

**TOWN OF PIERSON, FLORIDA**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2025**

**TOWN OF PIERSON, FLORIDA**  
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**SEPTEMBER 30, 2025**

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# WESTON & GREGORY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Pierson, 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 major fund of the Town 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 the standards applicable to financial audits contained in 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 of Pierson, Florida 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 the 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 and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2026, on our consideration of the Town of Pierson, Florida'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 the effectiveness of the Town's 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.

*Keston & Grogan, LLC*

Daytona Beach, Florida  
January 12, 2026



**TOWN OF PIERSON, FLORIDA**  
Management's Discussion and Analysis  
September 30, 2025

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

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

Financial Highlights

The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$4,500,026 (total net position). Of this amount, \$1,099,272 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. The Town's total net position increased by \$27,400 based on the current year activities.

Fiscal year 2025 governmental activities decreased the Town's net position by \$98,383, to \$2,705,760. Revenues decreased by \$367,539 compared to fiscal year 2024, primarily due to increased taxes, sale of old town hall in the prior year, and decreased operating grants from the American Rescue Plan Act. Expenses for governmental activities total \$1,235,182 in 2025 compared to \$1,185,324 in 2024.

The business-type activities increased the Town's net position by \$125,783, to \$1,794,266. Revenues increased by \$54,613 compared to fiscal year 2024, primarily due to an increase of \$86,173 in capital grants for water and wastewater improvements. Expenses for business-type activities totaled \$384,017 in 2025 compared to \$360,247 in 2024.

The total cost of all of the Town's programs was up for the year, increasing by \$73,628 from the prior year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) governmental-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

The *statement of net position* presents information on all of the Town's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

**TOWN OF PIERSON, FLORIDA**  
Management's Discussion and Analysis  
September 30, 2025

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*government activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government services, public safety, public works, and culture and recreation services. The business-type activities of the Town include the water utility.

Fund Financial Statements

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

Governmental Funds

*Governmental funds* are used to account for essentially the same function reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town's only governmental fund is its general fund. The Town adopts an annual budget for the fund and a budgetary comparison schedule has been included in this financial report to demonstrate compliance with this budget.

Proprietary Funds

The Town's only proprietary fund is an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to record the activities of its water system.

Notes to Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town's budgetary information, net pension liability, and pension contributions. Required supplementary information can be found on pages 31 – 36 of this report.

**TOWN OF PIERSON, FLORIDA**  
**Management's Discussion and Analysis**  
**September 30, 2025**

**Government-Wide Financial Analysis**

**Statement of Net Position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Pierson, Florida, assets exceeded liabilities by \$4,500,026 at the close of the most recent fiscal year.

By far the largest portion of the Town of Pierson, Florida's net position (71%) reflects its investment in capital assets (e.g., land, buildings, and equipment). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

At the end of the current fiscal year, the Town of Pierson, Florida is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

The following table reflects the condensed Statement of Net Position for the current and prior years. For more detail see the Statement of Net Position on page 9.

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Current and other assets	\$ 1,184,492	\$ 1,241,569	\$ 281,801	\$ 362,663	\$ 1,466,293	\$ 1,604,232
Capital assets	1,768,064	1,747,940	1,629,094	1,421,817	3,397,158	3,169,757
Total assets	<u>2,952,556</u>	<u>2,989,509</u>	<u>1,910,895</u>	<u>1,784,480</u>	<u>4,863,451</u>	<u>4,773,989</u>
Deferred outflows	80,475	86,755	13,380	14,576	93,855	101,331
Total deferred outflows	<u>80,475</u>	<u>86,755</u>	<u>13,380</u>	<u>14,576</u>	<u>93,855</u>	<u>101,331</u>
Long-term liabilities	242,087	239,361	42,669	48,695	284,756	288,056
Other liabilities	44,158	10,522	79,720	77,837	123,878	88,359
Total liabilities	<u>286,245</u>	<u>249,883</u>	<u>122,389</u>	<u>126,532</u>	<u>408,634</u>	<u>376,415</u>
Deferred inflows	41,026	22,238	7,620	4,041	48,646	26,279
Total deferred inflows	<u>41,026</u>	<u>22,238</u>	<u>7,620</u>	<u>4,041</u>	<u>48,646</u>	<u>26,279</u>
Net investment in capital assets	1,768,064	1,747,940	1,629,094	1,421,817	3,397,158	3,169,757
Restricted	3,596	3,596	-	-	3,596	3,596
Unrestricted	934,100	1,052,607	165,172	246,666	1,099,272	1,299,273
Total net position	<u>\$ 2,705,760</u>	<u>\$ 2,804,143</u>	<u>\$ 1,794,266</u>	<u>\$ 1,668,483</u>	<u>\$ 4,500,026</u>	<u>\$ 4,472,626</u>

During the current fiscal year, the Town's total net position increased by \$27,400. The reasons for the increase in total net position are detailed in the condensed Statement of Activities on page 6. For more detail see the Statement of Activities on page 10.

**TOWN OF PIERSON, FLORIDA**  
**Management's Discussion and Analysis**  
**September 30, 2025**

**Statement of Activities**

The following schedule compares the revenues and expenses for the current and previous fiscal year.

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Revenues:						
Program revenues:						
Charges for services	\$ 100,573	\$ 386,547	\$ 336,510	\$ 370,479	\$ 437,083	\$ 757,026
Operating grants and contributions	-	159,325	-	-	-	159,325
Capital grants and contributions	-	-	121,705	35,532	121,705	35,532
General revenues:						
Property taxes	451,883	422,939	-	-	451,883	422,939
Sales taxes	93,079	103,547	-	-	93,079	103,547
Franchise fee taxes	141,099	136,138	-	-	141,099	136,138
Utility taxes	126,806	112,510	-	-	126,806	112,510
Gasoline taxes	112,208	98,921	-	-	112,208	98,921
Intergovernmental revenue	89,058	84,411	-	-	89,058	84,411
Interest revenue	22,093	-	3,372	2,368	25,465	2,368
Rental revenue	-	-	48,213	46,808	48,213	46,808
Total revenues	<u>1,136,799</u>	<u>1,504,338</u>	<u>509,800</u>	<u>455,187</u>	<u>1,646,599</u>	<u>1,959,525</u>
Expenses:						
General government	422,121	470,641	-	-	422,121	470,641
Public safety	379,993	340,873	-	-	379,993	340,873
Transportation	372,288	321,966	-	-	372,288	321,966
Culture and recreation	60,780	51,844	-	-	60,780	51,844
Water	-	-	384,017	360,247	384,017	360,247
Total expenses	<u>1,235,182</u>	<u>1,185,324</u>	<u>384,017</u>	<u>360,247</u>	<u>1,619,199</u>	<u>1,545,571</u>
Increase (decrease) in net position	(98,383)	319,014	125,783	94,940	27,400	413,954
Net position, beginning	<u>2,804,143</u>	<u>2,485,129</u>	<u>1,668,483</u>	<u>1,573,543</u>	<u>4,472,626</u>	<u>4,058,672</u>
Net position, ending	<u>\$ 2,705,760</u>	<u>\$ 2,804,143</u>	<u>\$ 1,794,266</u>	<u>\$ 1,668,483</u>	<u>\$ 4,500,026</u>	<u>\$ 4,472,626</u>

The Town's total revenues decreased by \$312,926 and total expenses increased by \$73,628. The overall result was a \$27,400 increase in net position for the fiscal year 2025.

