CITY OF MADISON, FLORIDA

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2023

CITY OF MADISON, FLORIDA
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2023

TABLE OF CONTENTS

	PAGE NO.
FINANCIAL SECTION	
Independent Auditor's Report	5 - 7
Management's Discussion and Analysis	8 - 14
Basic Financial Statements	
Statement of Net Position	16
Statement of Activities	17
Governmental Funds	
Balance Sheet	18
Statement of Revenues, Expenditures and Changes in Fund Balances	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	20
Proprietary Funds	
Statement of Net Position	21
Statement of Revenues, Expenses and Changes in Net Position	22 - 23
Statement of Cash Flows	24
Fiduciary Fund	
Statement of Net Position Available for Benefits	25
Statement of Changes in Net Position Available for Benefits	26
Notes to Financial Statements	27 - 58
Required Supplementary Information	
General Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	60 - 61
Water and Sewer Impact Fees Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	62
Law Enforcement Provision Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	63
Special Revenues - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	64
Community Redevelopment Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	65

CITY OF MADISON, FLORIDA
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2023

TABLE OF CONTENTS

	PAGE NO.
Notes to Required Supplementary Information	66
Pension Schedules - Schedule of Changes in Net Pension Liability and Related Ratios - Police Officers' and Firefighters' Pension	67
Pension Schedules - Schedule of Contributions Police Officers' and Firefighters' Pension	68
Other information	
Proprietary Funds Statement of Net Position by Function	70 - 71
Statement of Revenues, Expenses and Changes in Net Position by Function	72
Single Audit and Compliance Section	
Schedule of Expenditures of Federal Awards and State Financial Assistance	74
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	75
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*	76 - 78
Independent Auditor's Report on Compliance for Each Major State Program and Internal Control Over Compliance as Required by Chapter 10.550 *Rules of the Auditor General*	79 - 81
Schedule of Findings and Questioned Costs - State Projects	82
Management Letter	83 - 85
Independent Accountants' Attestation Report	86
Communication with Those Charged with Governance	87 - 88
Impact Fee Affidavit	89

FINANCIAL SECTION

Powell and Jones CPA

1359 S.W. Main Blvd.
Lake City, FL 32025
Phone 386.755.4200
Fax 386.719.5504

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor
And Members of the City Commission
City of Madison, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Madison, Florida, (The City) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City, Florida'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 City, as of September 30, 2023, 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 City 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 City'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 City'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 City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated May 14, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Powell and Jones CPA
Lake City, Florida
May 14, 2024

CITY OF MADISON, FLORIDA
Management's Discussion and Analysis

This section of the City of Madison's (the City) Annual Financial Report presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023. Please read it in conjunction with the City's financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $18,191,198 (net position). Of this amount, $1,793,804 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's total net position increased by $3,278,980 during the fiscal year.

As of September 30, 2023, the City's governmental funds reported combined ending fund balance of $1,219,423.

During fiscal year 2023, the City's total debt increased by $2,235,344 primarily as a result of the increase in the City's proportionate share of net pension liability.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components:

(1) Government-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 City's finances, in a matter similar to a private-sector business.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes to the net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of relate 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, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation and sick leave.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental 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 City include general government, fire, community development, police, and transportation. The business-type activities of the City include water and sewer, sanitation, gas, and inventory.

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 of objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into one of the following three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term and outflows of spendable resources as well as on balance of spendable resources available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs.

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 balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several individual governmental funds organized according to their type. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, law enforcement provision fund, special revenues fund, water & sewer impact fees fund and the community redevelopment fund, which are considered to be major funds.

Proprietary Funds

Proprietary funds are generally used to account for services for which the City charges customers – either outside customers, or internal units or departments at the City. Proprietary funds provide the same type of information as shown in the governmental-wide financial statements, only in more detail. Proprietary funds are classified as one of the following two types:

> Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operations of the natural gas, water and sewer and sanitation departments. All enterprise funds are considered to be major funds of the City.

Internal Service funds are used to report activities that provide supplies and services for certain City programs and activities. The City uses its inventory fund to account for these activities.

All of these activities are reported in one Proprietary Fund for financial statement purposes.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. The city maintains two pension trust funds, which are reported under the fiduciary funds. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its public safety employees.

The City adopts an annual appropriated budget for its general fund and other governmental funds. A budgetary comparison statements has been provided for the general fund and for the other governmental funds to demonstrate compliance with this budget.

Net Assets
September 30, 2023 and 2022

	Governmental Activities	Business-type Activities	Total Government	
			2023	2022
Assets				
Cash and cash equivalents	$ 1,656,869	$ 1,868,887	$ 3,525,756	$ 3,922,855
Other assets	91,613	1,265,034	1,356,647	994,731
Investments	-	365,572	365,572	360,361
Capital assets	6,596,491	12,803,979	19,400,470	15,987,900
Total assets	8,344,973	16,303,472	24,648,445	21,265,847
Deferred outflows	1,924,696	64,192	1,988,888	924,548
Liabilities				
Current liabilities	553,238	785,860	1,339,098	2,142,774
Long-term liabilities	2,684,549	3,812,050	6,496,599	4,278,923
Total liabilities	3,237,787	4,597,910	7,835,697	6,421,697
Deferred inflows	610,438	-	610,438	856,481
Net position				
Invested in capital assets, net of related debt	6,496,356	8,846,769	15,343,125	12,342,089
Restricted	348,190	706,079	1,054,269	881,141
Unrestricted	(423,102)	2,216,906	1,793,804	1,688,986
Total net position	$ 6,421,444	$ 11,769,754	$ 18,191,198	$ 14,912,216

Analysis of Net Position

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $18,191,198 (net position). Of this amount, $1,793,804 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors. An additional portion of the City's net assets $1,054,269 represents resources that are subject to external restrictions on how they may be used. The remaining balance of capital assets is reported net of any related debt.

Statement of Changes in Net Position
For the Fiscal Year Ended September 30, 2023 and 2022

Statement of Changes in Net Position
For the Fiscal Year Ended September 30, 2020 and 2019

	Governmental Activities	Business-type Activities	Total Government	
			2023	2022
Revenues				
Program revenues				
Charges for services	$ 68,235	$ 4,622,535	$ 4,690,770	$ 5,172,206
Grants and contributions	951,457	2,894,771	3,846,228	2,042,477
General revenues				
Taxes	2,042,670	-	2,042,670	1,939,162
Franchise fees	333,360	-	333,360	309,073
State shared revenues	273,531	-	273,531	255,634
Interest and other	238,101	14,757	252,858	149,400
Total revenues	3,907,354	7,532,063	11,439,417	9,867,952
Expenses				
General government	456,981	-	456,981	517,288
Public safety	3,009,416	-	3,009,416	3,076,110
Transportation	825,528	-	825,528	829,193
Physical environment	-	-	-	51,794
Economic environment	185,219	-	185,219	194,855
Interest on long-term debt	7,174	147,125	154,299	154,910
Water, sewer, and garbage services	-	3,528,994	3,528,994	3,506,937
Total expenses	4,484,318	3,676,119	8,160,437	8,331,087
Net Transfers	800,162	(800,162)	-	-
Change in net position	223,198	3,055,782	3,278,980	1,536,865
Beginning net position	6,198,245	8,713,972	14,912,217	13,375,351
Ending net position	$ 6,421,443	$ 11,769,754	$ 18,191,197	$ 14,912,216

Analysis of Changes in Net Position

The City's net position overall increased by $3,278,979 during the current fiscal year. This increase is the result of an increase in governmental activities of $223,198 and an increase in business-type activities of $3,055,781. Governmental activities decrease primarily due to transfers to the business-type activities. The public safety department, which provides police and fire protection services for the City was the largest source of expense, totaling $3,009,416 or 67% of total governmental expenses. Business-type activities increased due to an increase in charges for services and grant revenue. Transfers totaled $800,162, which lowered the reported net position from an increase of $3,855,943 to an increase of $3,055,782.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the City include the General Fund and Special Revenue Funds.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of $1,219,423. Revenues for governmental functions overall totaled $3,907,354 for the current fiscal year. Expenditures totaled $4,176,975, which means that expenditures exceeded revenues by $269,621 before net transfers in of $800,162. The general fund is the chief operating fund of the City. At the close of the current fiscal year, the unassigned fund balance of the general fund was $870,696. The fund balance of the City's general fund increased by $359,580 during the current fiscal year.

Proprietary Funds

The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

At the end of the fiscal year, the unrestricted net position for the Enterprise Fund was $2,116,906. The total change in net assets for the Enterprise Funds was a increase of $3,055,781. The Natural Gas Fund, the Water Fund, the Sewer Fund, the Sanitation Fund, and the Inventory Fund are consolidated into the Enterprise Fund as sub-funds.

Fiduciary Funds

The City maintains a Fiduciary Fund for the assets of the Police Officers' and Firefighters' Retirement Trust Fund. As of the end of the current fiscal year, the net position of the Police Officers' and Firefighters' Pension Fund totaled $5,991,429, which represents an increase of $384,884 over the prior fiscal year.

Capital Assets and Debt Administration

The City's capital assets for its governmental and business-type activities as of September 30, 2023, amount to $19,400,470 (net of accumulated depreciation). Capital assets include land, buildings, improvements, equipment, and infrastructure. Capital asset additions amounted to $400,184 for governmental activities and $4,443,613 for business-type activities.

Capital Assets, Net of Depreciation at September 30, 2023

	Governmantal Activities	Business-type Activities	Total
Land	$ 941,456	$ 444,584	$ 1,386,040
Buidlings	2,420,462	372,480	2,792,942
Construction in progress	166,631	149,184	315,815
Equipment and Infrastructure	9,999,835	26,223,981	36,223,816
Total	13,528,384	27,190,229	40,718,613
Less accumulated depreciation	(6,931,893)	(14,386,250)	(21,318,143)
Net Capital Assets	$ 6,596,491	$ 12,803,979	$ 19,400,470

Debt Administration

The table below illustrates the City's outstanding debt as of September 30, 2023. At the end of the current fiscal year, the City had total long-term obligations outstanding of approximately $6,784,780. Capital leases made up the amount of $96,750, compensated absences of $212,878, notes payable of $4,024,787, and a net pension liability of $2,450,365.

Additional information on the City's long-term liabilities can be found in the Notes to the Financial Statements.

Outstanding Debt at September 30, 2023

	Governmental Activities	Business-type Activities	Total
Capital leases	$ 1,893	$ 94,857	$ 96,750
Compensated absences	158,228	54,650	212,878
Bonds and loans payable	98,242	3,926,545	4,024,787
Net pension liability	2,450,365	-	2,450,365
Total	$ 2,708,728	$ 4,076,052	$ 6,784,780

REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. If you have questions about this report or need additional information, contact:

City of Madison
City Clerk
321 S.W. Rutledge Street
Madison, Florida 32340
(850) 973-5081

BASIC FINANCIAL STATEMENTS

CITY OF MADISON, FLORIDA
STATEMENT OF NET POSITION
September 30, 2023

	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	$ 1,656,869	$ 1,528,380	$ 3,185,249
Accounts receivable - net	110,446	1,193,550	1,303,996
Internal balances	(18,833)	18,833	-
Inventory	-	52,651	52,651
Total current assets	1,748,482	2,793,414	4,541,896
Non-Current Assets			
Restricted			
Cash and cash equivalents	-	340,507	340,507
Investments	-	365,572	365,572
Total restricted assets	-	706,079	706,079
Capital Assets			
Capital assets not being depreciated			
Land	941,456	444,584	1,386,040
Construction in progress	166,631	149,184	315,815
Depreciable capital assets, net	5,488,404	12,210,211	17,698,615
Capital assets - net	6,596,491	12,803,979	19,400,470
Total Assets	8,344,973	16,303,472	24,648,445
DEFERRED OUTFLOWS OF RESOURCES			
Charge on debt refunding	-	64,192	64,192
Pension related	1,924,696	-	1,924,696
Total deferred outflows of resources	1,924,696	64,192	1,988,888
LIABILITIES AND NET POSITION			
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	165,273	311,744	477,017
Deposits	-	210,114	210,114
Current portion capital leases	1,893	94,033	95,926
Current portion bonds payable	-	132,000	132,000
Current portion compensated absences	18,987	6,558	25,545
Unearned revenue	363,786	-	363,786
Current portion note payable	3,299	31,411	34,710
Total current liabilities	553,238	785,860	1,339,098
Noncurrent liabilities			
Other liabilities			
Noncurrent portion note payable	94,943	948,134	1,043,077
Noncurrent portion compensated absences	139,241	48,092	187,333
Noncurrent portion capital leases	-	824	824
Noncurrent portion bonds payable	-	2,815,000	2,815,000
Net pension liability	2,450,365	-	2,450,365
Total noncurrent liablilties	2,684,549	3,812,050	6,496,599
TOTAL LIABILITIES	3,237,787	4,597,910	7,835,697
DEFERRED INFLOWS OF RESOURCES			
Pension related	610,438	-	610,438
NET POSITION			
Invested in capital assets net of related debt	6,496,356	8,846,769	15,343,125
Restricted	348,190	706,079	1,054,269
Unrestricted	(423,102)	2,216,906	1,793,804
Total net position	$ 6,421,444	$ 11,769,754	$ 18,191,198

See notes to financial statements.

