



TOWN OF MEDLEY, FLORIDA
Financial Section, Required Supplementary Information,
Combining Fund Statements, and Supplementary Financial
Reports Compliance Section
September 30, 2023
With Independent Auditor's Reports

Town of Medley, Florida
Table of Contents
September 30, 2023

Independent Auditor's Report	1-3
Financial Section	
Management's Discussion and Analysis	4-17
Government-Wide Financial Statements	
Statement of Net Position	18
Statement of Activities	19
Fund Financial Statements	
Governmental Funds	
Balance Sheet	20-21
Statement of Revenues, Expenditures, and Changes in Fund Balances	22-23
Proprietary Funds	
Statement of Net Position	24-25
Statement of Revenues, Expenses, and Changes in Net Position	26
Statement of Cash Flows	27-28
Fiduciary Funds	
Statement of Fiduciary Net Position	29
Statement of Changes in Fiduciary Net Position	30
Notes to Financial Statements	31-69
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	70
Defined Benefit Pension Trust Funds	
Schedules of Funding Progress	71-72
Schedules of Employer Contributions	73-74
Schedule of Change in Net Pension Liability and Related Ratios - General Employees' Pension Fund	75-78
Schedule of Change in Net Pension Liability and Related Ratios - Police Officers' Retirement Fund	79-80
Schedule of Change in Total OPEB Liability and Related Ratios	81

Town of Medley, Florida
Table of Contents
September 30, 2023

Schedule of Contributions - General Employees' Pension Fund	82
Schedule of Contributions - Police Officers' Retirement Fund	83
Notes to Required Supplementary Information	84
Schedules of Investment Returns	85
Supplementary Financial Reports	
Schedule of Expenditures of State Financial Assistance and Notes to Schedule of Expenditures of State Financial Assistance	86
Reports on Internal Control and Compliance	
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 <i>Government Auditing Standards</i>	87-88
Schedule of Findings and Responses	89-91
Status of Prior Year Recommendations	92
Independent Auditor's Report on Compliance for Each Major State Project and Report on Internal Control Over Compliance in Accordance with Chapter 10.650, <i>Rules of the Auditor General of the State of Florida</i>	93-95
Management Letter Required by Section 10.550 of the <i>Rules of the Auditor General of the State of Florida</i>	96-97
Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes	98
Schedule of Findings and Questioned Costs	99

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Town Council of
Town of Medley, Florida:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Medley, Florida (the "Town") as of and for the year ended September 30, 2023, and the related notes to financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town 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 ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town 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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, the defined benefit pension information, and schedules of changes in total other post-employment benefits liability and related ratios on pages 4 through 17 and 70 through 85 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board ("GASB") 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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance for the year ended September 30, 2023, as required by Chapter 10.650, *Rules of the Auditor General of the State of Florida* is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 October 7, 2024, on our consideration of the Town of Medley, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC". The signature is written in a cursive, flowing style.

October 7, 2024

Town of Medley, Florida

Management's Discussion and Analysis

September 30, 2023

As management of the Town of Medley, Florida (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2023.

This discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town's financial activity, (c) identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns. The information contained within this section should be considered only a part of a greater whole.

FINANCIAL HIGHLIGHTS

- The Town established the building department fund as a special revenue fund used to account for the resources accumulated from the services provided by the Town's buildings department. Previously, these operations were accounted for as part of the general fund.
- The Town annexed additional lands from Miami-Dade County. As a result of the annexation, the Town entered into an Interlocal Agreement with Miami-Dade County to annex tracts of land within Miami-Dade County. Under this agreement, the Town agrees to pay Miami-Dade County's remaining stormwater utility debt service payments for the property annexed by the Town. The annual payments are \$88,787 per year commencing March 1, 2024 through March 1, 2029. Additionally, the Town agrees to mitigate the lost revenue to Miami-Dade County for the property annexed by the Town. The Town shall make four annual payments to Miami-Dade County ranging from \$517,238 to \$565,231 commencing April 1, 2024. This agreement resulted in the Town recording a liability of \$2,362,896 in relation to these obligations.
- The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$191,870,500 (*net position*). Of this amount, \$24,519,519 (*unrestricted net position*) may be used to meet the government's ongoing obligations to residents and creditors.
- During the fiscal year, the Town's total net position increased by \$6,621,788 or by approximately 3.6%. This is comprised of an increase of \$3,606,576 in governmental activities and an increase of \$3,015,212 in business-type activities.
- The increase in governmental activities was attributable to the following factors: compared to last year, when there was an increase in net position of \$3,031,550, the current year's increase in net position was \$3,606,576. Total revenues increased by \$3,290,229 primarily due to increases from the following revenue sources:
 - An increase in investment earnings from the prior year by \$633,503, due to higher interest rates earned on balances held in investment accounts compared to the prior year.
 - The Town recorded gains on the sales of land and equipment for \$4,241,672.
 - There were also \$1,651,699 special assessment revenues recognized in the prior year, and none were recognized in the current year. The assessments were part of the Town's capital assessment district, NW 79th Avenue Improvement District, assessed by Miami-Dade Property Appraiser and collected by Miami-Dade Tax Collector.
 - Total governmental expenses increased from the prior year by \$2,715,203 predominantly due to a \$2,538,959 increase general government expenses. This increase is mostly due to the \$2,362,896 in annexation mitigation obligations incurred by the Town during the year.

Town of Medley, Florida
Management's Discussion and Analysis
September 30, 2023

- Business-type activities-Compared to last year, when there was an increase in net position of \$3,644,336, the current year's increase in net position was \$3,015,212. Factors affecting these numbers include the following:
 - The water and wastewater utility fund incurred net income of \$638,567 in fiscal year 2023 and a net income of \$1,998,888 in fiscal year 2022. Although user fee revenue increased from the prior year, interest earned also increased dramatically as our investments are earning at comparably high rates. Expenses, mostly sewer treatment and repair costs, have risen dramatically from the prior year. The sewer revenue generated barely covered the direct costs of sewer treatment and sewer repairs. As a result of major sewer repairs, the Town believes the sewer treatment costs and repairs should decrease during fiscal year 2024.
 - The stormwater utility fund increased its net position by \$2,376,645 as compared to \$1,645,448 the prior fiscal year. Interest earned increased \$192,113 as our investments are earning at comparably high rates. Additionally, we earned \$912,000 in state grant awards to help make improvements to our stormwater infrastructure.
- As of the close of the current fiscal year, the Town's general fund reported combined ending fund equity of \$23,084,433, an increase of \$4,779,071 in comparison with the prior year. No increase was budgeted; however, the following factors affected the variance:
 - Revenues were \$1,739,743 higher than budgeted. Sources over budget include permits, fees, and licenses, and interest earnings on investments.
 - Expenditures were \$2,925,237 over budget. Expenditures under budget include capital outlay, general government and public safety.
 - Other financing sources include proceeds from the sales of capital assets of \$5,714,565.
- The Town's total long-term obligations decreased by \$1,118,949, the net effect which is comprised of the new liabilities related to the Town's annexation mitigation obligations, principal payments on existing debt, and decrease in the net pension liability. The other post-employment benefits liability decreased because the Town does not fund the liability in a separate trust, rather it pays on a pay-as-you go basis. The pension liability has decreased because of an improvement in investment performance.
- The total fair value of the Town's unrestricted cash and investments on September 30, 2023, was \$41,951,804, an increase of \$8,543,233 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

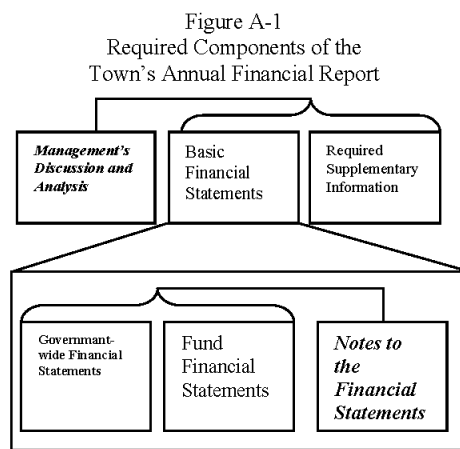
This annual report consists of five parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information, combining statements for nonmajor proprietary funds, and supplementary financial reports compliance section. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Town government, reporting the Town's operations in more detail than the government-wide statements.

Town of Medley, Florida
Management's Discussion and Analysis
September 30, 2023

- The governmental funds statements show how general government services such as public safety was financed in the short term as well as what remains for future spending.
- Proprietary fund statements offer short-term and long-term financial information about the activities the government operates like businesses, such as the water and wastewater and stormwater utilities.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information which further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and are related to one another. In addition to these required elements, we have included a section with combining statements that provide details about our nonmajor proprietary funds, each of which is added together and presented in single columns in the basic financial statements.



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

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

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

The government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Town include general government, public safety, physical environment, human services, and culture and recreation. The business-type activities of the Town include a water and wastewater utility, a stormwater utility, an age and income restricted mobile home retirement park, and a police gun range.

The government-wide financial statements can be found on pages 18 through 19 of this report.

Town of Medley, Florida
Management's Discussion and Analysis
September 30, 2023

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into 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 inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains four individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, and the building department fund, law enforcement trust fund and Town of Medley Foundation, Inc. which are considered to be special revenue funds.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 20 through 23 of this report.

- **Proprietary funds.** The Town maintains two different types of proprietary or enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water and wastewater fund and its stormwater utility fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and wastewater fund and for the stormwater utility fund, both of which are considered to be major funds of the Town. Data from the two other proprietary funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor proprietary funds is provided in the form of combining statements presented elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 24 through 28 of this report.

- **Fiduciary funds.** The fiduciary funds are used to account for resources held for the benefit of parties outside the government. The fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 29 and 30 of this report.

Town of Medley, Florida
Management's Discussion and Analysis
September 30, 2023

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 31 through 69 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budget to actual comparisons for the Town's general fund and the Town of Medley, Florida's progress in funding its obligations to provide pension benefits to its employees. Required supplementary information can be found on pages 70 through 85 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The table below summarizes the statements of net position:

	Governmental Activities		Business-Type Activities		Total		Amount Change	% Change
	September 30,		September 30,		September 30,			
	2023	2022	2023	2022	2023	2022		
Current assets	\$ 29,014,121	\$ 21,561,274	\$ 19,165,137	\$ 18,231,278	\$ 48,179,258	\$ 39,792,552	\$ 8,386,706	21.1 %
Noncurrent assets	947,635	434,730	860,494	848,044	1,808,129	1,282,774	525,355	41.0
Capital assets, net	<u>147,560,531</u>	<u>147,883,923</u>	<u>35,329,993</u>	<u>33,283,075</u>	<u>182,890,524</u>	<u>181,166,998</u>	<u>1,723,526</u>	<u>1.0</u>
Total assets	<u>177,522,287</u>	<u>169,879,927</u>	<u>55,355,624</u>	<u>52,362,397</u>	<u>232,877,911</u>	<u>222,242,324</u>	<u>10,635,587</u>	<u>4.8</u>
Deferred outflows	<u>11,677,358</u>	<u>14,815,822</u>	<u>1,298,962</u>	<u>2,355,378</u>	<u>12,976,320</u>	<u>17,171,200</u>	<u>(4,194,880)</u>	<u>(24.4)</u>
Long-term obligations outstanding	32,825,217	32,846,761	5,048,349	6,145,754	37,873,566	38,992,515	(1,118,949)	(2.9)
Other liabilities	<u>1,832,128</u>	<u>924,140</u>	<u>2,875,976</u>	<u>2,578,051</u>	<u>4,708,104</u>	<u>3,502,191</u>	<u>1,205,913</u>	<u>34.4</u>
Total liabilities	<u>34,657,345</u>	<u>33,770,901</u>	<u>7,924,325</u>	<u>8,723,805</u>	<u>42,581,670</u>	<u>42,494,706</u>	<u>86,964</u>	<u>0.2</u>
Deferred inflows	<u>9,881,250</u>	<u>9,870,374</u>	<u>1,520,811</u>	<u>1,799,732</u>	<u>11,402,061</u>	<u>11,670,106</u>	<u>(268,045)</u>	<u>(2.3)</u>
Net position								
Investment in capital assets, net of related debt	133,250,596	133,190,592	33,154,595	30,862,991	166,405,191	164,053,583	2,351,608	1.4
Restricted	945,790	2,488,737	-	691,463	945,790	3,180,200	(2,234,410)	(70.3)
Unrestricted	<u>10,464,664</u>	<u>5,375,145</u>	<u>14,054,855</u>	<u>12,639,784</u>	<u>24,519,519</u>	<u>18,014,929</u>	<u>6,504,590</u>	<u>36.1</u>
Total net position	<u>\$ 144,661,050</u>	<u>\$ 141,054,474</u>	<u>\$ 47,209,450</u>	<u>\$ 44,194,238</u>	<u>\$ 191,870,500</u>	<u>\$ 185,248,712</u>	<u>\$ 6,621,788</u>	<u>3.6 %</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

There are six basic transactions that will affect the comparability of the statement of net position summary presentation as reflected above:

- 1) **Net results of activities** will impact (increase/decrease) current assets and unrestricted net position.
- 2) **Borrowing for capital** will increase current assets and long-term debt.
- 3) **Spending borrowed proceeds** on new capital projects will reduce current assets and increase capital assets. There is a second impact, an increase in investment in capital assets and an increase in related net debt which will not change the net investment in capital assets.
- 4) **Spending of non-borrowed current assets** on new capital will reduce current assets and increase capital assets and will reduce unrestricted net position and will increase net investment in capital assets.

Town of Medley, Florida
Management's Discussion and Analysis
September 30, 2023

- 5) **Principal payment on debt** will reduce current assets and reduce long-term debt and reduce unrestricted net position and increase net investment in capital assets.
- 6) **Reduction of capital assets** through depreciation will reduce capital assets and net investment in capital assets.

In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$191,870,500 at September 30, 2023.

The largest portion of the Town's net position, \$166,405,191, or 87%, reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to residents; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$945,790, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$24,519,519, may be used to meet the government's ongoing obligations to residents and creditors.

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

Governmental and business-type activities. Governmental activities increased the Town's net position by \$3,606,576, and business-type activities increased the Town's net position by \$3,015,212. This resulted in an increase in total net position of \$6,621,788.

**Town of Medley, Florida
Management's Discussion and Analysis
September 30, 2023**

The table below summarizes the statements of activities:

**Town of Medley, Florida
Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total		Amount Change	% Change
	September 30, 2023	2022	September 30, 2023	2022	September 30, 2023	2022		
Revenues								
Program revenues								
Fees, fines, and charges for services	\$ 9,074,579	\$ 8,996,527	\$ 10,339,072	\$ 9,681,386	\$ 19,413,651	\$ 18,677,913	\$ 735,738	3.9 %
Operating grants and contributions	73,646	37,423	-	-	73,646	37,423	36,223	96.8
Capital grants and contributions	476,308	761,536	1,312,000	500,000	1,788,308	1,261,536	526,772	41.8
General revenues								
Ad valorem taxes	9,909,093	10,419,822	-	-	9,909,093	10,419,822	(510,729)	(4.9)
Special assessment	-	1,651,699	-	1,178,915	-	2,830,614	(2,830,614)	(100.0)
Utility taxes	1,927,077	1,708,259	-	-	1,927,077	1,708,259	218,818	12.8
Franchise fees	2,073,554	1,846,947	-	-	2,073,554	1,846,947	226,607	12.3
Other general taxes	582,585	521,394	-	-	582,585	521,394	61,191	11.7
Intergovernmental	535,499	425,067	-	-	535,499	425,067	110,432	26.0
Investment earnings	699,182	65,679	547,709	69,498	1,246,891	135,177	1,111,714	822.4
Miscellaneous	258,288	126,901	6,976	54,689	265,264	181,590	83,674	46.1
Gain on sale of capital assets	4,241,672	-	-	-	4,241,672	-	4,241,672	-
Total revenues and transfers	<u>29,851,483</u>	<u>26,561,254</u>	<u>12,205,757</u>	<u>11,484,488</u>	<u>42,057,240</u>	<u>38,045,742</u>	<u>4,011,498</u>	<u>10.5</u>
Expenses								
General government	10,195,113	7,656,154	-	-	10,195,113	7,656,154	2,538,959	33.2
Public safety	10,689,023	10,004,767	-	-	10,689,023	10,004,767	684,256	6.8
Physical environment	1,781,297	1,876,964	-	-	1,781,297	1,876,964	(95,667)	(5.1)
Human services	2,133,981	2,609,122	-	-	2,133,981	2,609,122	(475,141)	(18.2)
Culture and recreation	1,293,064	1,194,090	-	-	1,293,064	1,194,090	98,974	8.3
Interest	152,429	188,607	49,184	55,321	201,613	243,928	(42,315)	(17.3)
Water and wastewater	-	-	7,679,987	6,042,310	7,679,987	6,042,310	1,637,677	27.1
Stormwater utility	-	-	1,461,374	1,742,521	1,461,374	1,742,521	(281,147)	(16.1)
Total expenses	<u>26,244,907</u>	<u>23,529,704</u>	<u>9,190,545</u>	<u>7,840,152</u>	<u>35,435,452</u>	<u>31,369,856</u>	<u>4,065,596</u>	<u>13.0</u>
Increase in net position	<u>3,606,576</u>	<u>3,031,550</u>	<u>3,015,212</u>	<u>3,644,336</u>	<u>6,621,788</u>	<u>6,675,886</u>	<u>(54,098)</u>	<u>(0.8)</u>
Net position, beginning of year	141,054,474	142,642,723	44,194,238	40,549,902	185,248,712	183,192,625	2,056,087	1.1
Adjustment to net position (GASB 87)	-	(4,619,799)	-	-	-	(4,619,799)	4,619,799	N/A
Net position, beginning of year, as restated	<u>141,054,474</u>	<u>138,022,924</u>	<u>44,194,238</u>	<u>40,549,902</u>	<u>185,248,712</u>	<u>178,572,826</u>	<u>6,675,886</u>	<u>3.7</u>
Net position, end of year	<u>\$ 144,661,050</u>	<u>\$ 141,054,474</u>	<u>\$ 47,209,450</u>	<u>\$ 44,194,238</u>	<u>\$ 191,870,500</u>	<u>\$ 185,248,712</u>	<u>\$ 6,621,788</u>	<u>3.6 %</u>

Summary of changes in net position. The following information is presented to assist the reader in understanding the different types of normal impacts that can affect revenues:

- 1) Economic condition can reflect a declining, stable or growing environment and has a substantial impact on property, non-ad valorem assessments, sales, gas, or other tax revenues as well as consumer spending habits for building permits, user fees and consumption.
- 2) The Town Council has significant authority to set increases or decreases in Town's rates (taxes, stormwater, permitting, user fees, etc.).
- 3) Changing patterns in intergovernmental and grant revenues can significantly change and impact the annual comparisons.
- 4) Market impacts on investment income may cause investment revenues to fluctuate from the prior year.

Some other basic impacts on expenses are reflected below:

- 1) Introduction of new programs can have a substantial impact on the government's spending.

**Town of Medley, Florida
Management’s Discussion and Analysis
September 30, 2023**

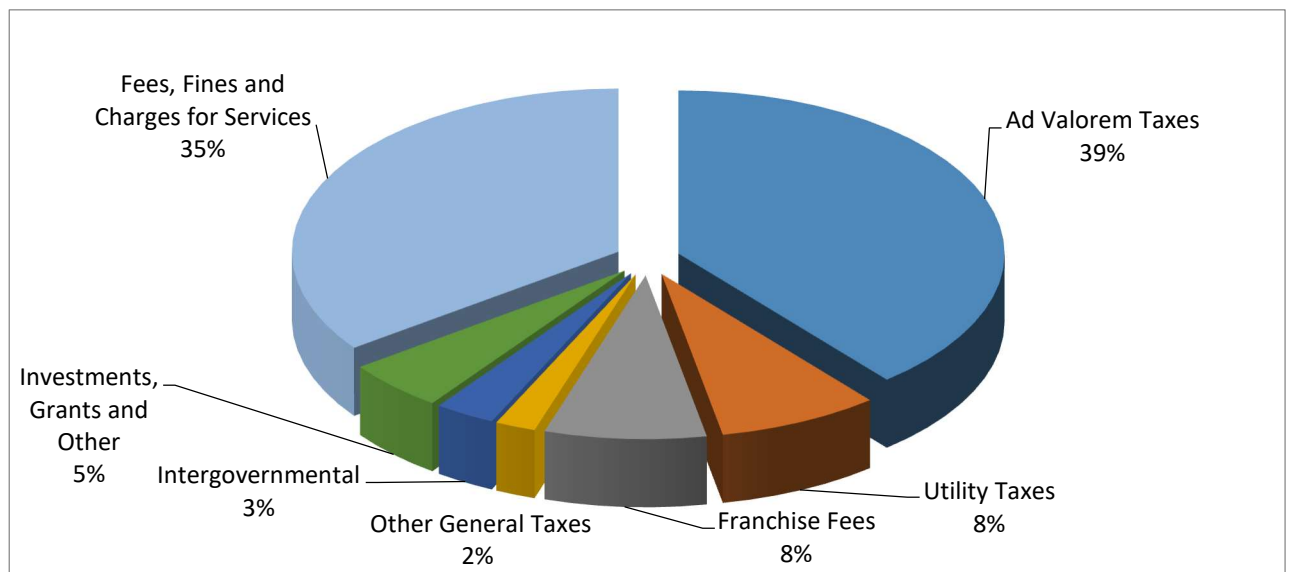
- 2) Changes in service demand levels can cause the Town to increase or decrease authorized staffing. Staffing costs (wages and related benefits) represent approximately 68% of the Town’s operating costs.
- 3) Salary increases such as cost of living, performance and contract impact personal service costs.
- 4) Until this year, inflation has been relatively low. The Town is a major consumer of certain commodities such as chemicals, supplies, fuels, and parts. Some functional expenses did experience unusually high commodity specific increases this past year, for example, food service costs, gasoline, operating supplies, and construction costs.
- 5) The Town’s two pension plans’ Annual Required Contributions (“ARC”) are based on actuarial valuations performed each year by an actuary. The ARCs are highly dependent on conditions over which the Town has almost no control. Although the pension boards determine the investment portfolio, the boards rely on money managers who recommend investments based on each board’s investment policy and goals. Even with a diversified portfolio and due diligence, market conditions can fluctuate materially from year to year which affects the net pension liability, which in turn affects the annual pension expense recognized on these financial statements.

Governmental activities. Governmental activities increased the Town’s net position by \$3,606,576.