**TOWN OF PIERSON, FLORIDA**  
**Management's Discussion and Analysis**  
**September 30, 2025**

**Fund Financial Analysis:**

**Governmental Fund (General Fund)**

As of the end of the current fiscal year, the Town of Pierson, Florida's governmental fund reported an ending fund balance of \$1,184,492, a decrease of \$81,842 in comparison with the prior year. Of that amount, \$1,141,923 constitutes unassigned fund balance. The remainder of the fund balance is amounts restricted for police training and prepaid expenses.

**Proprietary Fund (Water Fund)**

As of the end of the current fiscal year, the Town of Pierson, Florida's proprietary fund reported a total net position of \$1,794,266, an increase of \$125,783 in comparison with the prior year. Of that amount, \$165,172 constitutes unrestricted fund balance, which is available for spending at the Town's discretion. The remainder of the net position of \$1,629,094 reflects the Town's investment in capital assets.

**Capital Assets**

As of the end of the current fiscal year, the Town has \$3,397,158 invested in various capital assets, net of depreciation, for all activities as reflected in the following schedule. This represents a net increase (including additions and deductions) of \$227,401 from the prior year. The investment in capital assets includes land, buildings, improvements other than buildings, equipment, and infrastructure. Depreciation expense in the amount of \$86,061 was recorded during the current fiscal year.

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Land	\$ 690,343	\$ 690,343	\$ 83,972	\$ 83,972	\$ 774,315	\$ 774,315
Infrastructure	723,031	752,207	1,527,236	1,315,966	2,250,267	2,068,173
Buildings	129,547	96,369	-	-	129,547	96,369
Improvements other than buildings	159,669	179,706	-	-	159,669	179,706
Equipment	65,474	29,315	17,886	21,879	83,360	51,194
<b>Total</b>	<b>\$ 1,768,064</b>	<b>\$ 1,747,940</b>	<b>\$ 1,629,094</b>	<b>\$ 1,421,817</b>	<b>\$ 3,397,158</b>	<b>\$ 3,169,757</b>

The Town acquired capital assets during the year in the amount of \$313,462, which were comprised of the following:

John Deere tractor	\$ 47,735
Building improvements	40,975
Water system improvements	60,290
Water system infrastructure	41,969
Wastewater infrastructure	122,493
	<u>\$ 313,462</u>

Additional information can be found in Note 4 in the notes to the financial statements.

**Debt Administration**

As of the end of the current fiscal year, the Town had total outstanding debt of \$48,690.

Additional information on the Town's long-term debt can be found in Note 8 in the notes to the financial statements.

**TOWN OF PIERSON, FLORIDA**  
**Management's Discussion and Analysis**  
**September 30, 2025**

**General Fund Budgetary Highlights**

The comparison of the budget versus actual for the General Fund can be found on page 31.

**Economic Factors**

The State of Florida, by constitution, does not have a state personal income tax and therefore the state operates primarily using sales, gasoline and corporate income taxes. Local governments (cities, counties and school boards) primarily rely on property taxes and a limited array of permitted other sales taxes, gasoline taxes, utilities services taxes, franchise fees, and occupational license fees for their governmental activities. There are a limited number of state-shared revenues and recurring and non-recurring (one-time) grants from both the state and federal governments.

For business-type and certain governmental activities (permitting, recreational programs, etc.) the user pays a related fee or charge associated with the service.

The level of taxes, fees, and charges for services (including development related impact fees) will have a bearing on the Town's specific competitive ability to (a) annex additional land into its corporate limits and (b) encourage development (office, retail, residential and industrial) to choose to be located in the jurisdiction.

**Requests for Information**

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, contact the Town Clerk at 106 N. Center Street, Pierson, Florida, 32180.

**TOWN OF PIERSON, FLORIDA**  
**Statement of Net Position**  
**September 30, 2025**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 310,356	\$ 320,802	\$ 631,158
Certificates of deposit	618,027	107,582	725,609
Receivables, net	2,391	37,960	40,351
Internal balances	228,808	(228,808)	-
Due from other governments	21,224	-	21,224
Prepaid expenses	3,686	-	3,686
Restricted cash, utility deposits	-	44,265	44,265
Capital assets, not being depreciated	690,343	83,972	774,315
Capital assets, being depreciated, net	<u>1,077,721</u>	<u>1,545,122</u>	<u>2,622,843</u>
Total assets	<u>2,952,556</u>	<u>1,910,895</u>	<u>4,863,451</u>
<b>Deferred outflows of resources</b>			
Deferred outflows related to pensions	<u>80,475</u>	<u>13,380</u>	<u>93,855</u>
Total assets and deferred outflows of resources	<u>3,033,031</u>	<u>1,924,275</u>	<u>4,957,306</u>
<b>Liabilities</b>			
Accounts payable	21,759	31,160	52,919
Accrued liabilities	13,528	3,820	17,348
Payable from restricted assets, utility deposits	-	44,265	44,265
Noncurrent liabilities:			
Due Within One Year:			
Notes payable	8,871	475	9,346
Due in More Than One Year			
Notes payable	31,866	7,478	39,344
Net pension liability	<u>210,221</u>	<u>35,191</u>	<u>245,412</u>
Total liabilities	<u>286,245</u>	<u>122,389</u>	<u>408,634</u>
<b>Deferred inflows of resources</b>			
Deferred inflows related to pensions	<u>41,026</u>	<u>7,620</u>	<u>48,646</u>
Total liabilities and deferred outflows of resources	<u>327,271</u>	<u>130,009</u>	<u>457,280</u>
<b>Net Position</b>			
Net investment in capital assets	1,768,064	1,629,094	3,397,158
Restricted for police training	3,596	-	3,596
Unrestricted	<u>934,100</u>	<u>165,172</u>	<u>1,099,272</u>
Total net position	<u>\$ 2,705,760</u>	<u>\$ 1,794,266</u>	<u>\$ 4,500,026</u>

See accompanying notes to financial statements  
and independent auditors' report