CITY OF MADISON, FLORIDA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Position: Governmental Activities	Net (Expense) Revenues and Changes in Net Position: Business - type Activities	Net (Expense) Revenues and Changes in Net Position: Total
Governmental activities							
General government	$ 456,981	$ 897	$ -	$ 876,182	$ 420,098	$ -	$ 420,098
Public safety	3,009,416	16,650	-	75,275	(2,917,491)	-	(2,917,491)
Transportation	825,528	50,688	-	-	(774,840)	-	(774,840)
Economic environment	185,219	-	-	-	(185,219)	-	(185,219)
Interest	7,173	-	-	-	(7,173)	-	(7,173)
Total governmental activities	4,484,317	68,235	-	951,457	(3,464,625)	-	(3,464,625)
Business-type activities							
Utility services	3,528,994	4,622,535	-	2,894,771	-	3,988,312	3,988,312
Interest and amortization on long-term activities	147,125	-	-	-	-	(147,125)	(147,125)
Total business-type activities	3,676,119	4,622,535	-	2,894,771	-	3,841,187	3,841,187
Total government	8,160,436	4,690,770	-	3,846,228	(3,464,625)	3,841,187	376,562
General revenues							
Ad valorem taxes					807,015	-	807,015
Sale and use taxes					643,019	-	643,019
Franchise fees					333,360	-	333,360
Utility services taxes					496,326	-	496,326
Communications service taxes					96,310	-	96,310
State shared revenues					273,531	-	273,531
Interest					5,236	14,757	19,993
Miscellaneous					232,865	-	232,865
Transfers in (out)					800,162	(800,162)	-
Total					3,687,824	(785,405)	2,902,419
Change in net position					223,198	3,055,782	3,278,980
Net position beginning					6,198,246	8,713,972	14,912,218
Net position ending					$ 6,421,444	$ 11,769,754	$ 18,191,198

See notes to financial statements.

CITY OF MADISON, FLORIDA
GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2023

	General Fund	Enforcement Provision Fund	Special Revenues Fund	Water and Sewer Impact Fees Fund	American Rescue Plan Fund	Community Redevelopment Fund	Total Governmental Funds
ASSETS							
Cash and cash equivalents	$ 939,355	$ 2,558	$ -	$ 22,807	$ 369,324	$ 322,825	$ 1,656,869
Accounts receivable	110,446	-	-	-	-	-	110,446
Due from other funds	5,000	-	-	-		-	5,000
Total assets	$ 1,054,801	$ 2,558	$ -	$ 22,807	$ 369,324	$ 322,825	$ 1,772,315
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Current liabilities							
Accounts payable	$ 38,888	$ -	$ -	$ -	$ -	$ -	$ 38,888
Accrued liabilities	126,385	-	-	-	-	-	126,385
Unearned revenue	-	-	-	-	363,786	-	363,786
Due to other funds	18,832	-	5,000	-	1	-	23,833
Total liabilities	184,105	-	5,000	-	363,787	-	552,892
FUND BALANCES							
Restricted	-	2,558	-	22,807		322,825	348,190
Unassigned	870,696	-	(5,000)	-	5,537	-	871,233
Total fund balances	870,696	2,558	(5,000)	22,807	5,537	322,825	1,219,423
Total liabilities and fund balances	$ 1,054,801	$ 2,558	$ -	$ 22,807	$ 369,324	$ 322,825	$ 1,772,315
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 funds							
Cost of capital assets							13,528,384
Accumulated depreciation							(6,931,893)
Deferred outflows of resources							1,924,696
Long-term liabilities are not due in the current period and, therefore, are not reported in the funds							
Capital lease							(1,893)
Accrued compensated absences							(158,228)
Note payable							(98,242)
Net pension liability							(2,450,365)
Deferred inflows of resources							(610,438)
Net position of governmental activities							$ 6,421,444

See notes to financial statements.

CITY OF MADISON, FLORIDA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Year Ended September 30, 2023

	General Fund	Law Enforcement Provision Fund	Special Revenues Fund	Water and Sewer Impact Fees Fund	American Rescue Plan Fund	Community Redevelopment Fund	Total Governmental Funds
REVENUES							
Taxes	$ 2,210,625	$ -	$ -	$ -	$ -	$ 165,405	$ 2,376,030
Licenses and permits	54,174	-	-	-	-	-	54,174
Intergovernmental	348,806	-	-	-	876,182	-	1,224,988
Charges for services	68,235	-	-	-	-	-	68,235
Fines and forfeitures	1,714	260	-	-	-	-	1,974
Miscellaneous	175,158	-	-	41	5,171	1,583	181,953
Total revenues	2,858,712	260	-	41	881,353	166,988	3,907,354
EXPENDITURES							
Current expenditures							
General government	379,328	-	-	-	-	-	379,328
Public safety	2,439,698	829	-	-	-	-	2,440,527
Transportation	786,516	-	-	-	-	-	786,516
Economic environment	151,505	-	-	-	-	670	152,175
Capital outlay					-		
Public safety	249,874	-	-	-	-	-	249,874
Transportation	150,310	-	-	-	-	-	150,310
Debt service					-		
Principal	11,072	-	-	-	-	-	11,072
Interest	7,173	-	-	-	-	-	7,173
Total expenditures	4,175,476	829	-	-	-	670	4,176,975
Excess of revenues (under) expenditures	(1,316,764)	(569)	-	41	881,353	166,318	(269,621)
OTHER FINANCING SOURCES (USES)							
Interfund transfers	1,676,344	-	-	-	(876,182)	-	800,162
Total other financing sources (uses)	1,676,344	-	-	-	(876,182)	-	800,162
Net change in fund balances	359,580	(569)	-	41	5,171	166,318	530,541
Fund balances at beginning of year	511,116	3,127	(5,000)	22,766	366	156,507	688,882
Fund balances at end of year	$ 870,696	$ 2,558	$ (5,000)	$ 22,807	$ 5,537	$ 322,825	$ 1,219,423

See notes to financial statements.

CITY OF MADISON, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

Net change in fund balances - total governmental funds		$ 530,541
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Expenditures for capital assets	$ 400,184	
Less current year depreciation	(221,692)	178,492
Some expenses reported in the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.		
Net (increase) decrease in capital leases	26,462	
Net (increase) decrease in compensated absences	(11,924)	
Net (increase) decrease in note payable	3,172	
Net (increase) in net pension liability	(1,818,865)	
Net (increase) in deferred pension inflows	1,069,277	
Net increase (decrease) in deferred pension outflows	246,043	(485,835)
Change in net position of governmental activities		$ 223,198

See notes to financial statements.

CITY OF MADISON, FLORIDA
PROPRIETARY FUND
STATEMENT OF NET POSITION
September 30, 2023

ASSETS		
Current assets		
Cash and cash equivalents	$	1,528,380
Accounts receivable, net		1,193,550
Due from other funds		435,029
Inventory		52,651
Total current assets		3,209,610
NON-CURRENT ASSETS		
Restricted assets		
Cash and cash equivalents		340,507
Investments		365,572
Total restricted assets		706,079
Capital assets		
Not being depreciated:		
Land		444,584
Construction in progress		149,184
Being depreciated:		
Buildings		372,480
Infrastructure		23,165,331
Equipment		3,058,650
Allowance for depreciation		(14,386,250)
Total capital assets		12,803,979
Total Assets		16,719,668
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding		64,192
Total deferred outflows of resources		64,192
LIABILITIES AND NET POSITION		
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses		311,744
Due to other funds		416,196
Customer deposits		210,114
Total current liabilities		938,054
Current liabilities payable from restricted assets		
Capital leases current portion		94,033
Notes payable current portion		31,411
Bonds payable current portion		132,000
Compensated absences current portion		6,558
Total current liabilities payable from restricted assets		264,002
Long-term liabilities		
Capital leases		824
Notes payable		948,134
Bonds payable		2,815,000
Compensated absences		48,092
Total long-term liabilities		3,812,050
Total liabilities		5,014,106
NET POSITION		
Invested in capital assets net of related debt		8,878,180
Restricted for debt service		706,079
Unrestricted		2,185,495
Total net position		11,769,754
Total liabilities and net position	$	16,783,860

See notes to financial statements.

CITY OF MADISON, FLORIDA
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended September 30, 2023

OPERATING REVENUES		
Charges for services		
Natural gas	$	1,078,802
Sanitation		453,274
Water services		1,496,651
Sewer services		1,593,808
Total operating revenues		4,622,535
OPERATING EXPENSES		
Natural gas		
Personnel services		294,188
Office and communications		4,503
Professional fees		28,814
Supplies		562,798
Repair and maintentance		6,427
Depreciation		21,957
Insurance		19,820
Utilities		1,953
Total natural gas		940,460
Sanitation		
Personnel services		237,974
Office and communications		125
Professional fees		7,053
Supplies		40,265
Repair and maintentance		22,443
Depreciation		61,678
Insurance		14,100
Utilities		249
Landfill		100,437
Total sanitation		634,346
Purchasing		
Personnel services		51,590
Office and communications		1,092
Professional fees		7,605
Supplies		4,876
Repair and maintentance		492
Depreciation		27,359
Insurance		9,121
Utilities		2,391
Total purchasing		104,526

See notes to financial statements.
(Continued)

CITY OF MADISON, FLORIDA
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended September 30, 2023

OPERATING EXPENSES (Continued)

Water		
Personnel services	$	207,975
Office and communications		12,727
Professional fees		72,331
Supplies		107,134
Repair and maintentance		15,488
Depreciation		42,345
Insurance		22,246
Utilities		70,348
Other		102
Total water		550,696
Sewer		
Personnel services		298,235
Office and communications		2,562
Professional fees		61,857
Supplies		151,665
Repair and maintentance		102,345
Depreciation		430,147
Insurance		22,201
Utilities		224,857
Landfill		5,008
Other		89
Total sewer		1,298,966
Total operating expenses		3,528,994
Operating income		1,093,541
NONOPERATING REVENUES (EXPENSES)		
State grants		2,894,771
Interest revenue		14,757
Interest expense		(147,125)
Interfund transfers		(800,162)
Total nonoperating revenues (expenses)		1,962,241
Change in net position		3,055,782
Net position, beginning of year		8,713,972
Net position, end of year	$	11,769,754

See notes to financial statements.

CITY OF MADISON, FLORIDA
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$	4,257,087
Cash payments for goods and services		(1,785,312)
Cash payments to employees for services		(1,102,086)
Net cash provided by operating activities		1,369,689
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:		
State grants		2,894,771
Transfers in (out)		(811,262)
Net cash provided by noncapital and related financing activities		2,083,509
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisitions of property and equipment		(3,817,565)
Principal paid on capital leases		(105,311)
Principal paid on bonds payable		541,543
Interest paid		(142,188)
Net cash used for capital and related financing activities		(3,523,521)
Net change in cash and cash equivalents		(55,565)
Cash and cash equivalents, beginning of year		1,924,452
Cash and cash equivalents, end of year	$	1,868,887
CASH AND CASH EQUIVALENTS CLASSIFIED AS:		
Current assets	$	1,528,380
Restricted assets		340,507
Total cash and cash equivalents	$	1,868,887
RECONCILIATION OF OPERATING INCOME TO TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$	1,093,539
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		583,486
(Increase) decrease in:		
Investments		(5,211)
Accounts receivable		(377,160)
Inventory		24,541
Interfund transfers		
Increase (decrease) in:		
Accounts payable and accrued expenses		45,694
Compensated absences		(12,124)
Deposits		16,923
Total adjustments		276,150
Net cash provided by operating activities	$	1,369,689

See notes to financial statements.

CITY OF MADISON, FLORIDA
FIDUCIARY FUND
STATEMENT OF NET POSITION AVAILABLE FOR BENEFITS
September 30, 2023

		Police Officers' and Firefighters Retirement Trust Fund
Assets		
Cash and cash equivalents	$	281,369
		281,369
Receivables		
Securities sold		13,120
Accrued interest and dividends		21,583
		34,703
Investments		
Federal agency guaranteed securities		226,420
Corporate bonds		655,628
Stocks		2,468,786
Equity mutual funds		2,367,563
		5,718,397
Total assets	$	6,034,469
Liabilities		
Administrative expenses	$	23,809
Benefits payable		1,896
Prepaid city contribution		17,335
Total liabilities		43,040
Net position		
Total net position available for benefits	$	5,991,429

See notes to financial statements.

