TOWN OF JENNINGS, FLORIDA

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2025

TOWN OF JENNINGS, FLORIDA
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2025
TABLE OF CONTENTS

	PAGE NO.
FINANCIAL SECTION	
Independent Auditor's Report	5 - 7
Management's Discussion and Analysis	8 - 12
Basic Financial Statements:	
Statement of Net Position	14
Statement of Activities	15
Governmental Funds	
Balance Sheet	16
Statement of Revenues, Expenditures, and Changes in Fund Balances	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Proprietary Funds	
Statement of Net Position	19
Statement of Revenues, Expenses and Changes in Net Position	20
Statement of Cash Flows	21
Notes to Financial Statements	22 - 49
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedules:	
General Fund	51 - 52
Volunteer Fire Department Fund	53

TOWN OF JENNINGS, FLORIDA
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2025
TABLE OF CONTENTS

	PAGE NO.
Notes to Budgetary Comparison Schedules	54
Pension Schedules:	
Schedule of Proportionate Share of Net Pension Liability	55
Schedule of Contributions	56
Notes to Schedule of Proportionate Share of Net Pension Liability and Schedule of Contributions	57 - 58
OTHER INFORMATION	
Schedule of Expenditures of Federal Awards and State Financial Assistance	60
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance	61
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*	63 - 64
Independent Auditor's Report on Compliance for Each Major State Project and on Internal Control over Compliance in Accordance with Chapter 10.550, Rules of the Auditor General, Office of the Auditor General	65 - 67
Management Letter	68 - 69
Independent Accountant's Report on Compliance with Section 218.415, *Florida Statutes,* Regarding Investment of Public Funds	70
Communication with Those Charged with Governance	71 - 72
Schedule of Findings and Questioned Costs	73 - 75
Impact Fee Affidavit	76

FINANCIAL SECTION

Powell and Jones CPA

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

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, 2025, 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, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated November 8, 2026, 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
November 8, 2026

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 (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, 2025 and 2024, follows:

Net Position at September 30, 2025 and 2024

	Governmental Activities	Business-type Activities	Total Government 2025	Total Government 2024 (Restated)
Assets				
Cash and cash equivalents	$ 349,114	$ 1,053,048	$ 1,402,162	$ 1,650,636
Other assets	349,530	70,017	419,547	124,977
Capital assets	574,287	8,486,880	9,061,167	9,222,926
Total assets	1,272,931	9,609,945	10,882,876	10,998,539
Deferred outflows	210,305	31,675	241,980	232,873
Liabilities				
Current liabilities	78,300	103,254	181,554	489,980
Long-term liabilities	362,088	1,536,946	1,899,034	4,184,045
Total liabilities	440,388	1,640,200	2,080,588	4,674,025
Deferred inflows	87,409	13,165	100,574	63,940
Net Position				
Net investment in capital assets	574,287	6,937,549	7,511,836	5,375,562
Restricted	-	72,882	72,882	72,115
Unrestricted	381,152	977,824	1,358,976	1,045,770
Total net position	$ 955,439	$ 7,988,255	$ 8,943,694	$ 6,493,447

The Town has 84% of its net position invested 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 $72,882 consist primarily of funds restricted by debt covenants. The balance of unrestricted net position is $1,358,976.

The Town's net position increased by $2,450,247 or 38% from the prior year.

The following schedule provides a summary of the changes in net position. The increase in Business-type Activities net position reflects the forgiveness on debt received from the Florida Department of Environmental Protection by the Town during the audited period of $2,592,400. The decrease in net position during the year for Governmental Activities is primarily due to the smaller levels of intergovernmental and grant funding.

A condensed version of the Statement of Activities follows:

Change in Net Position
For the Fiscal Year Ended September 30, 2025 and 2024

	Governmental Activities	Business-type Activities	Total Government 2025	Total Government 2024 (Restated)
Revenues				
Program revenues				
Charges for services	$ 110,073	$ 507,984	$ 618,057	$ 644,217
Grants and contributions	343,278	2,592,400	2,935,678	565,453
General revenues				
Taxes	541,069	-	541,069	477,125
Franchise fees	59,223	-	59,223	52,799
State shared revenues	97,257	-	97,257	125,737
Interest and other	17,461	8,635	26,096	10,738
Total revenues	1,168,361	3,109,019	4,277,380	1,876,069
Expenses				
General government	571,829	-	571,829	763,659
Public safety	464,189	-	464,189	336,101
Physical environment	64,125	550,574	614,699	681,004
Transportation	126,874	-	126,874	155,598
Culture/recreation	10,245	-	10,245	35,740
Interest on long-term debt	-	7,804	7,804	19,143
Total expenses	1,237,262	558,378	1,795,640	1,991,245
Loss on disposal of capital assets	(31,493)	-	(31,493)	-
Change in net position	(100,394)	2,550,641	2,450,247	(115,176)
Beginning net position	1,055,833	5,437,614	6,493,447	6,608,623
Ending net position	$ 955,439	$ 7,988,255	$ 8,943,694	$ 6,493,447

Governmental activities:

Taxes provided 46% of the revenues for Governmental Activities, while grants provided 29%, and charges for services accounted for 9%. Most of the Governmental Activities resources were used to fund activities related to the General Government (46%), Public Safety (38%) and Transportation (10%).

Business-type activities:

Business-type activities net position increased by $2,550,642. As is noted above, this was due to an increase in utility revenues and the forgiveness on debt received from the Florida Department of Environmental Protection by the Town during the audited period of $2,592,400 related to loan CW-204220.

Budgetary Highlights

The General Fund's revenues were $250,250 more than were budgeted and expenditures were more than the budgeted amounts by $170,426. When combined with the fact that interfund transfers out were less than expected the general fund had an overall favorable change in fund balance of $90,435.

Capital Assets and Debt Administration

Capital Assets

At September 30, 2025, the Town had $8.98 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 decrease (additions, deductions, and depreciation) of $245,938 or 2.70 % lower than last year. This was primarily due to costs related to the continued work on the Town's wastewater treatment facility

Capital Assets at September 30, 2025 and 2024

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Non-depreciable assets:						
Land	$ 46,955	$ 46,955	$ 70,556	$ 70,556	$ 117,511	$ 117,511
Construction in progress	84,179	-	-	4,147,172	84,179	4,147,172
Depreciable assets:						
Buildings and improvements	279,516	379,680	12,654,053	8,506,881	12,933,569	8,886,561
Furniture and fixtures	2,762	2,762	-	-	2,762	2,762
Equipment and vehicles	569,068	633,268	490,047	468,743	1,059,115	1,102,011
Subtotal	982,480	1,062,665	13,214,656	13,193,352	14,197,136	14,256,017
Accumulated depreciation	(408,193)	(549,555)	(4,727,776)	(4,483,536)	(5,135,969)	(5,033,091)
Capital assets, net	$ 574,287	$ 513,110	$ 8,486,880	$ 8,709,816	$ 9,061,167	$ 9,222,926

Debt Outstanding

At year-end, the Town had $1,964,857 in debt outstanding versus $4,250,006 in the prior year, a decrease of $2,285,149. This decrease was primarily the result of the loan forgiveness from the SRF note payable CW-204220.