**TOWN OF PIERSON, FLORIDA**  
**Statement of Activities**  
**For the year ended September 30, 2025**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 422,121	\$ 29,635	\$ -	\$ -	\$ (392,486)	\$ -	\$ (392,486)
Public safety	379,993	51,279	-	-	(328,714)	-	(328,714)
Transportation	372,288	8,657	-	-	(363,631)	-	(363,631)
Culture and recreation	60,780	11,002	-	-	(49,778)	-	(49,778)
Total governmental activities	<u>1,235,182</u>	<u>100,573</u>	<u>-</u>	<u>-</u>	<u>(1,134,609)</u>	<u>-</u>	<u>(1,134,609)</u>
Business-type activities:							
Water	<u>384,017</u>	<u>336,510</u>	<u>-</u>	<u>121,705</u>	<u>-</u>	<u>74,198</u>	<u>74,198</u>
Total primary government	<u>\$ 1,619,199</u>	<u>\$ 437,083</u>	<u>\$ -</u>	<u>\$ 121,705</u>	<u>(1,134,609)</u>	<u>74,198</u>	<u>(1,060,411)</u>
General revenues:							
Property taxes					451,883	-	451,883
Sales taxes					93,079	-	93,079
Franchise fee taxes					141,099	-	141,099
Utility taxes					126,806	-	126,806
Gasoline taxes					112,208	-	112,208
Intergovernmental revenue					89,058	-	89,058
Interest revenues					22,093	3,372	25,465
Rental revenues					-	48,213	48,213
Total general revenues					<u>1,036,226</u>	<u>51,585</u>	<u>1,087,811</u>
Change in net position					(98,383)	125,783	27,400
Net position, beginning					<u>2,804,143</u>	<u>1,668,483</u>	<u>4,472,626</u>
Net position, ending					<u>\$ 2,705,760</u>	<u>\$ 1,794,266</u>	<u>\$ 4,500,026</u>

See accompanying notes to financial statements  
and independent auditors' report



**TOWN OF PIERSON, FLORIDA**  
**Balance Sheet**  
**Governmental Fund**  
**September 30, 2025**

	<u><b>General</b></u>
<b>Assets</b>	
Cash and cash equivalents	\$ 310,356
Certificates of deposit	618,027
Receivables	2,391
Due from water fund	228,808
Due from other governments	21,224
Prepaid expenses	<u>3,686</u>
Total assets	<u><u>1,184,492</u></u>
<b>Liabilities</b>	
Accounts payable	21,759
Accrued liabilities	<u>13,528</u>
Total liabilities	<u>35,287</u>
<b>Fund Balances</b>	
Nonspendable, prepaid expenses	3,686
Restricted for police training	3,596
Unassigned	<u>1,141,923</u>
Total fund balances	<u>1,149,205</u>
Total liabilities and fund balances	<u><u>\$ 1,184,492</u></u>

See accompanying notes to financial statements  
and independent auditors' report

**TOWN OF PIERSON, FLORIDA**  
**Reconciliation of the Balance Sheet to the**  
**Statement of Net Position**  
**September 30, 2025**

**Total fund balances - governmental funds** **\$ 1,149,205**

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

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

Total governmental capital assets	3,686,997	
Less: accumulated depreciation	<u>(1,918,933)</u>	1,768,064

Certain liabilities are not due and currently payable in the current period,  
and therefore are not reported in the fund.

Notes payable		(40,737)
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On the governmental fund statements, a net pension liability is not  
recorded until an amount is due and payable and the pension plan's  
fiduciary net position is not sufficient for payments of those benefits  
(no such liability exists at the end of the current fiscal year). On the  
statement of net position, the Town's net pension liability of the  
defined benefit plans is reported as a noncurrent liability. Additionally  
deferred outflows and deferred inflows related to pensions are also  
reported.

Net pension liability	(210,221)	
Deferred outflows related to pensions	80,475	
Deferred inflows related to pensions	<u>(41,026)</u>	<u>(170,772)</u>

<b>Net position of governmental activities</b>		<b><u>\$ 2,705,760</u></b>
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See accompanying notes to financial statements  
and independent auditors' report

**TOWN OF PIERSON, FLORIDA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Fund**  
**For the year ended September 30, 2025**

	<u>General</u>
<b>Revenues</b>	
Taxes	\$ 831,996
Intergovernmental	182,137
Licenses and permits	51,279
Charges for service	20,508
Fines and forfeitures	1,748
Miscellaneous	<u>49,131</u>
Total revenues	<u>1,136,799</u>
<b>Expenditures</b>	
Current:	
General government	420,480
Public safety	379,993
Transportation	329,305
Culture and recreation	38,659
Capital outlay	<u>50,204</u>
Total expenditures	<u>1,218,641</u>
Net change in fund balance	(81,842)
<b>Fund balance, beginning of year</b>	<u>1,231,047</u>
<b>Fund balance, end of year</b>	<u><u>\$ 1,149,205</u></u>

See accompanying notes to financial statements  
and independent auditors' report

**TOWN OF PIERSON, FLORIDA**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance of Governmental Fund**  
**to the Statement of Activities**  
**Governmental Fund**  
**For the year ended September 30, 2025**

<b>Net change in fund balance - total governmental funds</b>	<b>\$ (81,842)</b>
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Capital outlay expenditures	88,710	
Depreciation expense	(68,586)	20,124

Issuance of long-term debt is an other financing source in the governmental funds, but increases long-term liabilities in the statement of net position.	(47,735)
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Repayment of note principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	6,998
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Governmental funds report contributions to defined benefit pension plans as expenditures. However, in the statement of activities, the amount contributed to defined benefit pension plans reduces future net pension liability. Also included in pension expense in the statement of activities are deferred inflow and deferred outflow amounts required to be amortized.

Change in net pension liability and deferred inflows/outflows related to pensions	4,072
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<b>Change in net position of governmental activities</b>	<b>\$ (98,383)</b>
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See accompanying notes to financial statements  
and independent auditors' report

**TOWN OF PIERSON, FLORIDA**  
**Statement of Net Position**  
**Proprietary Fund**  
**For the year ended September 30, 2025**

	<u>Water</u>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 320,802
Certificate of deposit	107,582
Accounts receivable, net	37,960
Total current assets	<u>466,344</u>
Non-current assets:	
Restricted cash, utility deposits	44,265
Capital assets, not being depreciated	83,972
Capital assets, net of accumulated depreciation	1,545,122
Total non-current assets	<u>1,673,359</u>
Total assets	<u>2,139,703</u>
<b>Deferred outflows of resources</b>	
Deferred outflows related to pensions	<u>13,380</u>
Total deferred outflows of resources	<u>13,380</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	31,160
Accrued liabilities	3,820
Current maturities on long-term debt	475
Payable from restricted assets, utility deposits	44,265
Due to general fund	228,808
Total current liabilities	<u>308,528</u>
Noncurrent liabilities:	
Notes payable	7,478
Net pension liability	35,191
Total noncurrent liabilities	<u>42,669</u>
Total liabilities	<u>351,197</u>
<b>Deferred inflows of resources</b>	
Deferred inflows related to pensions	<u>7,620</u>
Total deferred inflows of resources	<u>7,620</u>
<b>Net position</b>	
Net investment in capital assets	1,629,094
Unrestricted	165,172
Total net position	<u>\$ 1,794,266</u>