CITY OF MADISON, FLORIDA
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET POSITION AVAILABLE FOR BENEFITS
For the Year Ended September 30, 2023

	Police Officers' and Firefighters Retirement Trust Fund
ADDITIONS TO NET ASSETS:	
Contributions:	
Employer	$ 363,090
Employees	55,852
Total contributions	418,942
Investment Income:	
Net appreciation in fair value of investments	261,950
Interest and dividends	328,101
Less investment expense	(48,631)
Net investment income	541,420
Total additions to net assets	960,362
DEDUCTIONS FROM NET ASSETS:	
Benefits paid to participants	(409,091)
Refunds of member contributions	(27,325)
Termination payments	(86,675)
Administrative expenses	(52,387)
Total deductions from net assets	(575,478)
Net increase in net position available for benefits	384,884
Net position available for benefits, beginning of year	5,606,545
Net position available for benefits, end of year	$ 5,991,429

See notes to financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of Significant Accounting Policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies are considered essential and should be read in conjunction with the accompanying financial statements.

The financial statements of the City of Madison (the City) have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The most significant of these accounting policies are described below.

Effective October 1, 2003, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis – for State and Local Governments*. GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus,* GASB Statement No. 38, *Certain Financial Statement Note Disclosures,* and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.*

The City's financial statements have been prepared in accordance with the presentation requirements of these statements and interpretation.

A. Reporting Entity - The City of Madison, Florida is a political subdivision of the State of Florida, located in Madison County in the north central portion of the State. The City was incorporated in 1903 under the legal authorities of the laws of Florida 23390, 1945. It is governed by an elected City Commission and an appointed City Manager who are governed by State Statutes, regulations and a City Charter.

The City's major operations include police and fire protection, road and street facilities, certain social services and general administration services. In addition, the City owns and operates five major enterprise activities, a water system, a natural gas system, a sewer system, a solid waste system, and an inventory system.

As required by GAAP, the accompanying financial statements present the City as the primary government, and its component units, entities for which the government is considered to be financially accountable. Component units are included in the reporting entity because of the significance of their operational or financial relationships with the primary government.

A primary government is financially accountable for the organizations that make up its legal entity. Financial accountability or dependence upon the City was determined based on the existence of one or more of the following criteria: the basis of budget adoption, taxing authority, outstanding debt collateralized by revenues or general obligations of the City, and the City's legal responsibility to fund any deficits that may occur.

The City's Police Officers' and Firefighters' Retirement Trust (Retirement Trust) is considered to be separate and distinct from the City since the City cannot (1) elect the Board of Trustees for those trusts; (2) designate management of the trusts; and (3) exercise any budgetary authority over the trusts. However, under Chapters 175 and 185 of the *Florida Statutes*, the City is liable for any actuarial deficiency in the Retirement Trust. Therefore, the Retirement Trust is considered to be a component unit and are therefore included in the accompanying financial statements as Pension fund types. Copies of the separate financial statements of each of the Retirement Trust can be obtained from the Board Secretary.

The Madison Community Redevelopment Agency Trust Fund (MCRATF), was established by ordinance on July 9, 1992. It has been determined that the MCRATF is a component unit of the City of Madison. The Trust is funded by increment taxes received by the City of Madison and Madison County. Monies are restricted for the redevelopment of a twenty-four block downtown area in Madison. This entity does not publish individual component unit financial statements. Because the component unit is in substance part of the City's operations, it has been reported on a blended basis in the City's financial statements as a special revenue fund.

The City did not participate in any joint ventures during fiscal year 2022-2023.

B. Government-Wide and Fund Financial Statements

1. Government-wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the City as a whole excluding fiduciary activities such as employee pension plans. The primary government financial statements focus on the primary government. Only individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues may include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenue are reported as general revenues.

2. Fund Financial Statements

Fund financial statements are provided for governmental, proprietary and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns.

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

The government-wide financial statements are reported using the *economic resource measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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 considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise fees, utility taxes, interest revenue and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period if collected within 60 days.

The City reports the following major funds:

1. Government Funds:

The measurement focus of the Government Funds (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 Funds of the City:

a. General Fund accounts for many of the City's primary services (Police, Fire, Transportation, Planning, etc.) and is the primary operating unit of the City.

b. Special revenues funds account for the receipts and expenditures of other governmental revenues that are legally restricted to expenditures for specific purposes.

2. Proprietary Fund:

The focus of Proprietary Fund measurement is upon determination of operating income, changes in fund net position, financial position, and cash flows, which is similar to businesses. The following is a description of the activities accounted for in the Proprietary Fund at September 30, 2023:

a. Operating activities of the natural gas system owned and operated by the City.

b. Operating activities of the City's sewer utility system.

c. Operating activities of the City's water utility system.

d. Activities of the City's solid waste collection system.

e. Activities of the City's warehouse system.

The City also reports the following fund types:

Police and Fire Pension Trust funds account for the activities of the police and fire department systems, which accumulate resources for pension benefit payments to qualified police and fire employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally results from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Liabilities, and Net Position or Equity

1. Cash and Cash Equivalents:

   The City has defined Cash and Cash Equivalents to include cash on hand, demand deposits, and cash with fiscal agent.

2. Investments:

   All investments, including Pension Funds, are stated at fair value, which is either a quoted market price or the best available estimate.

3. Accounts Receivable:

   Accounts receivable are recorded in the governmental, business-type and fiduciary funds. Where appropriate, an associated allowance for doubtful accounts has been established.

4. Inventories:

Inventory held by the Proprietary Fund consists of materials and supplies. Inventories are valued at cost, which approximates market, using the average cost method.

5. Restricted Assets:

Restricted assets are liquid assets, which have been legally restricted for a certain use or have been set aside for capital projects. When the appropriate opportunities arise, the City uses these restricted assets first.

Certain proceeds of the City's enterprise funds, revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

6. Capital Assets:

Capital assets, which include land, buildings, equipment, improvements other than buildings, intangibles and public domain infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure, are defined as assets with a cost of $5,000 or more and an estimated useful life greater than one year. Infrastructure assets are long-lived capital assets that normally are stationary in nature and can be preserved for a significantly greater number of years than most general capital assets. Examples of such assets are roads, bridges, sidewalks, paved paths, utility systems, stormwater drainage systems, traffic control and lighting systems. The capitalization threshold for infrastructure assets has been set at $5,000.

Capital assets are recorded at historical cost when purchased or constructed. Donated capital assets are recorded at the acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are completed. Interest is capitalized during the construction phase of capital assets of business-type activities acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund's financial statements. These general capital assets are included in the governmental activities column of the government-wide financial statements. Capital assets used in the Enterprise Funds are accounted for by the respective funds. Depreciation on all exhaustible capital assets used in the Enterprise Funds is charged as an expense against their operations. Accumulated depreciation is reported on the respective fund's balance sheet.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Year
Buildings and improvements	20-30
Improvements other than buildings	15-50
Equipment and machinery	2-20
Vehicles	3-10
Infrastructure	10-40

7. Compensated Absences:

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. Sick leave accrues to full-time, permanent employees to specified maximums. Generally, after one year of service, employees are entitled to a percentage of their sick leave balance and all accrued vacation leave upon termination. The estimated liabilities include required salary-related payments. Compensated absences are reported as accrued in the government-wide and proprietary financial statements. Governmental funds report only matured compensated absences payable to currently remaining employees and are included in wages and benefits payable.

8. Long-Term Obligations:

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt obligations are reported as liabilities in the applicable business-type activity or proprietary fund-type statement of net assets.

9. Fund Balances – Governmental Funds

As of September 30, 2023, fund balances of the governmental funds are classified as follows:

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

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

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

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

Unassigned – all other spendable amounts.

As of September 30, 2023, fund balances are composed of the following:

Fund	Classification			
	Assigned	Restricted	Unassigned	Total
Governmental Funds				
General Fund	$ -	$ -	$ 870,696	$ 870,696
Law Enforcement Provision Fund	-	2,558	-	2,558
Special Revenues Fund	-	-	537	537
Water and Sewer Impact Fees Fund	-	22,807	-	22,807
Community Redevelopment Fund	-	322,825	-	322,825
	$ -	$ 348,190	$ 871,233	$ 1,219,423

Proprietary Fund

Restrictions of equity show amounts that are not appropriated for expenditures or are legally restricted for specific uses.

At September 30, 2023, net position are composed of the following:

Fund	Classification			
	Invested in capital assets, net	Restricted for Debt Service	Unrestricted	Total
Proprietary Fund	$ 8,846,769	$ 706,079	$ 2,216,906	$ 11,769,754

10. Estimates –The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

11. Interfund Transactions – Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions ad reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

12. Encumbrances – Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not utilized by the City.

13. Bond Costs – In the proprietary funds, bond issuance costs are deferred and amortized over the term of the bonds using the bonds outstanding method, which approximates he effective interest method.

14. Bond Discounts – In the Proprietary Fund, bond discounts are amortized over the terms of the bonds using the straight-line method which, for the bond discounts is not materially different than the effective interest method. Unamortized bond discounts are presented in

the financial statements.

E. Deferred Outflows/Inflows of Resources

In addition to assets, liabilities, and net position, the statement of financial position will sometimes report a separate section for deferred outflows and deferred inflows of resources. These separate financial statement elements represent an addition to or consumption of net position that applies to a future period(s) and so will not be recognized as a revenue or expense until that time. The City has two items that qualify for being reported in this category as follows:

A. Charge on debt refunding – Bond issuance costs are deferred and amortized over the term of the bonds using the straight-line method, which is not materially different from the effective-interest method. Bond issuance costs are presented on the financial statements under deferred inflows.

B. Pensions – Deferred inflows and outflows on pensions are recorded for the following purposes:

When actual earnings on pension plan investments are greater than or less than projected earnings. These differences are amortized to pension expense using a systematic and rational method over a closed five-year period.

When actuarial assumptions are changed about the expected remaining service lives of pension plan participants, future economic factors, employee demographics, or other valuation inputs.

Contributions to pension plans made subsequent to the measurement date are also deferred and reduce net pension liability in the subsequent year.

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

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

"Total fund balances" of the City's governmental funds $1,219,423 differs from "net position" of governmental activities $6,421,444 reported in the statement of net position. The difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental funds balance sheet.

Capital related items

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

Cost of capital assets	$ 13,528,384
Accumulated depreciation	(6,931,893)
	$ 6,596,491

Long-term debt transactions

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the statement of net assets. Balances at September 30, 2023, were:

Capital leases	$ (1,893)
Note payable	(98,242)
Compensated absences	(158,228)
Net pension liability	(2,450,365)
	$ (2,708,728)

Deferred outflows/inflows of resources

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

Deferred pension inflows	$ (610,438)
Deferred pension outflows	1,924,696
	$ 1,314,258

CITY OF MADISON, FLORIDA

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

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

	Total Governmental Funds	Capital Related Items	Long-Term Debt Transactions	Deferred Inflows/ Outflows	Statement of Net Position
ASSETS					
Cash and cash equivalents	$ 1,656,869	$ -	$ -	$ -	$ 1,656,869
Accounts receivable	110,446	-	-	-	110,446
Due from other funds	5,000	-	-	-	5,000
Capital assets - net	-	6,596,491	-	-	6,596,491
Total assets	1,772,315	6,596,491	-	-	8,368,806
DEFERRED PENSION OUTFLOWS	-	-	-	1,924,696	1,924,696
LIABILITIES					
Liabilities:					
Accounts payable	38,888	-	-	-	38,888
Accrued liabilities	126,385	-	-	-	126,385
Unearned revenue	363,786	-	-	-	363,786
Due to other funds	23,833	-	-	-	23,833
Capital leases	-	-	1,893	-	1,893
Accrued compensated absences	-	-	158,228	-	158,228
Note payable	-	-	98,242	-	98,242
Net pension liability	-	-	2,450,365	-	2,450,365
Total liabilities	552,892	-	2,708,728	-	3,261,620
DEFERRED PENSION INFLOWS	-	-	-	610,438	610,438
FUND BALANCES/NET POSITION	$ 1,219,423	$ 6,596,491	$ (2,708,728)	$ 1,314,258	$ 6,421,444

2B. Explanation of Differences Between Governmental Fund Operating Statements and the Statement of Activities

The "net change in fund balances" for governmental funds $530,541 differs from the "change in net assets" for governmental activities $223,199 reported in the statement of activities. The differences are primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital related items

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

Capital Outlay	$ 400,184
Depreciation expense	(221,692)
	$ 178,492

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

Net increase in capital leases	$ 26,462
Net decrease in note payable	3,173
Net increase in compensated absences	(11,924)
Net decrease in net pension liability	(1,818,865)
	$ (1,801,154)

Deferred outflows/inflows of resources

Recognition of certain obligations related to prior and subsequent periods are not recognized in government funds.

