond rate used to determine total pension liability was increased from 2.16% to 3.54%

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

June 30, 2023

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Jennings, Florida (the “Town”) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements and have issued our report thereon dated June 30, 2023.

Internal Control Over Financial Reporting

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

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

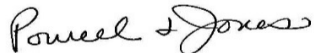
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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

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

Powell and Jones CPA
Lake City, Florida
June 30, 2023

MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the Town of Jennings, Florida (the "Town"), for the year ended September 30, 2022, and have issued our report thereon dated June 30, 2023

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards; and Independent Accountant's Report on an examination conducted in accordance with AICPA *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 30, 2023 and should be considered in conjunction with this management letter.

Prior Audit Findings

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

There were no reportable findings in the prior year.

Current Audit Findings

There were no reportable findings during the current year.

AUDITOR GENERAL COMPLIANCE MATTERS

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

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

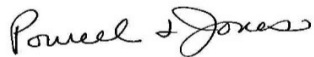
Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Town. It is management's responsibility to monitor the Town's financial condition, and our financial condition assessment was based in part on the representations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

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

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

Purpose of This Letter

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



Powell and Jones CPA
Lake City, Florida
June 30, 2023

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

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

We have examined the Town of Jennings, Florida's compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2022. 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, 2022.

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



Powell and Jones CPA
Lake City, Florida
June 30, 2023

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

We have audited the financial statements of the Town of Jennings, Florida (the "Town") for the year ended September 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

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

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

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 30, 2023.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Information in Documents Containing Audited Financial Statements

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

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

Very truly yours,



POWELL & JONES
Certified Public Accountants
Lake City, Florida
June 30, 2023