Debt Outstanding at September 30, 2025 and 2024

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
SRF note payable #10	$ -	$ -	$ 6,531	$ 6,531	$ 6,531	$ 6,531
SRF note payable #11	-	-	38,848	41,569	38,848	41,569
SRF note payable #20	-	-	10,738	11,470	10,738	11,470
SRF note payable DW#10	-	-	31,804	33,792	31,804	33,792
SRF note payable CW #20	-	-	1,286,410	3,565,002	1,286,410	3,565,002
4th series bond payable	-	-	175,000	189,000	175,000	189,000
Accrued compensated absences	7,292	5,255	-	1,585	7,292	6,840
Net pension liability	354,796	263,868	53,438	131,934	408,234	395,802
Total	$ 362,088	269,123	$ 1,602,769	$ 3,980,883	$ 1,964,857	$ 4,250,006

More detailed information on the Town's 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 5.9%, which is approximately the same as the Town. This is similar to the prior year.
- The estimated population for the Town in 2025 is approximately 708 and has virtually decreased by 5.5% since 2024.
- The Town levied ad valorem taxes during 2025 at 5.0624 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, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	$ 349,114	$ 980,166	$ 1,329,280
Accounts receivable - net	8,334	70,017	78,351
Due from other governmental units	341,196	-	341,196
Total current assets	698,644	1,050,183	1,748,827
Restricted assets			
Cash and cash equivalents	-	72,882	72,882
Total restricted assets	-	72,882	72,882
Capital assets - net	574,287	8,486,880	9,061,167
Total assets	1,272,931	9,609,945	10,882,876
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	210,305	31,675	241,980
LIABILITIES			
Current liabilities			
Accounts payable	71,455	12,287	83,742
Accrued liabilities	6,845	-	6,845
Deposits	-	25,144	25,144
Current portion bonds payable	-	14,000	14,000
Current SRF loans payable	-	51,823	51,823
Total current liabilities	78,300	103,254	181,554
Noncurrent liabilities			
Noncurrent portion bonds payable	-	161,000	161,000
Non-current SRF loans payable	-	1,322,508	1,322,508
Accrued compensated absences	7,292	-	7,292
Net pension liability	354,796	53,438	408,234
Total noncurrent liabilities	362,088	1,536,946	1,899,034
Total liabilities	440,388	1,640,200	2,080,588
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	87,409	13,165	100,574
NET POSITION			
Net investment in capital assets	574,287	6,937,549	7,511,836
Restricted	-	72,882	72,882
Unrestricted	381,152	977,824	1,358,976
Total net position	$ 955,439	$ 7,988,255	$ 8,943,694

See notes to the financial statements.

TOWN OF JENNINGS, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Position: Governmental Activities	Net (Expense) Revenues and Changes in Net Position: Business - type Activities	Net (Expense) Revenues and Changes in Net Position: Total
Governmental activities							
General government	$ 571,829	$ -	$ -	$ -	$ (571,829)	$ -	$ (571,829)
Public safety	464,189	44,285	10,500	49,954	(359,450)	-	(359,450)
Physical environment	64,125	65,788	-	200,474	202,137	-	202,137
Transportation	126,874	-	-	82,350	(44,524)	-	(44,524)
Culture/recreation	10,245	-	-	-	(10,245)	-	(10,245)
Total governmental activities	1,237,262	110,073	10,500	332,778	(783,911)	-	(783,911)
Business-type activities							
Water and sewer services	550,574	507,984	-	2,592,400	-	2,549,810	2,549,810
Interest on long-term activities	7,804	-	-	-	-	(7,804)	(7,804)
Total business-type activities	558,378	507,984	-	2,592,400	-	2,542,006	2,542,006
Total government	$ 1,795,640	$ 618,057	$ 10,500	$ 2,925,178	(783,911)	2,542,006	1,758,095
General revenues							
Ad valorem taxes					136,230	-	136,230
Sale and use taxes					295,601	-	295,601
Franchise fees					59,223	-	59,223
Utility services taxes					75,868	-	75,868
Communications service taxes					33,370	-	33,370
State shared revenues					97,257	-	97,257
Interest					1,487	2,707	4,194
Miscellaneous					15,974	5,928	21,902
Loss on disposal of capital assets					(31,493)	-	(31,493)
Total general revenues					683,517	8,635	692,152
Change in net position					(100,394)	2,550,641	2,450,247
Net position beginning (restated)					1,055,833	5,437,614	6,493,447
Net position ending					$ 955,439	$ 7,988,255	$ 8,943,694

See notes to the financial statements.

TOWN OF JENNINGS, FLORIDA
GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2025

	General Fund	Volunteer Fire Fund	Total Governmental Funds
ASSETS			
Cash	$ 284,628	$ 7,182	$ 291,810
Certificates of deposit	57,304	-	57,304
Accounts receivable	8,334	-	8,334
Due from other funds	6,745	-	6,745
Due from other governmental units	341,196	-	341,196
Total assets	698,207	7,182	705,389
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	71,018	437	71,455
Due to other funds	-	6,745	6,745
Accrued liabilities	6,845	-	6,845
Total liabilities	77,863	7,182	85,045
DEFERRED INFLOW OF RESOURCES	200,474	-	200,474
FUND BALANCES			
Unassigned	419,870	-	419,870
Total fund balances	419,870	-	419,870
Total liabilities and fund balances	$ 698,207	$ 7,182	$ 705,389

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	574,287
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	210,305
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	(87,409)
Revenues earned during the period that are not readily available at year-end are considered deferred inflow of resources in the fund statements but are revenues in the government-wide Statements. This is reflected as an increase in the net position	200,474
Long-term liabilities are not due in the current period and, therefore, are not reported in the governmental funds	
Accrued compensated absences	(7,292)
Net pension liability	(354,796)
Net position of governmental activities	$ 955,439