Net decrease in deferred pension inflows	$ 1,069,277
Net decrease in deferred pension outflows	246,043
	$ 1,315,320

CITY OF MADISON, FLORIDA

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

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

	Total Governmental Funds	Capital Related Items	Long-Term Debt Transactions	Deferred Inflows/ Outflows	Statement of Activities
REVENUES					
Taxes	$ 2,376,030	$ -	$ -	$ -	$ 2,376,030
Licenses and permits	54,174	-	-	-	54,174
Intergovernmental	1,224,988	-	-	-	1,224,988
Charges for services	68,235	-	-	-	68,235
Fines and forfeitures	1,974	-	-	-	1,974
Miscellaneous	181,953	-	-	-	181,953
Total revenues	3,907,354	-	-	-	3,907,354
EXPENDITURES					
Current expenditures:					
General government	379,328	77,300	353	-	456,981
Public safety	2,440,527	68,713	1,815,496	(1,315,320)	3,009,416
Transportation	786,516	43,681	(4,669)	-	825,528
Economic environment	152,175	31,998	1,046	-	185,219
Capital outlay					
Public safety	249,874	(249,874)	-	-	-
Transportation	150,310	(150,310)	-	-	-
Debt service					
Principal	11,072	-	(11,072)	-	-
Interest	7,173	-	-	-	7,173
Total expenditures	4,176,975	(178,492)	1,801,154	(1,315,320)	4,484,317
Excess of revenues over (under) expenditures	(269,621)	178,492	(1,801,154)	1,315,320	(576,963)
OTHER FINANCING SOURCES (USES)					
Interfund transfers	800,162	-	-	-	800,162
Total other financing sources (uses)	800,162	-	-	-	800,162
Net change in fund balance/net position	530,541	178,492	(1,801,154)	1,315,320	223,199
Fund balance at beginning of year	688,882	6,417,999	(907,574)	(1,062)	6,198,245
Fund balance at end of year	$ 1,219,423	$ 6,596,491	$ (2,708,728)	$ 1,314,258	$ 6,421,444

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to September 1, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings and workshops are conducted to obtain taxpayer comments.

3. Prior to October 1, the budget is legally enacted through passage of a resolution.

4. The Commission, by resolution, may provide that at any time during the fiscal year the City Manager may transfer part or all of any unencumbered appropriation balance between departments or within a fund. Upon written request by the City Manager, the Commission may, by resolution, transfer part or all of any unencumbered appropriation balance from one fund to another.

5. The Commission adopts the budget resolution for all governmental funds including special revenue funds of the City. Annual budgets are adopted on a basis consistent with GAAP. The City Manager may make transfers of appropriations within a department. Expenditures may not legally exceed appropriations for each individual department.

6. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized revisions of the annual budgets during the year. The effect of these revisions was to reallocate funds within the budget, which did not cause an overall increase in the total budget. Appropriations, except open project appropriations, lapse at the end of the fiscal year. The City does not use the encumbrance method.

B, COMPLIANCE WITH FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

The City has no material violations of finance-related legal and contractual provisions.

NOTE 4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of restricted and unrestricted cash and investments with maturities, when purchased, of ninety days or less.

The City's cash and cash equivalents were from the following sources:

A. Deposits

At year end, the book balance of the City's cash deposits was $3,185,249. The Florida Security for Public Deposits Act, Chapter 280 of the *Florida Statutes*, provides that qualified public depositories must maintain eligible collateral having a market value equal to fifty percent of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held by the depository during the twelve-month period immediately preceding the date of and computation

of the balance. As such, the depository is not required to hold collateral in the City's name nor specify which collateral is held for the City's benefit. The Public Deposit Security Trust Fund, as created under the laws of the State of Florida, would be required to pay the City for any deposits not covered by depository insurance or collateral pledged by the depository as previously described.

NOTE 5. INVESTMENTS

As of September 30, 2023, the City held the following investments:

Proprietary Fund	Fair Value	Cost
Certificates of deposit	$ 365,572	$ 365,572

Police Officers' and Firefighters' Pension	Fair Value	Cost
U.S. Treasury securities	$ -	196,013
Federal agency guaranteed securities	226,420	60,401
Corporate bonds	655,628	731,367
Stocks	2,468,786	2,417,636
Equity mutual funds	2,367,563	518,949
	$ 5,718,397	$ 3,924,366

Except for the pension trust funds, the City's investment activity for the year consisted solely of certificates of deposit with various long-term maturities over three months. All such investments were with public depositories and were insured as discussed in Note 4.

The investments in the Police Officers' and Firefighters' Retirement Trust Fund are held by First State Trust Company, and follow an investment policy prepared by the investment advisor and authorized by the board of trustees. The general investment objective is to obtain a reasonable total rate of return commensurate with the Prudent Investor Rule and any other applicable statute. Rate of return, by definition, is equal to interest and dividend income plus realized and unrealized capital gains or losses. On an absolute basis it is expected that total return of the combined equity, fixed income, and cash portfolio will equal or exceed the actuarial earnings assumption (8%), and earn a rate of return of the Consumer Price Index plus 4% over a three to five year time period.

Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Administration has the ability to access.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

-quoted prices for similar assets or liabilities in active markets;
-quoted prices for identical or similar assets or liabilities in inactive markets;
-inputs other than quoted prices that are observable for the asset or liability;

-inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair market value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for asset measured at fair value. There have been no changes in the valuation methodologies used at September 30, 2023.

Certificates of deposit: The fair value is recorded at cost which approximates fair value due to minimal interest rates.

U.S. Treasury securities: The fair value is based on yields currently available on identical securities being traded on the open market.

Federal agency guaranteed securities: The fair value is based on yields currently available on identical securities being traded on the open market.

Corporate bonds: The fair value is based on yields currently available on identical securities being traded on the open market.

Stocks: The fair value is based on identical securities being traded on the open market.

Equity mutual funds: The fair value is based on identical securities being traded on the open market.

Fixed income mutual funds: The fair value is based on identical securities being traded on the open market.

The following table sets forth by level, within the fair value hierarchy, the Administration's assets at fair value as of September 30:

	2023			
Assets:	Level 1	Level 2	Level 3	Total
Certificates of deposit	$ -	$ 281,369	$ -	$ 281,369
Federal agency guaranteed securities	226,420	-	-	226,420
Corporate bonds	655,628	-	-	655,628
Stocks	2,468,786	-	-	2,468,786
Equity mutual funds	2,367,563	-	-	2,367,563
	$ 5,718,397	$ 281,369	$ -	$ 5,999,766

NOTE 6. RECEIVABLES AND PAYABLES

Receivables at September 30, 2023 were as follows:

	Accounts	Due from Other Governmental Units	Total Receivables
Governmental activities:			
General Fund	$ 110,446	$ -	$ 110,446
	$ 110,446	$ -	$ 110,446
Business activities:			
Enterprise Fund	$ 1,193,550	$ -	$ 1,193,550
	$ 1,193,550	$ -	$ 1,193,550
Fudiciary funds:	$ 34,703	$ -	$ 34,703
Police and Fire Pension	$ 34,703	$ -	$ 34,703

Based upon collection history, the City has included a reserve for doubtful accounts for its Proprietary fund accounts receivable of $12,000.

Payables and Accrued Liabilities

Payables and accrued liabilities at September 30, 2023, were as follows:

	Vendors	Accrued Liabilities	Total
Governmental activities:			
General Fund	$ 38,888	$ 126,385	$ 165,273
	$ 38,888	$ 126,385	$ 165,273
Business activities:			
Enterprise Fund	$ 35,222	$ 276,522	$ 311,744
Fudiciary:			
Police Officers' and Firefighters' Retirement Trust	$ 43,040	$ -	$ 43,040

NOTE 7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2023 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 941,456	$ -	$ -	$ 941,456
Construction in Progress	91,857	74,774	-	166,631
Capital assets, being depreciated:				
Buildings	2,420,462	-	-	2,420,462
Equipment	5,098,956	292,830	-	5,391,786
Infrastructure	4,575,469	32,580	-	4,608,049
Total capital assets	13,128,200	400,184	-	13,528,384
Less accumulated depreciation	(6,710,201)	(221,692)	-	(6,931,893)
Governmental activities capital assets, net	$ 6,417,999	$ 178,492	$ -	$ 6,596,491
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 444,584	$ -	$ -	$ 444,584
Construction in Progress	775,233	-	(626,049)	149,184
Capital assets, being depreciated:				
Buildings	372,480	-	-	372,480
Equipment	2,815,694	242,956	-	3,058,650
Infrastructure	18,964,673	4,200,657	-	23,165,331
Total capital assets	23,372,664	4,443,613	(626,049)	27,190,229
Less accumulated depreciation	(13,802,764)	(583,486)	-	(14,386,250)
Business-type activities capital assets, net	$ 9,569,900	$ 3,860,127	$ (626,049)	$ 12,803,979

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

Governmental activities:	
General government	$ 77,300
Public safety	68,713
Transportation	43,681
Economic development	31,998
Total depreciation expense - governmental activities	$ 221,692
Business -type activities:	
Water	42,345
Sewer	430,147
Natural Gas	21,957
Sanitation	61,678
Inventory	27,359
Total depreciation expense - business activities	$ 583,486

NOTE 8. PROPERTY TAXES

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 County Tax Collector. The laws of the State regulating tax assessment are also designed to assure a consistent property valuation method statewide. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The millage rate assessed by the City for tax year 2022 and received in fiscal year ended September 30, 2023 was 7 mills.

The tax levy of the City is established by the City Commission prior to October 1 of each year and the Madison County Property Appraiser incorporates the City millage into the total tax levy, which includes Madison County and Madison County School Board tax requirements.

All property is reassessed by the County 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 of the appropriate requirements of State Statutes. All taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed 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 and 1% in the month of February. The taxes paid in March are without discount.

Delinquent taxes on real property bear interest of 18% per year. On or before 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 at 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. Delinquent taxes on personal property bear interest at a maximum rate of 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations.

NOTE 9. CAPITALIZATION OF INTEREST

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. For fiscal year ended September 30, 2023 no interest was capitalized.

NOTE 10. INTERFUND TRANSFERS

Transfers are indicative of funding for capital projects or subsidies to various funds as needed to provide the budgeted level of service.

At September 30, 2023, interfund transfers were as follows:

	Transfers In (Out)
General Fund	$ 1,676,344
American Rescue Plan Fund	(876,182)
Enterprise Fund	(800,162)
	$ -

The primary purpose of the transfers was for subsidization of the services provided by the General Fund.

NOTE 11. OTHER INFORMATION

A. Risk Management

The City 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 City carries commercial insurance. Through the Florida League of Cities, Inc., insurance against losses are provided for the following types of risk:

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

The City's coverage for Workers' Compensation is under a retrospectively rated policy. Premiums are accrued based on the ultimate cost to date of the City's experience for this type of risk.

NOTE 12. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

A. Litigation

During the ordinary course of its operation, the City is a party to various claims, legal actions and complaints. These matters are generally covered by the City's Risk Management Program.

In the opinion of the City's management and legal counsel, these matters are not anticipated to have a material financial impact on the City.

B. Federal and State Assistance Programs - Compliance Audits

The City participates in a number of federally assisted programs and State of Florida programs. These programs are not always subject to audit under the requirements of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200 (Uniform Guidance) and Chapter 10.500 Rules of the Auditor General for the year ended September 30, 2023.