- **Revenues.** The following charts show the sources of program and general revenues for fiscal years 2023 and 2022:

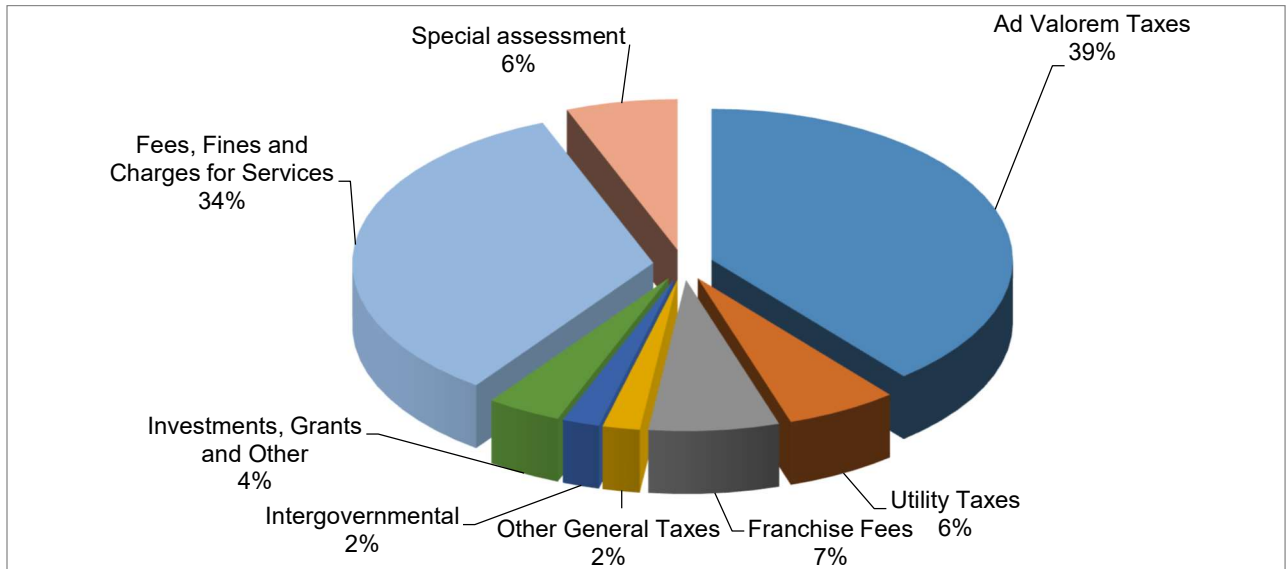
**Revenues by Source - Governmental Activities
For the Years Ended September 30, 2023 and 2022**

2023



**Town of Medley, Florida
Management's Discussion and Analysis
September 30, 2023**

2022



The Town is heavily reliant on property taxes to support governmental functions. Property taxes provided 39% of the Town's total governmental activity revenues in fiscal year 2023 as compared to 39% in fiscal year 2022. Franchise fees and utility taxes combined provided 16% and 13% in fiscal years 2023 and 2022, respectively.

The Town's millage rate was reduced from 3.9000 mills in fiscal year 2022 to 3.2000 mills in fiscal year 2023. It has been further reduced to 3.0000 mills in FY 2024. This has been accomplished by increases in property valuation and assessments, new development, and implementing capital assessment districts.

- **Expenses.** The table below illustrates the costs placed on the Town's taxpayers by each of these governmental activity services.

	Total Cost of Services		Percentage Change
	2023	2022	
General government	\$ 10,195,113	\$ 7,656,154	33%
Public safety	10,689,023	10,004,767	7%
Physical environment	1,781,297	1,876,964	(5%)
Human services	2,133,981	2,609,122	(18%)
Culture and recreation	1,293,064	1,194,090	8%
Interest	152,429	188,607	(19%)
	<u>\$ 26,244,907</u>	<u>\$ 23,529,704</u>	<u>12%</u>

Expenses for governmental activities increased \$2,715,203 from the prior year. Increases were predominantly found in the general government activities, mostly due to the expenses incurred in relation to the Town's annexation mitigation obligations.

Business-type activities. Business-type activities increased the Town's net position by \$3,015,212.

**Town of Medley, Florida
Management's Discussion and Analysis
September 30, 2023**

- **Overall analysis of major funds.** The Town reports two major enterprise funds. The net income for each major enterprise fund was as follows for fiscal year 2023 and 2022:

	Fiscal Year	
	2023	2022
Water and wastewater	\$ 638,567	\$ 1,998,888
Stormwater utility	<u>2,376,645</u>	<u>1,645,448</u>
	<u>\$ 3,015,212</u>	<u>\$ 3,644,336</u>

The following includes an analysis of the fiscal year 2023 financial activities for each fund:

- The water and wastewater fund had an increase in net position of \$638,567. Operating revenue increased by \$87,924 while operating expenses increased by \$1,637,677 from the prior year. Expenses increasing was due to major sewer repair costs incurred in the current year. As a result of these major repairs, the Town is expecting to see improvement in the sewer utility performance.
- The stormwater utility fund had an increase in net position of \$2,376,645. Operating revenues decreased by \$656,866 due to the \$768,400 in special assessment revenue recorded in the prior year. Operating expenses decreased by \$281,147 from the prior year. It should be noted that a significant portion of stormwater utility expenditures are capitalized and not expensed in the current period.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Town of Medley, Florida uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The table below summarizes the changes in the fund balances of the Town's governmental funds:

	Governmental Funds				Total
	General Fund	Law Enforcement Trust Fund	Building Department Fund	Town of Medley Foundation, Inc.	
Revenue	\$ 21,633,769	\$ 480,307	\$ 3,275,081	\$ 100,500	\$ 25,489,657
Expenditures	(22,819,263)	(20,082)	(1,250,912)	(59,311)	(24,149,568)
Other financing sources	<u>5,964,565</u>	<u>104,640</u>	-	-	<u>6,069,205</u>
	<u>\$ 4,779,071</u>	<u>\$ 564,865</u>	<u>\$ 2,024,169</u>	<u>\$ 41,189</u>	<u>\$ 7,409,294</u>

Governmental funds. The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The Town's governmental funds reported a combined ending fund balance of \$26,137,200, an increase of \$7,409,294 in comparison with the prior year. Key components increasing fund balance have been addressed earlier in this narrative.

The general fund is the chief operating fund of the Town. General tax revenues and other receipts that are not allocated to another fund by law or contractual commitment are accounted for in this fund. General operating expenditures and capital improvement costs not paid through another fund are paid from this fund.

Town of Medley, Florida
Management's Discussion and Analysis
September 30, 2023

At the end of the current fiscal year, assigned and unassigned fund balance of the general fund was \$23,014,222. As a measure of the general fund's liquidity, it may be useful to compare this amount to total fund expenditures. Assigned and unassigned fund balance represents approximately 101% of total general fund expenditures.

Proprietary funds. The Town's *proprietary funds* provide the same type of information found in the government-wide financial statements, but in more detail.

The total growth in net position for all enterprise fund statements was \$3,015,212. Other factors concerning the finances of these funds have already been addressed in the discussion of the Town's business-type activities.

Fiduciary funds. The General Employee Pension Fund funding requirement was \$1,144,240 which represents an increase of \$79,965 from the prior year. The increase is due to enhanced benefits for participants as approved by the Town Council. The plan is 100% funded by the Town of Medley which contributed \$1,200,000 to the plan in fiscal year 2023 and \$1,250,000 in fiscal year 2022. Pension plan assets are managed by the General Employee Pension Board of Trustees with the assistance of an investment advisor. The defined benefit plan has a blended multiplier of 2.75% for all full-time non police officers' employees.

The normal monthly benefit for the mayor is one-twelfth of \$8,500 for each year served after October 1, 2017. For years served prior to that date, the monthly retirement benefit is one-twelfth of \$5,500. The normal monthly benefit for Council persons is one-twelfth of \$3,800 for each year served after October 1, 2017. For years served prior to that date, the retirement benefit is one-twelfth of \$2,500.

Part-time employees earn benefits based on age and years of service. The maximum monthly benefit was \$530.

Elected officials' benefits are limited to 100% of monthly earnings, including cost of living adjustments. General employees' benefits are limited to 75% of monthly earnings, including cost of living benefits.

The Police Pension Fund is funded by Town, State and employee contributions. Employees contribute 5% of their pensionable wages to the plan. The annual contributions to the plan were \$1,221,685, an increase of \$9,536 from the prior year. The actual Town and State contribution was \$1,221,685 for the current fiscal year and \$1,212,149 for the prior year. Police officers contributed \$190,124 and \$176,772 for 2023 and 2022, respectively. The increase is partially attributable to a greater than expected increase in the required payment to amortize the unfunded actuarial accrued liability and a net favorable actuarial experience on the basis of the plan's other actuarial assumptions.

The plan is administered by the Police Pension Board of Trustees with the assistance of an investment advisor. The current pension multiplier is 3.25%. Police officers hired prior to October 1, 2008 are limited to 100% of pensionable earnings. Police officers hired after October 1, 2008 are limited to 75% of their pensionable earnings, increasing to 81.25% effective October 1, 2020.

Note 7, beginning on page 49, will provide more information regarding the Town's pension trust funds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The following information is presented to assist the reader in comparing actual results with final budgetary amounts:

Actual revenues were higher than the final budget by \$1,739,743. This was primarily due to the net effects of the following variances:

- Ad valorem collections were \$165,157 greater than budget due to collections of delinquent taxes.
- Utility taxes were \$277,077 over budget.

**Town of Medley, Florida
Management's Discussion and Analysis
September 30, 2023**

- Permits, fees, and licenses revenues were \$698,322 over budget due to increases in electric franchise fees, landfill host fees, building permits, and collection of an impact fee from Miami-Dade County, budgeted for the prior year, but recognized in the current year.

Actual expenditures were over budget by \$2,925,237. This was primarily caused by higher than budgeted capital outlay costs of \$1,542,005 due to deferral of projects and delays in new construction.

Additional information on budgetary comparisons between the final budget and actual results can be found on page 70 of this report.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The Town's investment in capital assets for its governmental and business-type activities as of September 30, 2023, amounts to \$182,890,524 (net of accumulated depreciation and amortization). This investment in capital assets includes land and improvements, buildings and improvements, roadways, water, wastewater, and stormwater utility systems, machinery and equipment, and park facilities.

The table below summarized the investment in capital assets:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		<u>Amount Change</u>	<u>% Change</u>
	<u>September 30,</u>		<u>September 30,</u>		<u>September 30,</u>			
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>		
Land and improvements	\$ 13,482,170	\$ 12,742,001	\$ 521,638	\$ 521,638	\$ 14,003,808	\$ 13,263,639	\$ 740,169	5.6 %
Construction in progress	8,075,900	7,579,059	7,206,808	4,312,804	15,282,708	11,891,863	3,390,845	28.5
Buildings and improvements	16,252,627	16,252,627	1,109,136	1,109,136	17,361,763	17,361,763	-	-
Right-to-use lease asset-land	1,814,925	1,814,925	-	-	1,814,925	1,814,925	-	-
Right-to-use lease assets-vehicles	99,607	-	29,141	-	128,748	-	128,748	-
Infrastructure	147,355,534	147,355,534	-	-	147,355,534	147,355,534	-	-
Machinery, equipment, and vehicles	6,145,941	6,074,470	3,195,011	3,195,011	9,340,952	9,269,481	71,471	0.8
Water and wastewater systems	-	-	29,624,099	29,224,099	29,624,099	29,224,099	400,000	1.4
Stormwater systems	-	-	17,850,549	17,850,549	17,850,549	17,850,549	-	-
Total	193,226,704	191,818,616	59,536,382	56,213,237	252,763,086	248,031,853	4,731,233	1.9
Accumulated depreciation and amortization	(45,666,173)	(43,934,693)	(24,206,389)	(22,930,162)	(69,872,562)	(66,864,855)	(3,007,707)	4.5
	<u>\$ 147,560,531</u>	<u>\$ 147,883,923</u>	<u>\$ 35,329,993</u>	<u>\$ 33,283,075</u>	<u>\$ 182,890,524</u>	<u>\$ 181,166,998</u>	<u>\$ 1,723,526</u>	<u>1.0 %</u>

Additional information on the Town's capital assets can be found in Note 4 on page 46 of this report.

Long-term obligations. At year end, the Town had \$10,696,343 in notes outstanding versus \$11,553,184 last year. Repayments of long-term amounted to \$856,841. Included in long-term obligations of the governmental fund and proprietary fund types are \$1,499,055 and \$181,100 in accrued compensated absence liabilities, respectively, annexation mitigation obligations of \$2,362,896, as well as \$5,788,990 of lease liabilities.

**Town of Medley, Florida
Management's Discussion and Analysis
September 30, 2023**

The following table reports long-term obligation balances at September 30, 2023 and 2022:

	Governmental Activities			Balance September 30, 2023
	Balance October 1, 2022	Additions	Reductions	
Notes payable	\$ 9,133,100	\$ -	\$ 583,500	\$ 8,549,600
Annexation mitigation obligation	-	2,362,896	-	2,362,896
Lease liability	5,560,231	202,388	2,284	5,760,335
Compensated absences	1,460,304	1,874,320	1,835,569	1,499,055
	<u>\$ 16,153,635</u>	<u>\$ 4,439,604</u>	<u>\$ 2,421,353</u>	<u>\$ 18,171,886</u>

	Business-Type Activities			Balance September 30, 2023
	Balance October 1, 2022	Additions	Reductions	
Notes payable	\$ 2,420,084	\$ -	\$ 273,341	\$ 2,146,743
Lease liability	-	29,141	486	28,655
Compensated absences	184,095	307,001	309,996	181,100
	<u>\$ 2,604,179</u>	<u>\$ 336,142</u>	<u>\$ 583,823</u>	<u>\$ 2,356,498</u>

Additional information on the Town's long-term obligations can be found in Notes 8 and 9 on pages 62 through 67 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Given growth in the economy the Town's taxable assessed value has increased by approximately 176% since 2010. The operating millage for the fiscal year ending September 30, 2024, is stated at 3.0000 mills. This represents an 62% increase from the rolled back rate and is lower than the 2023 millage rate of 3.2000 mills.

The general fund's total 2024 departmental expenditures are budgeted at \$19,836,252 which is \$613,093 more than fiscal 2023 actual expenditures. This is due to increases in wages, employee benefits, professional fees and program costs.

In fiscal year 2024, the Town has budgeted over \$14.6 million in capital projects: \$11.4 million from the general fund and the balance from the proprietary funds. Major projects include a community center, public works facility, recreational building, and various other infrastructure improvements.

The American Rescue Plan Act was signed by President Biden on March 11, 2021, to speed up the country's recovery from the economic and health issues associated with the COVID-19 pandemic. The Town, with a population of under 50,000 persons, is considered a Non-entitlement Unit, meaning that all rescue funds will pass through from the State of Florida. As of September 30, 2023, the Town received all of its entitled grant of \$444,254. The Town has until fiscal year 2024 to expend these funds with the intention of completing projects funded by this grant in fiscal year 2024.

Town of Medley, Florida
Management's Discussion and Analysis
September 30, 2023

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Charmaine Parchment, Finance Director, Town of Medley, Florida.

Town of Medley, Florida
Government-Wide Statement of Net Position
September 30, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 17,802,379	\$ 10,337,034	\$ 28,139,413
Investments	6,594,650	7,217,741	13,812,391
Receivables, net	3,089,754	3,060,889	6,150,643
Internal balances	1,457,127	(1,457,127)	-
Prepaid expenses	70,211	6,600	76,811
	<u>29,014,121</u>	<u>19,165,137</u>	<u>48,179,258</u>
Restricted assets			
Cash and cash equivalents	947,635	860,494	1,808,129
Total restricted assets	<u>947,635</u>	<u>860,494</u>	<u>1,808,129</u>
Capital assets			
Capital assets not being depreciated	118,572,939	7,728,446	126,301,385
Capital assets being depreciated, net	28,987,592	27,601,547	56,589,139
Total capital assets	<u>147,560,531</u>	<u>35,329,993</u>	<u>182,890,524</u>
Total assets	<u>177,522,287</u>	<u>55,355,624</u>	<u>232,877,911</u>
Deferred Outflows			
Deferred outflows related to other post employment benefits	1,296,824	271,012	1,567,836
Deferred outflows related to pensions	10,380,534	1,027,950	11,408,484
Total deferred outflows	<u>11,677,358</u>	<u>1,298,962</u>	<u>12,976,320</u>
Liabilities			
Liabilities			
Accounts payable and accrued liabilities	631,473	1,851,847	2,483,320
Unearned revenue	1,200,655	443,254	1,643,909
Liabilities payable from restricted assets	-	471,354	471,354
Unearned developer fees	-	109,521	109,521
Long-term obligations			
Due within one year	2,560,012	465,639	3,025,651
Due after one year	15,611,874	1,890,859	17,502,733
Other post employment benefits	8,413,113	1,866,218	10,279,331
Net pension liability	6,240,218	825,633	7,065,851
Total liabilities	<u>34,657,345</u>	<u>7,924,325</u>	<u>42,581,670</u>
Deferred Inflows			
Deferred inflows related to other post employment benefits	3,994,223	852,760	4,846,983
Deferred inflows related to pensions	5,887,027	668,051	6,555,078
Total deferred inflows	<u>9,881,250</u>	<u>1,520,811</u>	<u>11,402,061</u>
Net Position			
Investment in capital assets, net of related debt	133,250,596	33,154,595	166,405,191
Restricted for:			
Law enforcement	945,790	-	945,790
Unrestricted	10,464,664	14,054,855	24,519,519
Total net position	<u>\$ 144,661,050</u>	<u>\$ 47,209,450</u>	<u>\$ 191,870,500</u>

The Notes to Financial Statements are an integral part of this statement.

Town of Medley, Florida
Government-Wide Statement of Activities
Year Ended September 30, 2023

Functions/Programs	Total Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
General government	\$ 10,195,113	\$ 6,228,598	\$ 50,264	\$ 250,000	\$ (3,666,251)	\$ -	\$ (3,666,251)
Public safety	10,689,023	2,625,471	23,382	67,808	(7,972,362)	-	(7,972,362)
Physical environment	1,781,297	-	-	158,500	(1,622,797)	-	(1,622,797)
Human services	2,133,981	220,510	-	-	(1,913,471)	-	(1,913,471)
Culture and recreation	1,293,064	-	-	-	(1,293,064)	-	(1,293,064)
Interest on long-term obligations	152,429	-	-	-	(152,429)	-	(152,429)
Total governmental activities	<u>26,244,907</u>	<u>9,074,579</u>	<u>73,646</u>	<u>476,308</u>	<u>(16,620,374)</u>	<u>-</u>	<u>(16,620,374)</u>
Business-type activities							
Water and wastewater utility	7,693,864	7,604,067	-	400,000	-	310,203	310,203
Stormwater utility	<u>1,496,681</u>	<u>2,735,005</u>	<u>-</u>	<u>912,000</u>	<u>-</u>	<u>2,150,324</u>	<u>2,150,324</u>
Total business-type activities	<u>9,190,545</u>	<u>10,339,072</u>	<u>-</u>	<u>1,312,000</u>	<u>-</u>	<u>2,460,527</u>	<u>2,460,527</u>
	<u>\$ 35,435,452</u>	<u>\$ 19,413,651</u>	<u>\$ 73,646</u>	<u>\$ 1,788,308</u>	<u>(16,620,374)</u>	<u>2,460,527</u>	<u>(14,159,847)</u>
General revenues							
Ad valorem taxes					9,909,093	-	9,909,093
Utility taxes					1,927,077	-	1,927,077
Other general taxes					582,585	-	582,585
Intergovernmental					535,499	-	535,499
Franchise fees					2,073,554	-	2,073,554
Investment earnings					699,182	547,709	1,246,891
Miscellaneous					258,288	6,976	265,264
Gain on sale of capital assets					4,241,672	-	4,241,672
Total general revenues					<u>20,226,950</u>	<u>554,685</u>	<u>20,781,635</u>
Change in net position					3,606,576	3,015,212	6,621,788
Net position							
Beginning of year					141,054,474	44,194,238	185,248,712
End of year					<u>\$ 144,661,050</u>	<u>\$ 47,209,450</u>	<u>\$ 191,870,500</u>

The Notes to Financial Statements are an integral part of this statement.

Town of Medley, Florida
Governmental Funds
Balance Sheet
September 30, 2023

	<u>Major Funds</u>			<u>Non-Major Fund</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Building Department Fund</u>	<u>Law Enforcement Trust Fund</u>	<u>Town of Medley Foundation, Inc.</u>	
Assets					
Cash and cash equivalents	\$ 15,648,605	\$ 2,060,787	\$ -	\$ 92,987	\$ 17,802,379
Investments	6,594,650	-	-	-	6,594,650
Receivables, net	3,088,756	-	-	998	3,089,754
Due from other funds	1,904,209	878,202	-	-	2,782,411
Prepaid expenses	70,211	-	-	-	70,211
Restricted assets					
Cash and cash equivalents	-	-	947,635	-	947,635
Total assets	\$ 27,306,431	\$ 2,938,989	\$ 947,635	\$ 93,985	\$ 31,287,040
Liabilities, Deferred Inflows, and Fund Equity					
Liabilities					
Accounts payable and accrued liabilities	\$ 618,010	\$ 4,927	\$ -	\$ 8,536	\$ 631,473
Due to other funds	1,320,798	-	1,845	2,641	1,325,284
Unearned revenue	290,762	909,893	-	-	1,200,655
Total liabilities	2,229,570	914,820	1,845	11,177	3,157,412
Deferred inflows - unavailable revenue	1,992,428	-	-	-	1,992,428
Fund equity					
Fund balance					
Nonspendable	70,211	-	-	-	70,211
Restricted	-	-	945,790	-	945,790
Committed	-	2,024,169	-	82,808	2,106,977
Assigned	11,393,916	-	-	-	11,393,916
Unassigned	11,620,306	-	-	-	11,620,306
Total fund equity	23,084,433	2,024,169	945,790	82,808	26,137,200
Total liabilities, deferred inflows, and fund equity	\$ 27,306,431	\$ 2,938,989	\$ 947,635	\$ 93,985	\$ 31,287,040

The Notes to Financial Statements are an integral part of this statement.