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, 2025

	General Fund	Volunteer Fire Fund	Total Governmental Funds
REVENUES			
Taxes	$ 541,069	$ -	$ 541,069
Franchising fees	59,223	-	59,223
Intergovernmental	240,061	-	240,061
Charges for services	109,928	145	110,073
Miscellaneous	17,461	-	17,461
Total revenues	967,742	145	967,887
EXPENDITURES			
Current expenditures			
General government	542,323	-	542,323
Public safety	346,924	10,734	357,658
Physical environment	64,125	-	64,125
Transportation	124,382	-	124,382
Culture/recreation	-	-	-
Capital outlay	158,843	-	158,843
Total expenditures	1,236,597	10,734	1,247,331
Excess (deficit) of revenues over expenditures	(268,855)	(10,589)	(279,444)
OTHER FINANCING SOURCES (USES)			
Transfer in	-	10,589	10,589
Transfer out	(10,589)	-	(10,589)
Total other financing sources and uses	(10,589)	10,589	-
Net change in fund balances	(279,444)	-	(279,444)
Fund balances at beginning of year	699,314	-	699,314
Fund balances at end of year	$ 419,870	$ -	$ 419,870

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, 2025

Net change in fund balances - total governmental funds			$ (279,444)
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	$ 158,843		
Loss on disposal of capital assets	(31,493)		
Less current year depreciation	(66,173)		61,177
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 decrease in pension liability			(90,928)
Net Increase in compensated absences			(2,037)
Change in deferred inflows and outflows			10,364
Revenues earned that are not readily available at year-end are not recognized in the fund statements until received but are shown as increases in net position in the government-wide statements when they are earned			200,474
Change in net position of governmental activities			$ (100,394)

See notes to the financial statements.

TOWN OF JENNINGS, FLORIDA
PROPRIETARY FUND
STATEMENT OF NET POSITION
September 30, 2025

	Business Type Activities Enterprise Fund
ASSETS	
Current assets	
Cash and cash equivalents	$ 980,166
Accounts receivable, net	70,017
Total current assets	1,050,183
NON-CURRENT ASSETS	
Restricted assets	
Cash and cash equivalents	72,882
Total restricted assets	72,882
Capital assets	
Land	70,556
Buildings	12,654,053
Equipment	490,047
Accumulated depreciation	(4,727,776)
Total capital assets	8,486,880
Total assets	$ 9,609,945
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions	31,675
LIABILITIES AND NET ASSETS	
LIABILITIES	
Current liabilities	
Accounts payable	$ 12,287
Deposits	25,144
Current bonds payable	14,000
Current SRF loan payable	51,823
Total current liabilities	103,254
Long-term liabilities	
Bonds payable	161,000
SRF loan payable	1,322,508
Net pension liability	53,438
Total long-term liabilities	1,536,946
Total liabilities	1,640,200
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	13,165
NET POSITION	
Net investment in capital assets	6,937,549
Restricted	72,882
Unrestricted	977,824
Total net position	$ 7,988,255

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, 2025

	Business Type of Activities Enterprise Fund	
OPERATING REVENUES		
Charges for services		
Water utility services	$	214,496
Sewer utility services		284,693
Delinquent fees		8,020
Connection fees		775
Miscellaneous revenues		5,928
Total operating revenues		513,912
OPERATING EXPENSES		
Water and sewer services		
Personnel services		86,352
Total personnel services		86,352
Operating expenses		
Lab fees		9,070
Utility services		93,939
Repair and maintenance		38,832
Fuel		3,184
Supplies		27,488
Other expenses		47,468
Depreciation		244,241
Total operating expenses		550,574
Operating loss		(36,662)
NONOPERATING REVENUES (EXPENSES)		
Interest revenue		2,707
Interest expense		(7,804)
Total nonoperating revenues (expenses)		(5,097)
CAPITAL GRANTS		2,592,400
Increase in net position		2,550,641
Net position at beginning of year (restated)		5,437,614
Net position at end of year	$	7,988,255

See notes to the financial statements.

TOWN OF JENNINGS, FLORIDA
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended September 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$	519,942
Cash payments for goods and services		(539,271)
Cash payments to employees for services		(128,542)
Net cash provided by operating activities		(147,871)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisitions of property and equipment		(21,304)
Proceeds from issuance of debt		322,872
Principal paid on loans and bonds payable		(28,505)
Interest paid		(7,804)
Net cash received from capital and related financing activities		265,259
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received on investments		1,773
Net cash provided by investing activities		1,773
Net increase in cash and cash equivalents		119,161
Cash at beginning of year		933,887
Cash at end of year	$	1,053,048
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES:		
Operating loss	$	(36,662)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation		244,241
Changes in assets decrease (increase) and liabilities (decrease) increase:		
Accounts receivable, net		(1,759)
Deferred outflows		37,891
Accrued leave payable		(1,585)
Accounts payable		(319,290)
Customer deposits		7,789
Net pension liability		(78,496)
Total adjustments		(111,209)
Net cash provided by operating activities	$	(147,871)

See notes to the financial statements.

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.

The Town reports capital assets, including infrastructure assets, in accordance with generally accepted accounting principles applicable to governmental entities. In connection with the original implementation of GASB Statement No. 34, the Town elected not to retroactively report infrastructure assets acquired prior to implementation, as permitted under the transition provisions of that 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, 2025, 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 generally considered to be susceptible to accrual when they are both measurable and available. All other revenue items are considered to be measurable only when cash is received by the Town.

Under the current financial resources measurement focus, governmental fund financial statements generally report current financial assets, liabilities, and related deferred inflows and outflows of resources, as applicable. Certain long-term receivables may also be reported, with related amounts recognized as deferred inflows of resources when the revenues are not available to finance current-period expenditures. Fund balance represents the difference between these financial statement

elements and is classified based on the extent to which the Town is bound to observe constraints imposed upon the use of these resources. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance during the period.

Revenues that are measurable but not available to finance expenditures of the current period are reported as deferred inflows of resources in the governmental funds. Such amounts are recognized as revenues when they become available. Receivables and related amounts are recognized in accordance with the applicable requirements of the modified accrual basis of accounting.

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, 2025, 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, 2025, this allowance account totaled $50,825, 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, 2025.

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:

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

9. Capitalization of Interest - Interest related to borrowings 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 two items that qualify for reporting in this category, deferred inflows related to pensions and deferred inflows related to timing of the receipt of funds in governmental funds. 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. Revenues that have been earned but not received within 60 days are considered deferred inflows of resources until the time of their receipt.

14. Fund Balances – Governmental Funds

As of September 30, 2025, 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, 2025, fund balances are composed of the following:

Fund	Unassigned
General	$ 419,870

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 $419,870 differs from "net position" of governmental activities $955,439 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	$ 982,480
Accumulated depreciation	(408,193)
Total	$ 574,287

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, 2025, were:

Net pension liability	$ (354,796)
Accrued compensated absences	(7,292)
Total	$ (362,088)

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	$ 210,305
Deferred inflows	(87,409)
Totals	$ 122,896

Deferred inflows of resources – unavailable revenues

Certain revenues earned by the Town are not considered available to finance current expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds. However, these revenues are recognized under the accrual basis of accounting in the statement of net position. Accordingly, the related deferred inflows are eliminated, resulting in an increase in the net position of governmental activities.