The following summarizes the changes in the City's governmental long-term liabilities during the year ended September 30, 2023:

Governmental Activities Long-term Liabilities	Balance October 1, 2022	Increases	Decreases	Balance September 30, 2023	Due Within One Year
Capital leases	$ 28,355	$ -	$ 26,462	$ 1,893	$ 1,893
Compensated absences	146,304	11,924	-	158,228	18,987
Note payable	101,414	-	3,172	98,242	3,299
Net pension liability	631,500	1,818,865	-	2,450,365	-
	$ 907,573	$ 1,830,789	$ 29,634	$ 2,708,728	$ 24,179

The following summarizes the changes in the City's business-type fund long-term liabilities during the year ended September 30, 2023:

Business-type Activities Long-term Liabilities	Balance October 1, 2022	Increases	Decreases	Balance September 30, 2023	Due Within One Year
Capital leases	$ 190,087	$ -	$ 95,230	$ 94,857	$ 94,033
Compensated absences	66,774	-	12,124	54,650	6,558
NRWA note payable	56,949	-	7,232	49,717	7,232
1997 Water and sewer revenue bonds	1,332,000	-	65,000	1,267,000	67,000
2005 Water and sewer revenue bonds	1,726,000	-	46,000	1,680,000	65,000
SRF Loan DW400410	201,362	-	55,970	145,392	20,465
SRF Loan WW400400	68,691	-	3,713	64,978	3,714
SRF Loan CW400402	-	565,257	-	565,257	-
SRF Loan DW 400411	-	154,201	-	154,201	-
	$ 3,641,863	$ 719,458	$ 285,269	$ 4,076,052	$ 264,002

GOVERNMENTAL DEBT

- USDA Loan

  The City has secured a loan from the United States Department of Agriculture in the amount of $125,000. The loan is secured by the City's Guaranteed Entitlement portion of its State Revenue Sharing funds as well as future budgeted non-advalorem revenues. The loan was utilized to partially fund renovations in the City Police Department building. The loan is repayable in annual payments of $7,229 including interest of 4.0%. Payments are to be budgeted and paid from the General Fund. In the event of default, the loan holder has the right to enforce collection through various legal proceedings. The annual requirements to pay this loan are as follows:

Year Ended September 30,	Principal	Annual Interest	Payment
2024	$ 3,299	$ 3,930	$ 7,229
2025	3,431	3,798	7,229
2026	3,568	3,661	7,229
2027	3,711	3,518	7,229
2028	3,860	3,369	7,229
2029-2033	21,741	14,404	36,145
2034-2038	26,450	9,695	36,145
2039-2043	32,181	3,964	36,145
	$ 98,241	$ 46,339	$ 144,580

- Superfund Accrual

  The City also has an ongoing commitment for the monitoring, investigation, and remediation of the contamination. It shares these costs with ITT and Madison County. ITT's portion of these costs is 60% while the City and County of Madison portion is 20% each. The City and County have negotiated a cap on these expenses with ITT LLC of $175,800 per year. For September 30, 2023, reimbursable expenses did not exceed the cap.

PROPRIETARY DEBT

- Revenue Bonds

The annual requirements to amortize the Series 1997 A and 1997 B Water and Sewer Revenue Bonds are as follows:

Year Ended September 30,	Principal	Annual Interest	Payment
2024	67,000	57,015	124,015
2025	70,000	54,000	124,000
2026	74,000	50,850	124,850
2027	77,000	47,520	124,520
2028	80,000	44,055	124,055
2029-2033	456,000	163,125	619,125
2034-2037	443,000	50,805	493,805
	$ 1,267,000	$ 467,370	$ 1,734,370

The proceeds of these bonds were used for water and sewer system improvements and are collateralized by the associated revenues.

In the event of default, the bond holder has the right to take whatever action necessary to collect the amounts due and may, at their option, declare the outstanding principal and accrued interest to be due and payable immediately and may take possession of the water and wastewater system to repair, maintain, operate or rent the facilities as may be necessary to cure the default.

The annual requirements to amortize the Series 2005 Water and Sewer Revenue Bonds are as follows:

Year Ended September 30,	Principal	Annual Interest	Payment
2024	$ 48,000	$ 71,400	$ 119,400
2025	50,000	69,360	119,360
2026	52,000	67,235	119,235
2027	54,000	65,025	119,025
2028	57,000	62,730	119,730
2029-2033	321,000	275,443	596,443
2034-2038	396,000	201,025	597,025
2039-2043	486,000	109,651	595,651
2044-2045	216,000	13,685	229,685
	$ 1,680,000	$ 935,554	$ 2,615,554

There are a number of limitations and restrictions contained in the bond resolutions. The City is in compliance with all significant limitations and restrictions.

A. Florida DEP Loan CW-400400

As a financing component of its wastewater improvement project, on October 17, 2018, the City obtained a loan from the Florida Department of Environmental Protection under its Clean Water State Revolving Fund program. This loan was in the initial amount of $1,00,000 and was payable in 40 semi-annual payments. On April 27, 2020, this loan amount was increased by $270,500 to $370,500, and a semi-annual payment amount of $1,856.50. Scheduled payments dates are August 15 and February 15 annually. At year end, the balance of this loan was $64,977.

B. Florida DEP Loan CW-400402

As a financing component of its wastewater improvement project, on November 22, 2021 the City obtained a loan from the Florida Department of Environmental Protection under its Clean Water State Revolving Fund program. This loan was in the initial amount of $925,782 and was payable in 37 semi-annual payments. On October16, 2023, this loan amount was increased by $266,613 to $1,192,395, with the same term and a semi-annual payment amount of $32,406. Scheduled payments dates are October 15 and April 15 annually. At year end, the balance of this loan was $565,257.

C. Florida DEP Loan DW-400410

As a financing component of its critical water system project, April 27, 2020 the City obtained a loan from the Florida Department of Environmental Protection under its Drinking Water State Revolving Fund program. This loan was in the initial amount of $238,000 and was payable in 20 semi-annual payments of $11,066 including interest at .87%. Scheduled payments dates are August 15 and February 15 annually. At year end, the balance of this loan was $145,392.

D. Florida DEP Loan DW-400411

As a financing component of its critical water system project, March 16, 2023 the City obtained a loan from the Florida Department of Environmental Protection under its Drinking Water State Revolving Fund program. This loan was in the initial amount of $526,390 and was payable in 40 semi-annual payments of $16,178 including interest at .22%. Scheduled payments dates are September 15 and March 15 annually. At year end, the balance of this loan was $154,200.

E. National Rural Water Association Loan

As a financing component of its water main relocation project, December 1, 2019 the City obtained a loan from the National Rural Water Association. This loan was in the initial amount of $76,300 and was payable in 120 monthly payments of $737 including interest at 3%. Scheduled payments dates are the first day of every month until payback. At year end, the balance of this loan was $49,717.

CAPITAL LEASES

The City has entered into four separate leasing agreements Ford Credit Company, with each lease providing for multiple vehicles.

The City entered into a lease agreement with Ford Credit Company for five Ford Police Interceptor vehicles for it police department. The lease has a monthly service requirement of $2,156 and has a 4.84% interest rate. The liability and service requirements for this lease have been entirely allocated to the police department (Governmental Debt). The title to the vehicles is in the City's name with a lien on the title by Ford Credit Company. After all the payments in the lease agreement have been made the lien will be removed and the City will gain full title to the vehicles with no additional payment. This bargain purchase option qualifies this as a capital lease. This lease was fully paid in the current year.

The City entered into a lease agreement with Ford Credit Company for two Ford F-150 4x2 crew cab pickup trucks for its public works department and one Ford F-250 pickup truck for its sewer department. The lease has a monthly service requirement of $1,432 and has a 4.95% interest rate. The liability and service requirements for this lease have been allocated two thirds to the public works department (Governmental Debt) and one third to the sewer department (Proprietary Debt). The title to the vehicles is in the City's name with a lien on the title by Ford Credit Company. After all the payments in the lease agreement have been made the lien will be removed and the City will gain full title to the vehicles with no additional payment. This bargain purchase option qualifies this as a capital lease. The annual requirements to service this lease have been allocated two thirds to the public works department and one third to the sewer department. This lease was fully paid in the current year.

The City entered into a lease agreement with Ford Credit Company for two trucks on July 15, 2018. The lease has a monthly payment of $1,176 and has a 5.95% interest rate. The liability and service requirements for this lease have been allocated one half to the public works department (Governmental Debt) and one half to the enterprise fund (Proprietary Debt). The title to the vehicles is in the City's name with a lien on the title by Ford Credit Company. After all the payments in the lease agreement have been made the lien will be removed and the City will gain full title to the vehicles with no additional payment. These leases were fully paid in the current year.

Governmental Debt:

The City entered into a lease agreement with Ford Motor Credit for a Ford Escape on February 11, 2019. The lease has a monthly payment of $447 with an interest rate of 7.25%. This lease is fully allocated to the Community Development Department. It is a five-year lease and after that time the City will have the option to purchase the Ford Escape for a discounted price. This bargain purchase option qualifies this as a capital lease. The annual requirements to service this lease are as follows:

Year Ended September 30,	Principal	Interest	Payment
2024	$ 1,761	$ 120	$ 1,881
	$ 1,761	$ 120	$ 1,881

The City entered into a lease agreement with John Deere Financial for a Loader Backhoe on January 8, 2019. The lease has a monthly payment of $1,786 with an interest rate of 4.75%. This lease is fully allocated to the Public Works Department. This is a five-year lease and after that time the City will have the option to purchase the equipment for a discounted price. This bargain purchase option qualifies this as a capital lease. This lease was fully paid in the current year.

The City entered into lease agreement with Republic First National Corporation for a sewer cleaner on February 13, 2020. The lease has a yearly payment of $88,623 with an interest rate of 3.275%. This lease is allocated fully to the Sewer Department. This is a four-year lease and after that time the City will have the option to purchase these items for a discounted price. This bargain purchase option qualifies this as a capital lease. The annual requirements to service this lease are as follows:

Proprietary Debt:

Year Ended September 30,	Principal	Interest	Payment
2024	$ 85,795	$ 2,828	$ 88,623
	$ 85,795	$ 2,828	$ 88,623

The City entered into lease agreement with Ford Motor Credit Company for a Dodge Ram 2500 truck on October 9, 2019. The lease has a monthly payments of $718 with an interest rate of 6.75%. This lease is allocated fully to the Water Department. This is a five-year lease and after that time the City will have the option to purchase these items for a discounted price. This bargain purchase option qualifies this as a capital lease. The annual requirements to service this lease are as follows:

Proprietary Debt:

Year Ended September 30,	Principal	Interest	Payment
2024	$ 7,301	$ 108	$ 7,409
	$ 7,301	$ 108	$ 7,409

NOTE 13. PENSIONS

The City provides pension or deferred compensation benefits for most of its full-time employees through three separate plans - the ICMA Deferred Compensation Plan, the Municipal Police Officers' Retirement Trust Fund and the Municipal Firefighter's Pension Trust.

Defined Contribution Pension Plan

ICMA Deferred Compensation Plan

The City contributes 9.1 percent to the ICMA 475(b) plan. Employees in the ICMA plan are vested immediately. City contributions for, and interest forfeited by, employees who leave employment before three years of service are allocated to those employees remaining in the plans. The compensation plan for the City Clerk provides for a 15% contribution on her behalf into the ICMA deferred compensation plan.

Defined Benefit Pension Plan

The Police Officers' and Firefighters' Retirement Trust is a defined benefit pension plan that is a result of combining the two prior separate plans. GASB 68 requires the City to report an actuarially determined net pension liability or surplus for its defined benefit pension plans in its government wide financial statements. The City is also required to delay reporting of differences caused by the calculation of the net pension liability to the future periods they affect. These differences result from variances in expected and actual member experience, changes in assumptions, and the differences between projected and actual earnings on pension plan investments. The total net pension liability, deferred inflows of resources, and deferred outflows of resources pertaining to pensions are as follows:

	Total
Net Pension Liability (Asset)	$ 2,450,365
Deferred Inflows of Resources	248,672
Deferred Outflows of Resources	1,562,930

Police Officers' and Firefighters' Retirement Trust Fund:

General Information about the pension plan:

The following is a brief description of the City of Madison's Municipal Police Officers' and Firefighters' Retirement Trust Fund (Plan). It is provided for general information purposes only. Participants should refer to the Plan agreement for more complete information.

Plan Membership - The Plan is a single-employer defined benefit pension plan that covers substantially all full- time police officers and firefighters. Government plans are not subject to the provisions of the Employees' Retirement Income Security Act of 1974 (ERISA). Employees currently covered by the

Plan as of the October 1, 2022 actuarial valuation date are as follows:

Inactive plan members or beneficiaries currently receiving benefits	13
Inactive plan members entitled to but not yet receiving benefits	9
Active plan members	22
	44

Plan Benefits:

Pension Benefits - The Plan is a defined benefit pension plan covering substantially all police officers and firefighters of the City of Madison, Florida. A member police officer or firefighter may retire after completing ten years credited service and attaining the normal retirement age of 55 or after completing 25 years of service, regardless of age. The amount of the monthly retirement income payable to a police officer or firefighter who retires on or after his normal retirement date will equal 3% multiplied by the number of years of credited service, multiplied by the average final compensation. Benefits generally terminate upon the member's death. If the police officer or firefighter dies after retirement but prior to receiving benefits for a period of ten years, the same monthly payment will be paid to the beneficiary designated by the police officer or firefighter for the balance of the ten-year period.

A police officer or firefighter may elect a reduced early retirement benefit after completing ten years credited service and attaining age 50, with consent of the City.

Disability Benefits – A police officer or firefighter with ten years credited service who becomes totally and permanently disabled may retire from service, with benefits actuarially reduced, payable on 10 year certain and life basis, after approval by the Board of Trustees.