Town of Medley, Florida
Governmental Funds
Balance Sheet
September 30, 2023

Reconciliation of the balance sheet of governmental funds to the statement of net position

Total fund balance - total governmental funds	\$ 26,137,200
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets of \$193,226,704, net of accumulated and amortization depreciation of \$45,666,173, are not financial resources and, therefore, are not reported in the funds.	147,560,531
Long-term obligations of \$18,171,886 are not due and payable in the current period and are not reported in the funds.	(18,171,886)
On the statement of net position, the Town's special assessments are recorded on the full accrual method. However, the special assessments to be billed in future years are recorded as deferred inflows in the governmental funds.	1,992,428
On the statement of net position, the Town's other post employment benefit liability for the defined benefit plan of the Town is reported as a noncurrent liability. Additionally, deferred inflows of resources related to the plan are also reported.	
Other post employment benefits	(8,413,113)
Deferred outflows related to other post employment benefits	1,296,824
Deferred inflows related to other post employment benefits	(3,994,223)
On the statement of net position, the Town's net pension liability for the defined benefit pension plans of the Town is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows of resources related to pensions are also reported.	
Net pension liability	(6,240,218)
Deferred outflows related to pensions	10,380,534
Deferred inflows related to pensions	<u>(5,887,027)</u>
Net position of governmental activities	<u>\$ 144,661,050</u>

The Notes to Financial Statements are an integral part of this statement.

Town of Medley, Florida
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended September 30, 2023

	Major Funds			Non-Major Fund	Total Governmental Funds
	General Fund	Building Department Fund	Law Enforcement Trust Fund	Town of Medley Foundation, Inc.	
Revenues					
Ad valorem taxes	\$ 9,909,093	\$ -	\$ -	\$ -	\$ 9,909,093
Special assessment	351,531	-	-	-	351,531
Utility taxes	1,927,077	-	-	-	1,927,077
Other general taxes	889,544	-	-	-	889,544
Intergovernmental	613,768	-	-	-	613,768
Permits, fees, and licenses	4,720,112	3,275,081	-	-	7,995,193
Fines and forfeitures	1,651,763	-	452,588	-	2,104,351
User charges	741,630	-	-	-	741,630
Miscellaneous	829,251	-	27,719	100,500	957,470
Total revenues	<u>21,633,769</u>	<u>3,275,081</u>	<u>480,307</u>	<u>100,500</u>	<u>25,489,657</u>
Expenditures					
Current operating					
General government	5,029,046	1,199,165	-	-	6,228,211
Public safety	9,569,901	-	6,500	-	9,576,401
Physical environment	1,493,810	-	-	-	1,493,810
Human services	1,991,775	-	-	-	1,991,775
Culture and recreation	1,138,627	-	-	59,311	1,197,938
Capital outlay	2,860,175	51,747	13,582	-	2,925,504
Debt service	735,929	-	-	-	735,929
Total expenditures	<u>22,819,263</u>	<u>1,250,912</u>	<u>20,082</u>	<u>59,311</u>	<u>24,149,568</u>
Excess (deficiency) of revenues over expenditures	<u>(1,185,494)</u>	<u>2,024,169</u>	<u>460,225</u>	<u>41,189</u>	<u>1,340,089</u>
Other financing sources					
Proceeds from sale of capital assets	5,714,565	-	104,640	-	5,819,205
Capital contributions	250,000	-	-	-	250,000
Total other financing sources	<u>5,964,565</u>	<u>-</u>	<u>104,640</u>	<u>-</u>	<u>6,069,205</u>
Excess of expenditures over revenues and other financing sources	<u>4,779,071</u>	<u>2,024,169</u>	<u>564,865</u>	<u>41,189</u>	<u>7,409,294</u>
Fund balances					
Beginning of year	<u>18,305,362</u>	<u>-</u>	<u>380,925</u>	<u>41,619</u>	<u>18,727,906</u>
End of year	<u>\$ 23,084,433</u>	<u>\$ 2,024,169</u>	<u>\$ 945,790</u>	<u>\$ 82,808</u>	<u>\$ 26,137,200</u>

The Notes to Financial Statements are an integral part of this statement.

Town of Medley, Florida
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended September 30, 2023

**Reconciliation of the statement of revenues, expenditures, and changes in fund balances
of governmental funds to the statement of activities**

Net change in fund balances - total governmental funds	\$ 7,409,294
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays of \$2,925,504 was exceeded by depreciation and amortization of \$1,770,970 in the current period.	1,154,534
Proceeds from sale of capital assets are reported as other financing sources in the statement of changes in fund balance; however, the statement of activities reports the gain on the sale of capital assets net of the book value of the assets sold.	(1,577,533)
The entire obligation for annexation mitigation payments due to Miami-Dade County, Florida was recorded as an expense in the government-wide statement of activities; however, expenditures are only recorded in governmental funds as payments on the obligation are made.	(2,362,896)
Change in long-term compensated absences recognized in statement of activities, not recognized as expenditures.	(38,751)
Governmental funds report revenues only from the current year's special assessment levy. However, in the statement of activities, revenues are recorded on the full accrual basis and thus the revenues from the entire project the special assessment is funding are recorded.	(351,531)
Other post employment benefit obligations, net of payments made, is recorded in the statement of activities and change in net position, but not recorded in the fund balance of the governmental funds. The expense represents an actuarially determined amount.	298,431
Repayment of notes payable is reported as an expenditure in governmental funds and, thus, has an effect on fund balance because current financial resources have been used for the Town as a whole; however, the principal payments reduce liabilities in the statement of net position and do not result in expense in the statement of activities.	583,500
Payments on lease liabilities are reported as an expenditure in governmental funds and, thus, have an effect on fund balance because current financial resources have been used for the Town as a whole; however, the principal payments reduce liabilities in the statement of net position and do not result in expense in the statement of activities.	(102,417)
Contributions made to the pension plan are shown as an expenditure in governmental funds and, thus have an effect on fund balance because current financial resources have been used for the Town as a whole; however, the contributions reduce net pension liability in the statement of net position and do not result in expense in the statement of activities.	1,969,628
Contributions made to the Police Officers' Retirement Plan by the State of Florida are shown as revenue on the government-wide statement of activities because the contributions reduce net pension liability in the statement of net position.	221,685
In the statement of activities, pension expense is recorded for the collective pension expense of the defined benefit plans of the Town. Also included in pension expense are amounts required to be amortized from pension-related deferred inflows and outflows.	<u>(3,597,368)</u>
Change in net position of governmental activities	<u>\$ 3,606,576</u>

The Notes to Financial Statements are an integral part of this statement.

Town of Medley, Florida
Proprietary Funds
Statement of Net Position
September 30, 2023

	Major Funds		
	Water and Wastewater Fund	Stormwater Utility Fund	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 7,390,173	\$ 2,946,861	\$ 10,337,034
Investments	3,824,242	3,393,499	7,217,741
Receivables, net	1,140,661	1,149,060	2,289,721
Due from other governments	-	771,168	771,168
Prepaid expenses	3,300	3,300	6,600
Due from other funds	<u>173,842</u>	<u>442,596</u>	<u>616,438</u>
Total current assets	<u>12,532,218</u>	<u>8,706,484</u>	<u>21,238,702</u>
Noncurrent assets			
Restricted assets			
Cash and cash equivalents	<u>712,929</u>	<u>147,565</u>	<u>860,494</u>
Total restricted assets	<u>712,929</u>	<u>147,565</u>	<u>860,494</u>
Non-restricted assets			
Capital assets, net	<u>17,403,926</u>	<u>17,926,067</u>	<u>35,329,993</u>
Total non-restricted assets	<u>17,403,926</u>	<u>17,926,067</u>	<u>35,329,993</u>
Total noncurrent assets	<u>18,116,855</u>	<u>18,073,632</u>	<u>36,190,487</u>
Total assets	<u>30,649,073</u>	<u>26,780,116</u>	<u>57,429,189</u>
Deferred Outflows			
Related to other post employment benefits	198,624	72,388	271,012
Related to pensions	<u>837,507</u>	<u>190,443</u>	<u>1,027,950</u>
Total deferred outflows	<u>1,036,131</u>	<u>262,831</u>	<u>1,298,962</u>

The Notes to Financial Statements are an integral part of this statement.

Town of Medley, Florida
Proprietary Funds
Statement of Net Position
September 30, 2023

	Major Funds		
	Water and Wastewater Fund	Stormwater Utility Fund	Total
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	\$ 1,253,611	\$ 598,236	\$ 1,851,847
Unearned revenue	443,254	-	443,254
Due to other funds	1,899,723	173,842	2,073,565
Liabilities payable from restricted assets			
Utility deposits	471,354	-	471,354
Unearned developer fees	109,521	-	109,521
Current portion of lease liabilities	4,920	-	4,920
Current portion of notes payable	132,054	147,565	279,619
Compensated absences	153,517	27,583	181,100
Total current liabilities	<u>4,467,954</u>	<u>947,226</u>	<u>5,415,180</u>
Long-term obligations			
Lease liabilities, net of current portion	23,735	-	23,735
Notes payable, net of current portion	312,713	1,554,411	1,867,124
Other post employment benefits	1,376,763	489,455	1,866,218
Net pension liability	672,456	153,177	825,633
Total long-term debt	<u>2,385,667</u>	<u>2,197,043</u>	<u>4,582,710</u>
Total liabilities	<u>6,853,621</u>	<u>3,144,269</u>	<u>9,997,890</u>
Deferred Inflows			
Related to other post employment benefits	614,359	238,401	852,760
Related to pensions	544,284	123,767	668,051
Total deferred inflows	<u>1,158,643</u>	<u>362,168</u>	<u>1,520,811</u>
Net Position			
Investment in capital assets, net of related debt	16,930,504	16,224,091	33,154,595
Unrestricted	<u>6,742,436</u>	<u>7,312,419</u>	<u>14,054,855</u>
Total net position	<u>\$ 23,672,940</u>	<u>\$ 23,536,510</u>	<u>\$ 47,209,450</u>

The Notes to Financial Statements are an integral part of this statement.

Town of Medley, Florida
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended September 30, 2023

	<u>Major Funds</u>		<u>Total</u>
	<u>Water and Wastewater Fund</u>	<u>Stormwater Utility Fund</u>	
Operating revenues			
User charges	\$ 7,432,161	\$ 2,735,005	\$ 10,167,166
Service and hook-up charges	171,906	-	171,906
Miscellaneous other	5,095	1,881	6,976
Total operating revenue	<u>7,609,162</u>	<u>2,736,886</u>	<u>10,346,048</u>
Operating expenses			
Salaries, wages and employee benefits	1,449,964	532,204	1,982,168
Contractual services, materials, and supplies	5,444,784	438,182	5,882,966
Depreciation and amortization	785,239	490,988	1,276,227
Total operating expenses	<u>7,679,987</u>	<u>1,461,374</u>	<u>9,141,361</u>
Operating income (loss)	<u>(70,825)</u>	<u>1,275,512</u>	<u>1,204,687</u>
Non-operating revenues (expenses)			
Grants	-	912,000	912,000
Interest income	323,269	224,440	547,709
Interest expense	(13,877)	(35,307)	(49,184)
Total non-operating revenues (expenses)	<u>309,392</u>	<u>1,101,133</u>	<u>1,410,525</u>
Income before other revenues and operating transfers	238,567	2,376,645	2,615,212
Other revenues			
Capital contributions	<u>400,000</u>	<u>-</u>	<u>400,000</u>
Net income	638,567	2,376,645	3,015,212
Net position			
Beginning of year	<u>23,034,373</u>	<u>21,159,865</u>	<u>44,194,238</u>
End of year	<u>\$ 23,672,940</u>	<u>\$ 23,536,510</u>	<u>\$ 47,209,450</u>

The Notes to Financial Statements are an integral part of this statement.

Town of Medley, Florida
Proprietary Funds
Statement of Cash Flows
Year Ended September 30, 2023

	Major Funds		
	Water and Wastewater Fund	Stormwater Utility Fund	Total
	Fund	Utility Fund	Total
Operating activities			
Receipts from customers and users	\$ 7,660,033	\$ 2,962,818	\$ 10,622,851
Payments to suppliers	(5,045,061)	(918,839)	(5,963,900)
Payments to employees	(1,417,292)	(640,100)	(2,057,392)
Other receipts	<u>5,095</u>	<u>1,881</u>	<u>6,976</u>
Net cash provided by operating activities	<u>1,202,775</u>	<u>1,405,760</u>	<u>2,608,535</u>
Noncapital financing activities			
Increase in current liabilities payable from restricted assets	6,140	-	6,140
Change in due from/to other funds	<u>1,096,608</u>	<u>87,418</u>	<u>1,184,026</u>
Net cash provided by noncapital financing activities	<u>1,102,748</u>	<u>87,418</u>	<u>1,190,166</u>
Capital and related financing activities			
Acquisition of capital assets	(51,722)	(2,345,157)	(2,396,879)
Proceeds from capital grants	-	150,000	150,000
Payments on lease liabilities	(486)	-	(486)
Principal reduction on notes payable	(128,611)	(144,730)	(273,341)
Interest paid on notes payable	<u>(13,877)</u>	<u>(35,307)</u>	<u>(49,184)</u>
Net cash used in capital and related financing activities	<u>(194,696)</u>	<u>(2,375,194)</u>	<u>(2,569,890)</u>
Investing activities			
Interest income received	<u>323,269</u>	<u>221,936</u>	<u>545,205</u>
Net cash provided by investing activities	<u>323,269</u>	<u>221,936</u>	<u>545,205</u>

The Notes to Financial Statements are an integral part of this statement.

Town of Medley, Florida
Proprietary Funds
Statement of Cash Flows
Year Ended September 30, 2023

	<u>Major Funds</u>		
	<u>Water and Wastewater Fund</u>	<u>Stormwater Utility Fund</u>	<u>Total</u>
Net change in cash and cash equivalents	\$ 2,434,096	\$ (660,080)	\$ 1,774,016
Cash and cash equivalents			
Beginning of year	<u>5,669,006</u>	<u>3,754,506</u>	<u>9,423,512</u>
End of year	<u>\$ 8,103,102</u>	<u>\$ 3,094,426</u>	<u>\$ 11,197,528</u>
Reported as follows in the statement of net position			
Cash and cash equivalents	\$ 7,390,173	\$ 2,946,861	\$ 10,337,034
Restricted cash and cash equivalents	<u>712,929</u>	<u>147,565</u>	<u>860,494</u>
	<u>\$ 8,103,102</u>	<u>\$ 3,094,426</u>	<u>\$ 11,197,528</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	\$ (70,825)	\$ 1,275,512	\$ 1,204,687
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation and amortization	785,239	490,988	1,276,227
Bad debt expense	64,323	-	64,323
Reinvestment of interest income	(177,265)	(134,997)	(312,262)
Changes in			
Receivables	55,966	227,813	283,779
Due from other governments	378,945	-	378,945
Prepaid expenses	(3,300)	(3,300)	(6,600)
Deferred outflows of resources	578,251	478,165	1,056,416
Accounts payable and accrued liabilities	137,020	(342,360)	(205,340)
Compensated absences	20,012	(23,007)	(2,995)
Other post employment benefits	820	329	1,149
Deferred inflows of resources	(101,945)	(176,976)	(278,921)
Net pension liability	<u>(464,466)</u>	<u>(386,407)</u>	<u>(850,873)</u>
Net cash provided by operating activities	<u>\$ 1,202,775</u>	<u>\$ 1,405,760</u>	<u>\$ 2,608,535</u>

Supplemental disclosure of noncash investing and financing activities

In the Water and Wastewater Utility Fund, the Town had \$29,141 of right-to-use lease assets obtained in exchange for new lease liabilities.

In the Water and Wastewater Utility Fund, the Town received capital contributions in the form of capital assets of \$400,000.

In the Stormwater Utility Fund, the Town had \$497,126 of purchases of capital assets in accounts payable.

The Notes to Financial Statements are an integral part of this statement.

Town of Medley, Florida
Fiduciary Funds
Statement of Fiduciary Net Position
September 30, 2023

	<u>Pension Trust Funds</u>		<u>Total</u>
	<u>General Employees' Pension Fund</u>	<u>Police Officers' Retirement Fund</u>	
Assets			
Accounts receivable	\$ 3,046	\$ -	\$ 3,046
Investments at fair value	<u>27,941,663</u>	<u>32,286,753</u>	<u>60,228,416</u>
Total assets	<u>27,944,709</u>	<u>32,286,753</u>	<u>60,231,462</u>
Liabilities			
Accounts payable	<u>45,536</u>	<u>22,736</u>	<u>68,272</u>
Total liabilities	<u>45,536</u>	<u>22,736</u>	<u>68,272</u>
Net position restricted for pension benefits	<u>\$ 27,899,173</u>	<u>\$ 32,264,017</u>	<u>\$ 60,163,190</u>

The Notes to Financial Statements are an integral part of this statement.

Town of Medley, Florida
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
Year Ended September 30, 2023

	Pension Trust Funds		
	General Employees' Pension Fund	Police Officers' Retirement Fund	Total
Additions			
Contributions			
Town	\$ 1,200,000	\$ 1,000,000	\$ 2,200,000
Plan members	-	190,124	190,124
State of Florida	-	221,685	221,685
Total contributions	<u>1,200,000</u>	<u>1,411,809</u>	<u>2,611,809</u>
Investment losses, including net unrealized losses on investments	<u>3,155,826</u>	<u>3,347,702</u>	<u>6,503,528</u>
Total additions	<u>4,355,826</u>	<u>4,759,511</u>	<u>9,115,337</u>
Deductions			
Benefit payments	1,456,720	1,776,149	3,232,869
Administrative expense	<u>46,024</u>	<u>50,234</u>	<u>96,258</u>
Total deductions	<u>1,502,744</u>	<u>1,826,383</u>	<u>3,329,127</u>
Change in fiduciary net position	2,853,082	2,933,128	5,786,210
Net position restricted for pension benefits			
Beginning of year	<u>25,046,091</u>	<u>29,330,889</u>	<u>54,376,980</u>
End of year	<u>\$ 27,899,173</u>	<u>\$ 32,264,017</u>	<u>\$ 60,163,190</u>

The Notes to Financial Statements are an integral part of this statement.

Town of Medley, Florida
Notes to Financial Statements
September 30, 2023

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Operations

The Town of Medley, Florida (the "Town") was incorporated under Chapter 165 of the Florida Statutes. The Town operates under a Council form of government and provides the following services as authorized by its charter: public safety, highways and streets, sanitation, health and social services, culture and recreation, public works, improvements, planning and zoning, and general administrative services.

The Town complies with accounting principles generally accepted in the United States of America. The Town's reporting entity applies all relevant Governmental Accounting Standards Board ("GASB") pronouncements. The accounting and reporting framework and the more significant accounting principles are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the Town's financial activities for the fiscal year ended September 30, 2023.

B. Financial Reporting Entity

The Town is a Florida municipal corporation with a five-member Town Council comprised of the Mayor and four Council persons. As required by accounting principles generally accepted in the United States of America, these financial statements present the Town (the primary government) and its component unit (an entity for which the Town is considered to be financially accountable). Blended component units, although legally separate entities, are in substance part of the Town's operations, and the Town Council is its governing body. Therefore, data from these units are combined with data of the primary government. The Town has no component units that require discrete presentation. Using the criteria established, management determined the following component unit should be blended:

Town of Medley Foundation, Inc.

The Town of Medley Foundation, Inc. (the "Foundation") was established by the Town Council who still sits as the Foundation's Board of Directors. The Foundation received a 501(c)(3) classification from the Internal Revenue Service. The Foundation receives donations from residents or businesses and uses these funds as determined by the Board of Directors. The Town provides management and accounting services to the Foundation at no charge. The Foundation does not prepare an annual budget. The Foundation is accounted for as a special revenue fund in these financial statements.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Town of Medley, Florida
Notes to Financial Statements
September 30, 2023

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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, debt service expenditures, as well as expenditures for claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

- The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *law enforcement trust fund* is a special revenue fund used to account for the resources accumulated from the sale of forfeited property and other public safety fines. All proceeds are to be used for law enforcement purposes only.
- The *building department fund* is a special revenue fund used to account for the resources accumulated from the services provided by the Town's building and permitting department.

The government reports the following major proprietary funds:

- The *water and wastewater fund* accounts for the activities of the Town's water and wastewater utility systems.
- The *stormwater utility fund* accounts for the activities of the stormwater utility system.

Town of Medley, Florida
Notes to Financial Statements
September 30, 2023

Additionally, the government reports the following fund types:

- *Special revenue funds* are used to account for the proceeds of a specific revenue source that is legally restricted to expenditures for specific purposes. The Town uses these funds to account for the activities of the Town's building department, law enforcement trust fund, and the Town of Medley Foundation, Inc.
- *Enterprise funds* are used to account for operations that are financed and operated similar to private business enterprises.
- The *pension trust funds* account for the activities of the Town's general employees' and police officers' defined benefit plans, which accumulate resources for pension benefit payments to qualified Town 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 GASB. 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 Town has elected not to follow subsequent private-sector guidance.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, 3) capital grants and contributions, including special assessments, and 4) traffic fines and forfeitures. 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 *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and wastewater fund and the stormwater utility fund are charges to customers for sales and services. The Town also recognizes as operating revenue the option of tap fees intended to recover the cost of connecting new customers to the system. 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 nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Assets, Deferred Outflows/Inflows, Liabilities, and Net Position or Equity

(1) Deposits and Investments

(a) Cash and Cash Equivalents

Florida Statutes provide for risk sharing collateral pools by banks and savings and loan associations. These pools collateralize local government deposits and certificates of deposit with the participating depositories. The Town's demand deposits and certificates of deposit are placed in such authorized depositories.

Town of Medley, Florida
Notes to Financial Statements
September 30, 2023

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned or the Town will not be able to recover collateral securities in the possession of an outside party. At September 30, 2023, the carrying amount of the Town's deposits was \$29,947,542 and the bank balances of the Town's deposits were \$28,763,828. A portion of the bank balances was covered by federal deposit insurance and the remainder was covered by pledged collateral as required by Florida Statutes. All collateral is pledged in the Town's name and is held by a third-party financial institution.

Highly liquid financial instruments with an original maturity of three months or less at the time they are purchased by the Town are considered to be cash equivalents. The Town's certificates of deposit mature in fiscal year 2024.

(b) Restricted Assets - Cash and Cash Equivalents and Investments

Proceeds from forfeiture funds are classified as restricted in the general fund since these resources are specifically earmarked for law enforcement purposes only. Additionally, funds are classified as restricted which are held for customer utility deposits, unearned developer fees, and debt service since these resources may only be used for these specific items.

(2) Town of Medley's Investment Policies

(a) Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation.