Reduction in deferred inflows for revenues not available	$ 200,474

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	Unavailable Revenue	Long-Term Debt Transactions	Statement of Net Position
ASSETS							
Cash and cash equivalents	$ 349,114	$ -	$ -	$ -	$ -	$ -	$ 349,114
Accounts receivable	8,334	-	-	-	-	-	8,334
Due from other funds	6,745	-	(6,745)	-	-	-	-
Due from other governmental units	341,196	-	-	-	-	-	341,196
Capital assets - net	-	574,287	-	-	-	-	574,287
Total assets	$ 705,389	$ 574,287	$ (6,745)	$ -	$ -	$ -	$ 1,272,931
DEFERRED OUTFLOWS	-	-	-	210,305	-		210,305
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	$ 71,455	$ -	$ -	$ -	$ -	$ -	$ 71,455
Accrued liabilities	6,845	-	-	-	-	-	6,845
Due to other funds	6,745	-	(6,745)	-	-	-	-
Accrued compensated absences	-	-	-	-	-	7,292	7,292
Net pension liability	-	-	-	-	-	354,796	354,796
Total liabilities	85,045	-	(6,745)	-	-	362,088	440,388
DEFERRED INFLOWS	200,474	-	-	87,409	(200,474)	-	87,409
Fund balances/net position	$ 419,870	$ 574,287	$ -	$ 122,896	$ 200,474	$ (362,088)	$ 955,439

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

The "net change in fund balances" for governmental funds ($279,444) differs from the "change in net position" for governmental activities ($100,394) 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 are 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	$	158,843
Loss on sale of capital assets		(31,493)
Depreciation expense		(66,173)
Total	$	61,177

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 deferred outflows	$	55,146
Net increase in deferred inflows		(44,782)
	$	10,364

Deferred outflows/inflows of resources

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

Net decrease in net pension liability	$	(90,928)
Net Increase in accrued compensated absences		(2,037)
Total	$	(92,965)

Revenues not available

Certain revenues earned during the current year are not considered available to finance current expenditures and, therefore, are not recognized as revenue in the governmental funds. However, the statement of activities recognizes these revenues when earned, regardless of their availability. Accordingly, the change in unavailable revenues is included in the change in net position of governmental activities.

Revenues not available	$	200,474

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	Unavailable Funds	Long-Term Debt/Elimination Transactions	Statement of Activities
REVENUES						
Taxes	$ 541,069	$ -	$ -	$ -	$ -	$ 541,069
Franchise fees	59,223	-	-	-	-	59,223
Intergovernmental	240,061	-	-	200,474	-	440,535
Charges for services	110,073	-	-	-	-	110,073
Miscellaneous	17,461	-	-	-	-	17,461
Total revenues	967,887	-	-	200,474	-	1,168,361
EXPENDITURES						
Current expenditures:						
General government	542,323	7,683	2,150	-	19,673	571,829
Public safety	357,658	37,178	(24,659)	-	94,012	464,189
Physical environment	64,125	-	-	-	-	64,125
Transportation	124,382	11,067	12,145	-	(20,720)	126,874
Culture/recreation	-	10,245	-	-	-	10,245
Capital outlay						
Public safety	49,954	(49,954)	-	-	-	-
Transportation	108,889	(108,889)	-	-	-	-
Total expenditures	1,247,331	(92,670)	(10,364)	-	92,965	1,237,262
Excess of revenues over (under) expenditures	(279,444)	92,670	10,364	200,474	(92,965)	(68,901)
OTHER FINANCING SOURCES (USES)						
Loss on disposal of capital assets	-	(31,493)	-		-	(31,493)
Net change in fund balance	(279,444)	61,177	10,364	200,474	(92,965)	(100,394)
Fund balance at beginning of year	699,314	513,110	112,532	-	(269,123)	1,055,833
Fund balance at end of year	$ 419,870	$ 574,287	$ 122,896	$ 200,474	$ (362,088)	$ 955,439

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.

NOTE 4. DEPOSITS AND INVESTMENTS

Deposits. The bank balances of the Town deposits totaling $1,421,553 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 $57,304 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 5.0624 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 2024-2025 fiscal year were levied in October 2024. 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, 2025, was as follows:

	Beginning Balance	Additions	Deletions	Reclassifications	Ending Balance
Governmental activities:					
Capital assets:					
Not being depreciated:					
Land	$ 46,955	$ -	$ -	$ -	$ 46,955
CIP	-	84,179	-	-	84,179
Being depreciated:					
Equipment and vehicles	633,268	62,014	(126,214)	-	569,068
Furniture and fixtures	2,762	-	-	-	2,762
Buildings and improvements	379,680	12,650	(112,814)	-	279,516
Total capital assets	1,062,665	158,843	(239,028)	-	982,480
Less accumulated depreciation	(549,555)	(66,173)	207,535	-	(408,193)
Governmental activities capital assets, net	$ 513,110	$ 92,670	$ (31,493)	$ -	$ 574,287
Business-type activities:					
Not being depreciated:					
Land	$ 70,556	$ -	$ -	$ -	$ 70,556
Construction in progress	4,147,172	-	-	(4,147,172)	-
Being depreciated:					
Equipment and vehicles	468,743	21,304	-	-	490,047
Wastewater treatment plant renovations	8,506,881	-	-	4,147,172	12,654,053
Total capital assets	13,193,352	21,304	-	-	13,214,656
Less accumulated depreciation	(4,483,536)	(244,241)	-	-	(4,727,776)
Business-type activities capital assets, net	$ 8,709,816	$ (222,937)	$ -	$ -	$ 8,486,880

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

Governmental activities:	
General government	$ 7,683
Public safety	37,178
Transportation	11,067
Culture/recreation	10,245
Total depreciation expense - governmental activities	$ 66,173
Business -type activities:	
Water and sewer utility	$ 244,241

NOTE 7. INTERFUND ACTIVITY

Amounts due amongst funds for the year ended September 30, 2025, consisted of the following:

Fund	Receivable	Payable
General	$ 6,745	$ -
Volunteer fire fund	-	6,745
Total	$ 6,745	$ 6,745

Interfund transfers for the year ended September 30, 2025, were as follows:

Fund	Transfers in	Transfers Out
General	$ -	$ 10,589
Volunteer fire fund	10,589	-
Total	$ 10,589	$ 10,589

NOTE 8. RECEIVABLE AND PAYABLE BALANCES

Receivables

Net receivables at September 30, 2025 were as follows:

	Accounts	Due from other governments
Governmental activities	$ 8,334	$ 341,196
Business-type activities	70,017	-
	$ 78,351	$ 341,196

Based upon collection history, the Town has included a reserve for doubtful accounts for its Enterprise Fund accounts receivable of $50,825.