See accompanying notes to financial statements  
and independent auditors' report

**TOWN OF PIERSON, FLORIDA**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Fund**  
**For the year ended September 30, 2025**

	<u>Water</u>
<b>Operating revenues</b>	
Charges for services	\$ 336,510
<b>Operating expenses</b>	
Personnel services	148,652
Operating expenses	216,437
Depreciation	<u>17,475</u>
Total operating expenses	<u>382,564</u>
Operating loss	(46,054)
<b>Nonoperating revenues (expenses)</b>	
Rental income	48,213
Interest earnings	3,372
Interest expense	<u>(1,453)</u>
<b>Income before capital grants</b>	4,078
Capital grants	<u>121,705</u>
Change in net position	125,783
<b>Net position, beginning of year</b>	<u>1,668,483</u>
<b>Net position, end of year</b>	<u><u>\$ 1,794,266</u></u>

See accompanying notes to financial statements  
and independent auditors' report

**TOWN OF PIERSON, FLORIDA**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the year ended September 30, 2025**

	Water
<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 336,356
Cash received from grants	121,705
Cash received from rents	48,213
Cash paid to suppliers	(217,246)
Cash paid to employees	(148,348)
Net cash provided by operating activities	<u>140,680</u>
<b>Cash flows from noncapital financing activities</b>	
Customer deposits	155
Principal payments of long-term debt	(471)
Interfund loans	613
Increase in certificates of deposit	(3,372)
Net cash used in noncapital financing activities	<u>(3,075)</u>
<b>Cash flows from capital and related financing activities</b>	
Acquisition and construction of capital assets	(224,752)
Net cash used in capital and related financing activities	<u>(224,752)</u>
<b>Cash flows from investing activities</b>	
Interest received	3,372
Net cash provided by investing activities	<u>3,372</u>
<b>Net decrease in cash and cash equivalents</b>	(83,775)
<b>Cash and cash equivalents, beginning of year</b>	448,842
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 365,067</u></u>
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>	
Operating loss	\$ (46,054)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	17,475
Rental revenue	48,213
Interest expense	(1,453)
Grant revenue	121,705
(Increase) decrease in accounts receivable	(154)
Increase (decrease) in accounts payable	(809)
Increase (decrease) in accrued liabilities	2,533
Increase (decrease) in net pension liability	(776)
Net cash provided by operating activities	<u><u>\$ 140,680</u></u>
<b>Cash and cash equivalents classified as:</b>	
Unrestricted	\$ 320,802
Restricted	44,265
	<u><u>\$ 365,067</u></u>

See accompanying notes to financial statements  
and independent auditors' report

## TOWN OF PIERSON, FLORIDA

### Notes to Financial Statements

September 30, 2025

1. Summary of Significant Account Policies:

The financial statements of the Town of Pierson, Florida (the Town), have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles. The following is a summary of the Town's significant accounting policies.

A. Reporting Entity:

The Town was formed in 1929 under the Laws of Florida-14315. The Town operates under a Mayor-Council form of government. These financial statements present the Town of Pierson (the primary government), which has no component units.

B. Government-Wide and Fund Financial Statements:

The basic financial statements include both government-wide (i.e. the statement of net position and the statement of activities) and fund financial statements. The focus is on either the Town as a whole or major individual fund (within the basic financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type.

In the government-wide statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reflected on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide statement of activities reflects both the gross and net costs per functional category (police, public works, etc.) which are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function (Police, Public Works, culture, and recreation, etc.) or a business-type activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net cost (by function or business-type activity) is normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc.): The Town does not currently employ an indirect cost allocation system.

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

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

The emphasis in fund financial statements is on the major funds in either the governmental or business-type categories. The Town has no non-major funds.



## TOWN OF PIERSON, FLORIDA

### Notes to Financial Statements

September 30, 2025

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible 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 fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, if any, are recognized when due.

Franchise and utility taxes, state revenue sharing, charges for services, and investment earnings associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The following major funds are used by the Town:

1. Governmental Funds:

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

General Fund accounts for several of the Town's primary services (police, public works, culture, and recreation, etc.) and is the primary operating unit of the Town.

2. Proprietary Funds:

The focus of Proprietary Fund measures is upon determination of operating income, change in net position, financial position, and cash flows, which is similar to businesses. The following is a description of the Proprietary Fund of the Town:

The Water Fund is used to account for the operation of the municipal water system.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are reported as nonoperating revenues and expenses.

D. Cash and Cash Equivalents:

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Town.

E. Investments:

Certificates of deposit are stated at cost plus accrued interest, which approximates fair value.

## TOWN OF PIERSON, FLORIDA

### Notes to Financial Statements

September 30, 2025

#### F. Receivables:

Property Tax Calendar - Under Florida law, the assessment of all properties and the collection of all county, municipal, and school board property taxes are consolidated in the offices of the County Property Appraiser and the County Tax Collector. State laws regulating tax assessment are designed to assure a consistent property valuation method statewide and permit municipalities to levy property taxes at a rate of up to 10 mills. The millage rate assessed by the Town for the fiscal year ended September 30, 2025 was 5.2439 per \$1,000.

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

The current year taxes for the fiscal year, beginning October 1, are billed in the month of November and are due no later than March 31. On April 1, all unpaid amounts become delinquent and are subject to interest and penalties. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, 1% in the month of February, and without discount in March.

The Town recognizes property tax revenues as received. Delinquent tax receivables are inconsequential to the financial statements and have not been recorded. Delinquent taxes on real property bear interest of 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest of 18% per year or any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. The Town tax calendar is as follows: Valuation Date: January 1, Levy Date: November 1, Due Date: March 31, and Lien Date: June 1.

Unbilled Utility Accounts Receivable - Water operating revenues are generally recognized on the basis of cycle billings rendered monthly. The unbilled portion was accrued at year end by calculating the cycle billing the Town sent its customers in October and prorating the number of days applicable to the current year.

#### G. Restricted Assets:

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected.

#### H. Unearned Revenue:

Unearned revenues are reported when potential revenue does not meet both the "measurable" and "available" criteria for the current period, or when resources are received before it has legal claim to them. The revenue received in advance in the General Fund consists of grant funds which will be recognized as revenue when the qualified grant expenditures are incurred.