Termination Benefits – A member separating from municipal employment before attaining early retirement age but after completing ten years of credited service becomes eligible for deferred benefits, payable at age 50 or later, but on a reduced basis if it is to commence prior to age 60. Members separating from municipal employment prior to attaining ten years of service, receive no benefits, but receive a refund of member contributions.

Death Benefits - Upon the death of a member who was eligible for early or normal retirement, the beneficiary receives the accrued benefit, actuarially reduced if death occurs prior to age 60. Otherwise, the beneficiary receives a refund of member contributions.

The plan does not provide any postemployment benefits except as listed above.

Funding Requirements:

Member Contributions - Members contribute 5% of their earnings to the Plan. Any member whose employment is terminated is entitled to a refund of these contributions.

State Contributions - The City deposits the income received from the state excise tax on casualty insurance premiums of 0.85%, per Chapter 185.08, *Florida Statutes*, in the Police Officers' and Firefighters' Retirement Trust Fund.

City Contributions – The City's contribution requirements are actuarially determined. The October 1, 2022 actuarial valuation states that the required contribution by the City and State is 7.5% of covered payroll for the fiscal year ending September 30, 2023. The City has a minimum contribution floor of 4% of the members' salary to the fund.

Contributions to the Plan for the fiscal year ended September 30, 2023 totaled $418,942, $363,090 from the City and $55,852 from members' salary withholdings.

Termination of Plan - Should the plan terminate at some future time, its net assets generally will not be available on a pro-rata basis to provide participants' benefits. Some benefits may be fully or partially provided for by the then existing plan assets while others may not be provided for at all, depending upon the priority of those benefits and availability of plan assets.

Net Pension Liability:

The measurement date is September 30, 2022. The measurement period for the pension expense was October 1, 2020 to September 30, 2022. The reporting period is October 1, 2022 through September 30, 2023. The City's net pension liability was measured as of September 30, 2023. The total pension liability used to calculate the net pension asset was determined as of that date.

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of October 1, 2022 updated to September 30, 2023 using the following actuarial assumptions:

Inflation	2.30 %
Salary increases	7.00%
Discount rate	7.00%
Investment rate of return	7.00%

Mortality Rate Healthy Lives:

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.
Male: RP2000 Generational, 10% Annuitant White Collar /90% Annuitant Blue Collar, Scale BB
Mortality Rate Disabled Lives:
Female: 80% RP 2000 Disabled Female set forward two years / 20% Annuitant White Collar with no setback, no projection scale.
Male: 80% RP 2000 Disabled Male setback four years / 20% Annuitant White Collar with no setback, no projection scale.
The date of the most recent experience study for which significant assumptions are based is not available.

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 return, net of pension plan investment expenses 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.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September, 30 2023 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Large Cap Value	12.00%	2.94%
Large Cap Growth	9.00%	7.50%
Preferred Equity	17.00%	-88.00%
Ultra Short Term Bond	5.00%	1.73%
International Equity	5.00%	49.00%
Derivative Income	8.00%	9.92%
Intermediate Core Fixed Income	9.00%	-1.67%
High Yield Bonds	9.00%	22.00%
Intermediate Core Plus Fixed Income	4.00%	-2.33%
Floating Rate Bonds	5.00%	2.42%
Emerging Market Bonds	6.00%	-2.48%
Cash	1.00%	-1.12%
Short Term Government Bond	10.00%	1.30%
Total	100.00%	

Discount Rate – The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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 plan members. 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.

Changes in Net Pension Liability:

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 20, 2022.	$ 7,383,978	$ 6,752,478	$ 631,500
Changes for a Year:			
Service Cost	181,383	-	181,383
Interest	541,770	-	541,770
Share Plan Allocation	1,267	-	1,267
Differences between Expected and Actual Experience	386,122	-	386,122
Changes of benefit terms	21,690		21,690
Contributions- Employer	-	370,220	(370,220)
Contributions - State	-	49,078	(49,078)
Contributions - Employee	-	69,920	(69,920)
Net Investment Income	-	(1,143,295)	1,143,295
Benefit Payments, including Refunds of Employee Contributions	(423,817)	(423,817)	-
Administrative Expense	-	(32,556)	32,556
Net Changes	708,415	(1,110,450)	1,818,865
Balances at September 30, 2023	$ 8,092,393	$ 5,642,028	$ 2,450,365

Sensitivity of the City's Net Position Liability to Changes in the Discount Rate - The following represents the City's net pension liability calculated using the discount rate of 7.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
City's net pension liability	$ 3,491,034	$ 2,450,365	$ 1,595,151

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in a separately issued plan financial report.

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions:

At September 30, 2023, the City reported a net pension liability of $2,450,365 for its pension plan. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2022 updated to September 30, 2023.

For the fiscal year ended September 30, 2023, the City recognized pension expense of $848,486. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 18,875	$ 248,672
Changes in assumptions	200,288	-
Net difference between projected and actual earnings on Pension Plan investments	998,826	-
City and State contributions subsequent to the measurement date	344,941	-
Total	$ 1,562,930	$ 248,672

The deferred outflows of resources related to the Pension Plan, totaling $1,924,696 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Amount
2024	$ 236,750
2025	222,022
2026	187,121
2027	323,424
2028	-
Thereafter	-
	$ 969,317

Final Components of Pension Expense:

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	$ 631,500	$ 856,481	$ 855,419	$ -
Employer Contributions made after September 30, 2020	-	344,941	344,941	-
Total Pension Liability Factors:				-
Service Cost	181,383	-	-	181,383
Interest	541,770	-	-	541,770
Share Plan Allocation	1,267	-	-	1,267
Differences between expected and actual experience with regard to economic or demographic assumptions	21,690	-	21,690	-
Current year amortization of experience difference	-	(127,555)	(5,421)	(122,134)
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	(102,220)	102,220
Benefit Payments, including refunds of employee contributions	(423,817)	-	-	-
Net Change	708,415	(127,555)	258,990	1,090,628
Plan Fiduciary Net Position:				
Contributions - Employer	370,220	-	(370,220)	-
Contributions - State	49,078	-	(49,078)	-
Contributions - Employee	69,920	-	-	(69,920)
Net Investment Income	473,823	-	-	(473,823)
Difference Between Projected and Actual Earnings on	(1,617,118)		1,617,118	
Pension Plan Investments	-	-	-	-
Current Year Amortization	-	(118,488)	(387,533)	269,045
Benefit Payments, including refunds of employee	(423,817)			
Contributions	-	-	-	-
Administrative Expenses	(32,556)	-	-	32,556
Net Change	(1,110,450)	(118,488)	810,287	(242,142)
Ending Balance	$ 2,450,365	$ 610,438	$ 1,924,696	$ 848,486

NOTE 14. OTHER POST-EMPLOYMENT BENEFITS PLAN (OPEB)

The City is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees, whether the premiums are paid by the City or the retiree. Participating retirees are considered to receive a secondary benefit know as an "implicit rate subsidy." This benefit relates to the assumption that the retirees are receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the city younger and statistically healthier active employees. GASB Statement 45 requires governments to report cost and related liability in its financial statements.

Due to the fact that no retirees participated in the plan during the year, management determined that OPEB obligation at year end would be of a de minimis amount. Management will monitor this situation in the future and take appropriate steps to comply with this GASB Statement.

NOTE 15. SUBSEQUENT EVENTS

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through May 14, 2024, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MADISON, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
REVENUES			
Taxes			
Ad valorem taxes	$ 641,610	$ 641,610	$ -
Sales and use taxes			
Local option gas tax	543,020	543,019	(1)
Small county surtax	100,000	100,000	-
Franchise fees	333,360	333,360	-
Utility service taxes	489,690	496,326	6,636
Communications services tax	96,310	96,310	-
Total taxes	2,203,990	2,210,625	6,635
Licenses and permits			
Professional and occupational	15,600	15,600	-
Building and zoning	3,025	38,574	35,549
Total licenses and permits	18,625	54,174	35,549
Intergovernmental			
Grants			
Public safety	237,690	75,275	(162,415)
State shared revenues			
General government			
State revenue sharing	162,415	162,413	(2)
Mobile home licenses	1,105	1,105	-
Alcoholic beverage licenses	70	70	-
One-half cent sales tax	109,945	109,943	(2)
Total intergovernmental	511,225	348,806	(162,419)
Charges for services			
General government	900	897	(3)
Public safety fire protection county	26,100	16,650	(9,450)
Transportation	50,690	50,688	(2)
Total charges for services	77,690	68,235	(9,455)
Miscellaneous			
Interest	3,610	3,612	2
Local grants	-	25,000	25,000
Sales of cemetery lots and fees	9,420	9,420	-
Fines and forfeitures	1,715	1,714	(1)
Other miscellaneous	61,035	137,126	76,091
Total miscellaneous	75,780	176,872	101,092
Total revenues	2,887,310	2,858,712	(28,598)
EXPENDITURES			
General government			
Legislative personnel services	50,145	50,143	2
Executive personnel services	197,020	197,139	(119)
Financial and administrative			
Operating expenses	130,620	132,046	(1,426)
Capital outlay	1,430	-	1,430
Total financial and administrative	132,050	132,046	4
Total general government	379,215	379,328	(113)

Continued on next page.
See notes

CITY OF MADISON, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
Public safety			
Law enforcement			
Personnel services	$ 1,144,630	$ 1,146,659	$ (2,029)
Operating expenses	245,675	363,942	(118,267)
Capital outlay	336,470	218,205	118,265
Debt service-principal	3,175	3,172	3
Debt service-interest	4,055	4,057	(2)
Total law enforcement	1,734,005	1,736,035	(2,030)
Fire control			
Personnel services	771,080	772,229	(1,149)
Operating expenses	114,530	156,868	(42,338)
Capital outlay	74,005	31,669	42,336
Debt service-principal	7,900	7,900	-
Debt service-interest	3,115	3,116	(1)
Total fire control	970,630	971,782	(1,152)
Total public safety	2,704,635	2,707,817	(3,182)
Transportation			
Roads and streets			
Personnel services	443,645	443,402	243
Operating expenses	758,515	343,114	415,401
Capital outlay	91,955	150,310	(58,355)
Debt service-principal	34,225	-	34,225
Total transportation	1,328,340	936,826	391,514
Community development			
Personnel services	82,475	82,524	(49)
Operating expenses	68,990	68,981	9
Total community development	151,465	151,505	(40)
Total expenditures	4,563,655	4,175,476	388,179
Excess of revenues over (under) expenditures	(1,676,345)	(1,316,764)	359,581
OTHER FINANCING SOURCES (USES)			
Loan proceeds			
Interfund transfers	1,676,345	1,676,344	(1)
Total other financing sources (uses)	1,676,345	1,676,344	(1)
Net change in fund balance	-	359,580	359,580
Fund balance at beginning of year	511,116	511,116	-
Fund balance at end of year	$ 511,116	$ 870,696	$ 359,580

See notes

CITY OF MADISON, FLORIDA
WATER AND SEWER IMPACT FEES FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2023

	Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
REVENUES			
Miscellaneous			
Water impact fees	$ 22,765	$ -	$ (22,765)
Interest	-	41	41
Total revenues	22,765	41	(22,724)
EXPENDITURES			
Physical Environment			
Water project development expense	22,765	-	22,765
Total expenditures	22,765	-	22,765
Excess of revenues over (under) expenditures	-	41	41
Net change in fund balance	-	41	41
Fund balance at beginning of year	22,766	22,766	-
Fund balance at end of year	$ 22,766	$ 22,807	$ 41

See notes

CITY OF MADISON, FLORIDA
LAW ENFORCEMENT PROVISION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2023

	Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
REVENUES			
Fines and forfeitures			
Law enforcement education surcharge	$ 225	$ 260	$ 35
Total revenues	225	260	35
EXPENDITURES			
Public safety			
Law enforcement education	3,310	829	2,481
Total expenditures	3,310	829	2,481
Excess of revenues over (under) expenditures	(3,085)	(569)	2,516
Net change in fund balance	(3,085)	(569)	2,516
Fund balance at beginning of year	3,127	3,127	-
Fund balance at end of year	$ 42	$ 2,558	$ 2,516

See notes

CITY OF MADISON, FLORIDA
SPECIAL REVENUES FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2023

	Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
REVENUES			
Intergovernmental			
Economic environment grants	$ 700,000	$ -	$ (700,000)
Total revenues	700,000	-	(700,000)
EXPENDITURES			
Economic environment			
Administration	700,000	-	700,000
Total expenditures	700,000	-	700,000
Excess of revenues over (under) expenditures	-	-	-
OTHER FINANCING SOURCES (USES)			
Interfund transfers	-	-	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	(5,000)	(5,000)	-
Fund balance at end of year	$ (5,000)	$ (5,000)	$ -