Payables

Payables at September 30, 2025, were as follows:

	Accounts	Customer Deposits	Total Payables
Governmental activities	$ 71,455	$ -	$ 71,455
Business-type activities	12,287	25,144	37,431
	$ 83,742	$ 25,144	$108,886

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, 2025:

	Balance October 1, 2024	Increases	Decreases	Balance September 30, 2025	Due Within One Year
Compensated absences	$ 5,255	$ 2,037	$ -	$ 7,292	$ -
Net pension liability	263,868	90,928	-	354,796	-
	$ 269,123	$ 92,965	$ -	$ 362,088	$ -

Business-type Activities

A summary of proprietary fund debt as of September 30, 2025, 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, 2024	Increases	Decreases	Balance September 30, 2025	Due Within One Year
Compensated absences	1,585	-	(1,585)	-	-
SRF note payable #10	6,531	-	-	6,531	591
SRF note payable #11	41,569	-	(2,721)	38,848	2,729
SRF note payable #20	11,470	-	(732)	10,738	741
SRF note payable DW #10	33,792	-	(1,988)	31,804	1,988
SRF note payable CW #20	3,565,002	322,872	(2,601,464)	1,286,410	45,774
4th series bonds payable	189,000	-	(14,000)	175,000	14,000
Net pension liability	131,934	-	(78,496)	53,438	-
	$ 3,980,883	$ 322,872	$ (2,700,986)	$ 1,602,769	$ 65,823

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
2026	14,000	7,875	21,875
2027	15,000	7,245	22,245
2028	16,000	6,570	22,570
2029	16,000	5,850	21,850
2030-2034	93,000	17,595	110,595
2035	21,000	945	21,945
	$ 175,000	$ 46,080	$ 221,080

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 $10,103, 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, 2025, remaining debt payments to maturity are as follows:

Year Ended September 30	Principal	Interest	Total
2026	$ 591	$ -	$ 591
2027	591	-	591
2028	591	-	591
2029	591	-	591
2030-2034	2,956	-	2,956
2035-2039	1,211	-	1,211
	$ 6,531	$ -	$ 6,531

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 $1,414 are due semiannually, beginning October 15, 2019. Debt payments to maturity are as follows:

Year Ended September 30	Principal	Interest	Total
2026	$ 2,729	$ 99	$ 2,828
2027	2,736	92	2,828
2028	2,743	85	2,828
2029	2,750	78	2,828
2030-2034	13,856	282	14,140
2035-2039	14,034	106	14,140
	$ 38,848	$ 742	$ 39,592

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 $435 are due semiannually, beginning June 15, 2019. Debt payments to maturity are as follows:

Year Ended September 30	Principal	Interest	Total
2026	$ 741	$ 117	$ 858
2027	750	109	859
2028	758	101	859
2029	766	92	858
2030-2034	3,962	331	4,293
2035-2039	3,761	105	3,866
	$ 10,738	$ 855	$ 11,593

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 $994 are due semiannually. Debt payments to maturity are as follows:

Year Ended September 30	Principal	Interest	Total
2026	$ 1,988	$ -	$ 1,988
2027	1,988	-	1,988
2028	1,988	-	1,988
2029	1,988	-	1,988
2030-2034	9,939	-	9,939
2035-2039	9,939	-	9,939
2040-2041	3,974	-	3,974
	$ 31,804	$ -	$ 31,804

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 was forgiven in FY 2025. 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 date of first repayment is 02/15/2025. As of September 30, 2025, the Town had made draws of $1,286,410. Projected future debt payments to maturity are as follows:

Year Ended September 30	Principal	Interest	Total
2026	45,774	-	45,774
2027	45,774	-	45,774
2028	45,774	-	45,774
2029	45,774	-	45,774
2030-2034	228,872	-	228,872
2035-2039	228,872	-	228,872
2040-2044	228,872	-	228,872
2045-2049	228,872	-	228,872
2050-2054	187,826	-	187,826
	$ 1,286,410	$ -	$ 1,286,410

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. 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, which include the FRS Pension Plan (Pension Plan) and the Retiree Health Insurance Subsidy (HIS Plan). Under Section 121.4501, *Florida Statutes*, the FRS also provides a defined contribution plan (Investment Plan) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (SBA). As a general rule, membership in the FRS is compulsory for all employees who work in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating municipality 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. This amount increases with every year of additional service up to a maximum of 1.68% of the final average compensation of their five highest years for each year of credited service at age 65 with 33 or more years of service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service (age 52 if credited service includes at least four years of wartime military service) or 25 years of service regardless of

age are entitled to a retirement benefit payable monthly for life, beginning at 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service and increasing to a maximum of 1.68% for of with each year up to age 58 (55 with wartime service) and 28 years of special risk service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 (age 52 with wartime experience) with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. 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 August 1, 2011, the annual cost-of- living adjustment is three percent per year. The cost-of-living adjustment for participants with a retirement date or DROP participation date after August 1, 2011 is determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement and multiplying by three percent . Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a 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, 2024 through June 30, 2025 and from July 1, 2025 through September 30, 2025. respectively, were as follows:

Class	October 1, 2024 - June 30, 2025	July 1, 2025 - September 30, 2025
Regular Class	13.63%	14.03%
Special Risk Class	32.79%	35.19%
Special Risk Administrative Support	39.82%	39.48%
Elected Officers Class	58.68%	54.57%
Senior Management Class	34.52%	33.24%
Deferred Retirement Option Program (DROP)	21.13%	22.02%

These employer contribution rates include a 2.00% and 2.00% HIS Plan subsidy for the periods October 1, 2024 through June 30, 2025 and from July 1, 2025 through September 30, 2025, respectively.

The Town's contributions, including employee contributions, to the Pension Plan totaled $102,920 for the fiscal year ended September 30, 2025.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2025, the Town reported a liability of $302,782 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2025. The Town's proportionate share of the net pension liability was based on the Town's 2024-2025 fiscal year contributions relative to the 2023-2024 fiscal year contributions of all participating members. At June 30, 2025, the Town's proportionate share was 0.000975612 percent, which was an increase of 32.55 percent from its proportionate share measured as of June 30, 2025.