Investing is performed in accordance with investing policies prescribed by State Statutes, Town Charter, and Town Policies for nonpension investments. Funds may be invested in (1) direct obligations of the United States government, its agencies, or instrumentalities to the payment of which the full faith and credit of the government of the United States is pledged, (2) Florida local government surplus funds trust funds, and (3) collateralized or insured certificates of deposit and other evidence of deposits in financial institutions.

All of the Town's nonpension investments are certificates of deposit in regional or national financial institutions and Florida local government surplus funds and trust funds.

The Town's FLCLASS and FL SAFE pooled cash investments hold an AAAM credit rating from S&P Global Ratings. The Town's FLCLASS enhanced cash investments hold an AAAs/S1 credit rating from FitchRatings. The Town's Florida Local Government Investment Trust Day-to-Day Fund investments hold an AAAM credit rating from FitchRatings.

(b) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Town's policy provides that to the extent practical investments are to be matched to cash flow requirements. The Town manages interest rate risks by purchasing certificates of deposit.

Concentration of credit risk is the risk of loss attributed to the magnitude of the Town's investments in a single issuer.

Town of Medley, Florida
Notes to Financial Statements
September 30, 2023

(c) Foreign Currency Risk

Foreign currency risk is the risk that the change in exchange rates will adversely affect the fair value of an investment. The Town's general employees' pension fund and the police officers' retirement fund hold \$2,630,469 and \$3,060,928, respectively, in various foreign equities as of September 30, 2023. The foreign holdings account for approximately 9% and 10% of the Town's general employees' pension fund and the police officers' retirement fund investments, respectively. The pension plans have no investment policies that limit its investment choices as it relates to foreign equities.

(d) Defined Benefit Pension Trust Policy

The Town has established defined pension trust funds for the benefit of qualified Town employees. Investment policies provide for the investment managers, who have full discretion of assets allocated to them, to be subject to overall investment guidelines set out in the policies. Manager performance is reviewed by a consultant who provides reports to the governing boards. Overall investment guidelines provide for diversification and allow investment in domestic and international common stocks, fixed income securities, cash equivalents, index funds, collective trust funds, and mutual funds. The plans address custodial credit risk by providing for the engagement of custodians who accept possession of securities for safekeeping; collect and disburse income; collect principal of sold, matured, or called items; and provide a periodic accounting to the Town. The general employees' pension plan presently has allocated 28% of its investments in fixed income securities, 63% in domestic equity, and 9% in international stock. The police officers' retirement fund presently has allocated 29% of its investment in fixed income securities, 61% in domestic equity, and 10% in international equities.

For the year ended September 30, 2023, the annual money weighted rate of return on plan investments, net of investment expense, was 12.65% and 11.48% for the general employees' and police officers' plans, respectively. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The plans address credit risk and concentration of credit risk with a policy that prohibits investments of more than 5% of its assets in the securities of any one issuer with the exception of the U.S. government. The policy further prohibits investment of more than 20% in any one market sector. Fixed income securities must be rated at least A. Commercial paper must be rated A1, P1.

(e) Concentrations of Credit Risk

Investments which comprise 5% or more of the Town's total investments at September 30, 2023, are as follows:

	General Employees' Pension Plan	Police Officers' Retirement Fund	Town As A Whole
Fidelity 500 IDX Instl Prem	\$ 4,016,382	\$ 3,668,300	\$ 7,684,682
Dodge & Cox Income I DB	2,144,667	4,674,677	6,819,344
MFS Value R6	4,409,826	-	4,409,826
Stable Asset Fund II	5,551,962	4,832,510	10,384,472
JP Morgan Large Cap Growth R6	4,712,677	3,766,288	8,478,965
FLCLASS pooled cash	-	-	8,704,293
	<u>\$ 20,835,514</u>	<u>\$ 16,941,775</u>	<u>\$ 46,481,582</u>

All of the investments in the pension funds are held by the Standard Insurance Company.

Town of Medley, Florida
Notes to Financial Statements
September 30, 2023

(f) Fair Value Measurements

The Town categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

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 Town has the ability to access.
- Level 2: Inputs to the valuation methodology include:
 - 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.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the Town's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumption about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Town's own data.

The asset or liability's level within the hierarchy is based on the lowest level of 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.

The determination of what constitutes observable inputs requires judgment by Town management. Town management considers observable data to be that market data, which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market.

The categorization of an investment or liability within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to Town management's perceived risk of that investment or liability.

The following is a description of the recurring valuation methods and assumptions used by the Town to estimate the fair value of its investments. The methods described may produce fair value calculation that may not be indicative of net realizable value or reflective of future fair values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Stable Asset Fund: The investment is a fixed annuity contract invested in the Standard Insurance Company general account. Shares of the insurance company general account are valued at contract value, which represents the unit value assigned to the fund based on the fund's guaranteed interest rate and approximates fair value. The contract value is readily observable and associated fees charged for termination can be obtained resulting in a classification of Level 2 within the fair value hierarchy.

Town of Medley, Florida
Notes to Financial Statements
September 30, 2023

Pooled Separate Accounts (“PSA”): PSAs are valued at net assets value (“NAV”) of shares held by the plan at year end as reported by the fund managers. Each of the PSAs invests a wide variety of underlying investments such as equities, preferred stocks, bonds, real estate, and mutual funds. NAV is used as a practical expedient to estimate fair value. The PSAs are not required to be categorized within the fair value hierarchy.

Florida Local Government Investment Trust Day-to-Day Fund, FLCLASS Pooled Cash, FL SAFE Pooled Cash, FLCLASS Enhanced Cash: Valued at fair value. The fair value of the Town’s position in these investments is equal to the value of the pool shares.

Certificates of Deposit: Valued at amortized cost, which approximates fair value given the instruments’ duration of one year.

The following tables set forth additional disclosures for investments in which fair value is measured using the NAV per share practical expedient as of September 30, 2023, for the General Employees’ Pension Fund, the Police Officers’ Retirement Fund, and the Town as a whole:

General Employees’ Pension Fund				
Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Stable Asset Fund (a)	\$ 5,551,962	\$ -	Daily	Daily
Pooled separate accounts				
Fixed income securities (b)	2,144,667	-	Daily	Daily
Domestic equity securities (c)	17,614,565	-	Daily	Daily
International stock securities (d)	2,630,469	-	Daily	Daily
	<u>22,389,701</u>	<u>-</u>		
	<u>\$ 27,941,663</u>	<u>\$ -</u>		
Police Officers’ Retirement Fund				
Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Stable Asset Fund (a)	\$ 4,832,510	\$ -	Daily	Daily
Pooled separate accounts				
Fixed income securities (b)	4,674,677	-	Daily	Daily
Domestic equity securities (c)	19,718,638	-	Daily	Daily
International stock securities (d)	3,060,928	-	Daily	Daily
	<u>27,454,243</u>	<u>-</u>		
	<u>\$ 32,286,753</u>	<u>\$ -</u>		

Town of Medley, Florida
Notes to Financial Statements
September 30, 2023

Investment Type	Town As A Whole						
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Level 1	Level 2	Level 3
Stable Asset Fund (a)	\$ 10,384,472	\$ -	Daily	Daily	\$ -	\$ 10,384,472	\$ -
Pooled separate accounts							
Fixed income securities (b)	6,819,344	-	Daily	Daily	N/A	N/A	N/A
Domestic equity securities (c)	37,333,203	-	Daily	Daily	N/A	N/A	N/A
International stock securities (d)	5,691,397	-	Daily	Daily	N/A	N/A	N/A
	<u>49,843,944</u>	<u>-</u>					
Florida Local Government Investment							
Trust Day-to-Day Fund	1,323,102	-	Daily	Daily	-	1,323,102	-
FLCLASS pooled cash	8,704,293	-	Daily	Daily	-	8,704,293	-
FL SAFE pooled cash	517,628	-	Daily	Daily	-	517,628	-
FLCLASS enhanced cash	1,572,392	-	Daily	Daily	-	1,572,392	-
Certificates of deposit	1,694,976	-	N/A	N/A	-	1,694,976	-
	<u>13,812,391</u>	<u>-</u>			<u>-</u>	<u>13,812,391</u>	<u>-</u>
	<u>\$ 74,040,807</u>	<u>\$ -</u>			<u>\$ -</u>	<u>\$ 24,196,863</u>	<u>\$ -</u>

Reconciliation to basic financial statements. The investments as of September 30, 2023, are reported in the financial statements as follows:

Government-wide Statement of Net Position

Governmental activities	\$ 6,594,650
Business-type activities	7,217,741

Fiduciary Funds Statement of Fiduciary Net Position

General employees' pension fund	27,941,663
Police officers' retirement fund	<u>32,286,753</u>
Total investments	<u>\$ 74,040,807</u>

- (a) The fund is best suited for investors seeking competitive intermediate term returns and preservation of capital. The fund invests in a portfolio of publicly traded bonds plus small commercial mortgage loans within Standard Insurance Company's general account. The guaranteed annualized net crediting rate is declared in advance and is reset quarterly. The declared crediting rate will never be below 1%. Contract charges may reduce this return.
- (b) The investment seeks total return. The fund invests at least 80% of its net assets, plus borrowings for investment purposes, in a diversified portfolio of fixed income instruments, which may be represented by forwards or derivatives such as options, futures contracts or swap agreements. Its average duration, as calculated by the subadvisor, is normally equal to that of its benchmark, plus or minus two years. The fund may invest up to 30% of its total assets in non-U.S. dollar-denominated securities and may invest without limit in U.S. dollar-denominated securities of foreign issuers.
- (c) The investment seeks long-term capital growth through investments in stocks. The fund will normally invest at least 80% of its net assets (including any borrowings for investment purposes) in the common stocks of a diversified group of growth companies. While most assets will typically be invested in U.S. common stocks, the fund may invest in foreign stocks in keeping with the fund's objective.
- (d) The investment seeks long-term growth of capital. The funds invest primarily in common stocks of issuers that the investment advisor believes have the potential for growth.

Town of Medley, Florida
Notes to Financial Statements
September 30, 2023

(3) Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” See Note 12 for details of interfund transactions, including receivables and payables at year-end.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

(4) Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed, except for intangible right-to-use lease assets, the measurement of which is discussed in Note 1.H below. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of ordinary 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 constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

	Governmental Activities	Business-Type Activities
Land and land improvements	N/A	30-40 years
Buildings and improvements	7-40 years	10-40 years
Infrastructure	50 years	N/A
Water, wastewater, and stormwater utility systems	N/A	12-50 years
Transportation equipment	5 years	5-10 years
Machinery and equipment	5-10 years	5-10 years

(5) Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then.

Town of Medley, Florida
Notes to Financial Statements
September 30, 2023

The Town has two items that qualify for reporting as deferred outflows of resources, reported in both the government-wide statement of financial position and the proprietary funds statement of financial position. The items are the deferred outflows related to pensions and deferred outflows related to other post-employment benefits. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years. The deferred outflows related to other post-employment benefits will be recognized as either health insurance expenses or a reduction in the other post-employment benefit liability in future reporting years. Details on the composition of deferred in outflows related to pensions and other post-employment benefits are reported in a subsequent note.

(6) Unearned Revenue and Unearned Developer Fees

In the governmental funds, unearned revenue includes amounts collected before the revenue recognition criteria are met and receivables that, under the modified accrual basis of accounting, are measurable but not yet earned. Unearned revenue will be recognized as revenue in the fiscal year they are earned or become available. The governmental funds report unearned revenue related to fees received prior to September 30, 2023, that are for fiscal year 2024 local business tax receipts and other licenses and fees, and future building permit fees. The proprietary funds report unearned revenues from refundable advances and unearned developer fees. Refundable advances are related to advances of grant proceeds and customer charges. Unearned developer fees consist of amounts collected from Town property owners for the reimbursement to developers for the construction of water and wastewater and drainage systems. These amounts will be remitted to the developers.

(7) Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The amounts are deferred and recognized as an inflow of resources in the period that amounts become available. The deferred inflows related to special assessment revenues will be recognized to revenue as billed in future years. The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years. The deferred inflows related to other post-employment benefits will be recognized as a reduction to health insurance expenses in future reporting years. Details on the composition of deferred inflows related to pensions and other post-employment benefits are reported in a subsequent note.

(8) Compensated Absences

The policy of the Town is to allow vesting of employee leave benefits with the right to receive compensation under certain conditions. The liability for accrued compensated absences in the enterprise funds is accrued in those funds. The liability for employees of governmental funds is reported only as a general long-term obligation in the government-wide statement of net position and represents a reconciling item between the fund and government-wide presentations.

(9) Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Debt issuance costs are expensed when paid.

Town of Medley, Florida
Notes to Financial Statements
September 30, 2023

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

(10) Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

(11) Fund Balances – Governmental Funds

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

- Nonspendable fund balance – amounts that cannot be spent because of their nature (such as prepaid items) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the Town itself, using its highest level of decision-making authority (i.e., Town Council). To be reported as committed, amounts cannot be used for any other purpose unless the Town takes the same highest-level action to remove or change the constraint.

Town of Medley, Florida
Notes to Financial Statements
September 30, 2023

- Assigned fund balance – amounts the Town intends to use for a specific purpose. Intent can be expressed by the Town Council or by an official or body to which the Town Council delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose.

The Town Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Town Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town Council has provided otherwise in its commitment or assignment actions.

In the general fund, the Town strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 10% - 20% of the actual expenditures in accordance with U.S. generally accepted accounting principles (“GAAP”) and other financing sources and uses.

Town Ordinance C-358 requires the Town maintain during each fiscal year an unrestricted reserve fund balance equal to a minimum of 25% of total general fund expenditures. At September 30, 2023, the Town maintained an unrestricted reserve fund balance equal to 101% of general fund expenditures. The Town considers that assigned and unassigned fund equity balances makeup the total unrestricted reserve fund balance.

F. Employee Benefit Plans

(1) Employee Benefit Plans and Net Pension Assets

The Town provides separate defined benefit pension plans for general employees and for uniformed police officers, as well as a defined contribution plan created in accordance with Internal Revenue Code Section 401(a) for certain employees. The Town also offers an optional deferred compensation plan created in accordance with Internal Revenue Code Section 457. These plans are not included in the Town’s financial statements.

At September 30, 2023, the Town recorded a net pension asset related to both the General Employees’ Pension Plan and to the Police Officers’ Retirement Plan in its government-wide statement of net position in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Please refer to Note 7 for further information.

Town of Medley, Florida
Notes to Financial Statements
September 30, 2023

(2) Post-Employment Benefits Other Than Pensions (“OPEB”)

The Town provides post-employment benefit options for health care and dental insurance to eligible retirees, terminated employees, and their dependents. The benefits are provided in accordance with Town ordinances, collective bargaining agreements, and the Consolidated Omnibus Budget Reconciliation Act of 1985 (“COBRA”). The criteria to determine eligibility include years of service, employee age, disability due to line of duty, and whether the employee has vested in the respective retirement plan. The Town pays the entire premium for eligible employees and spouses and coverage expires upon Medicare eligibility.

The Town is financing the post-employment benefits on a pay-as-you-go basis. As determined by an actuarial valuation, the Town records a net OPEB obligation in its government-wide financial statements related to the benefits in accordance with GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Please refer to Note 7 for further information.

G. Stewardship, Compliance, and Accountability

Budgetary Information

The following procedures are used by the Town in legally adopting the budget for the general fund:

Legally Adopted Appropriated Budgets

- Prior to August 1, the Mayor submits to the Town Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are held to obtain taxpayer comments.
- Prior to October 1, the budget is legally enacted through the passage of an ordinance.
- The budget for the general fund is adopted on a basis consistent with GAAP.

There are no encumbrances outstanding at year end. All outstanding purchase orders are canceled, and appropriations lapse at that time. Therefore, the Town did not report any fund balances reserved for encumbrances at year-end.

The Town does not budget for the special revenue funds which account for the law enforcement trust fund, building department fund, and the Town of Medley Foundation, Inc.

The appropriated budget is prepared by fund, function, and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Town Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

Legally Authorized Nonappropriated Budgets

A legally authorized nonappropriated budget is prepared for the enterprise funds.

Town of Medley, Florida
Notes to Financial Statements
September 30, 2023

H. Leases

The Town is a lessee for a noncancellable ground lease and has several vehicle leases. The Town recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The Town recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise. The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long term debt on the statement of net position.

I. Estimates

The preparation of basic financial statements in accordance with the bases of accounting described in the previous paragraphs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets or liabilities at the date of the basic financial statements and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Town of Medley, Florida
Notes to Financial Statements
September 30, 2023

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and cash equivalents at September 30, 2023 consist of the following:

	Governmental Fund Types			Proprietary Fund Type	Total All Funds	Financial Institution Balance
	General Fund	Special Revenue Funds	Total Government Funds	Enterprise Funds		
Unrestricted						
Demand deposits	\$ 6,345,679	\$ 2,072,252	\$ 8,417,931	\$ 23,837	\$ 8,441,768	\$ 7,825,629
Money market funds	9,302,926	81,522	9,384,448	10,313,197	19,697,645	19,130,070
	<u>15,648,605</u>	<u>2,153,774</u>	<u>17,802,379</u>	<u>10,337,034</u>	<u>28,139,413</u>	<u>26,955,699</u>
Restricted						
Demand deposits	-	10,322 ³	10,322	2,836	13,158	10,322
Money market funds	-	937,313 ³	937,313	857,658 ^{1,2 & 4}	1,794,971	1,797,807
	<u>-</u>	<u>947,635</u>	<u>947,635</u>	<u>860,494</u>	<u>1,808,129</u>	<u>1,808,129</u>
Total cash and cash equivalents	<u>\$ 15,648,605</u>	<u>\$ 3,101,409</u>	<u>\$ 18,750,014</u>	<u>\$ 11,197,528</u>	<u>\$ 29,947,542</u>	<u>\$ 28,763,828</u>

¹ Restricted for customer utility deposits

² Restricted for debt service

³ Restricted for law enforcement

⁴ Restricted for unearned developer fees

Investments at September 30, 2023 consist of the following:

	Governmental Fund Type	Proprietary Fund Type	Fiduciary Fund Type		Total All Funds	Financial Institution Balance
	General Fund	Enterprise Funds	General Employees' Pension Fund	Police Officers' Retirement Fund		
Certificates of deposit						
Unrestricted	\$ 1,138,631	\$ 556,345	\$ -	\$ -	\$ 1,694,976	\$ 1,723,477
FLCLASS pooled cash						
Unrestricted	3,091,158	5,613,135	-	-	8,704,293	8,704,293
FLCLASS enhanced cash						
Unrestricted	524,131	1,048,261	-	-	1,572,392	1,572,392
FL SAFE pooled cash						
Unrestricted	517,628	-	-	-	517,628	517,628
Florida Local Government Investment Trust Day-to-Day Fund						
Unrestricted	1,323,102	-	-	-	1,323,102	1,323,102
Stable Asset Fund	-	-	5,551,962	4,832,510	10,384,472	10,384,472
Pooled separate accounts	-	-	22,389,701	27,454,243	49,843,944	49,843,944
Total investments	<u>\$ 6,594,650</u>	<u>\$ 7,217,741</u>	<u>\$ 27,941,663</u>	<u>\$ 32,286,753</u>	<u>\$ 74,040,807</u>	<u>\$ 74,069,308</u>

Town of Medley, Florida
Notes to Financial Statements
September 30, 2023

3. RECEIVABLES AND DUE FROM OTHER GOVERNMENTS

Receivables and due from other governments consist of the following at September 30, 2023:

	Governmental Funds			Enterprise Funds			Total
	General Fund	Town of Medley Foundation, Inc.	Total Government Funds	Water and Wastewater	Stormwater Utility	Total Enterprise	
Receivables							
User charges	\$ 52,054	\$ -	\$ 52,054	\$ 953,533	\$ 143,866	\$ 1,097,399	\$ 1,149,453
Special assessment	1,990,372	-	1,990,372	316,506	1,134,519	1,451,025	3,441,397
Interest	4,676	-	4,676	-	4,675	4,675	9,351
Utility taxes	180,847	-	180,847	-	-	-	180,847
Franchise fees	377,384	-	377,384	-	-	-	377,384
Host fees	173,119	-	173,119	-	-	-	173,119
Other	47,382	-	47,382	-	-	-	47,382
Total receivables	<u>2,825,834</u>	<u>-</u>	<u>2,825,834</u>	<u>1,270,039</u>	<u>1,283,060</u>	<u>2,553,099</u>	<u>5,378,933</u>
Due from other governments							
Miami-Dade County	56,270	-	56,270	-	771,168	771,168	827,438
State of Florida	245,795	-	245,795	-	-	-	245,795
Other	4,257	998	5,255	-	-	-	5,255
Total due from other governments	<u>306,322</u>	<u>998</u>	<u>307,320</u>	<u>-</u>	<u>771,168</u>	<u>771,168</u>	<u>1,078,488</u>
Allowance for doubtful accounts	(43,400)	-	(43,400)	(129,378)	(134,000)	(263,378)	(306,778)
	<u>\$ 3,088,756</u>	<u>\$ 998</u>	<u>\$ 3,089,754</u>	<u>\$ 1,140,661</u>	<u>\$ 1,920,228</u>	<u>\$ 3,060,889</u>	<u>\$ 6,150,643</u>
Bad debt expense for the year ended September 30, 2023	\$ 50	\$ -	\$ 50	\$ 64,323	\$ -	\$ 64,323	\$ 64,373

4. CAPITAL ASSETS

A. Changes in Capital Assets

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

	Balance, October 1, 2022	Additions	Dispositions	Transfers	Balance, September 30, 2023
Governmental activities					
Capital assets not being depreciated					
Land	\$ 10,569,975	\$ 2,300,000	\$ (1,559,831)	\$ -	\$ 11,310,144
Infrastructure	99,186,895	-	-	-	99,186,895
Construction in progress	7,579,059	496,841	-	-	8,075,900
Total capital assets not being depreciated	<u>117,335,929</u>	<u>2,796,841</u>	<u>(1,559,831)</u>	<u>-</u>	<u>118,572,939</u>
Capital assets being depreciated and amortized					
Buildings and improvements	16,252,627	-	-	-	16,252,627
Land improvements	2,172,026	-	-	-	2,172,026
Right-to-use lease asset-land	1,814,925	-	-	-	1,814,925
Right-to-use lease assets-vehicles	-	99,607	-	-	99,607
Infrastructure	48,168,639	-	-	-	48,168,639
Transportation equipment	2,663,517	128,663	(57,192)	-	2,734,988
Machinery and equipment	3,410,953	-	-	-	3,410,953
Total capital assets being depreciated and amortized	<u>74,482,687</u>	<u>228,270</u>	<u>(57,192)</u>	<u>-</u>	<u>74,653,765</u>
Accumulated depreciation and amortization	<u>(43,934,693)</u>	<u>(1,770,970)</u>	<u>39,490</u>	<u>-</u>	<u>(45,666,173)</u>
Capital assets being depreciated, net	<u>30,547,994</u>	<u>(1,542,700)</u>	<u>(17,702)</u>	<u>-</u>	<u>28,987,592</u>
Governmental activities – capital assets, net	<u>\$ 147,883,923</u>	<u>\$ 1,254,141</u>	<u>\$ (1,577,533)</u>	<u>\$ -</u>	<u>\$ 147,560,531</u>