See notes

CITY OF MADISON, FLORIDA
COMMUNITY REDEVELOPMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2023

	Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
REVENUES			
Ad valorem taxes	$ 167,375	165,405	$ (1,970)
Miscellaneous			
Interest	-	1,583	1,583
Total revenues	167,375	166,988	(387)
EXPENDITURES			
Economic environment			
Other administrative expense	700	670	30
Other physical environment expense	323,160	-	323,160
Total expenditures	323,860	670	323,190
Excess of revenues over (under) expenditures	(156,485)	166,318	322,803
Net change in fund balance	(156,485)	166,318	322,803
Fund balance at beginning of year	156,507	156,507	-
Fund balance at end of year	$ 22	$ 322,825	$ 322,803

See notes

CITY OF MADISON, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
SEPTEMBER 30, 2023

I. Stewardship, Compliance, and Accountability

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

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

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

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

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

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

CITY OF MADISON, FLORIDA

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS – POLICE OFFICERS' AND FIREFIGHTERS' PENSION

Reporting Date	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Measurement Date	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total Pension Liability									
Service Cost	$ 181,383	$ 222,628	$ 219,038	$ 127,206	$ 144,232	$ 141,321	$ 104,196	$ 109,319	$ 120,818
Interest	541,770	528,080	528,781	294,457	279,028	262,998	265,650	271,204	254,716
Share Plan Allocation	1,267	1,820	-	3,332	636	-	779	-	-
Changes of Benefit Terms	386,122	-	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	21,690	(157,646)	(273,293)	(71,283)	(28,135)	(29,606)	(327,332)	(217,104)	-
Changes of Assumptions	-	274,528	72,389	-	-	-	105,476	-	-
Benefit Payments, Including Refunds of Employee Contributions	(423,817)	(422,441)	(427,686)	(189,904)	(181,852)	(172,648)	(265,433)	(190,012)	(125,848)
Net Change in Total Pension Liability	708,415	446,969	119,229	163,808	213,909	202,065	(116,664)	(26,593)	249,686
Total Pension Liability - Beginning	7,383,978	6,937,009	6,817,780	3,648,458	3,434,549	3,232,484	3,349,148	3,375,741	3,126,055
Total Pension Liability - Ending (a)	$ 8,092,393	$ 7,383,978	$ 6,937,009	$ 3,812,266	$ 3,648,458	$ 3,434,549	$ 3,232,484	$ 3,349,148	$ 3,375,741
Plan Fiduciary Net Position									
Contributions - Employer	$ 370,220	$ 337,850	$ 245,781	$ 92,701	$ 93,196	$ 91,995	$ 99,468	$ 54,637	$ 92,263
Contributions - State	49,078	48,695	-	58,454	27,167	-	27,452	25,298	22,737
Contributions - Employee	69,920	63,719	59,087	33,108	33,284	32,856	32,529	26,123	29,337
Net Investment Income	(1,143,295)	1,027,648	364,664	165,982	238,734	269,574	253,812	(143,651)	216,786
Benefit Payments, Including Refunds of Employee Contributions	(423,817)	(422,441)	(427,686)	(189,904)	(181,852)	(172,648)	(265,433)	(190,012)	(125,848)
Administrative Expense	(32,556)	(31,067)	(60,385)	(32,522)	(31,937)	(19,358)	(20,235)	(29,047)	(13,350)
Net Change in Plan Fiduciary Net Position	(1,110,450)	1,024,404	181,461	127,819	178,592	202,419	127,593	(256,652)	221,925
Plan Fiduciary Net Position - Beginning	6,752,478	5,728,074	5,546,613	3,675,249	3,496,657	3,294,238	3,166,645	3,423,297	3,201,372
Plan Fiduciary Net Position - Ending (b)	$ 5,642,028	$ 6,752,478	$ 5,728,074	$ 3,803,068	$ 3,675,249	$ 3,496,657	$ 3,294,238	$ 3,166,645	$ 3,423,297
Net Pension Liability - Ending (a) - (b)	$ 2,450,365	$ 631,500	$ 1,208,935	$ 9,198	$ (26,791)	$ (62,108)	$ (61,754)	$ 182,503	$ (47,556)
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	69.72%	91.45%	82.57%	99.76%	100.73%	101.81%	101.91%	94.55%	101.41%
Covered Employee Payroll*	$ 1,201,487	$ 1,105,548	$ 1,014,034	$ 662,152	$ 665,659	$ 657,109	$ 650,578	$ 522,451	$ 586,732
Net Pension Liability as a percentage of Covered Employee Payroll	203.94%	57.12%	119.22%	1.39%	-4.02%	-9.45%	-9.49%	34.93%	-8.11%

Notes to Schedule:

The Madison Police Officers' Retirement Trust Fund and the Madison Firefighters' Retirement Trust Fund were merged into a single fund. The 2019 GASB results for each fund are displayed and a total column was added for comparison.

Changes of assumptions:

For measurement date 9/30/2020, amounts reported as changes of assumptions resulted of the merger of the two Retirement Trust Funds. The interest rate was lowered from 8.00% to 7.75% for Police to have a single rate for the entire plan. As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019, assumptions used by the Florida Retirement System for special risk employees. Additionally, the investment return was lowered from 7.75% to 7.60% per year compounded annually, net of investment related expenses.

Presentation:

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

CITY OF MADISON, FLORIDA
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS - POLICE OFFICERS' AND FIREFIGHTERS' PENSION

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Municipal Police Officers' and Firefighters' Retirement Trust Fund										
Contractually required contributions	$ 382,549	$ 334,738	$ 392,302	$ 337,616	$ 106,606	$ 91,199	$ 49,283	$ 65,058	$ 79,935	$ 115,000
Contributions in relation to the contractually required contribution	418,031	370,220	384,725	245,781	147,823	119,727	91,995	126,142	79,935	115,000
Contribution deficiency (excess)	$ (35,482)	$ (35,483)	$ 7,577	$ 91,835	$ (41,217)	$ (28,528)	$ (42,712)	$ (61,084)	$ -	$ -
Administration's covered-employee payroll	$ 1,201,487	$ 1,201,487	$ 1,105,548	$ 1,014,034	$ 662,152	$ 665,689	$ 657,109	$ 650,578	$ 522,451	$ 586,732
Contributions as a percentage of covered-employee payroll	34.79%	203.94%	34.80%	24.24%	22.32%	17.99%	14.00%	19.39%	15.30%	19.60%

Notes to schedule

Valuation date: 10/1/2022

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumption used to determine contribution rates:

Funding method: Aggregate actuarial cost method

Mortality rate: RP-2000 table with no projection. We believe this sufficiently accounts for future mortality improvements.

Interest rate: 8.0% per year compounded annually, net of investment related expenses. This is supported by the target asset class allocation of the trust and the expected long-term return by asset class.

Retirement age: Earlier of age 55 and 10 years of service or 25 years of service regardless of age. Also any member who has reached normal retirement is assumed to continue employment for one additional year. We feel this assumption is reasonable based on the plan provisions.

Early retirement: Commencing with the earliest early retirement age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year. We feel this assumption is reasonable based on plan provisions.

Disability rate: See table below. 75% of disablements are assumed to be service related. This assumption was developed from those used by other plans containing Florida municipal Police Officers.

Termination rate: See table below. This assumption was developed from those used by other plans containing Florida municipal Police Officers.

Salary increases: 6.0% per year until the assumed retirement age. Projected salary at retirement is increased individually to account for non-regular compensation.

Asset valuation method: Each year, the prior actuarial value of assets is brought forward utilizing the historical geometric 4-year average market value return. It is possible that over time this technique will produce an insignificant bias above or below market value.

Termination and disability rate table:

Age	% Terminating during the year	% Becoming disabled during the year
20	12.40%	0.03%
30	10.50%	0.04%
40	5.70%	0.07%
50	1.50%	0.18%

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

OTHER INFORMATION

CITY OF MADISON, FLORIDA
PROPRIETARY FUND
STATEMENT OF NET POSITION BY FUNCTION
September 30, 2023

	Natural Gas	Sanitation	Purchasing	Water	Sewer	Total
ASSETS						
Current assets						
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ 1,528,380	$ 1,528,380
Accounts receivable, net	29,968	36,047	616	678,500	448,419	1,193,550
Due from other funds	155,153	-	-	240,984	38,892	435,029
Inventory	-	-	52,651	-	-	52,651
Total current assets	185,121	36,047	53,267	919,484	2,015,691	3,209,610
NON-CURRENT ASSETS						
Restricted assets						
Cash and cash equivalents	-	-	-	-	340,507	340,507
Investments	-	-	-	-	365,572	365,572
Total restricted assets	-	-	-	-	706,079	706,079
Fixed assets						
Land	-	-	15,001	64,437	365,146	444,584
Buildings	-	-	47,900	48,687	275,893	372,480
Infrastructure	457,370	-	-	4,020,287	18,687,674	23,165,331
Equipment	408,662	592,419	74,813	529,841	1,452,915	3,058,650
Construction in progress	-	-	-	149,184	-	149,184
Accumulated depreciation	(763,837)	(252,718)	(93,955)	(1,865,093)	(11,410,647)	(14,386,250)
Total fixed assets	102,195	339,701	43,759	2,947,343	9,370,981	12,803,979
Total Assets	287,316	375,748	97,026	3,866,827	12,092,751	16,719,668
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding	-	-	-	-	64,192	64,192
Total deferred outflows of resources	-	-	-	-	64,192	64,192

Continued on next page.

See notes to financial statements.

CITY OF MADISON, FLORIDA
PROPRIETARY FUND
STATEMENT OF NET POSITION BY FUNCTION
September 30, 2023

	Natural Gas	Sanitation	Purchasing	Water	Sewer	Total
LIABILITIES AND NET POSITION						
LIABILITIES						
Current liabilities						
Accounts payable and accrued expenses	44,828	21,828	1,540	195,286	48,262	311,744
Due to other funds	-	299,658	116,538	-	-	416,196
Deposits	66,285	-	-	-	143,829	210,114
Total current liabilities	111,113	321,486	118,078	195,286	192,091	938,054
Current liabilities payable from restricted assets						
Capital leases current portion	-	-	-	8,238	85,795	94,033
Notes payable current portion	-	-	-	7,232	24,179	31,411
Bonds payable current portion	-	-	-	-	132,000	132,000
Compensated absences current portion	1,907	601	807	1,610	1,633	6,558
Total current liabilities payable from restricted assets	1,907	601	807	17,080	243,607	264,002
Long-term liabilities						
Capital leases	-	-	-	824	-	824
Notes Payable	-	-	-	42,486	905,648	948,134
Bonds payable	-	-	-	-	2,815,000	2,815,000
Compensated absences	13,985	4,408	5,921	11,806	11,972	48,092
Total noncurrent liabilities	13,985	4,408	5,921	55,116	3,732,620	3,812,050
Total liabilities	127,005	326,495	124,806	267,482	4,168,318	5,014,106
NET POSITION						
Invested in capital assets net of related debt	102,195	339,701	43,759	2,895,795	5,496,730	8,878,180
Restricted for debt service	-	-	-	-	706,079	706,079
Unrestricted	58,116	(290,448)	(71,539)	703,550	1,785,816	2,185,495
Total net position	160,311	49,253	(27,780)	3,599,345	7,988,625	11,769,754
Total liabilities and net position	$ 287,316	$ 375,748	$ 97,026	$ 3,866,827	$ 12,156,943	$ 16,783,860

See notes to financial statements.

CITY OF MADISON, FLORIDA
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY FUNCTION
For the Year Ended September 30, 2023

	Natural Gas	Sanitation	Purchasing	Water	Sewer	Total
OPERATING REVENUES						
Charges for services	$ 1,078,802	$ 453,274	$ -	$ 1,496,651	1,593,808	$ 4,622,535
Total operating revenues	1,078,802	453,274	-	1,496,651	1,593,808	4,622,535
OPERATING EXPENSES						
Personnel services	294,188	237,974	51,590	207,975	298,235	1,089,962
Office and communications	4,503	125	1,092	12,727	2,562	21,009
Professional fees	28,814	7,053	7,605	72,331	61,857	177,660
Supplies	562,798	40,265	4,876	107,134	151,665	866,738
Repair and maintentance	6,427	22,443	492	15,488	102,345	147,195
Depreciation	21,957	61,678	27,359	42,345	430,147	583,486
Insurance	19,820	14,100	9,121	22,246	22,201	87,488
Utilities	1,953	249	2,391	70,348	224,857	299,798
Landfill	-	100,437	-	-	5,008	105,445
Other	-	150,022	-	102	90	150,214
Total operating expenses	940,460	634,346	104,526	550,696	1,298,967	3,528,995
Operating income	138,342	(181,072)	(104,526)	945,955	294,841	1,093,540
NONOPERATING REVENUES (EXPENSES)						
State grants	-	-	-	2,054,825	839,946	2,894,771
Interest revenue	152	79	-	-	14,526	14,757
Interest expense	-	-	-	(3,327)	(143,798)	(147,125)
Interfund transfers	-	12,500	-	(624,520)	(188,142)	(800,162)
Total nonoperating revenues (expenses)	152	12,579	-	1,426,978	522,532	1,962,241
Change in net position	138,494	(168,493)	(104,526)	2,372,933	817,373	3,055,781
Net position, beginning of year	21,817	217,746	76,746	1,226,412	7,171,252	8,713,973
Net position, end of year	$ 160,311	$ 49,253	$ (27,780)	$ 3,599,345	$ 7,988,625	$ 11,769,754

See notes to financial statements.