#### I. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position will sometimes 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 so will not be recognized as an outflow of resources (expense/expenditure) until then. All the deferred outflows of resources pertain to pensions.

In addition to liabilities, the statement of financial position will sometimes 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 so will not be recognized as an inflow of resources (revenue) until that time. All the deferred inflows of resources pertain to pensions.

## TOWN OF PIERSON, FLORIDA

### Notes to Financial Statements

September 30, 2025

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J. Pensions:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) Pension Plan and the Retiree Health Insurance Subsidy (HIS) Program and additions to/deductions from the FRS and HIS fiduciary net positions have been determined on the same basis as they are reported by FRS and HIS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

K. Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date received. The Town's capitalization levels are \$1,000 on tangible personal property, \$1,000 on infrastructure including water lines, and for improvements other than buildings the capital outlay must be greater than \$1,000 and either extend the estimated useful life for 10 years or be greater than 10% of the original cost of the asset. Other costs incurred for repairs and maintenance is expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives: Buildings 40 years, Improvements other than buildings 25 years, Equipment 7-10 years, Streets 40 years, and Water system facilities 20 years.

L. Compensated Absences:

The Town records compensated absences as an expenditure/expense for the amount accrued during the year that would normally be liquidated with expendable available financial resources. There is no long-term liability for compensated absences. It is the Town's policy to grant employees vacation leave (annual leave) and sick leave based upon the number of years of employment with the Town.

M. Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

N. Reconciliation of Government-Wide and Fund Financial Statements:

Explanations for the differences between the government-wide and fund financial statements are included in the reconciliation after the general fund balance sheet and statement of revenues, expenditures, and changes in fund balance.

2. Deposits and Investments:

A. Deposits:

All of the Town's bank accounts are with banks that are on the list of state qualified public depositories, and therefore, the entire amount on deposit is considered to be fully collateralized.

B. Investments:

The Town is authorized to invest excess funds in time deposits, obligations which are unconditionally guaranteed by the United States Government and the State Board of Administration Investment Fund. At September 30, 2025, the Town's only investments were certificates of deposit at state qualified public depositories. These investments are considered, by law, to be fully collateralized.

# TOWN OF PIERSON, FLORIDA

## Notes to Financial Statements

September 30, 2025

3. Accounts Receivable:

Receivables as of September 30, 2025, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Water Fund
Accounts receivable	\$ 2,391	\$ 57,960
Less allowance for doubtful accounts	-	(20,000)
Accounts receivable, net	<u>\$ 2,391</u>	<u>\$ 37,960</u>

4. Capital Assets:

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 690,343	\$ -	\$ -	\$ 690,343
Depreciable assets:				
Infrastructure	1,996,624	-	-	1,996,624
Buildings	179,485	38,891	-	218,376
Improvements other than buildings	528,270	2,084	-	530,354
Equipment	260,859	47,735	(57,294)	251,300
Totals at historical cost	<u>3,655,581</u>	<u>88,710</u>	<u>(57,294)</u>	<u>3,686,997</u>
Less accumulated depreciation for:				
Infrastructure	1,244,417	29,176	-	1,273,593
Buildings	83,116	11,576	-	94,692
Improvements other than buildings	348,564	22,121	-	370,685
Equipment	231,544	5,713	(57,294)	179,963
Total accumulated depreciation	<u>1,907,641</u>	<u>68,586</u>	<u>(57,294)</u>	<u>1,918,933</u>
Governmental activities capital assets, net	<u>\$ 1,747,940</u>	<u>\$ 20,124</u>	<u>\$ -</u>	<u>\$ 1,768,064</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 83,972	\$ -	\$ -	\$ 83,972
Depreciable assets:				
Water system facilities	3,815,382	224,752	-	4,040,134
Equipment	184,964	-	(68,089)	116,875
Total at historical cost	<u>4,084,318</u>	<u>224,752</u>	<u>(68,089)</u>	<u>4,240,981</u>
Less accumulated depreciation for:				
Water system facilities	2,499,534	13,482	-	2,513,016
Equipment	162,967	3,993	(68,089)	98,871
Total accumulated depreciation	<u>2,662,501</u>	<u>17,475</u>	<u>(68,089)</u>	<u>2,611,887</u>
Business-type activities capital assets, net	<u>\$ 1,421,817</u>	<u>\$ 207,277</u>	<u>\$ -</u>	<u>\$ 1,629,094</u>

**TOWN OF PIERSON, FLORIDA**

Notes to Financial Statements

September 30, 2025

4. Capital Assets: (Continued)

Depreciation expense was charged to governmental functions as follows:

Governmental activities:

General government	\$ 5,713
Transportation	40,752
Culture and recreation	22,121
	<u>\$ 68,586</u>

Business-type activities:

Water	<u>\$ 17,475</u>
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5. Interfund Balances and Transfers:

The composition of interfund balances as of September 30, 2025, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water Fund	\$ 228,808

Interfund balances are generally used to meet cash demands necessary to pay operating expenses. Amounts are generally repaid during the next fiscal year.

6. Net Position and Fund Balances:

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

Generally, government fund balances represent the difference between the current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those resources can be spent. Fund balances are classified as follows: Non-spendable fund balance which includes amounts that cannot be spent either because they are non-spendable form, or they are legally or contractually required to be maintained intact. Restricted fund balance are amounts restricted to specific purposes. Committed fund balance are amounts that can only be used for specific purposes as pursuant to official action by the Town Council prior to the end of the reporting period. Assigned fund balance are amounts the Town intends to use for a specific purpose but is neither restricted nor committed. The unassigned fund balance represents all other spendable amounts.

The Town applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

## TOWN OF PIERSON, FLORIDA

### Notes to Financial Statements

September 30, 2025

7. Defined Benefit Plans:

**Florida Retirement System:**

*Plan description and administration.* The Town's employees are provided with pensions through the Florida Retirement System (FRS), a cost-sharing, multiple-employer qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established in accordance with Chapter 121, Florida Statutes and is administered by the Florida Department of Management Services, Division of Retirement. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling a regularly established position in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Section 121.053 or Section 121.122, Florida Statutes, or allowed to participate in a non-integrated defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations, although optional, is generally irrevocable after an election to participate is made.

*Benefits provided.* The FRS has one class of membership applicable to the Town, regular class. FRS provides retirement, disability, and death benefits. Benefits are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. Vesting of benefits begins after six years of creditable service for those enrolled prior to July 1, 2011; for those enrolled after July 1, 2011 eight years of creditable service are required for vesting. Normal retirement age is attained at the earlier of 30 years of creditable service regardless of age or retirement at age 62 with at least 6 years of creditable service for those enrolled prior to July 1, 2011 and age 65 or 33 years of service for those enrolled on or after July 1, 2011. Early retirement may be taken anytime; however, there is a 5% benefit reduction of each year prior to normal retirement age. Members are also eligible for in-line-of duty or regular disability benefits if permanently disabled and unable to work. Benefits are computed on the basis of age, average final compensation, and service credit.