Town of Medley, Florida
Notes to Financial Statements
September 30, 2023

	Balance, October 1, 2022	Additions	Dispositions	Transfers	Balance, September 30, 2023
Business-type activities					
Capital assets not being depreciated					
Land					
Water and wastewater fund	\$ 521,638	\$ -	\$ -	\$ -	\$ 521,638
	<u>521,638</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>521,638</u>
Construction in progress					
Water and wastewater fund	1,935,082	51,722	-	-	1,986,804
Stormwater utility fund	<u>2,377,722</u>	<u>2,842,282</u>	<u>-</u>	<u>-</u>	<u>5,220,004</u>
	<u>4,312,804</u>	<u>2,894,004</u>	<u>-</u>	<u>-</u>	<u>7,206,808</u>
Total capital assets not being depreciated	<u>4,834,442</u>	<u>2,894,004</u>	<u>-</u>	<u>-</u>	<u>7,728,446</u>
Water, wastewater, and stormwater utility systems					
Water and wastewater fund	29,224,099	400,000	-	-	29,624,099
Stormwater utility fund	<u>17,850,549</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,850,549</u>
	<u>47,074,648</u>	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>47,474,648</u>
Buildings and improvements					
Water and wastewater fund	837,252	-	-	-	837,252
Stormwater utility fund	<u>271,884</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>271,884</u>
	<u>1,109,136</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,109,136</u>
Transportation equipment					
Water and wastewater fund	312,173	-	-	-	312,173
Stormwater utility fund	<u>390,568</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>390,568</u>
	<u>702,741</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>702,741</u>
Right-to-use lease asset-vehicles					
Water and wastewater fund	-	29,141	-	-	29,141
	<u>-</u>	<u>29,141</u>	<u>-</u>	<u>-</u>	<u>29,141</u>
Machinery and equipment					
Water and wastewater fund	1,589,040	-	-	-	1,589,040
Stormwater utility fund	<u>903,230</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>903,230</u>
	<u>2,492,270</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,492,270</u>
Total capital assets being depreciated					
Water and wastewater fund	31,962,564	429,141	-	-	32,391,705
Stormwater utility fund	<u>19,416,231</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,416,231</u>
	<u>51,378,795</u>	<u>429,141</u>	<u>-</u>	<u>-</u>	<u>51,807,936</u>
Accumulated depreciation					
Water and wastewater fund	(16,710,982)	(785,239)	-	-	(17,496,221)
Stormwater utility fund	<u>(6,219,180)</u>	<u>(490,988)</u>	<u>-</u>	<u>-</u>	<u>(6,710,168)</u>
Total accumulated depreciation	<u>(22,930,162)</u>	<u>(1,276,227)</u>	<u>-</u>	<u>-</u>	<u>(24,206,389)</u>
Capital assets being depreciated, net	<u>28,448,633</u>	<u>(847,086)</u>	<u>-</u>	<u>-</u>	<u>27,601,547</u>
Business-type activities - capital assets, net	<u>\$ 33,283,075</u>	<u>\$ 2,046,918</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,329,993</u>

Town of Medley, Florida
Notes to Financial Statements
September 30, 2023

B. Depreciation and Amortization Expense

Depreciation and amortization expense was charged to functions of the primary government as follows:

Governmental activities

General government	\$ 1,115,964
Public safety	345,495
Physical environment	128,205
Human services	115,544
Culture and recreation	<u>65,762</u>
	<u>\$ 1,770,970</u>

Business-type activities

Water and wastewater utility	<u>\$ 785,239</u>
Stormwater utility	<u>\$ 490,988</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following at September 30, 2023:

	Governmental Funds			Enterprise Funds			Total	
	General Fund	Building Department Fund	Town of Medley Foundation, Inc.	Total Governmental	Water and Wastewater	Stormwater Utility		Total Enterprise
Payables								
Vendors	\$ 411,489	\$ 4,927	\$ 8,536	\$ 424,952	\$ 792,314	\$ 590,486	\$ 1,382,800	\$ 1,807,752
Salaries and benefits	206,521	-	-	206,521	16,909	7,750	24,659	231,180
Interest	-	-	-	-	14,000	-	14,000	14,000
DERM taxes	-	-	-	-	430,388	-	430,388	430,388
Total payables	<u>\$ 618,010</u>	<u>\$ 4,927</u>	<u>\$ 8,536</u>	<u>\$ 631,473</u>	<u>\$ 1,253,611</u>	<u>\$ 598,236</u>	<u>\$ 1,851,847</u>	<u>\$ 2,483,320</u>

6. AD VALOREM TAX REVENUES

Property values are assessed as of January 1 of each year, at which time taxes become an enforceable lien on property. Tax bills are mailed for the Town by Miami-Dade County on or about October 1 of each year and are payable with discounts of up to 4% offered for early payment. Taxes become delinquent on April 1 of the year following the year of assessment and state law provides for enforcement of collection of property taxes by seizure of the personal property or by the sale of interest-bearing tax certificates to satisfy unpaid property taxes.

Assessed values are established by the Miami-Dade County Property Appraiser. In November 1992, a Florida constitutional amendment was approved by the voters, which provides for limiting the increases in homestead property valuations for ad valorem tax purposes to a maximum of 3% annually and provides for reassessment of market values upon changes in ownership. The County bills and collects all property taxes and remits them to the Town. State statutes permit municipalities to levy property taxes at a rate of up to 10 mills (\$10 per \$1,000 of assessed taxable valuation). The tax levy of the Town is established by the Town Council and the Miami-Dade County Property Appraiser incorporates the Town's millage into the total tax levy, which includes the County and the County School Board tax requirements. The millage rate assessed by the Town for the year ended September 30, 2023, was 3.2000 mills (\$3.2000 per \$1,000 of taxable assessed valuation). The Town levied a millage rate of 3.0000 mills for fiscal year 2024.

Town of Medley, Florida
Notes to Financial Statements
September 30, 2023

7. EMPLOYEE BENEFIT PLANS

A. Single Employer Defined Benefit Plans

(1) The Town’s reporting entity participates in two single employer, defined benefit, public employee retirement systems. Assets are held separately and may be used only for the payment of the members of the respective plans as follows:

- **General Employees’ Pension Plan:** The Town of Medley’s General Employees’ Pension Plan provides retirement benefits for substantially all nonsworn police officers and elected officials of the Town. General Employees’ Pension Plan information in this note is provided as of the latest actuarial valuation, October 1, 2022.
- **Police Officers’ Retirement Plan:** The Town of Medley’s Police Officers’ Retirement Plan provides retirement benefits to sworn police officers. Police Officers’ Retirement Plan information in this note is provided as of the latest actuarial valuation, October 1, 2022.

Actuarial valuations are performed annually for the General Employees’ Pension Plan and the Police Officers’ Retirement Plan. For additional information relating to investment policy, basis of accounting, and reported investment values, see Note 1. The Town Council is responsible for establishing benefits and approving all plan amendments.

(2) Memberships of the plans are as follows as of the most recent actuarial valuation:

	<u>General Employees’ Pension Plan</u>	<u>Police Officers’ Retirement Plan</u>	<u>Total</u>
Active members	97	39	136
Retirees and beneficiaries currently receiving benefits	54	26	80
Terminated plan members entitled to but not yet receiving benefits	16	3	19
	<u>167</u>	<u>68</u>	<u>235</u>

Town of Medley, Florida
Notes to Financial Statements
September 30, 2023

(3) The following is a summary of the funding policies, contribution methods, and benefit provisions:

	<u>General Employees' Pension Plan</u>	<u>Police Officers' Retirement Plan</u>
Year established and governing authority	2003 Town Resolution	2005 Town Ordinance
Determination of contribution requirements	Actuarially	Actuarially
Employer	Actuarially determined	Actuarially determined
Plan members	Noncontributory	5% of covered payrolls
Funding of administrative costs	Investment earnings	Investment earnings
Eligibility for plan membership	All employees with the exception of police officers are eligible after reaching the age of 21 and one year of service. Elected officials are eligible to enter the plan on the first April 1 or October 1 and commencement of service in their elected positions.	Employees who are classified as full-time sworn police officers shall participate in the Police Officers' Retirement Plan as a condition of employment.
Period required to vest	5 years for general employees; immediate for elected officials; part time employees upon attainment of normal retirement eligibility requirements.	10 years
Post-retirement benefit increases	Increases must be approved by Town Council.	Increases must be approved by the Town Council.
Eligibility for distributions	30 years of credited service or age 62 for general employees hired before January 1, 2011; 35 years of credited service or age 62 for general employees hired after January 1, 2011; 8 years of credited service and age 55 for elected officials.	25 years of credited service and age 52 or 10 years of credited service and age 55.
Death benefits	Survivor benefit based on normal retirement date and vested account balance.	Survivor benefit based on normal retirement date and vested account balance.
Plan administration	Management of the plan is vested in the plan's Board of Trustees, which consists of five members. The Mayor is an ex-officio member with the other four appointed by the Mayor.	Management of the plan is vested in the Board of Trustees of the Town of Medley Police Officers' Retirement Plan.

Town of Medley, Florida
Notes to Financial Statements
September 30, 2023

(4) Net Pension Liability

The components of the net pension liability at September 30, 2023 are as follows:

	General Employees' Pension Plan	Police Officers' Retirement Plan
Total pension liability	\$ 32,205,876	\$ 35,023,165
Less: Plan fiduciary net position	<u>(27,899,173)</u>	<u>(32,264,017)</u>
Net pension liability	<u>\$ 4,306,703</u>	<u>\$ 2,759,148</u>
Plan fiduciary net position as a percentage of total pension liability	<u>86.63%</u>	<u>92.12%</u>

Town of Medley, Florida
Notes to Financial Statements
September 30, 2023

The total pension liability was determined by actuarial valuations as of October 1, 2022 and a measurement date of September 30, 2023, using the actuarial assumptions as described below and applied to all prior periods included in the measurement:

	<u>General Employees' Pension Plan</u>	<u>Police Officers' Retirement Plan</u>
Provision for		
Disability benefits	Yes	Yes
Death benefits	Yes	Yes
Valuation date	October 1, 2022	October 1, 2022
Actuarial cost method	Entry age	Entry age
Amortization method	Level percentage of pay, closed	Level percentage of pay, closed
Amortization period	20 years	30 years
Actuarial asset valuation method	Market value with an adjustment to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.	All assets are valued at market value with an adjustment to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.
Actuarial assumptions:		
Mortality rate	<p><i>Healthy Active Lives</i> Female: PubG.H-2010 for Employees. Male: PubG.H-2010 for Employees, set back one year.</p> <p><i>Healthy Retiree Lives</i> Female: PubG.H-2010 (Below Median) for Healthy Retirees. Male: PubG.H-2010 for Healthy Retirees, set back one year.</p> <p><i>Beneficiary Lives</i> Female: PubG.H-2010 for Healthy Retirees. Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.</p> <p><i>Disabled Lives</i> PubG.H-2010 for Disabled Retirees, set forward three years.</p>	<p><i>Healthy Active Lives</i> Female: PubS.H-2010 for Employees, set forward one year. Male: PubS.H-2010 for Employees, set forward one year.</p> <p><i>Healthy Retiree Lives</i> Female: PubS.H-2010 for Healthy Retirees, set forward one year. Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.</p> <p><i>Beneficiary Lives</i> Female: PubG.H-2010 (Below Median) for Healthy Retirees. Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.</p> <p><i>Disabled Lives:</i> 80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.</p>
Investment rate of return	6.50%	7.25%
Discount rate	6.50%	7.25%
Projected salary increases	Service based	Service based
Post retirement benefit increases	N/A	N/A
Inflation	2.50%	2.50%
Cost-of-living adjustments	2.50% per year	1% until age 62

Town of Medley, Florida
Notes to Financial Statements
September 30, 2023

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

<u>Asset Class</u>	<u>General Employees' Pension Plan</u>		<u>Police Officers' Retirement Plan</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	10%	1.50%	10%	1.50%
Domestic equity	60%	4.75%	60%	4.75%
International equity	10%	5.00%	10%	5.00%
Cash	20%	0.00%	20%	0.50%
	<u>100%</u>		<u>100%</u>	

The discount rate used to measure the total pension liability was 6.5% and 7.25% for the general employees' pension and police officers' retirement plans, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the 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 plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the net pension liability of the Town calculated using the aforementioned discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	<u>General Employees' Pension Plan</u>		<u>Police Officers' Retirement Plan</u>	
	<u>Discount Rate</u>	<u>Net Pension Liability</u>	<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease	5.50%	\$ 8,172,713	6.25%	\$ 6,708,233
Current discount rate	6.50%	\$ 4,306,703	7.25%	\$ 2,759,148
1% increase	7.50%	\$ 1,075,740	8.25%	\$ (555,902)

For the year ended September 30, 2023, the annual money-weighted rate of return on each pension plan investments, net of pension plan investment expense, was as follows:

	<u>General Employees' Pension Plan</u>	<u>Police Officers' Retirement Plan</u>
Annual money-weighted rate of return	12.65%	11.48%

Town of Medley, Florida
Notes to Financial Statements
September 30, 2023

(5) Reserves

There are no assets legally reserved for purposes other than the payment of plan members' benefits for either plan. See Note 1 for individual investments whose market value exceeds 5% or more of net position available for benefits. There are no long-term contracts for contributions.

(6) Change in Net Pension Liability

The schedule of changes in the net pension liability below provides an aggregate view of these plans for both the general employees' and police officers' retirement plans:

	General Employees' Pension Plan			Police Officers' Retirement Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/ (Asset)	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/ (Asset)
Balance at September 30, 2022	\$ 31,057,967	\$ 25,046,091	\$ 6,011,876	\$ 33,281,494	\$ 29,330,889	\$ 3,950,605
Changes in the year						
Service cost	713,277	-	713,277	761,657	-	761,657
Interest	2,017,787	-	2,017,787	2,403,827	-	2,403,827
Differences between actual and expected	(376,465)	-	(376,465)	349,405	-	349,405
Changes in benefits	250,030	-	250,030	-	-	-
Contributions – employer	-	1,200,000	(1,200,000)	-	1,000,000	(1,000,000)
Contributions – State	-	-	-	-	221,685	(221,685)
Contributions – employee	-	-	-	2,931	190,124	(187,193)
Net investment loss	-	3,155,826	(3,155,826)	-	3,347,702	(3,347,702)
Benefit payments	(1,456,720)	(1,456,720)	-	(1,776,149)	(1,776,149)	-
Administrative expenses	-	(46,024)	46,024	-	(50,234)	50,234
Net change	1,147,909	2,853,082	(1,705,173)	1,741,671	2,933,128	(1,191,457)
Balance at September 30, 2023	\$ 32,205,876	\$ 27,899,173	\$ 4,306,703	\$ 35,023,165	\$ 32,264,017	\$ 2,759,148

(7) Pension Expense

For the year ended September 30, 2023, the Town will recognize pension expense of \$1,905,085 and \$1,904,704 for the general employees' and police officers' pension plans, respectively.

The information below provides an aggregate view of the development of the pension expense for both the general employees' and police officers' retirement plans:

	General Employees' Pension Plan	Police Officers' Retirement Plan
Service cost incurred	\$ 713,277	\$ 761,657
Interest on total pension liability	2,017,787	2,403,827
Employee paid contribution	-	(190,124)
Plan amendment	250,030	-
Projected earnings on investments	(1,618,406)	(2,113,534)
Administrative expenses	46,024	50,234
Recognition of deferred inflows	496,373	992,644
Total pension expense	\$ 1,905,085	\$ 1,904,704

Town of Medley, Florida
Notes to Financial Statements
September 30, 2023

(8) Deferred Inflows and Outflows

On September 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	General Employees' Pension Plan		Police Officers' Retirement Plan		Total	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 937,343	\$ (452,250)	\$ 395,239	\$ (94,180)	\$ 1,332,582	\$ (546,430)
Changes in assumptions	207,427	(85,290)	468,513	(191,521)	675,940	(276,811)
Net difference between projected and actual earnings on pension plan investments	4,209,795	(2,942,313)	5,190,167	(2,789,524)	9,399,962	(5,731,837)
	<u>\$ 5,354,565</u>	<u>\$ (3,479,853)</u>	<u>\$ 6,053,919</u>	<u>\$ (3,075,225)</u>	<u>\$ 11,408,484</u>	<u>\$ (6,555,078)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows for years ending September 30:

	General Employees' Pension Plan	Police Officers' Retirement Plan
2024	\$ 381,197	\$ 753,736
2025	474,644	637,163
2026	1,257,937	1,624,576
2027	(292,590)	(95,017)
2028	26,762	58,236
Thereafter	26,762	-
	<u>\$ 1,874,712</u>	<u>\$ 2,978,694</u>

(9) Calculation of Retirement Benefits

Amount of Retirement Benefit

(a) General Employees' Pension Plan

The participant's normal retirement benefit is determined based on the participant's job classification as follows:

General Employees - Union and Non-Union

The normal retirement benefit is determined as a percentage of basic monthly earnings. The percent is based on the number of years of benefit service at calculation date. Benefit service is limited to 30 years. The applicable percent, based on the following table, is multiplied by all years of service at the time the benefit is determined.

Town of Medley, Florida
Notes to Financial Statements
September 30, 2023

<u>Hired Prior to January 1, 2011</u>		<u>Hired On or After January 1, 2011</u>	
<u>Benefit Service</u>	<u>Percent</u>	<u>Benefit Service</u>	<u>Percent</u>
0 to 10	2.00%	0 to 15	2.00%
10 to 15	2.25%	15 to 20	2.25%
15 to 30	2.75%	20 to 30	2.75%

Basic monthly earnings means the average monthly compensation paid for service performed during the five-consecutive plan year period within the most recent ten years which will produce the highest average, provided the participant received compensation in each of the consecutive whole months.

Mayor

The normal retirement benefit earned is equal to one-twelfth of \$8,500 multiplied by the number of years of credited benefit service as mayor.

Elected Council Members

The normal retirement benefit earned is equal to one-twelfth of \$3,800 multiplied by the number of years of credited benefit service as council member.

Part-Time Employees

The normal retirement benefit is determined based on age and years of service. There is no vesting until eligibility to retire is attained, and there is no pre-retirement benefit.

<u>Age</u>	<u>Years of Service</u>	<u>Monthly Benefit</u>
65	20	\$470
65	25	\$490
70	15	\$450
70	20	\$510
70	25	\$530

Benefit Limits

Council Members' and Mayor benefits are limited to 100% of basic monthly earnings, including cost of living adjustments. General employees' benefits are limited to 75% of basic monthly earnings, including cost of living adjustments.

Normal Retirement

For elected officials, normal retirement date is the later of (1) age 55 or (2) eight completed years of vesting service as an elected official. Notwithstanding the above, an elected official who retires from services on or after August 3, 2010, and who has completed at least eight years of service and attained the age of 50, shall be eligible to receive an unadjusted early retirement benefit. For general employees hired before January 1, 2011, normal retirement date is the earlier of (1) age 62 or (2) 30 completed years of vesting service. For general employees hired after January 1, 2011, normal retirement date is the earlier of (1) age 62 or (2) 35 completed years of service. For part-time employees, the normal retirement date is the earlier of (1) age 62 or (2) 35 completed years of service.

Town of Medley, Florida
Notes to Financial Statements
September 30, 2023

(b) Police Officers' Retirement Plan

Normal Retirement Date

Earlier of: (1) age 55 and 10 years of credited service, or (2) age 52 and 25 years of credited service. Benefit: 3.25% of average final compensation times credit service (maximum 81.25% for those hired on and after October 1, 2008).

Early Retirement

Eligibility: Age 50 and 10 years of credited service. Benefit: Accrued benefit reduced 3% for each year prior to normal retirement.

DROP Program

On June 5, 2017, the General Employees Retirement Plan and Police Officers' Retirement Plan adopted a Deferred Retirement Option Program ("DROP") for participants who are eligible to receive normal retirement. Eligible members may participate by applying to the Board of each plan.

Upon a member's election to participate in the DROP, that member shall cease to be a member of his or her respective plan and shall be precluded from receiving any additional benefits under their respective plan; accordingly, that member shall be considered retired. The maximum duration of DROP participation shall not exceed three years and participation shall end if the participant resigns, dies, becomes disabled or is terminated from employment for any reason prior to completion of said three years. A participant who has entered DROP shall be required to terminate employment, at the latest, upon completion of the maximum DROP participation period as specified.

A participant may participate in the DROP only once and thereafter such participant shall not again have the right to be a contributing member of the retirement system. A participant who enters DROP shall be considered retired for all purposes under the plans except that the participant may continue to work for the Town of Medley until the end of his or her DROP participation period.

Monthly retirement benefits that would have been payable had the member retired and elected to receive monthly pension payments shall be credited to the member's DROP account for the duration of his or her DROP participation. DROP participants shall not have any access to the funds in their respective DROP account until such time as they have terminated service.

DROP account assets shall not be segregated from plan assets and shall remain commingled for investment purposes but shall be accounted for separately on a bookkeeping basis only. DROP assets will earn the same return as earned by the remainder of the plan assets.

Upon termination of employment, participants in the DROP have the option of receiving the balance of their account either in a lump sum distribution or in any other form of payment selected by the participant conforming to applicable laws.

B. Money Purchase Plan

All of the Town's full-time employees, except police officers, are required to participate in a money purchase plan and trust established under Section 401(a) of the Internal Revenue Code. The Town Council has designated The Standard Insurance Company ("Standard") as administrator of the plan, to hold the trust assets and to perform all nondiscretionary functions necessary for the administration of the plan with respect to assets in the plans deposited with the trust.

Town of Medley, Florida
Notes to Financial Statements
September 30, 2023

Employees and executives are eligible to participate from the date of their employment; Council persons are eligible when they begin to serve their elected term, regardless of hire date.

As of September 30, 2023, there were 72 active participants in the money purchase plan.