SINGLE AUDIT AND COMPLIANCE SECTION

CITY OF MADISON, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
For the Year Ended September 30, 2023

Grantor/Program Title	CFSA #	Contract Number	Award Amount	Reported in Prior Years	Revenue Recognized	Expenditures
STATE FINANCIAL ASSISTANCE						
State of Florida Department of Transportation						
Small County Outreach Program	55.009	G2064	$ 632,850	$ 71,845	$ -	$ -
State of Florida Department of Transportation						
Small County Outreach Program	55.009	G2F73	328,931	-	37,347	37,347
State of Florida Department of Transportation						
Small County Outreach Program	55.009	G2F72	329,640	-	37,428	37,428
Florida Division of Emergency Management						
Coronavirus State and Local Fiscal Recovery Funds	21.027	Y5196	1,383,858	143,889	876,182	876,182
Florida Department of Environmental Protection						
Passed through						
Suwannee River Water Management District - RIVER Cost Share	37.052	19/20-117	92,920	91,765	500	500
Florida Department of Environmental Protection						
Wastewater Treatment and Stormwater Management TF - Grant	37.077	WW400402	4,627,138	1,757,694	839,946	839,946
Wastewater Treatment and Stormwater Management TF - Loan	37.077	WW400402	565,257	-	565,257	565,257
Florida Department of Environmental Protection						
Drinking Water Revolving Loan TF - Grant	37.076	DW400411	5,109,699	-	2,054,825	2,054,825
Drinking Water Revolving Loan TF - Loan	37.076	DW400411	154,201	-	154,201	154,201
Florida Department of Environmental Protection						
State Revolving Fund Program - Grant	66.468	DW400410	206,500	206,500	-	-
State Revolving Fund Program - Loan	66.468	DW400410	206,500	143,500	-	-
TOTAL STATE FINANCIAL ASSISTANCE			**$ 13,637,494**	**$ 2,415,193**	**$ 4,565,686**	**$ 4,565,686**

See notes to state financial assistance.

CITY OF MADISON, FLORIDA
Notes to Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended September 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and presentation of the Schedule of Expenditures of State Financial Assistance of the City of Madison, Florida (the City) have been designed to conform to generally accepted accounting principles as applicable to governmental units, including the reporting and compliance requirements of the Audits of States, Local Governments, and Non-Profit Organizations and Office of Management and Budget Uniform Guidance.

A. Reporting Entity

This reporting entity consists of the City of Madison, Florida. The City includes a Schedule of Expenditures of State Financial Assistance in the Compliance Section for the purpose of additional analysis.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus.

The accrual basis of accounting is followed in the Schedule of Expenditures of State Financial Assistance. Under the modified accrual basis, revenues are recognized when they become 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 City considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

C. Grant Awards

As required by OMB *Uniform Guidance,* federal grant awards drawn and expended during the year are included in the Schedule of Expenditures of State Financial Assistance.

D. Indirect Cost Rate

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

E. Subrecipients

The City did not pass through any state financial assistance to subrecipients.

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

To the Mayor and Members
of the City Commission
City of Madison, Florida

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the business-type activities and the major fund of the City of Madison, Florida, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Madison, Florida's basic financial statements and have issued our report thereof dated May 14, 2024.

Internal Control Over Financial Reporting

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

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

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

2012-1
Financial Statement Preparation (Excess of second succeeding year)

A system of internal control over financial reporting includes controls over financial statement preparation, including footnote disclosures. While your auditor can assist with the preparation of your financial statements and related footnotes, the financial statements are the responsibility of management. A deficiency in internal control exists when the City does not have the expertise necessary to prevent, detect, and correct misstatements. A deficiency in internal control exists in instances where the City is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures.

MANAGEMENT'S RESPONSE

We acknowledge this finding. We are a very small government and have used our available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports prepared generally on the cash basis. We likewise have confidence in our audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. Both staff and the City Commission review the annual financial reports and have the opportunity to ask the auditor any questions regarding the report prior to its formal presentation. The report is formally presented by the auditor at a scheduled meeting of the City Commission.

This response was not subjected to the auditing procedures applied in the audit and thus we express no opinion on it.

Compliance and Other Matters

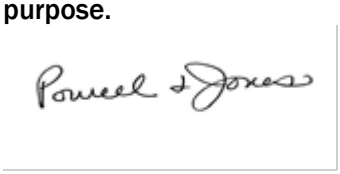
As part of obtaining reasonable assurance about whether the City of Madison, Florida's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

We also noted certain matters that we reported to management of the City of Madison, Florida, in a separate "Management Letter Required by Chapter 10.550, Rules of the State of Florida, Office of the Auditor General" dated May 14, 2024.

Purpose of this Report

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



Powell and Jones CPA
Lake City, Florida
May 14, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.550 *RULES OF THE AUDITOR GENERAL*

To the Mayor and Members
of the City Commission
City of Madison, Florida

Opinion on Each Major State Project

We have audited the City of Madison, Florida's (the City) compliance with the types of compliance requirements described in the Department of Financial Services' *State Projects Compliance Supplement,* that could have a direct and material effect on each of the City's Major State Projectse projects for the fiscal year ended September 30, 2023. The City's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state financial assistance projects for the year ended September 30, 2023.

Basis for Opinion on Each Major State Project

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the State of Florida, Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

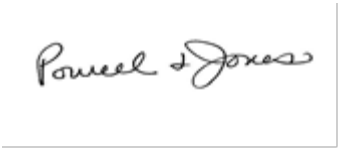
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or

significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of the Chapter 10.550 Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.



Powell and Jones CPA
Lake City, Florida
May 14, 2024

CITY OF MADISON, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR STATE PROJECTS
For the Fiscal Year Ended September 30, 2023

Summary of Auditor's Results

Financial statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

State Financial Assistance

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Rule 10.550, *Rules of the Auditor General*?	No

Identification of major programs:

CSFA Number/Grant Numbers:	Name of Program or Cluster
37.076	Florida Department of Environmental Protection Drinking Water Program

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
State Financial Assistance Findings and Questioned Costs	None

Other Issues:
No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to the Federal programs or State projects

MANAGEMENT LETTER

To the Mayor and Members
of the City Commission
City of Madison, Florida

In planning and performing our audit of the financial statements of the City of Madison, Florida, for the year ended September 30, 2023, we considered the City's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

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

PRIOR YEAR FINDINGS

There were no reportable findings in the prior year applicable to the management letter.

CURRENT YEAR FINDINGS

There were no reportable findings in the current year applicable to the management letter.

AUDITOR GENERAL COMPLIANCE MATTERS

Financial Condition Assessment - As required by the *Rules of the Auditor General* (Sections 10.554(1)(i)(5)a and 10.556(7), we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information they provided.

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

Deteriorating Financial Conditions – From our audit procedures, we found the following conditions which together comprise "deteriorating financial conditions" as defined by Section 218.503(1), *Florida Statutes*:

The Statement of Revenues, Expenditures and Changes in Fund Balance of the General Fund shows the following trends:

	9-30-23	9-30-22	9-30-21	9-30-20	9-30-19	9-30-18	9-30-17	9-30-16
Revenues	$ 2,858,712	$ 2,882,305	$ 4,218,199	$ 2,611,191	$ 2,727,930	$ 2,314,860	$ 2,312,124	$ 2,182,576
Expenditures	4,175,476	4,226,396	5,142,820	3,771,129	3,539,211	3,270,462	3,248,448	3,315,566
Deficit of Revenues under expenditures	$ (1,316,764)	$ (1,344,091)	$ (924,621)	$ (1,159,938)	$ (811,281)	$ (955,602)	$ (936,324)	$ (1,132,990)

These deficits totaling $8,581,611 have been offset by transfers in from other funds, primarily the Proprietary Fund. These transfers have reduced ending unrestricted net assets of these proprietary funds by this same amount.

Subsidy transfers by the Proprietary Fund to the General Fund, which have averaged approximately $1,144,530 per year, have utilized a substantial portion of the Proprietary Fund operating income during these years.

To correct these deteriorating financial conditions, we recommend that the City continue to implement measures during the current budget cycle to assure that recurring revenues are sufficient to fund recurring expenditures and replenish needed fiscal reserves in the General Fund, as well as the Proprietary Fund. Finances should then be closely monitored during the subsequent year to ensure that these objectives are met. We noted general improvement in this situation during the current year.

Failure to correct these conditions could cause the City in the future to meet a statutory condition that could result in a financial emergency.

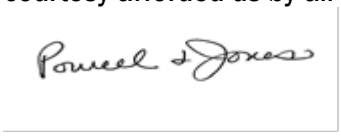
Our audit did not disclose any other items that would be required to be reported under the *Rules of the Auditor General*, Chapter 10.554(1)(f).

Dependent Special District – As required by Section 218.39(3)(c), Florida Statutes and Section 10.554(1)(i)6 Rules of the Auditor General, the Trenton Community Redevelopment Agency (CRA) reported:

Data Element	Reference	Comment
The total number of CRA employees compensated in the last pay period of the CRA's fiscal year being reported.	Section 218.32(1)(e)(2)(a)	The CRA has no employees
The total number of independent contractors to whom nonemployee compensation was paid in the last month of the CRA's fiscal year being reported.	Section 218.32(1)(e)(2)(b)	The CRA had no independent contracts
All compensation earned by or awarded to the CRA employees, whether paid or accrued, regardless of contingency.	Section 218.32(1)(e)(2)(c)	N/A
Budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the CRA amended a final adopted budget under Section 189.016(6), Florida Statutes.	Section 218.32(1)(e)(3)	The original budget was not amended
Each construction project with a total cost of at least $65,000 approved by the CRA that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project.	Section 218.32(1)(e)(2)(e)	None

CONCLUSION

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



Powell and Jones CPA
Lake City, Florida
May 14, 2024

INDEPENDENT ACCOUNTANT'S ATTESTATION REPORT

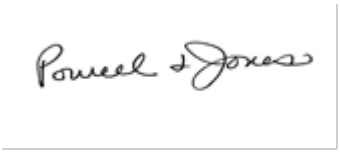
Honorable Mayor and City Commission
City of Madison, Florida

We have examined the City of Madison, Florida's compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2022. We also examined the City's compliance with Sections 163.387(6) and (7), *Florida Statutes* regarding the Madison Community Redevelopment Agency during the year ended September 30, 2023. Management is responsible for the City of Madison, Florida's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

In our opinion, the City of Madison, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

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



Powell and Jones CPA
Lake City, Florida
May 14, 2024

Communication with Those Charged with Governance

To the Mayor and Members of the City Commission
City of Madison, Florida

We have audited the financial statements of the City of Madison, Florida for the year ended September 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Madison, Florida are described Note 1 to the financial statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no sensitive estimates affecting the City of Madison, Florida's financial statements, except pension related estimates which are disclosed in Note 13.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 14, 2024.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

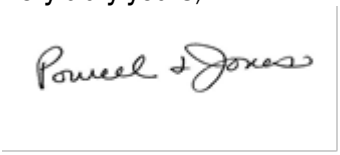
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses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

Other Information in Documents Containing Audited Financial Statements

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

This information is intended solely for the use of the City Commission and management of the City of Madison, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Powell and Jones CPA
Lake City, Florida
May 14, 2024

IMPACT FEE AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Lee Anne Hall, City Clerk for the City of Madison, who being duly sworn, deposes and says on oath that:

1. I am the Chief Financial Officer of the City of Madison which is a local governmental entity of the State of Florida;

2. The governing body of the City of Madison adopted Ordinance No. 2006-17 on the 9th day of January, 2007; implementing an impact fee; and

3. The City of Madison has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FUTHER AFFIANT SAYETH NAUGHT.

Lee Anne Hall, City of Madison City Clerk

STATE OF FLORIDA
COUNTY OF MADISON

SWORN TO AND SUBSCRIBED before me this 13th day of May, 2024.

NOTARY PUBLIC
Lanee Pike

Personally Known __X__ or produced identification _____
Type of identification produced: _____

My Commission Expires:

LANEE PIKE NOTARY PUBLIC STATE OF FLORIDA My Comm. Expires May 02, 2026 No. 157277