For the fiscal year ended September 30, 2025, the Town recognized pension expense of $121,589. 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	$ 32,340	$ -
Changes in assumptions	35,161	-
Net difference between projected and actual earnings on Pension Plan investments	-	50,553
Changes in proportion and differences between Town Pension Plan contributions and proportionate share of contributions	114,603	15,966
Town Pension Plan contributions subsequent to the measurement date	13,360	-
Total	$ 195,464	$ 66,519

The deferred outflows of resources related to the Pension Plan, totaling $13,360 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Amount
2026	$ 334,626
2027	(59,454)
2028	(88,975)
2029	(70,612)
2030	-
Thereafter	-
	$ 115,585

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

Inflation	2.40%
Salary increases	3.50%, average, including inflation
Investment rate of return	6.70%, net of pension plan investment expense, including inflation
Discount rate	6.70%

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

The actuarial assumptions used in the July 1, 2025, valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023.

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%	3.20%	3.20%	1.10%
Fixed Income	29.00%	5.50%	5.40%	4.00%
Global Equity	45.00%	8.50%	6.90%	18.30%
Real Estate	12.00%	8.40%	7.10%	16.80%
Private Equity	11.00%	12.40%	8.80%	28.40%
Strategic Investments	2.00%	6.50%	6.10%	8.70%
Total	100.00%			
Assumed Inflation - Mean			2.40%	1.50%

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

Discount Rate - The discount rate used to measure the total pension liability was 6.70%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for 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 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
Town's proportionate share of the net pension liability	$ 594,205	$ 302,782	$ 58,457

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, 2025.

HIS Plan

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

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

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2025, the HIS contribution for the period October 1, 2024 through June 30, 2025 and from July 1, 2025 through September 30, 2025 was 2% and 2%, respectively. The Town contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The Town's contributions including employee contributions to the HIS Plan totaled $12,992 for the fiscal year ended September 30, 2025.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2025, the Town reported a liability of $105,452 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The Town's proportionate share of the net pension liability was based on the Town's 2024-2025 fiscal year contributions relative to the 2023-2024 fiscal year contributions of all participating members. At June 30, 2025, the Town's proportionate share was .000822719 percent, which was an increase of 11.11 percent from its proportionate share measured as of June 30, 2025.

For the fiscal year ended September 30, 2025, the Town recognized pension expense of $21,862. 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	$ 629	$ 167
Changes in assumptions	933	25,506
Net difference between projected and actual earnings on Pension Plan investments	-	88
Changes in proportion and differences between Town Pension Plan contributions and proportionate share of contributions	43,122	8,294
Town Pension Plan contributions subsequent to the measurement date	1,832	-
Total	$ 46,516	$ 34,055

The deferred outflows of resources related to the HIS Plan, totaling $1,832 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Amount
2026	$ 2,345
2027	2,807
2028	2,364
2029	1,894
2030	1,219
Thereafter	-
	$ 10,629

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

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Municipal bond rate	5.20%

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, 2025 valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023.

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

Sensitivity of the 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 5.20%, 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 (4.20%) or one percentage point higher (6.20%) than the current rate:

	1% Decrease 4.20%	Current Discount Rate 5.20%	1% Increase 6.20%
Town's proportionate share of the net pension liability	$ 118,914	$ 105,452	$ 94,162

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, 2025.

Investment Plan

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

As provided in Section 121.4501, *Florida Statutes*, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. 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 that are based on salary and membership class (Regular Class, Elected District Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts at the end of the 2024 fiscal year, as established by Section 121.72, *Florida Statutes*, are based on a percentage of gross compensation, by class, as follows: Regular class 11.57%, Special Risk Administrative Support class 37.76%, Special Risk class 30.73%, Senior Management Service class 32.46% and District Elected Officers class 56.62%.

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

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.

During the course of any given year, the Town may be subject to various legal proceedings and litigation arising from its ordinary operations. For the fiscal year ending September 30, 2025, the Town and its legal counsel has stated that they do not believe that there are any such legal matters whose resolution has had or is expected to have a material adverse effect on the financial condition of the Town.

13. SUBSEQUENT EVENTS

The Town has evaluated events and transactions for potential recognition or disclosure in the accompanying financial statements through November 8, 2026 the date which the financial statements were available to be issued.

14. PRIOR PERIOD ADJUSTMENT

During 2025, errors were identified in the Proprietary Fund's previously reported 2024 accounts receivable and deposit liability balances. Accounts receivable, net, was understated by $43,015, and deposit liabilities were overstated by $43,273. Correction of these errors increased net position at the end of 2024, and beginning net position for 2025, by $86,288. Accordingly, beginning net position for 2025 has been restated from $5,351,326 to $5,437,614.

The effects on the Proprietary Fund's 2024 Statement of Net Position are summarized below:

	As originally reported 2024	Restated 2024
Proprietary Fund		
Statement of Net Position		
Accounts receivable - net	$ 25,243	$ 68,258
Deposits	60,628	17,355
Net position	**5,351,326**	**5,437,614**

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF JENNINGS, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended September 30, 2025

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
REVENUES			
Taxes:			
Ad valorem taxes	124,397	$ 136,230	$ 11,833
Discretionary tax	68,218	70,633	2,415
Utility service tax	60,000	75,868	15,868
Communication service tax	30,734	33,370	2,636
Local option gas tax	217,768	224,968	7,200
Total taxes	501,117	541,069	39,952
Permits, fees, and assessments:			
Franchise fees - electric	50,000	55,924	5,924
Franchise fees - garbage	-	3,299	3,299
Building Permits	200	-	(200)
Total permits, fees, assessments	50,200	59,223	9,023
Intergovernmental revenues:			
Governmental grants	-	142,804	142,804
State shared revenues:			
DOT contracts	20,500	21,093	593
State revenue sharing	48,199	48,156	(43)
Mobile home license tax	750	585	(165)
Alcoholic beverage license tax	150	133	(17)
Local half-cent sales tax	33,876	27,290	(6,586)
Total intergovernmental revenues	103,475	240,061	136,586
Charges for service:			
Garbage	61,000	65,603	4,603
Police fines	-	44,140	44,140
Other services	-	185	185
Total charges for service	61,000	109,928	48,928
Miscellaneous:			
Interest	700	1,487	787
Other miscellaneous revenues	1,000	14,574	13,574
Disposition of Fixed Assets	-	1,400	1,400
Total miscellaneous	1,700	17,461	15,761
Total revenues	$ 717,492	$ 967,742	$ 250,250

See notes to the budgetary comparison schedules.