Funding Provisions – Participating plan members can voluntarily contribute a percentage of their annual compensation to the plan, and the Town is required to match 7.50%, regardless of employee contributions.

Vesting Provision of Town’s Contributions – Under the provisions of the defined contribution money purchase plan, benefits attributable to the Town’s contributions vest immediately as of the entry date into the plan. Employees, executives, and Council persons are always 100% vested as to benefits attributable to their contributions to their accounts.

Under the provisions of each plan, employees, executives, and Council persons are eligible for normal retirement at the age of 55.

During the year, the Town contributed \$357,353 to the money purchase plan.

C. Deferred Compensation Plan

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen non-reimbursed emergency. The assets of the plan are held in trust by Standard and, as such, are not recorded in the financial statements.

D. Post-Employment Benefits Other Than Pension

(1) Plan Description

The Town provides single employer post-employment benefit options for health care and dental insurance to eligible retirees, terminated employees, and their dependents. The benefits are provided in accordance with Town ordinances, collective bargaining agreements, and the Consolidated Omnibus Budget Reconciliation Act of 1985 (“COBRA”). The criteria to determine eligibility include years of service, employee age, disability due to line of duty, and whether the employee has vested in the respective retirement plan. Eligible employees must retire from the Town and have 30 years of employment regardless of age, 20 years of employment and be at least 55 years old or 10 years of employment and be at least 62 years old. The Town pays the entire premium for these eligible employees and spouses and coverage expires upon Medicare eligibility.

Town of Medley, Florida
Notes to Financial Statements
September 30, 2023

At September 30, 2023, the following employees were covered by the benefit terms:

Inactive plan members, or beneficiaries currently receiving benefits	22
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	115
Covered spouses	9
	<u>146</u>

(2) Funding Policy

For the OPEB plan, contribution requirements of the Town are established and may be amended through action of the Town Council. Currently the OPEB's benefits are unfunded, and as such, the Town recorded \$724,692 in OPEB benefits. The required contributions are based on a pay-as-you-go financing requirement, and therefore, ultimate subsidies are provided over time, and financed directly by the general assets of the Town, which are invested in accordance with the Town's investment policy. The discount rate used to calculate the present values and costs of OPEB must be the long-range expected return on those investments. The Town selected a discount rate of 4.87% for this purpose.

(3) OPEB Liability

The Town's total OPEB liability of \$10,279,331 was measured as of September 30, 2023, and was determined by an actuarial valuation as of September 30, 2022.

Town of Medley, Florida
Notes to Financial Statements
September 30, 2023

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date as of September 30, 2023:

Valuation date	September 30, 2022
Actuarial cost method	Entry Age
Amortization method	Level percentage of pay, closed
Amortization period	30 years
Actuarial asset valuation method	N/A
Actuarial assumptions	
Mortality rate - General Pension Plan Employees	<p><i>Healthy Active Lives</i> Female: PubG.H-2010 for Employees. Male: PubG.H-2010 for Employees, set back one year.</p> <p><i>Healthy Retiree Lives</i> Female: PubG.H-2010 (Below Median) for Healthy Retirees. Male: PubG.H-2010 for Healthy Retirees, set back one year.</p> <p><i>Beneficiary Lives</i> Female: PubG.H-2010 for Healthy Retirees. Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.</p> <p><i>Disabled Lives</i> PubG.H-2010 for Disabled Retirees, set forward three years.</p>
Mortality rate - Police Pension Plan Employees	<p><i>Healthy Active Lives</i> Female: PubS.H-2010 for Employees, set forward one year. Male: PubS.H-2010 for Employees, set forward one year.</p> <p><i>Healthy Retiree Lives</i> Female: PubS.H-2010 for Healthy Retirees, set forward one year. Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.</p> <p><i>Beneficiary Lives</i> Female: PubG.H-2010 (Below Median) for Healthy Retirees. Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.</p> <p><i>Disabled Lives:</i> 80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.</p>
Inflation	2.50%
Rate of growth in real income	3.50% for General Pension Plan Employees. For Police Pension Plan Employees, increases vary based on age - 6.68% at age 25, 6.07% at age 30, 5.22% at age 40, and 4.62% at age 50
Discount rate	4.87%
Healthcare cost trend rate	4.00%-7.25%

Town of Medley, Florida
Notes to Financial Statements
September 30, 2023

Changes in the Total OPEB Liability

Balance at September 30, 2022	\$ 10,272,220
Changes for the year	
Service cost	441,134
Interest	492,583
Differences between expected and actual experience	(28,536)
Changes of assumptions	(173,378)
Benefit payments	<u>(724,692)</u>
Net changes	<u>7,111</u>
Balance at September 30, 2023	<u>\$ 10,279,331</u>

The discount rate used to determine the liabilities under GASB 75 depends upon the Town's funding policy. The discount rate for governments that do not prefund benefits is based on 20-year general obligation bond ("GO bond") rates.

The discount rate assumption for disclosure purposes for fiscal year 2023 is 4.87%, the 20-year GO bond index as of September 30, 2023. The rate at the beginning of the year was 4.77%, the 20-year GO bond index as of October 1, 2022.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease	3.87%	\$ 11,158,199
Current discount rate	4.87%	\$ 10,279,331
1% increase	5.87%	\$ 9,484,884

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one-percentage-point lower or one-percentage-point higher:

	<u>Healthcare Trend Rates</u>	<u>Net OPEB Liability</u>
1% decrease	3.00%-6.25%	\$ 9,211,323
Current healthcare cost trend rates	4.00%-7.25%	\$ 10,279,331
1% increase	5.00%-8.25%	\$ 11,522,031

Town of Medley, Florida
Notes to Financial Statements
September 30, 2023

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2023, the Town recognized OPEB expense of \$378,398. At September 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 672,667	\$ (25,365)
Changes in assumptions	<u>895,169</u>	<u>(4,821,618)</u>
	<u>\$ 1,567,836</u>	<u>\$ (4,846,983)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows for the years ending September 30:

2024	\$ (562,744)
2025	(562,744)
2026	(562,742)
2027	(492,652)
2028	(315,548)
Thereafter	<u>(782,717)</u>
	<u>\$ (3,279,147)</u>

8. OPERATING LEASES

As Lessor

The Town subleases mobile home sites to qualified individuals in the Town's mobile home park on a permanent basis. Tenants of the mobile home park are required to be qualified low-income individuals. In the fiscal year ended September 30, 2023, the Town received \$220,510 in lease income from these sites.

As Lessee

The Town leases approximately five acres of land from Lowell Dunn Company for the site of the police gun range on a year-to-year basis for \$10 a year.

The Town entered into a ground lease with Our Security Corporation on April 1, 1989. The land was subsequently improved for a mobile home park. The lease has an initial term of 20 years with options to renew for three successive periods of 20 years each, at fair rental value on the date of renewal and the initial term was extended to March 2029. The lease agreement provides for rental increases annually based on the Consumer Price Index U.S. ("CPI-U") City Average for All Urban Consumers (CPI-U 1982-84 = 100).

The Town's right-to-use ground lease asset consists of the following at September 30, 2023:

	<u>Gross Asset Balance</u>	<u>Accumulated Amortization</u>	<u>Net Asset Balance</u>
Ground lease	<u>\$ 1,814,925</u>	<u>\$ 1,043,582</u>	<u>\$ 771,343</u>

Town of Medley, Florida
Notes to Financial Statements
September 30, 2023

The following is a schedule of future payments under this lease (using an estimated 3% CPI-U rate increase each year):

<u>Year Ending September 30,</u>	<u>Principal/ (Accretion)</u>	<u>Interest</u>	<u>Total</u>
2024	\$ (95,916)	\$ 369,549	\$ 273,633
2025	(87,889)	375,477	287,588
2026	(78,587)	380,842	302,255
2027	(67,888)	385,558	317,670
2028	(55,658)	389,530	333,872
2029 – 2033	(30,507)	1,973,321	1,942,814
2034 – 2038	603,071	1,888,338	2,491,409
2039 – 2043	1,661,393	1,533,516	3,194,909
2044 – 2048	3,358,510	738,549	4,097,059
2049	<u>456,484</u>	<u>6,187</u>	<u>462,671</u>
	<u>\$ 5,663,013</u>	<u>\$ 8,040,867</u>	<u>\$ 13,703,880</u>

The discount rate of the lease liability is based upon the Town's estimated borrowing rate of 6.50%. Amortization expense on the right-to-use asset was \$30,249 for the year ended September 30, 2023. Variable lease expense for the year ended September 30, 2023 was \$217,186. As of September 30, 2023, the remaining life of the lease was 25.5 years.

The Town entered into a lease agreement for a fleet of vehicles on May 8, 2023. The lease has a term of 5 years, ending in August 2028. The discount rate of the lease liability is based upon the Town's estimated borrowing rate of 8.50%. As of September 30, 2023, the remaining life of the lease was 4.75 years. As of September 30, 2023, one of the vehicles being leased is used by the water and wastewater fund and therefore the related lease assets and liabilities are recorded to that fund.

The Town's right-to-use vehicle asset consists of the following at September 30, 2023:

	<u>Gross Asset Balance</u>	<u>Accumulated Amortization</u>	<u>Net Asset Balance</u>
Vehicles - governmental fund type activities	\$ 99,607	\$ 4,980	\$ 94,627
	<u>Gross Asset Balance</u>	<u>Accumulated Amortization</u>	<u>Net Asset Balance</u>
Vehicles - proprietary fund type activities	\$ 29,141	\$ 486	\$ 28,655

Town of Medley, Florida
Notes to Financial Statements
September 30, 2023

The following is a schedule of future payments under this lease recorded under governmental fund type obligations:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Year Ending September 30,</u>			
2024	\$ 17,368	\$ 7,430	\$ 24,798
2025	18,903	5,895	24,798
2026	20,574	4,224	24,798
2027	22,393	2,406	24,799
2028	<u>18,084</u>	<u>515</u>	<u>18,599</u>
	<u>\$ 97,322</u>	<u>\$ 20,470</u>	<u>\$ 117,792</u>

The following is a schedule of future payments under this lease recorded under proprietary fund type obligations:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Year Ending September 30,</u>			
2024	\$ 4,919	\$ 2,204	\$ 7,123
2025	5,354	1,770	7,124
2026	5,828	1,296	7,124
2027	6,343	781	7,124
2028	<u>6,211</u>	<u>225</u>	<u>6,436</u>
	<u>\$ 28,655</u>	<u>\$ 6,276</u>	<u>\$ 34,931</u>

9. LONG-TERM OBLIGATIONS

A. Governmental Fund Type Long-Term Obligations

Changes in governmental fund type long-term obligations for the year ended September 30, 2023 are as follows:

	<u>Balance October 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance September 30, 2023</u>	<u>Amount Due Within One Year</u>
Notes payable	\$ 9,133,100	\$ -	\$ 583,500	\$ 8,549,600	\$ 580,300
Annexation mitigation liability	-	2,362,896	-	2,362,896	463,289
Lease liabilities (Note 8)	5,560,231	202,388	2,284	5,760,335	17,368
Compensated absences	<u>1,460,304</u>	<u>1,874,320</u>	<u>1,835,569</u>	<u>1,499,055</u>	<u>1,499,055</u>
	<u>\$ 16,153,635</u>	<u>\$ 4,439,604</u>	<u>\$ 2,421,353</u>	<u>\$ 18,171,886</u>	<u>\$ 2,560,012</u>

The Town's note payable (TD Bank Capital Improvement Revenue Refunding Note, Series 2021) requires monthly principal payments ranging from \$47,600 to \$60,000 plus interest fixed at 1.72%, commencing February 1, 2022 through maturity on December 1, 2036, when a principal payment of \$105,000 and all accrued interest is due. The note is collateralized by all non-ad valorem revenues of the Town.

Town of Medley, Florida
Notes to Financial Statements
September 30, 2023

A summary of debt service (annual principal and interest) requirements to maturity for all governmental fund type outstanding notes payable obligations are as follows:

<u>Fiscal Year</u>	<u>Governmental Fund Type</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2024	\$ 580,300	\$ 141,659	\$ 721,959
2025	589,300	131,597	720,897
2026	599,300	121,365	720,665
2027	610,600	110,950	721,550
2028	621,000	100,353	721,353
2029 – 2033	3,269,700	336,295	3,605,995
2034 – 2037	<u>2,279,400</u>	<u>63,019</u>	<u>2,342,419</u>
	<u>\$ 8,549,600</u>	<u>\$ 1,005,238</u>	<u>\$ 9,554,838</u>

On April 5, 2023, the Town entered into an Interlocal Agreement with Miami-Dade County to annex tracts of land within Miami-Dade County. Under this agreement, the Town agrees to pay Miami-Dade County's remaining stormwater utility debt service payments for the property annexed by the Town. The annual payments are \$88,787 per year commencing March 1, 2024 through March 1, 2029. Additionally, the Town agrees to mitigate the lost revenue to Miami-Dade County for the property annexed by the Town. The Town shall make four annual payments to Miami-Dade County ranging from \$517,238 to \$565,231 commencing April 1, 2024.

A summary of debt service (annual principal and interest) requirements to maturity for the Town's annexation mitigation obligations are as follows:

<u>Fiscal Year</u>	<u>Governmental Fund Type</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2024	\$ 463,289	\$ 141,359	\$ 604,648
2025	517,137	102,942	620,079
2026	575,769	60,174	635,943
2027	639,611	12,666	652,277
2028	80,331	6,577	86,908
2029	<u>86,759</u>	<u>-</u>	<u>86,759</u>
	<u>\$ 2,362,896</u>	<u>\$ 323,718</u>	<u>\$ 2,686,614</u>

Compensated absences and other post-employment benefits are not included in the above tables as the maturities are indeterminable.

B. Proprietary Fund Type Long-Term Obligations

Promissory notes and other long-term obligations directly related to and intended to be paid from the proprietary funds are included in the accounts of such funds.

Town of Medley, Florida
Notes to Financial Statements
September 30, 2023

Changes in proprietary fund type long-term obligations for the year ended September 30, 2023 are as follows:

	<u>Balance October 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, September 30, 2023</u>	<u>Amount Due Within One Year</u>
Notes payable	\$ 2,420,084	\$ -	\$ 273,341	\$ 2,146,743	\$ 279,619
Lease liabilities (Note 8)	-	29,141	486	28,655	4,920
Compensated absences	<u>184,095</u>	<u>307,001</u>	<u>309,996</u>	<u>181,100</u>	<u>181,100</u>
	<u>\$ 2,604,179</u>	<u>\$ 336,142</u>	<u>\$ 583,823</u>	<u>\$ 2,356,498</u>	<u>\$ 465,639</u>

Description of proprietary fund type long-term obligations:

Revolving Fund Loan – Florida Department of Environmental Protection,

interest of 2.7% per annum (Phase 1) and 2.8% per annum (Phase 2), payable in semi-annual principal and interest payments of \$43,025 on November 15 and May 15 through May 15, 2024, collateralized by water and wastewater user charges.

\$ 84,304

Revolving Fund Loan – Florida Department of Environmental Protection,

interest of 2.05% per annum (Phase 1) and 2.54% per annum (Phase 2), payable in semi-annual principal and interest payments of \$28,218 on October 15 and April 15 through April 15, 2030, collateralized by water and wastewater user charges.

360,463

Revolving Fund Loan – Florida Department of Environmental Protection,

interest of 1.95% per annum, payable in semi-annual principal and interest payments of \$90,019 on March 15 and September 15 through March 15, 2034, collateralized by stormwater user charges.

1,701,976

\$ 2,146,743

A summary of debt service (annual principal and interest) requirements to maturity for all proprietary fund type outstanding obligations are as follows:

<u>Fiscal Year</u>	<u>Proprietary Fund Type</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2024	\$ 279,619	\$ 42,906	\$ 322,525
2025	199,404	37,069	236,473
2026	203,579	32,894	236,473
2027	207,842	28,631	236,473
2028	212,197	24,276	236,473
2029 – 2033	954,935	86,342	1,041,277
2034 – 2038	<u>89,167</u>	<u>852</u>	<u>90,019</u>
	<u>\$ 2,146,743</u>	<u>\$ 252,970</u>	<u>\$ 2,399,713</u>

Town of Medley, Florida
Notes to Financial Statements
September 30, 2023

Compensated absences and other post-employment benefits are not included in the above table as the maturities are indeterminable.

Interest costs incurred in enterprise funds during construction are capitalized, net of interest income from the proceeds of related tax-exempt debt, if any, as part of the cost of the related assets of the water and wastewater and stormwater funds. Total interest cost incurred were \$13,877 and \$35,307 in the water and wastewater and stormwater funds, respectively, for the year ended September 30, 2023. There was no capitalized interest in the water and wastewater or stormwater funds.

10. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has obtained insurance from commercial underwriters for all the aforementioned risks, including workers' compensation, for the year ended September 30, 2023.

In the event that the federal government declares a disaster for an event which causes damages in the Town, the federal government, in conjunction with the State of Florida, will reimburse the Town for eligible and approved expenses in excess of any applicable insurance reimbursements.

The Town has not paid any settlements in excess of insurance coverage for each of the past three years. Furthermore, the Town has no significant reduction in insurance coverage from the prior year.

11. COMMITMENTS AND CONTINGENCIES

A. Litigation and Other Matters

During the ordinary course of its operations, the Town is party to various claims, legal actions, and complaints. Some of these matters are covered by the Town's insurance program. Those which are not covered are handled by various law firms and professionals retained by the Town. Management does not believe that any such matters would have a material impact on the Town's financial statements.

B. Capital Asset Acquisition Commitments and Comprehensive Infrastructure Plan

The Town hired an engineer in 2013 to amend its comprehensive plan including capital improvement elements. The installation of necessary stormwater, drainage, and other infrastructure projects is an ongoing process. Town management has identified approximately 13 projects estimated to cost \$15 million in 2023 dollars over the next five years.

C. Annexation

The Town annexed additional lands from Miami-Dade County. As a result of the annexation, the Town entered into an Interlocal Agreement with Miami-Dade County to annex tracts of land within Miami-Dade County. Under this agreement, the Town agrees to pay Miami-Dade County's remaining stormwater utility debt service payments for the property annexed by the Town (Note 9).

D. Grant Expenditures

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although management expects such amounts, if any, to be immaterial.

Town of Medley, Florida
Notes to Financial Statements
September 30, 2023

12. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Accounting principles generally accepted in the United States of America require disclosure, as part of the financial statements, of certain information concerning individual funds including:

Interfund Transactions and Balances

Individual fund interfund receivable and payable balances at September 30, 2023 were:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Water and wastewater fund	\$ 1,899,723
General fund	Town of Medley Foundation, Inc.	2,641
General fund	Law enforcement trust fund	1,845
Building department fund	General fund	878,202
Stormwater utility fund	General fund	442,596
Water and wastewater fund	Stormwater utility fund	<u>173,842</u>
		<u>\$ 3,398,849</u>

Interfund balances are used as short-term financing of cash flow shortfalls and to account for allocations of expenses between funds.

13. FUND BALANCES

The Town's fund balances are as follows at September 30, 2023:

	<u>General Fund</u>	<u>Building Department Fund</u>	<u>Law Enforcement Trust Fund</u>	<u>Town of Medley Foundation, Inc.</u>	<u>Total</u>
Nonspendable					
Prepays	\$ 70,211	\$ -	\$ -	\$ -	\$ 70,211
Total nonspendable	<u>70,211</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,211</u>
Restricted					
Law enforcement	-	-	945,790	-	945,790
Total restricted	<u>-</u>	<u>-</u>	<u>945,790</u>	<u>-</u>	<u>945,790</u>
Committed					
Building department activities	-	2,024,169	-	-	2,024,169
Foundation activities	-	-	-	82,808	82,808
Total committed	<u>-</u>	<u>2,024,169</u>	<u>-</u>	<u>82,808</u>	<u>2,106,977</u>
Assigned					
Pension	2,853,081	-	-	-	2,853,081
Capital projects	4,882,435	-	-	-	4,882,435
Working capital	2,934,639	-	-	-	2,934,639
Debt service	723,761	-	-	-	723,761
Total assigned	<u>11,393,916</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,393,916</u>
Unassigned	<u>11,620,306</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,620,306</u>
Total fund balances	<u>\$ 23,084,433</u>	<u>\$ 2,024,169</u>	<u>\$ 945,790</u>	<u>\$ 82,808</u>	<u>\$ 26,137,200</u>

Town of Medley, Florida
Notes to Financial Statements
September 30, 2023

14. SPECIAL ASSESSMENT

In December 2019, the Town passed a special assessment levy of \$2,445,968 to fund capital improvements. The special assessment is to be billed every year for eight years commencing in 2021. Proceeds from the special assessment are split between the general fund and stormwater utility fund.

In September 2021, the Town passed an additional special assessment levy of \$2,794,216 to fund capital improvements. The special assessment is to be billed every year for ten years commencing in 2022. Proceeds from the special assessment are split between the general fund, water and wastewater fund, and stormwater utility fund.

At September 30, 2023, the total special assessment receivable balances were \$1,990,327, \$316,506, and \$1,134,519 in the general fund, water and wastewater fund, and stormwater utility fund, respectively.

At September 30, 2023, total accumulated capital outlay expenditures funded by the special assessment were \$350,000 and \$680,735 in the general fund and stormwater utility fund, respectively.



REQUIRED SUPPLEMENTARY INFORMATION

Town of Medley, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended September 30, 2023

	Original and Final Budget (Unaudited)	Actual	Variance (Unaudited)
Revenues			
Ad valorem taxes	\$ 9,743,936	\$ 9,909,093	\$ 165,157
Special assessment district	351,559	351,531	(28)
Utility taxes	1,650,000	1,927,077	277,077
Other general taxes	798,986	889,544	90,558
Intergovernmental	957,417	613,768	(343,649)
Permits, fees, and licenses	4,021,790	4,720,112	698,322
Fines and forfeitures	1,725,000	1,651,763	(73,237)
User charges	533,338	741,630	208,292
Miscellaneous	112,000	829,251	717,251
Total revenues	<u>19,894,026</u>	<u>21,633,769</u>	<u>1,739,743</u>
Expenditures			
Current operating			
General government	4,104,563	5,029,046	924,483
Public safety	8,767,309	9,569,901	802,592
Physical environment	1,716,922	1,493,810	(223,112)
Human services	2,068,445	1,991,775	(76,670)
Culture and recreation	1,142,217	1,138,627	(3,590)
Capital outlay	1,318,170	2,860,175	1,542,005
Debt service	776,400	735,929	(40,471)
Total expenditures	<u>19,894,026</u>	<u>22,819,263</u>	<u>2,925,237</u>
Deficiency of expenditures over revenues	<u>-</u>	<u>(1,185,494)</u>	<u>(1,185,494)</u>
Other financing sources (uses)			
Proceeds from sale of capital assets	-	5,714,565	5,714,565
Capital contributions	-	250,000	250,000
Operating transfers- in	2,000,000	-	(2,000,000)
Operating transfers - out	<u>(2,000,000)</u>	<u>-</u>	<u>2,000,000</u>
Total other financing sources (uses)	<u>-</u>	<u>5,964,565</u>	<u>5,964,565</u>
Excess of revenues over expenditures and other financing sources	-	4,779,071	4,779,071
Fund balances			
Beginning of year	<u>18,305,362</u>	<u>18,305,362</u>	<u>-</u>
End of year	<u>\$ 18,305,362</u>	<u>\$ 23,084,433</u>	<u>\$ 4,779,071</u>

See Independent Auditor's Report.