The Deferred Retirement Option Program (DROP), implemented on July 1, 1998, is a program that allows the employee to retire without terminating employment for up to five years while retirement benefits accumulate and earn interest compounded monthly at an effective annual rate of 1.3%. This program is available to eligible members of the Florida Retirement System who are in the FRS Pension Plan. Employee participation in DROP does not change the employee's condition of employment. When the DROP period ends, the employee must terminate employment. At that time, the employee will receive the accumulated DROP benefits and begin receiving monthly retirement benefits. Eligible members may participate in DROP when they are vested and have reached the normal retirement age or years of service. If the employee completes 30 years of service before the age of 57, the employee may elect to defer the DROP election until age 57.

The FRS financial information is included in the Florida Retirement System (System) Pension Plan and other State Administered Systems' Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2024. The System CAFR, including audited financial information to support the Schedule of Pension Amounts by Employer, is available online at ([www.myfloridacfo.com](http://www.myfloridacfo.com)).

The System CAFR and actuarial reports may also be obtained by contacting the Division of Retirement at Florida Department of Management Services, Division of Retirement, Research and Education Services, P.O. Box 9000, Tallahassee, FL 32315-9000, 1-877-377-1737.



# TOWN OF PIERSON, FLORIDA

## Notes to Financial Statements

September 30, 2025

7. Defined Benefit Plans: (Continued)

*Contributions.* The Florida Legislature establishes and amends the contribution requirements and benefit terms of the FRS Pension Plan. Article X, Section 14 of the State Constitution and Part VII, Chapter 112, Florida Statutes provides the authority to establish and amend the contributory obligations. Employees, except for DROP participants, are required to contribute 3% of their annual pay. The Town's required contribution rates were 13.63%-14.03% for normal FRS enrollment. These rates include a 2% HIS contribution and a .06% administrative/educational fee. Contributions to the pension plan from the Town, which include HIS contributions, were \$37,381 for the 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 \$166,162 for its proportionate share of the 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 that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2025, the Town's proportion was 0.000535399%, which was an increase of 0.000036210% from its proportion measured as of June 30, 2024.

For the year ended September 30, 2025, the Town recognized pension expense of \$32,036. At September 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 17,748	\$ -
Changes in assumptions	19,296	-
Net difference between projected and actual earnings on pension plan investments	-	(27,742)
Changes in proportion and differences between Town contributions and proportionate share of contributions	31,215	(240)
Town contributions subsequent to the measurement date	8,204	-
	<u>\$ 76,463</u>	<u>(27,982)</u>

Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2026	\$ (8,215)
2027	(8,215)
2028	(8,215)
2029	(8,215)
2030	(7,417)
Thereafter	-
	<u>\$ (40,277)</u>

## TOWN OF PIERSON, FLORIDA

### Notes to Financial Statements

September 30, 2025

7. Defined Benefit Plans: (Continued)

*Actuarial assumptions.* Actuarial assumptions are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. The most recent experience study for the FRS Pension Plan was completed in 2024 for the period July 1, 2018, through June 30, 2023. The total pension liability was determined by an actuarial valuation as of June 30, 2025, using the entry age normal actuarial cost method. Inflation increases for both plans are assumed at 2.4%. 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. Mortality assumptions were for both programs were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2021 tables.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Annual Arithmetic Return
Cash	1.0%	3.2%
Fixed income	29.0%	5.5%
Global equity	45.0%	8.5%
Real estate	12.0%	8.4%
Private equity	11.0%	12.4%
Strategic investments	2.0%	6.5%

*Discount rate.* The discount rate used to measure the total pension liability was 6.70%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from school districts will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



## TOWN OF PIERSON, FLORIDA

### Notes to Financial Statements

September 30, 2025

#### 7. Defined Benefit Plans: (Continued)

*Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate.* The following presents 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 1-percentage-point lower (5.70%) or 1-percentage-point higher (7.70%) than the current rate:

	1% Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
Towns proportionate share of the net pension liability	\$ 326,090	\$ 166,162	\$ 32,080

*Payables to the pension plan.* At September 30, 2025, the Town reported a liability of \$3,395 for its unpaid legally required contributions to the pension plan. This liability is included in accrued liabilities on the governmental funds balance sheet and the statement of net position.

#### **Retiree Health Insurance Subsidy Program:**

*Plan description.* The Retiree Health Insurance Subsidy (HIS) Program is a non-qualified, cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the HIS Program.

*Benefits provided.* The benefit is a monthly payment to assist eligible retirees and surviving beneficiaries of state-administered retirement systems in paying their health insurance costs. The Department of Management Services, Division of Retirement administers the HIS Program. For the fiscal year ended June 30, 2025, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

*Contributions.* The HIS Program is funded by required contributions from FRS participating employers as set by the Legislature. Employer contributions are a % of gross compensation for specified employees. For the fiscal year ended June 30, 2025 the contribution rate was 2% of payroll pursuant to Section 112.363, Florida Statutes. HIS contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, the legislation may reduce or cancel HIS payments.

*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 \$79,250 for its proportionate share of the 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 that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2025, the Town's proportion was 0.000619298%, which was an increase of 0.000038380% from its proportion measured as of June 30, 2024.

# TOWN OF PIERSON, FLORIDA

## Notes to Financial Statements

September 30, 2025

7. Defined Benefit Plans: (Continued)

For the year ended September 30, 2025, the Town recognized pension expense of \$5,345. At September 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 473	\$ (126)
Changes in assumptions	701	(19,169)
Net difference between projected and actual earnings on pension plan investments	-	(66)
Changes in proportion and differences between Town contributions and proportionate share of contributions	15,118	(1,303)
Town contributions subsequent to the measurement date	1,100	-
	<u>\$ 17,392</u>	<u>\$ (20,664)</u>

Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2026	\$ 691
2027	691
2028	691
2029	691
2030	690
Thereafter	918
	<u>\$ 4,372</u>

*Actuarial assumptions.* The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for this program. The total pension liability was determined by an actuarial valuation as of July 1, 2024, using the entry age normal actuarial cost method. Inflation increases are assumed at 2.40%. Payroll growth is assumed at 3.50%. 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. Mortality assumptions were based on the Generational PUB-2010 with Projection Scale MP-2021 tables.

*Discount rate.* In general, the discount rate for calculating the total pension liability under GASB 67 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 plan sponsor. The Actuarial Assumptions Conference adopted the Bond Buyer General Obligation 20-Bond Municipal Bond Index as the applicable municipal bond index. The discount rate used in the 2024 valuation was updated from 3.93% to 5.20%, reflecting the change in the Bond Buyer General Obligation 20-Bond Municipal Bond Index as of June 30, 2025.