TOWN OF JENNINGS, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended September 30, 2025

EXPENDITURES			
General government:			
Personnel services	$ 120,590	$ 146,633	$ (26,043)
Operating expenses	364,520	395,690	(31,170)
Capital outlay	5,000	-	5,000
Total general government	490,110	542,323	(52,213)
Public safety:			
Law enforcement:			
Personnel services	261,556	245,551	16,005
Operating expenses	91,400	101,373	(9,973)
Capital outlay	-	49,954	(49,954)
Total public safety	352,956	396,878	(43,922)
Physical Environment:			
Garbage:			
Operating expenses	45,000	64,125	(19,125)
Total physical environment	45,000	64,125	(19,125)
Transportation:			
Road and streets:			
Personnel services	131,905	115,795	16,110
Operating expenses	16,700	8,587	8,113
Capital outlay	27,000	108,889	(81,889)
Total transportation	175,605	233,271	(57,666)
Culture and recreation:			
Libraries	2,500	-	2,500
Total expenditures	1,066,171	1,236,597	(170,426)
Excess of revenues over expenditures	(348,679)	(268,855)	79,824
Transfer out	(21,200)	(10,589)	10,611
Net change in fund balance	(369,879)	(279,444)	90,435
Fund balance at beg. of year	699,314	699,314	-
Fund balance at end of year	$ 329,435	$ 419,870	$ 90,435

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, 2025

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
REVENUES			
Charges for services	$ -	$ 145	$ 145
Total revenues	-	145	145
EXPENDITURES			
Fire control:			
Personnel services	5,500	-	5,500
Operating expenses	15,700	10,734	4,966
Total expenditures	21,200	10,734	4,966
Excess (deficit) of revenues over expenditures	(21,200)	(10,589)	10,611
Transfer in	21,200	10,589	(10,611)
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	$ -	$ -	$ -

See notes to the budgetary comparison schedules.

TOWN OF JENNINGS, FLORIDA
NOTES BUDGETARY COMPARISON SCHEDULES
SEPTEMBER 30, 2025

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*

	2025	2024	2023
Town's proportion of the FRS net pension liability (asset)	0.000975612%	0.000736026%	0.000816552%
Town's proportionate share of the FRS net pension liability (asset)	$ 302,782	$ 284,729	$ 325,370
Town's proportion of the HIS net pension liability (asset)	0.000822719%	0.000740435%	0.000735948%
Town's proportionate share of the HIS net pension liability (asset)	105,452	111,073	116,878
Town's proportionate share of the total net pension liability (asset)	$ 408,234	$ 395,802	$ 442,248
Town's covered-employee payroll	$ 402,215	$ 351,753	$ 302,272
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	101.50%	112.52%	146.31%
Plan fiduciary net position as a percentage of the total pension liability	82.96%	78.79%	77.04%

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*

	2025	2024	2023
Contractually required FRS contribution	$ 102,920	$ 82,100	$ 65,897
Contractually required HIS contribution	12,992	12,349	8,121
Total Contractually Required Contributions	115,912	94,449	74,018
Contribution in relation to the contractually required contribution	(115,912)	(94,449)	(74,018)
Contribution deficiency (excess)	$ -	$ -	$ -
Town's covered-employee payroll	$ 420,812	$ 351,753	$ 322,257
Contributions as a percentage of covered-employee payroll	27.54%	26.85%	22.97%

*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.

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 June 30, 2025, are shown below:

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

The total pension liability for each plan was determined by the plans' actuary and reported in the plans' valuations dated July 1, 2025. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements. Update procedures were not used.

The HIS actuarial valuation was prepared as of July 1, 2025. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the Plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements.

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 2025, respectively, for employers that were members of the FRS and HIS during those fiscal years. For fiscal year 2025, in addition to contributions from employers the required accrued contributions for the Division (paid on behalf of the Division's employees who administer the Plans) were allocated to each employer on a proportionate basis. The Division administers the Plans, and therefore, cannot allocate a portion of the liability to itself. Although GASB 68 encourages the use of the employers projected long-term contribution effort to the retirement plan, allocating 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 2025 for the period July 1, 2013 through June 30, 2024. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

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

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 5.20% 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 2025:

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

OTHER INFORMATION

TOWN OF JENNINGS, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
For The Year Ended September 30, 2025

GRANTOR/PROGRAM TITLE	CFSA #	Contract Number	Award Amount	Revenues Recognized in Prior Year	Loan Outstanding	Expenditures in the Current Year	Revenues Recognized in Current Year	Accrual (Deferral) in Current Year
State Financial Assistance								
Florida Department of Environmental Protection								
Wastewater Treatment Facility Construction	37.077	WW240220	$ 3,888,177	$ 3,565,002	$ 1,286,410	$ 322,872	$ -	$ -
Small Community Wastewater Facility Grant- Principal Forgiveness **	37.075	SG240221	2,592,400	-	-	2,592,400	2,592,400	-
			6,480,577	3,565,002	1,286,410	2,915,272	2,592,400	-
Florida Department of Law Enforcement								
FDLE Drone Replacement Program	71.092	3X186	50,000	-	-	49,954	49,954	-
Florida Department of Transportation								
Small County Outreach Program	55.009	G3243	593,900	-	-	82,350	82,350	82,350
Total State Awards			$ 7,124,477	$ 3,565,002	$ 1,286,410	$ 3,047,576	$ 2,724,704	$ 82,350

**Selected as major project for State Single Audit.

See notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

TOWN OF JENNINGS, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2025

1. Basis of Presentation

The accompanying Schedule of Expenditures of State Financial Assistance includes the State award activity of Town of Jennings, Florida, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.550, Rules of the State of Florida, Office of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

2. Indirect Cost Rate

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

3. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the State of Florida's uniform guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

4. Subrecipients

The Schedule of Expenditures of State Financial Assistance is required to identify amounts passed through to subrecipients of grant funding. The Town did not have any subrecipients of grant funding in the current year.

5. Loan Programs

State financial assistance received from the Florida Department of Environmental Protection was provided under a grant program with recognized forgiveness in the amount of $2,592,400 of the total loan balance of $3,888,177. The current balance of loan under this program at year end was $1,286,410.

COMPLIANCE SECTION

Powell and Jones CPA

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

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

To the 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, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated November 8, 2026.

Report on 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 or significant deficiencies may exist that were not 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

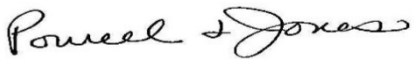
express such an opinion. The results of our tests disclosed one instance of noncompliance under Government Auditing Standards that is reported as 2025-001 in the Schedule of Findings and Questioned Costs.

Management Response:

We agree with this finding and as those who have been charged with management and governance of the Town, we plan to discuss proposed suggestions and implement those solutions that we believe will help to reduce the risk of spending in excess of budgeted amounts in the future.