**Town of Medley, Florida
Defined Benefit Pension Trust Funds
Schedules of Funding Progress
Year Ended September 30, 2023**

Schedules of Funding Progress

Additional information will be provided annually until ten years of data is presented.

	Total Pension Liability ("TPL")	Plan Fiduciary Position ("PFP")	Net Pension Liability (Asset) ("NPL")/("NPA")	PFP as % of TPL	Covered Payroll	NPL/NPA as % of Covered Payroll
General Employees' Pension Fund						
September 30, 2023	\$ 32,205,876	\$ 27,899,173	\$ 4,306,703	86.63%	\$ 4,158,628	103.56%
September 30, 2022	31,057,967	25,046,091	6,011,876	80.64%	4,272,034	140.73%
September 30, 2021	28,807,415	30,348,164	(1,540,749)	105.35%	4,439,572	-34.70%
September 30, 2020	27,474,310	25,102,291	2,372,019	91.37%	4,131,904	57.41%
September 30, 2019	25,395,277	22,310,167	3,085,110	87.85%	3,519,216	87.66%
September 30, 2018	23,942,631	21,681,472	2,261,159	90.56%	3,194,438	70.78%
September 30, 2017	22,170,598	19,815,441	2,355,157	89.38%	3,158,747	74.56%
September 30, 2016	20,149,876	17,300,687	2,849,189	85.86%	2,845,353	100.13%
September 30, 2015	20,063,307	15,759,710	4,303,597	78.55%	2,594,629	165.87%
September 30, 2014	18,296,098	15,845,995	2,450,103	86.61%	2,118,023	115.68%

	Total Pension Liability ("TPL")	Plan Fiduciary Position ("PFP")	Net Pension Liability (Asset) ("NPL")/("NPA")	PFP as % of TPL	Covered Payroll	NPL/NPA as % of Covered Payroll
Police Officers' Retirement Fund						
September 30, 2023	\$ 35,023,165	\$ 32,264,017	\$ 2,759,148	92.12%	\$ 3,743,861	73.70%
September 30, 2022	33,281,494	29,330,889	3,950,605	88.13%	3,512,371	112.48%
September 30, 2021	31,344,812	35,646,535	(4,301,723)	113.72%	3,471,561	-123.91%
September 30, 2020	28,975,498	29,377,891	(402,393)	101.39%	3,186,602	-12.63%
September 30, 2019	28,504,354	27,929,291	575,063	97.98%	3,017,614	19.06%
September 30, 2018	27,031,597	27,381,317	(349,720)	101.29%	3,038,288	-11.51%
September 30, 2017	25,771,614	25,211,787	559,827	97.83%	3,044,367	18.39%
September 30, 2016	24,281,295	22,147,952	2,133,343	91.21%	2,956,688	72.15%
September 30, 2015	22,596,242	19,954,478	2,641,764	88.31%	2,885,418	91.56%
September 30, 2014	21,717,512	19,435,751	2,281,761	89.49%	2,881,548	79.19%

See Independent Auditor's Report.

**Town of Medley, Florida
 Defined Benefit Pension Trust Funds
 Schedules of Funding Progress
 Year Ended September 30, 2023**

	<u>Total OPEB Liability ("TOPEBL")</u>	<u>Plan Fiduciary Position ("PFP")</u>	<u>Net OPEB Liability ("NOPEBL")</u>	<u>PFP as % of TOPEBL</u>	<u>Covered Payroll</u>	<u>NOPEBL as % of Covered Payroll</u>
Other Post Employment Benefits						
September 30, 2023	\$ 10,279,331	\$ -	\$ 10,279,331	- %	\$ 7,622,387	134.86%
September 30, 2022	10,272,220	-	10,272,220	- %	7,594,479	135.26%
September 30, 2021	12,045,201	-	12,045,201	- %	7,300,980	164.98%
September 30, 2020	13,711,868	-	13,711,868	- %	7,396,769	185.38%
September 30, 2019	11,702,350	-	11,702,350	- %	7,106,129	164.68%
September 30, 2018	12,776,373	-	12,776,373	- %	5,998,463	212.99%
September 30, 2017	12,823,713	-	12,823,713	- %	5,823,750	220.20%

See Independent Auditor's Report.

**Town of Medley, Florida
 Defined Benefit Pension Trust Funds
 Schedules of Employer Contributions
 Year Ended September 30, 2023**

Schedules of Employer Contributions

Additional information will be provided annually until ten years of data is presented.

	<u>Employer Contribution</u>	<u>Annual Required Contributions ("ARC")</u>	<u>Contribution as % of ARC</u>	<u>Covered Payroll</u>	<u>Contribution as % of Covered Payroll</u>
General Employees' Pension Fund					
September 30, 2023	\$ 1,200,000	\$ 1,144,240	104.87%	\$ 4,158,628	28.86%
September 30, 2022	1,250,000	1,064,275	117.45%	4,272,034	29.26%
September 30, 2021	1,100,000	1,016,334	108.23%	4,439,572	24.78%
September 30, 2020	1,250,000	990,974	126.14%	4,131,904	30.25%
September 30, 2019	1,000,000	878,609	113.82%	3,519,216	28.42%
September 30, 2018	1,000,000	900,745	111.02%	3,194,438	31.30%
September 30, 2017	1,000,000	980,532	101.99%	3,158,747	31.66%
September 30, 2016	1,000,000	985,108	101.51%	2,845,353	35.15%
September 30, 2015	900,000	908,902	99.02%	2,594,629	34.69%
September 30, 2014	850,000	799,628	106.30%	2,118,023	40.13%

	<u>Employer Contribution</u>	<u>Annual Required Contributions ("ARC")</u>	<u>Contribution as % of ARC</u>	<u>Covered Payroll</u>	<u>Contribution as % of Covered Payroll</u>
Police Officers' Retirement Fund					
September 30, 2023	\$ 1,221,685	\$ 677,639	180.29%	\$ 3,743,861	32.63%
September 30, 2022	1,212,149	835,944	145.00%	3,512,371	34.51%
September 30, 2021	1,166,444	1,166,444	100.00%	3,471,561	33.60%
September 30, 2020	1,399,540	1,112,124	125.84%	3,186,602	43.92%
September 30, 2019	1,198,747	950,548	126.11%	3,017,614	39.72%
September 30, 2018	1,262,555	929,716	135.80%	3,038,288	41.55%
September 30, 2017	1,011,680	946,798	106.85%	3,044,367	33.23%
September 30, 2016	1,160,857	1,014,144	114.47%	2,956,688	39.26%
September 30, 2015	1,420,348	1,076,688	131.92%	2,885,418	49.23%
September 30, 2014	1,409,521	1,274,568	110.59%	2,881,548	48.92%

See Independent Auditor's Report.

**Town of Medley, Florida
 Defined Benefit Pension Trust Funds
 Schedules of Employer Contributions
 Year Ended September 30, 2023**

	<u>Employer Contribution</u>	<u>Annual Required Contributions ("ARC")</u>	<u>Contribution as % of ARC</u>	<u>Covered Payroll</u>	<u>Contribution as % of Covered Payroll</u>
Other Post Employment Benefits					
September 30, 2023	\$ 724,692	\$ 378,398	191.52%	\$ 7,622,387	9.51%
September 30, 2022	572,338	451,017	126.90%	7,594,479	7.54%
September 30, 2021	687,783	791,236	86.93%	7,300,980	9.42%
September 30, 2020	601,848	934,406	64.41%	7,396,769	8.14%
September 30, 2019	650,639	930,340	69.94%	7,106,129	9.16%
September 30, 2018	547,890	1,063,768	51.50%	5,998,463	9.13%
September 30, 2017	520,107	1,251,373	41.56%	5,823,750	8.93%

See Independent Auditor's Report.

Town of Medley, Florida
Defined Benefit Pension Trust Funds
Schedule of Change in Net Pension Liability and Related Ratios -
General Employees' Pension Fund
Year Ended September 30, 2023

	September 30,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability									
Service cost	\$ 713,277	\$ 721,987	\$ 638,309	\$ 589,840	\$ 557,035	\$ 579,607	\$ 487,726	\$ 534,369	\$ 449,137
Interest on total pension liability	2,017,787	1,900,480	1,798,230	1,687,626	1,531,213	1,509,225	1,313,621	1,254,523	1,247,292
Differences between expected and actual experience	(376,465)	746,045	(83,077)	349,349	497,745	(328,364)	331,458	(1,077,646)	816,952
Changes in assumption	-	(101,701)	-	(21,029)	305,126	-	744,029	-	-
Changes in benefits	250,030	433,762	125,261	483,483	(446,649)	925,718	-	185,340	-
Benefit payments, including refunds of employee contributions	<u>(1,456,720)</u>	<u>(1,450,021)</u>	<u>(1,145,618)</u>	<u>(1,010,236)</u>	<u>(991,824)</u>	<u>(914,153)</u>	<u>(856,112)</u>	<u>(810,015)</u>	<u>(746,172)</u>
Net change in total pension liability	1,147,909	2,250,552	1,333,105	2,079,033	1,452,646	1,772,033	2,020,722	86,571	1,767,209
Total pension liability, beginning	<u>31,057,967</u>	<u>28,807,415</u>	<u>27,474,310</u>	<u>25,395,277</u>	<u>23,942,631</u>	<u>22,170,598</u>	<u>20,149,876</u>	<u>20,063,305</u>	<u>18,296,096</u>
Total pension liability, ending (a)	<u>\$ 32,205,876</u>	<u>\$ 31,057,967</u>	<u>\$ 28,807,415</u>	<u>\$ 27,474,310</u>	<u>\$ 25,395,277</u>	<u>\$ 23,942,631</u>	<u>\$ 22,170,598</u>	<u>\$ 20,149,876</u>	<u>\$ 20,063,305</u>
Plan fiduciary net position									
Contributions - employer	\$ 1,200,000	\$ 1,250,000	\$ 1,100,000	\$ 1,250,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 900,000
Net investment income (loss)	3,155,826	(5,051,584)	5,340,073	2,596,192	650,837	1,800,515	2,379,107	1,376,386	(217,632)
Benefit payments, including refunds of employee contributions	(1,456,720)	(1,450,021)	(1,145,618)	(1,010,236)	(991,824)	(914,153)	(856,112)	(810,015)	(746,172)
Administrative expense	<u>(46,024)</u>	<u>(50,468)</u>	<u>(48,582)</u>	<u>(43,832)</u>	<u>(30,318)</u>	<u>(20,331)</u>	<u>(8,241)</u>	<u>(25,394)</u>	<u>(22,481)</u>
Net change in plan fiduciary net position	2,853,082	(5,302,073)	5,245,873	2,792,124	628,695	1,866,031	2,514,754	1,540,977	(86,285)
Plan fiduciary net position, beginning	<u>25,046,091</u>	<u>30,348,164</u>	<u>25,102,291</u>	<u>22,310,167</u>	<u>21,681,472</u>	<u>19,815,441</u>	<u>17,300,687</u>	<u>15,759,710</u>	<u>15,845,995</u>
Plan fiduciary net position, ending (b)	<u>\$ 27,899,173</u>	<u>\$ 25,046,091</u>	<u>\$ 30,348,164</u>	<u>\$ 25,102,291</u>	<u>\$ 22,310,167</u>	<u>\$ 21,681,472</u>	<u>\$ 19,815,441</u>	<u>\$ 17,300,687</u>	<u>\$ 15,759,710</u>
Net pension liability (asset), ending (a)-(b)	<u>\$ 4,306,703</u>	<u>\$ 6,011,876</u>	<u>\$ (1,540,749)</u>	<u>\$ 2,372,019</u>	<u>\$ 3,085,110</u>	<u>\$ 2,261,159</u>	<u>\$ 2,355,157</u>	<u>\$ 2,849,189</u>	<u>\$ 4,303,595</u>
Plan fiduciary net position as a percentage the total pension (asset)/liability	86.63%	80.64%	105.35%	91.37%	87.85%	90.56%	89.38%	85.86%	78.55%
Covered employee payroll	\$ 4,158,628	\$ 4,272,034	\$ 4,439,572	\$ 4,131,904	\$ 3,519,216	\$ 3,194,438	\$ 3,158,747	\$ 2,845,353	\$ 2,594,629
Net pension (asset)/liability as a percentage of covered employee payroll	103.56%	140.73%	-34.70%	57.41%	87.66%	70.78%	74.56%	100.13%	165.87%

See Independent Auditor's Report.

Town of Medley, Florida
Defined Benefit Pension Trust Funds
Schedule of Change in Net Pension Liability and Related Ratios -
General Employees' Pension Fund
Year Ended September 30, 2023

Notes to Schedule:

Additional information will be provided annually until ten years of data is presented.

Changes of benefit terms:

For measurement date September 30, 2023, Resolution C-468 amended the plan to provide for the following change: Early retirement with no penalty is being offered to any full-time employee with at least 20 years of credited service and who are age 55 or above. The special early retirement benefit is only available for full-time employees who retire within a 90-day window starting October 3, 2023.

For measurement date September 30, 2022, Resolution C-1968 amended the plan to provide for the following changes:

- 1) Early retirement with no penalty is being offered to any employee with at least 24 years of full-time service. The special early retirement benefit will only be available for eligible employees with at least 24 years of full-time service. The special early retirement benefit will only be available for eligible employees who retire within a 90-day window starting with the date the resolution is passed.
- 2) For part-time employees hired full-time between the period of 30 days before September 30, 2019 and 31 days after September 30, 2019, grant 1 month of full-time credit for every 4 months of part-time service.
- 3) Increase the benefit rates for all part-time employees retiring after the effective date by \$200 per month under all categories. Additionally, Resolution C-2004 amended the plan so that when calculating Average Monthly Compensation, the years of Compensation averaged no longer need to be consecutive.

For measurement date September 30, 2021, amounts reported as changes of benefit terms, resulted from Resolution No. C-1926. This Resolution was adopted on September 7, 2021 and changed the plan language to clarify that Employees who are enrolled and receiving short term disability benefits payable from the Employer shall receive commensurate Hours of Service pension credit for the period which the Employee received short term disability benefits from the Employer.

For measurement date September 30, 2020, the plan was amended with the following benefit changes:

- 1) Increasing the benefit rate for Members hired prior to January 1, 2011 with 15 to 30 Years of Benefit Service from 2.50% per year to 2.75% per year.
- 2) Increasing the benefit rate for Members hired between January 1, 2011 and June 30, 2014 with 20 to 30 Years of Benefit Service from 2.50% per year to 2.75% per year.
- 3) Elimination of the "Tier 3" benefit structure: Members hired after June 30, 2014 are entitled to the same benefits as Members hired between January 1, 2011 and June 30, 2014, including the enhanced benefit multiplier described in item 2 above.
- 4) Members hired on or after January 1, 2011 are eligible for Normal Retirement at the earlier of attainment of age 62 (previously 65) or completion of 35 Years of Service.

For measurement date September 30, 2019, amounts reported as changes of benefit terms were outlined in the August 6, 2019 Actuarial Impact Statement.

See Independent Auditor's Report.

Town of Medley, Florida
Defined Benefit Pension Trust Funds
Schedule of Change in Net Pension Liability and Related Ratios -
General Employees' Pension Fund
Year Ended September 30, 2023

For measurement date September 30, 2018, amounts reported as changes of benefit terms resulted from Ordinances C-1598 and C-1599, the following changes were implemented:

- 1) Increase the benefit rate for benefits accrued as the Mayor from \$5,500 to \$8,500 for all Mayor service. Applies to Mayors actively serving on and after October 1, 2017.
- 2) Increase the benefit rate for benefits accrued as a Council person from \$2,500 to \$3,800 for all Council service. Applies to Council persons actively serving on or after October 1, 2017.
- 3) Change benefits for Part Time Employees to the following structure. Benefit amounts at other combinations of age and Periods of Service are eliminated.

<u>Age</u>	<u>Periods of Service</u>	<u>Benefit</u>
65	20	\$270
65	25	\$290
70	15	\$250
70	20	\$310
70	25	\$330

Changes of assumptions:

For measurement date September 30, 2022, amounts reported as changes of assumptions resulted from an Experience Study dated May 31, 2022, the Board approved the following changes:

- 1) Salary Increases - Increased for all years of service to align with actual plan experience.
- 2) Retirement Rates - Generally reduced to reflect the fact that these employee grounds tended to delay retirement beyond first.
- 3) Withdrawal Rates - Adjusted for all employee groups to align with actual plan experience.

For measurement date September 30, 2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in the July 1, 2019 actuarial valuation for non-special-risk lives, with appropriate risk and collar adjustments made based on plan demographics.

For measurement date September 30, 2019, amounts reported as changes of assumptions resulted from the following changes:

- Elected officials are now assumed to retire at first eligibility for early retirement, rather than at first eligibility for normal retirement.
- Benefits valued for inactive participants now reflect the cost-of-living adjustment following the valuation date in order to more accurately reflect the benefits that will be paid during the majority of the fiscal year. Previously, benefits valued for these inactives were based on those in effect at the valuation date, without consideration of the COLA effective the following January.

See Independent Auditor's Report.

Town of Medley, Florida
Defined Benefit Pension Trust Funds
Schedule of Change in Net Pension Liability and Related Ratios -
General Employees' Pension Fund
Year Ended September 30, 2023

For measurement date September 30, 2017, as required by Chapter 2015-157, Laws of Florida, the assumed rates of mortality have been changed from 2008+ IRS Combined Static Table to those used in the July 1, 2016 FRS valuation report.

See Independent Auditor's Report.

**Town of Medley, Florida
 Defined Benefit Pension Trust Funds
 Schedule of Change in Net Pension Liability and Related Ratios -
 Police Officers' Retirement Fund
 Year Ended September 30, 2023**

Schedule of Change in Net Pension Liability and Related Ratios - Police Officers' Retirement Fund

Additional information will be provided annually until ten years of data is presented:

	September 30,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability									
Service cost	\$ 761,657	\$ 799,802	\$ 773,184	\$ 697,573	\$ 646,013	\$ 667,394	\$ 658,122	\$ 618,350	\$ 610,822
Interest on total pension liability	2,403,827	2,344,504	2,242,316	2,121,518	2,019,279	1,947,214	1,828,417	1,704,592	1,638,723
Differences between expected and actual experience	349,405	(141,271)	65,287	56,651	315,249	(226,019)	124,820	(362,464)	(413,419)
Changes in assumption	-	702,770	-	(574,563)	-	-	-	697,984	-
Changes in benefits	-	-	1,009,199	-	-	176,287	-	-	-
Benefit payments, including refunds of employee contributions	(1,776,149)	(1,769,123)	(1,720,672)	(1,830,035)	(1,507,784)	(1,304,893)	(1,121,040)	(973,409)	(957,396)
Net change in total pension liability	1,738,740	1,936,682	2,369,314	471,144	1,472,757	1,259,983	1,490,319	1,685,053	878,730
Total pension liability, beginning	33,281,494	31,344,812	28,975,498	28,504,354	27,031,597	25,771,614	24,281,295	22,596,242	21,717,512
Total pension liability, ending (a)	\$ 35,020,234	\$ 33,281,494	\$ 31,344,812	\$ 28,975,498	\$ 28,504,354	\$ 27,031,597	\$ 25,771,614	\$ 24,281,295	\$ 22,596,242
Plan fiduciary net position									
Contributions - employer	\$ 1,000,000	\$ 987,082	\$ 1,012,918	\$ 1,250,000	\$ 1,000,000	\$ 1,000,000	\$ 1,011,680	\$ 1,050,000	\$ 1,300,027
Contributions - state	221,685	225,067	153,526	149,540	198,747	262,555	-	110,857	120,321
Contributions - employee	190,124	176,772	173,578	159,330	150,881	151,915	152,218	147,835	141,670
Net investment income (loss)	3,347,702	(5,884,173)	6,692,899	1,764,762	754,218	2,092,303	3,045,917	1,892,371	(50,344)
Benefit payments, including refunds of employee contributions	(1,776,149)	(1,769,123)	(1,720,672)	(1,830,035)	(1,507,784)	(1,304,893)	(1,121,040)	(973,409)	(957,396)
Administrative expense	(50,234)	(51,271)	(43,605)	(44,997)	(48,088)	(32,350)	(24,940)	(34,180)	(35,551)
Net change in plan fiduciary net position	2,933,128	(6,315,646)	6,268,644	1,448,600	547,974	2,169,530	3,063,835	2,193,474	518,727
Plan fiduciary net position, beginning	29,330,889	35,646,535	29,377,891	27,929,291	27,381,317	25,211,787	22,147,952	19,954,478	19,435,751
Plan fiduciary net position, ending (b)	\$ 32,264,017	\$ 29,330,889	\$ 35,646,535	\$ 29,377,891	\$ 27,929,291	\$ 27,381,317	\$ 25,211,787	\$ 22,147,952	\$ 19,954,478
Net pension (asset)/liability, ending (a)-(b)	\$ 2,756,217	\$ 3,950,605	\$ (4,301,723)	\$ (402,393)	\$ 575,063	\$ (349,720)	\$ 559,827	\$ 2,133,343	\$ 2,641,764
Plan fiduciary net position as a percentage of the total pension (asset)/liability	92.13%	88.13%	113.72%	101.39%	97.98%	101.29%	97.83%	91.21%	88.31%
Covered employee payroll	\$ 3,743,861	\$ 3,512,371	\$ 3,471,561	\$ 3,186,602	\$ 3,017,614	\$ 3,038,288	\$ 3,044,367	\$ 2,956,688	\$ 2,885,418
Net pension (asset)/liability as a percentage of covered employee payroll	73.62%	112.48%	-123.91%	-12.63%	19.06%	-11.51%	18.39%	72.15%	91.56%

Notes to schedule:

Changes of benefit terms:

For measurement date September 30, 2021, amounts reported as changes of benefit terms, resulted from Ordinance No. C-449. This ordinance was adopted on May 3, 2021 and provided the following benefit changes:

- 1) Increase the benefit accrual rate from 3.00% to 3.25% of Average Final Compensation for each year of Credited Service. This improvement is for all years of service but only affects Members who terminate or enter DROP after May 3, 2021.
- 2) Increase the maximum benefit from 75% to 81.25% of Average Final Compensation for those Members hired on or after October 1, 2008.