# TOWN OF PIERSON, FLORIDA

## Notes to Financial Statements

September 30, 2025

7. Defined Benefit Plans: (Continued)

*Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate.* The following presents 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 1-percentage-point lower (4.20%) or 1-percentage-point higher (6.20%) than the current rate:

	1% Decrease 4.20%	Current Discount Rate 5.20%	1% Increase 6.20%
Towns proportionate share of the net pension liability	\$ 89,367	\$ 79,250	\$ 70,765

8. Long-Term Debt:

A summary of the long-term liability transactions for the Town for the fiscal year ended September 30, 2025:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
Equipment financing note	\$ -	\$ 47,735	\$ (6,998)	\$ 40,737	\$ 8,871
<u>Business-type activities:</u>					
SRF notes payable FDEP	8,424	-	(471)	7,953	475
Total	\$ 8,424	\$ 47,735	\$ (7,469)	\$ 48,690	\$ 9,346

Annual debt service requirements to maturity for the Town's notes are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2026	8,871	2,203	475	82
2027	9,419	1,656	480	77
2028	9,999	1,075	485	72
2029	10,616	458	491	66
2030	1,832	14	496	61
2031-2035	-	-	2,557	228
2036-2040	-	-	2,692	92
2041	-	-	277	1
	\$ 40,737	\$ 5,406	\$ 7,953	\$ 679

Notes to long-term obligations table:

Equipment financing note - In November 2024 the Town entered into an equipment financing note to fund the purchase of a tractor in the amount of \$47,735. The note carries an imputed interest rate of 6% with monthly payments of \$923 for sixty months and matures in November 2029.

State revolving fund notes payable, dated April 15, 2021, due in semiannual payments of \$278, including interest at .104% through October 2040. Repayment of loan balance is secured by a pledge of water utility revenues.

## TOWN OF PIERSON, FLORIDA

### Notes to Financial Statements

September 30, 2025

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9. 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. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in coverage from the prior year. The Town is engaged in routine litigation incidental to the conduct of its municipal affairs. In the opinion of the Town's legal counsel, no legal proceedings are pending which would have a material adverse effect on the financial position or results of operations of the Town.

10. Concentration of Risk:

The Town grants credit to local residents for water service. Deposits are required for new water customers. Deposits were not required for customers that connected to the system when it began operations in 1991.

11. Recent Accounting Pronouncements:

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented and that Town believes will apply to them. Management has not currently determined what, if any, impact implementation of the following will have on the Town's financial statements:

GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The provisions for GASB 103 are effective for fiscal years beginning after June 15, 2025.

GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. GASB Statement No. 104 requires governments to disclose separate information about specific types of capital assets and establishes criteria for identifying and reporting capital assets held for sale. The objective of GASB 104 is to enhance transparency and improve the usefulness of financial statements for stakeholders by providing more detailed information on these assets. The provisions are effective for fiscal years beginning after June 15, 2025.

**TOWN OF PIERSON, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2025**

**TOWN OF PIERSON, FLORIDA**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the year ended September 30, 2025**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Taxes	\$ 776,074	\$ 798,141	\$ 831,996	\$ 33,855
Intergovernmental	175,900	174,958	182,137	7,179
Licenses and permits	18,400	51,278	51,279	1
Charges for services	19,000	20,509	20,508	(1)
Fines and forfeitures	2,000	1,289	1,748	459
Miscellaneous	9,400	53,362	49,131	(4,231)
Total revenues	<u>1,000,774</u>	<u>1,099,537</u>	<u>1,136,799</u>	<u>37,262</u>
<b>Expenditures</b>				
General government	447,790	421,400	420,480	920
Public safety	354,650	379,995	379,993	2
Transportation	294,250	328,991	329,305	(314)
Culture and recreation	45,000	37,561	38,659	(1,098)
Capital Outlay	12,500	54,290	50,204	4,086
Total expenditures	<u>1,154,190</u>	<u>1,222,237</u>	<u>1,218,641</u>	<u>3,596</u>
<b>Net change in fund balance</b>	(153,416)	(122,700)	(81,842)	33,666
Fund balance, beginning of year	<u>1,231,047</u>	<u>1,231,047</u>	<u>1,231,047</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,077,631</u>	<u>\$ 1,108,347</u>	<u>\$ 1,149,205</u>	<u>\$ 33,666</u>

**TOWN OF PIERSON, FLORIDA**  
Notes to Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual - General Fund  
For the Year Ended September 30, 2025

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A. Budgets and Budgetary Accounting:

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

1. Within 30 days after receipt of the certified assessment roll the Town will advise the property appraiser of its proposed millage rate in its tentative budget.
2. Within 75 days after the receipt of the certified assessment roll the Town shall hold a public hearing on the tentative budget and proposed millage rate. The tentative budget shall be adopted at such meeting after discussions are completed and any amendments are made.
3. Within 15 days of the above meeting the Town shall advertise a second public hearing to adopt the fiscal budget and millage rate. The hearing shall take place within 5 days of the advertisement.
4. The Town Council may at any time by resolution transfer any unused appropriations balance or portion thereof between revenue or expenditure classifications within a department or transfer such balances from one department to another.
5. All appropriations lapse at the end of the budget year to the extent that they have not been expended.
6. Formal budgetary integration is employed as a management control device during the year for the General Fund and the Water Fund.
7. Budgets for the funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
8. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

**TOWN OF PIERSON, FLORIDA**  
**Schedule of Proportionate Share of Net Pension Liability**  
**Florida Retirement System**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	As of the Plan Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019***	2018	2017**	2016
Proportion of the net pension liability	0.000535399%	0.000499189%	0.000450939%	0.000351296%	0.000354496%	0.000348445%	0.000353690%	0.000358617%	0.000447027%	0.000436701%
Proportionate share of the net pension liability	\$ 166,162	\$ 193,110	\$ 179,685	\$ 130,711	\$ 26,778	\$ 151,021	\$ 121,803	\$ 108,017	\$ 132,273	\$ 110,267
Covered payroll	\$ 283,068	\$ 245,473	\$ 242,029	\$ 186,669	\$ 179,455	\$ 185,406	\$ 176,059	\$ 181,279	\$ 185,746	\$ 164,242
Proportionate share of the net pension liability as a percentage of covered payroll	58.70%	78.67%	74.24%	70.02%	14.92%	81.45%	69.18%	59.59%	71.21%	67.14%
Plan fiduciary net position as a percentage of the total pension liability	87.26%	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%

\*\*NPL at 2017 has been increased by \$44 due to implementation of GASB 75.

\*\*\*NPL at 2019 has been decreased by \$3.