Purpose of this Report

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



Powell and Jones CPA
Lake City, Florida
November 8, 2026

Powell and Jones CPA

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH CHAPTER 10.550, *RULES OF THE AUDITOR GENERAL,* OFFICE OF THE AUDITOR GENERAL

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

Report on Compliance for Each Major State Project

Opinion on Each Major State Project

We have audited Town of Jennings , Florida's (the Town) compliance with the types of compliance requirements in the State of Florida, Department of Financial Services State Projects Compliance and Supplement that could have a direct and material effect on each of the Town's major state projects for the year ended September 30, 2025. The Town's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major State Project

We conducted our audit of compliance in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the State of Florida, Office of the Auditor General. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state project. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above. Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state projects.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the State of Florida, Office of the Auditor General will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major state project as a whole.

In performing an audit in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the State of Florida, Office of the Auditor General, we:

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

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

- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the State of Florida, Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

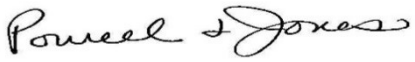
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Pursuant to Chapter 119, Florida Statutes, this report is a public record, and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this report is intended solely for the information and use of the Town's management, State awarding agencies and pass-through entities 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
November 8, 2026

Powell and Jones CPA

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

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, 2025, and have issued our report thereon dated November 8, 2026.

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; Independent Auditor's Report on Compliance for Each Major State Project and Report on Internal Control over Compliance; Schedule of Finding and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with AICPA *Professional Standards* AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, 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. The following table summarizes the status of past uncorrected audit findings. Please see the Schedule of Findings and Questioned Costs for more information.

Tabulation of Uncorrected Audit Findings

Current Year Finding No.	2023-24 FY Finding No.	2022-23 FY Finding No.
2025-001	2024-001	2023-001

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, all such recommendations have been included in the Schedule of Findings and Questioned Costs.

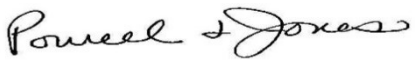
Property Assessed Clean Energy (PACE) Programs

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

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
November 8, 2026

Powell and Jones CPA

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

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 Town of Jennings, Florida's (the Town) compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2025. Management of the Town is responsible for the Town's compliance with the specified requirements. Our responsibility is to express an opinion on the Town's compliance with the specified requirements based on our examination.

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

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

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

In our opinion, the Town complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2025.

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

Powell and Jones

Powell and Jones CPA
Lake City, Florida
November 8, 2026

Powell and Jones CPA

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

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, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the 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 November 8, 2026.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or 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 and Jones CPA
Lake City, Florida
November 8, 2026

Powell and Jones CPA

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

TOWN OF JENNINGS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended September 30, 2025

State Financial Assistance

Internal control of major projects:

* Material weakness identified?	No
*Reportable condition identified, not considered to be a material weakness?	None reported
Type of auditor's report issued on compliance for major projects	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Rule 10.656, *Rules of the Auditor General*?	No

CFSA Number	Name of State Programs
37.075	Small County Wastewater Facility Grant

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000

Financial Statement Findings

See below

State Financial Assistance Questioned Costs

None

Financial Statement Findings

Current Year Findings

2025-001 Budgetary Noncompliance – repeat finding

Condition:

During our audit of the Town of Jennings, Florida, for the fiscal year ended September 30, 2025, we noted that actual General Fund expenditures exceeded final budgeted appropriations by $170,426. The excess expenditures were primarily associated with additional grant-related activities and capital expenditures. Although these expenditures were reviewed and approved by the Town Council prior to payment, the Town did not amend its adopted budget to reflect the additional spending.

Criteria:

Section 166.241(2), Florida Statutes, requires municipalities to make expenditures pursuant to their adopted budgets. Section 166.241(8) provides procedures for amending municipal budgets, including amendments that increase total fund appropriations.

Cause:

The Town's procedures for monitoring budgetary compliance and implementing budget amendments did not adequately ensure that additional expenditures, including those associated with reimbursable grant activities, were reflected in authorized appropriations.

Effect:

General Fund expenditures exceeded budgeted appropriations by $170,426, resulting in noncompliance with applicable budgetary requirements. However, the Town demonstrated substantial improvement in its overall budgetary performance compared to the prior year. Actual revenues exceeded budgeted amounts by $250,250, resulting in an overall favorable budget variance of $90,435 and a reduction in the anticipated use of reserves.

Recommendation:

We recommend that the Town continue improving its budgetary monitoring procedures and ensure that appropriate budget amendments are adopted when additional expenditures are anticipated, including expenditures associated with reimbursable grant activities. Such amendments should be approved in accordance with applicable statutory requirements.

Prior Year Findings

2024-001 Budgetary Noncompliance

Condition:

During our audit of the Town of Jennings, Florida, for the fiscal year ended September 30, 2024, we noted that actual expenditures exceeded final budgeted appropriations in the General Fund for both the sanitation and public safety functions.

Criteria:

Section 166.241(2), Florida Statutes, prohibits municipalities from expending or contracting for expenditures in any fund in excess of the amount budgeted in each fund. Additionally, GASB Cod. 2200.206-207 requires governments to include a comparison of actual to budgeted amounts for each governmental fund with a legally adopted annual budget.

Cause:

The Town did not amend its adopted budget to reflect operational changes or unexpected increases in costs within the sanitation and public safety departments during the fiscal year.

Effect:

This resulted in expenditures exceeding appropriations in two functional categories, which constitutes noncompliance with Florida statutory budget requirements and indicates weaknesses in the Town's budget monitoring process.

Status:

The finding remains unresolved and has been repeated as 2025-001; however, improvement was noted in the Town's budgetary performance. The amount by which expenditures exceeded appropriations decreased from $440,797 in the prior year to $170,426 in the current year, representing a reduction of approximately 61%.

Town of Jennings
1291 Florida Street * P. O. Box 209 * Jennings, FL 32053
PHONE: 386-938-4131 * FAX: 386-938-3301

TOWN OF JENNINGS
IMPACT FEE AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Jennifer Gramling, who being duly sworn, deposes and says on oath that:

1. I am the Chief Financial Officer[1] of Town of Jennings which is a local governmental entity of the State of Florida.
2. The governing body of Town of Jennings adopted Ordinance No. 2023-01 implementing an impact fee or authorized Town of Jennings to receive and expend proceeds of an impact fee.
3. Town of Jennings has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

Jennifer Gramling
(Chief Financial Officer of Entity)

STATE OF FLORIDA
COUNTY OF HAMILTON
SWORN TO AND SUBSCRIBED before me this 10th day of November, 2026

S. L. Raggins
NOTARY PUBLIC

SHAWN P RAGGINS
Notary Public - State of Florida
Commission # HH 822307
My Comm. Expires Oct 21, 2030
Bonded through National Notary Assn.

Print Name Jennifer Gramling
Personally known ✓ or produced identification _____
Type of identification produced: _____
My Commission Expires: 10-21-2030

[1] Pursuant to Section 163.31801(8), Florida Statutes, if there is no chief financial officer, the executive officer must sign the affidavit.