**TOWN OF PIERSON, FLORIDA**  
**Schedule of Proportionate Share of Net Pension Liability**  
**Retiree Health Insurance Subsidy Program**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	As of the Plan Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the net pension liability	0.000618298%	0.000579918%	0.000537249%	0.000451945%	0.000459567%	0.000494108%	0.000501319%	0.000504620%	0.000536603%	0.000519020%
Proportionate share of the net pension liability	\$ 79,250	\$ 86,993	\$ 85,322	\$ 47,869	\$ 56,373	\$ 60,330	\$ 56,093	\$ 53,410	\$ 57,376	\$ 60,450
Covered payroll	\$ 283,068	\$ 245,473	\$ 242,029	\$ 186,669	\$ 179,455	\$ 185,406	\$ 176,059	\$ 181,279	\$ 185,746	\$ 164,242
Proportionate share of the net pension liability as a percentage of covered payroll	28.00%	35.44%	35.25%	25.64%	31.41%	32.54%	31.86%	29.46%	30.89%	36.83%
Plan fiduciary net position as a percentage of the total pension liability	6.36%	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%

TOWN OF PIERSON, FLORIDA  
Schedule of Contributions  
Florida Retirement System  
Last Ten Fiscal Years  
(Unaudited)

	As of the Plan Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contributions	\$ 32,421	\$ 28,405	\$ 21,578	\$ 14,824	\$ 13,039	\$ 11,810	\$ 11,117	\$ 10,499	\$ 11,396	\$ 9,295
Contributions in relation to the contractually required contribution	\$ 32,421	\$ 28,405	\$ 21,578	\$ 14,824	\$ 13,039	\$ 11,810	\$ 11,117	\$ 10,499	\$ 11,396	\$ 9,295
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 283,068	\$ 245,473	\$ 242,029	\$ 186,669	\$ 179,455	\$ 185,406	\$ 176,059	\$ 181,279	\$ 185,746	\$ 164,242
Contributions as a percentage of covered payroll	11.45%	11.57%	8.92%	7.94%	7.27%	6.37%	6.31%	5.79%	6.14%	5.66%

**TOWN OF PIERSON, FLORIDA**  
**Schedule of Contributions**  
**Retiree Health Insurance Subsidy Program**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	As of the Plan Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contributions	\$ 5,410	\$ 4,895	\$ 3,719	\$ 2,616	\$ 2,539	\$ 2,952	\$ 2,779	\$ 2,625	\$ 3,214	\$ 2,777
Contributions in relation to the contractually required contribution	\$ 5,410	\$ 4,895	\$ 3,719	\$ 2,616	\$ 2,539	\$ 2,952	\$ 2,779	\$ 2,625	\$ 3,214	\$ 2,777
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 283,068	\$ 245,473	\$ 242,029	\$ 186,669	\$ 179,455	\$ 185,406	\$ 176,059	\$ 181,279	\$ 185,746	\$ 164,242
Contributions as a percentage of covered payroll	1.91%	1.99%	1.54%	1.40%	1.41%	1.59%	1.58%	1.45%	1.73%	1.69%

# WESTON & GREGORY, LLC

## CERTIFIED PUBLIC ACCOUNTANTS

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Daytona Beach, FL 32114-8158  
386.274.2747

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the Town of Pierson, 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 January 12, 2026.

#### ***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered 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 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control that we consider to be material weaknesses. We consider the following deficiency in the Town of Pierson's internal control, described as follows as items 2009-01, to be a material weakness.

#### **2009-01 Financial Statement Preparation-Not Resolved**

As noted in the prior year, management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows, including the notes to financial statements, in conformity with U.S. generally accepted accounting principles.

At times, management may choose to outsource certain accounting functions due to cost or training considerations. Such accounting functions and service providers must be governed by the control policies and procedures of the entity. Management is as responsible for outsourced functions performed by a service provider as it would be for such functions performed internally. Specifically, management is responsible for management decisions and functions; for designating an individual with suitable skill, knowledge, or experience to oversee any outsourced services; and for evaluating the adequacy and results of those services and accepting responsibility for them.

As part of the audit, management requested us to prepare a draft of your financial statements, including the related notes to financial statements. Management reviewed, approved, and accepted responsibility for those financial statements prior to their issuance; however, management did not prepare the financial statements.

The absence of controls over the preparation of the financial statements is considered a material weakness because there is a reasonable possibility that a material misstatement of the financial statements could occur and not be prevented, or detected and corrected, by the entity's internal control.

Management's Response:

While it has been the Town's practices to have the Town Clerk prepare monthly financial reports for the Town Council and financial reports in preparation for the annual audit, we have relied upon the audit firm to identify and draft the financial statements and the related note disclosures for the annual audit. The Town acknowledges and accepts this deficiency because it would not be cost effective to engage another accounting firm to draft the financial statements and related disclosures in advance for the annual audit.

***Compliance and Other Matters***

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

***Town of Pierson, Florida's Response to Findings***

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

***Purpose of this Report***

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

*Keston & Gueorgy, LLC*

Daytona Beach, Florida  
January 12, 2026

# **WESTON & GREGORY, LLC**

## **CERTIFIED PUBLIC ACCOUNTANTS**

*100 La Costa Lane, Suite 100  
Daytona Beach, FL 32114-8158  
386.274.2747*

### **INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA, OFFICE OF THE AUDITOR GENERAL**

Honorable Mayor and Members of the Town Council of Town of Pierson, Florida

#### **Report on the Financial Statements**

We have audited the financial statements of the Town of Pierson, Florida (the Town), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated January 12, 2026.

#### **Auditor's Responsibility**

We conducted our audit in accordance with 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 Auditor General.

#### **Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated January 12, 2026, should be considered in conjunction with this management letter.

#### **Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions to address the findings and recommendations made in the preceding annual financial report were not fully implemented and the finding and comment 2009-01 remain. Finding 2009-01 has been reported in the last two audit reports.

#### **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Town of Pierson was established in 1929 under the laws of Florida 14315. The Town has no component units.

#### **Financial Condition and Management**

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the Town has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) 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 of Pierson, Florida. It is management's responsibility to monitor the Town of Pierson, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

#### **Additional Matters**

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

#### **Purpose of this Letter**

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

*Nestor & Gugory, LLC*

Daytona Beach, Florida  
January 12, 2026

**WESTON & GREGORY, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

*100 La Costa Lane, Suite 100  
Daytona Beach, FL 32114-8158  
386.274.2747*

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE  
WITH SECTION 218.415, FLORIDA STATUTES**

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

We have examined the Town of Pierson, Florida's (the Town) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2025. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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 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 judgement, 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.

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

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2025.

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

*Weston & Gregory, LLC*

Daytona Beach, Florida  
January 12, 2026