See Independent Auditor's Report.

Town of Medley, Florida
Defined Benefit Pension Trust Funds
Schedule of Change in Net Pension Liability and Related Ratios -
Police Officers' Retirement Fund
Year Ended September 30, 2023

- 3) Provide a 90-day window beginning May 3, 2021 for Police Officers who attain 20 years of Credited Service to allow them to retire immediately with no Early Retirement Reduction Factor. These Members will not be allowed to participate in the DROP and their first Cost of Living Adjustment will be when they would have reached their original Normal Retirement Date.
- 4) Change the minimum age that distributions need to begin from age 70 ½ to age 72.

For measurement date September 30, 2018, amounts reported as changes of benefit terms resulted from Ordinance C-426, adopted on May 7, 2018 and provided for an Early Retirement Incentive Program.

Changes of assumptions:

For measurement date September 30, 2022, amounts reported as changes of assumptions resulted from an Experience Study dated May 31, 2022, the following changes were made:

- 1) Investment Return - Reduced from 7.50% to 7.25%, net of related expenses.
- 2) Salary Increases - Changed from an age-based table to a service-based table.
- 3) Normal Retirement - The assumption that Members eligible for Normal Retirement on the valuation date will work one more year was eliminated. Additionally, the assumption that Members who are at least age 55 with between 10 and 25 years of service will retire with a 100% probability was changed to 50% at first eligibility, and then 100% one year later.
- 4) Withdrawal Rates - Increased by 25% for Members below age 30.

For measurement date September 30, 2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in the July 1, 2019 actuarial valuation for special risk lives.

For measurement date September 30, 2016, amounts reported as changes of assumptions resulted from the following changes:

- 5) The assumed rates of mortality were changed to match those used by the FRS for special risk employees in their July 1, 2015 valuation report.
- 6) The withdrawal rates were increased 10%, based on results of the September 1, 2016 experience study.

See Independent Auditor's Report.

Town of Medley, Florida
Defined Benefit Pension Trust Funds
Schedule of Change in Total OPEB Liability and Related Ratios
Year Ended September 30, 2023

Schedule of Change in Total OPEB Liability and Related Ratios

Additional information will be provided annually until ten years of data is presented:

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability						
Service cost	\$ 441,134	\$ 686,288	\$ 765,748	\$ 571,345	\$ 599,191	\$ 650,769
Interest	492,583	302,463	315,321	428,720	571,341	480,589
Differences between expected and actual experience	(28,536)	-	599,084	-	614,878	-
Changes in assumption	(173,378)	(2,189,394)	(2,659,037)	1,611,301	(2,208,794)	(630,808)
Benefit payments	<u>(724,692)</u>	<u>(572,338)</u>	<u>(687,783)</u>	<u>(601,848)</u>	<u>(650,639)</u>	<u>(547,890)</u>
Net change in total OPEB liability	7,111	(1,772,981)	(1,666,667)	2,009,518	(1,074,023)	(47,340)
Total OPEB liability, beginning	<u>10,272,220</u>	<u>12,045,201</u>	<u>13,711,868</u>	<u>11,702,350</u>	<u>12,776,373</u>	<u>12,823,713</u>
Total OPEB liability, ending	<u>\$ 10,279,331</u>	<u>\$ 10,272,220</u>	<u>\$ 12,045,201</u>	<u>\$ 13,711,868</u>	<u>\$ 11,702,350</u>	<u>\$ 12,776,373</u>
Covered employee payroll	\$ 7,622,387	\$ 7,594,479	\$ 7,300,980	\$ 7,396,769	\$ 7,106,129	\$ 5,998,463
Total OPEB liability as a percentage of covered employee payroll	134.86%	135.26%	164.98%	185.38%	164.68%	212.99%

Notes to Schedule:

No assets are being accumulated in a trust to pay for plan benefits.

Changes of assumptions:

The following discount rates are those used for each measurement date:

FY 2023	4.87%
FY 2022	4.77%
FY 2021	2.43%
FY 2020	2.14%
FY 2019	3.58%
FY 2018	4.18%

See Independent Auditor's Report.

Town of Medley, Florida
Defined Benefit Pension Trust Funds
Schedule of Contributions - General Employees' Pension Fund
Year Ended September 30, 2023

Schedule of Contributions - General Employees' Pension Fund

Additional information will be provided annually until ten years of data is presented:

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 1,144,240	\$ 1,064,275	\$ 1,016,334	\$ 990,974	\$ 878,609	\$ 900,745	\$ 980,532	\$ 985,108	\$ 908,902
Contributions in relation to the actuarially determined contributions	<u>1,200,000</u>	<u>1,250,000</u>	<u>1,100,000</u>	<u>1,250,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>900,000</u>
Contribution deficiency (excess)	\$ (55,760)	\$ (185,725)	\$ (83,666)	\$ (259,026)	\$ (121,391)	\$ (99,255)	\$ (19,468)	\$ (14,892)	\$ 8,902
Covered employee payroll	<u>\$ 4,158,628</u>	<u>\$ 4,272,034</u>	<u>\$ 4,439,572</u>	<u>\$ 4,131,904</u>	<u>\$ 3,519,216</u>	<u>\$ 3,194,438</u>	<u>\$ 3,158,747</u>	<u>\$ 2,845,353</u>	<u>\$ 2,594,629</u>
Contributions as a percentage of covered employee payroll	<u>28.86%</u>	<u>29.26%</u>	<u>24.78%</u>	<u>30.25%</u>	<u>28.42%</u>	<u>31.30%</u>	<u>31.66%</u>	<u>35.15%</u>	<u>34.69%</u>

See Independent Auditor's Report.

Town of Medley, Florida
Defined Benefit Pension Trust Funds
Schedule of Contributions - Police Officers' Retirement Fund
Year Ended September 30, 2023

Schedule of Contributions - Police Officers' Retirement Fund

Additional information will be provided annually until ten years of data is presented:

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 677,639	\$ 835,944	\$ 1,166,444	\$ 1,112,124	\$ 950,548	\$ 929,716	\$ 946,798	\$ 1,014,144	\$ 1,076,688
Contributions in relation to the actuarially determined contributions	<u>1,221,685</u>	<u>1,212,149</u>	<u>1,166,444</u>	<u>1,399,540</u>	<u>1,198,747</u>	<u>1,262,555</u>	<u>1,011,680</u>	<u>1,160,857</u>	<u>1,420,348</u>
Contribution excess	\$ (544,046)	\$ (376,205)	\$ -	\$ (287,416)	\$ (248,199)	\$ (332,839)	\$ (64,882)	\$ (146,713)	\$ (343,660)
Covered employee payroll	\$ <u>3,743,861</u>	\$ <u>3,512,371</u>	\$ <u>3,471,561</u>	\$ <u>3,186,602</u>	\$ <u>3,017,614</u>	\$ <u>3,038,288</u>	\$ <u>3,044,367</u>	\$ <u>2,956,688</u>	\$ <u>2,885,418</u>
Contributions as a percentage of covered employee payroll	<u>32.63%</u>	<u>34.51%</u>	<u>33.60%</u>	<u>43.92%</u>	<u>39.72%</u>	<u>41.55%</u>	<u>33.23%</u>	<u>39.26%</u>	<u>49.23%</u>

See Independent Auditor's Report.

Town of Medley, Florida
Defined Benefit Pension Trust Funds
Notes to Required Supplementary Information
Year Ended September 30, 2023

Notes to Required Supplementary Information

	<u>General Employees' Pension Fund</u>	<u>Police Officers' Retirement Fund</u>	<u>Other Post-Employment Benefits</u>
Valuation date	October 1, 2022	October 1, 2022	September 30, 2022
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of pay, closed	Level percentage of pay, closed	Level percentage of pay, closed
Amortization period	20 years	30 years	30 years
Actuarial asset valuation method	Market value with an adjustment to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.	All assets are valued at market value with an adjustment to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.	N/A
Actuarial assumptions			
Investment rate of return	6.50%	7.25%	4.87%
Projected salary increases	Service based	Service based	3.50% for General Pension Plan Employees. For Police Pension Plan Employees, increases vary based on age - 6.68% at age 25, 6.07% at age 30, 5.22% at age 40, and 4.62% at age 50
Inflation	2.50%	2.50%	2.50%
Cost-of-living adjustments	2.50% per year	1% until age 62	N/A

See Independent Auditor's Report.

Town of Medley, Florida
Defined Benefit Pension Trust Funds
Schedules of Investment Returns
Year Ended September 30, 2023

Money Weighted Rate of Return - Pension Funds

Additional information will be provided annually until ten years of data is presented:

	General Employees' Pension Fund	Police Officers' Retirement Fund
September 30, 2023	12.65%	11.48%
September 30, 2022	-16.61%	-16.52%
September 30, 2021	21.19%	22.84%
September 30, 2020	11.44%	6.33%
September 30, 2019	2.98%	2.75%
September 30, 2018	9.03%	8.26%
September 30, 2017	13.73%	13.78%
September 30, 2016	8.69%	9.31%
September 30, 2015	-1.35%	-0.25%
September 30, 2014	9.44%	9.09%

See Independent Auditor's Report.



SUPPLEMENTARY FINANCIAL REPORTS COMPLIANCE SECTION

Town of Medley, Florida
Schedule of Expenditures of State Financial Assistance and Notes to Schedule of Expenditures of State Financial Assistance
Year Ended September 30, 2023

State of Florida Department of Education	Contract Number	Amounts Passed Through to Subrecipients	Current Year Expenditures
State Funds Subject to Section 215.97, Florida Statute			
State Department of Transportation; Local Transportation Projects - CSFA 55.039	G1084/445783-1-54-01	\$ -	\$ 500,000
Total State of Florida Department of Transportation		-	500,000
State Department of Environmental Protection; Statewide Water Quality Restoration Projects - CSFA 37.039	NS067/140046	-	412,500
State Department of Environmental Protection; Resilient Florida Programs - CSFA 37.098	22PLN60	-	78,500
Total State of Florida Department of Environmental Protection		-	491,000
Total expenditures of state financial assistance		\$ -	\$ 991,000

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of State Financial Assistance (the "Schedule") includes the state grant activity of the Town of Medley, Florida (the "Town") for the year ended September 30, 2023. The information in the Schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Town.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Florida Single Audit Act, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. RECEIVABLE FROM STATE OF FLORIDA DEPARTMENT OF TRANSPORTATION

The Town submits requests for reimbursement to the State of Florida Department of Transportation on a periodic basis. At September 30, 2023, the State of Florida Department of Transportation owed the Town \$350,000 for reimbursements of state financial assistance.

4. RECEIVABLE FROM STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION

The Town submits requests for reimbursement to the State of Florida Department of Environmental Protection on a periodic basis. At September 30, 2023, the State of Florida Department of Environmental Protection owed the Town \$491,000 for reimbursements of state financial assistance.

See Independent Auditor's Report.

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

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Town Council of
Town of Medley, Florida:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, as well as each fiduciary fund type, of the Town of Medley, Florida (the "Town") as of and for the year ended September 30, 2023, and the related notes to financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated October 7, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2023-001 to be a material weakness.

A *significant deficiency* is a deficiency, or 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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2023-002 through 2023-004 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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 financial statements. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2023-005.

Town's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the findings identified in our engagement and described in the accompanying schedule of findings and responses on pages 89 through 91. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC". The signature is written in a cursive, flowing style.

October 7, 2024

Town of Medley, Florida
Schedule of Findings and Responses
Year Ended September 30, 2023

MATERIAL WEAKNESSES

2023-001 Capital Assets

Criteria: Effective internal control of capital assets requires that a physical count be performed on a periodic basis to ensure that assets reported on the financial statements are accounted for.

Condition: The Town has numerous pump station sites in its boundaries that have not been dedicated nor have easement language contained in their plats to conclusively establish proper dedication in accordance with Florida Statute 177.081.

Cause: Although the Town is currently pursuing the conveyance of pump stations, the programs to convey the pump stations were not complete as of September 30, 2023.

Effect: Pump stations with estimated values totaling approximately \$2.8 million are not included in the Town's capital assets.

Recommendation: The Town should continue to vigorously pursue the conveyance of completed Town infrastructure constructed by third parties.

Views of responsible officials and planned corrective actions: Conveyance of pump stations and acquisition of right of ways are long-term programs that require a number of years to complete. The Town's attorneys are vigorously pursuing the conveyance of both pump stations and right of ways. In the past four years the Town has expended over \$6 million in acquisition costs. The utility director is now responsible for coordinating the conveyance of all non-dedicated infrastructure.

SIGNIFICANT DEFICIENCIES

2023-002 Purchasing Procedures

Criteria: Chapter 212.08(6) of the Florida Statutes specifically exempts political subdivisions, including municipalities, from paying sales tax when payment is made directly to the dealer. This exemption does not inure to any transaction when payment is made by a government employee by any means when that employee is subsequently reimbursed by the government agency. Furthermore, Ordinance C-357 defines the Town's purchasing procedures including when quotes or competitive bids are required.

Condition: During our testing of purchasing procedures, we noted several discrepancies and internal control weaknesses as follows:

1. The Town has issued a number of credit cards in the name of the Town to various employees to give them the flexibility of buying items that would otherwise be purchased by a check issued by the Town. Additionally, charges made to these credit cards are not always supported by documentary evidence of a reasonable business purpose.
2. Purchases did not always follow the procurement methodology enumerated under Section 7 of Ordinance C-357 related to obtaining quotes or competitive bids.

Cause: There is no centralized purchasing system in place. Instead, departments have the ability to make their own purchases which leads to circumvention of the Town's ordinance.

Effect: Substantial savings are not realized by the Town that would be if purchases were made more consistently in accordance with the Town's ordinance, or by using a Town check instead of credit cards. Additionally, purchases could potentially be made using the Town's credit cards that are not for reasonable business purposes of the Town.

Town of Medley, Florida
Schedule of Findings and Responses
Year Ended September 30, 2023

Recommendation: The Town should review its policies over credit card purchases and implement strict guidelines to follow its ordinance when purchases meet the requirements of obtaining quotes or competitive bids.

Views of responsible officials and planned corrective actions: The Town does not believe a centralized purchasing system is cost effective; however, the Town has recently purchased a purchase order/encumbrance software which we believe will improve the internal control over the procurement process and facilitate compliance with Ordinance C-357. In addition, Ordinance C-357 has been amended to eliminate discrepancies and more clearly state purchasing policies required to be followed. The Town has embarked on a centralized procurement process. Policy on the use of credit cards is in development and each cardholder is now required to sign a cardholder agreement.

2023-003 Building Permit Fees

Criteria: The Town charges building permit fees in accordance with its Schedule of Fees effective August 3, 2015. Additionally, Chapter 553.721 of the Florida Statutes states that the surcharge fee on building permits be charged at 1% of the permit fee.

Condition: During our review of building permits, several instances where the surcharge fee pursuant to Chapter 553.721 of the Florida Statutes was being charged at 1.5% of the total permit fee, rather than the correct charge of 1%.

Cause: There is no standardized process in place to ensure that permit fees charged to businesses are being reviewed for accuracy.

Effect: The Town could potentially over or under-charge residents and businesses in the Town for permit fees.

Recommendation: The Town should standardize its procedures for reviewing and approving the calculations used in charging permit fees.

Views of responsible officials and planned corrective actions: The Town recently embarked on upgrading its BS&A software to a cloud/online system. We believe it will improve the internal control over the fee schedule and overall efficiency of the department.

2023-004 Water Purchase Losses

Criteria: The Town purchases water from Miami-Dade Water and Sewer Department to be distributed and billed to residents and businesses of the Town.

Condition: The Town experienced an estimated unaccounted for loss rate of 21% of water purchased while management standards require such loss to be below 10%.

Cause: There is no water loss audit program or leak detection program implemented by the Town to detect and prevent water loss.

Effect: The Town could potentially experience significant financial impacts through overspending on water purchases due to excessive losses.

Recommendation: The Town should continue its efforts to find the causes of this problem and implement a system to reduce the amount of manual adjustments to the billing system for meter misreading.

Town of Medley, Florida
Schedule of Findings and Responses
Year Ended September 30, 2023

Views of responsible officials and planned corrective actions: The Town will implement a water loss audit program using an independent consultant bringing in a fresh approach and reviewing all aspects of the Town's water and sewer billing process. Also included in the audit will be a review of the performance of the water meters, whether water meters need to be replaced, meter sizes, and a leak detection program which the Town has not had in several years. It must be pointed out that all commercial water and sewer customers pay a minimum charge which mitigates lower readings; however, it is the intent of the water/sewer utility to capture all water flowing through to the customers, which may allow the Town to reduce the minimum charge.

COMPLIANCE FINDINGS
2023-005 Annual Budget

Criteria: Title XII, Section 166.241 of the Florida Statutes requires municipal governments to adopt a budget and that the adopted budget must regulate expenditures of the municipality, and an officer of a municipal government may not expend or contract for expenditures in any fiscal year except pursuant to the budget.

Condition: The Town overspent the adopted general fund budget by \$2,925,237.

Cause: Although the Town passed an operating budget for the general fund for the fiscal year ending September 30, 2023, the Town's management and Town Council did not adequately monitor Town spending during the year and amend the budget as needed.

Effect: The \$2,925,237 of expenditures that exceeded the general fund budget for the year ended September 30, 2023, could be considered invalid or void claims and, pursuant to state law, could result in personal liability for those individuals authorizing those expenditures.

Recommendation: The governing body and management of the Town should ensure that all funds of the municipality are budgeted annually and that legally adopted appropriations are in place and available prior to authorizing commitments of those funds' resources.

Views of responsible officials and planned corrective actions: The Town will implement regular budget reports to each department director. Project managers will need to pay closer attention to the consultants' work and ensure that invoices are presented in a timely manner. The Town plans on moving capital projects out of the General Fund into its own fund which allow for the prior year(s) project budgeted fund to roll forward. Using the audited numbers, the FY2022-2023 budget will be presented to the Town council for amendment. The Finance Department will coordinate with Legal and the Executive office.

**Town of Medley, Florida
 Status of Prior Year Recommendations
 Year Ended September 30, 2023**

<u>Prior Year Findings</u>	<u>Prior Year Reference Number</u>	<u>Current Year Status</u>	<u>Present in Second Preceding Year Report</u>
Capital Assets	2022-01	Partially corrected	Yes – Item 2021-001
Purchasing Procedures	2022-02	Partially corrected	Yes – Item 2021-002
Building Permit Fees	2022-03	Partially corrected	Yes – Item 2021-003
Water Purchase Losses	2022-04	Partially corrected	Yes – Item 2021-004

REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH CHAPTER 10.650, RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Town Council of
Town of Medley, Florida:

Report on Compliance for Each Major State Project

Opinion on Each Major State Project

We have audited the Town of Medley, Florida's (the "Town") 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 Town's major state projects for the year ended September 30, 2023. The Town's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Our responsibilities under those standards and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and Chapter 10.650, *Rules of the Auditor General of the State of Florida* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, Chapter 10.650, *Rules of the Auditor General of the State of Florida*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Chapter 10.650, *Rules of the Auditor General of the State of Florida*, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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 the results of that testing based on the requirements of Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC".

October 7, 2024

MANAGEMENT LETTER REQUIRED BY SECTION 10.550 OF THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

To the Honorable Mayor and Town Council of
Town of Medley, Florida:

Report on the Financial Statements

We have audited the basic financial statements of the Town of Medley, Florida (the “Town”) as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated October 7, 2024.

Auditor’s Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor’s Report on Compliance for Each Major State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant’s Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General of the State of Florida*. Disclosures in those reports, which are dated October 7, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General of the State of Florida*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted in the Status of Prior Year Recommendations found on page 92.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General of the State of Florida*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Town was formed in 1949 and incorporated under Chapter 165 of the Florida Statutes and has one component unit, the Town of Medley Foundation, Inc. (the “Foundation”). The Town was created pursuant to a special election held April 9, 1949. The Foundation was created by action of the Town Council who approved the Articles of Incorporation and By-Laws and has applied for and received a 501(c)(3) determination letter from the Internal Revenue Service. The members of the Town Council serve as the Foundation’s Board of Directors.

Financial Condition and Management

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

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

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

Additional Matters

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

Purpose of This Letter

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



October 7, 2024

REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

INDEPENDENT ACCOUNTANT'S REPORT

To the Honorable Mayor and Town Council of
Town of Medley, Florida:

We have examined the Town of Medley, Florida's (the "Town") compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2023. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2023, in all material respects. An examination involves performing procedures to obtain evidence about the Town's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Town's compliance with the specified requirements.

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

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



October 7, 2024

Town of Medley, Florida
Schedule of Findings and Questioned Costs
Year Ended September 30, 2023

SECTION I – SUMMARY OF AUDITORS’ RESULTS

1. Financial Statements

- a. Type of auditors’ report issued on the financial statements Unmodified
- b. Internal control over financial reporting
- 1) Material weakness(es) identified? X Yes No
- 2) Significant deficiencies identified not considered to be material weaknesses? X Yes None reported
- c. Noncompliance that is material to the financial statements reported? X Yes No

2. State Projects

- a. Internal control over major state projects
- 1) Material weakness(es) identified? Yes X No
- 2) Significant deficiencies identified not considered to be material weaknesses? Yes X None reported
- b. Type of auditors’ report issued on compliance for major state projects Unmodified
- c. Any audit findings that are required to be reported under Chapter 10.656, *Rules of the Auditor General of the State of Florida*? Yes X No
- d. Identification of major state project

CSFA Number

55.039
37.039

Name of Major State Project

Local Transportation Projects
Statewide Water Quality Restoration Projects

- e. Dollar threshold used to distinguish between Type A and Type B state projects \$ 300,000

SECTION II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

See Schedule of Findings and Responses on pages 89 through 91.

SECTION III - FINDINGS AND QUESTIONED COSTS RELATING TO MAJOR STATE PROJECTS

None reported.

SECTION IV - SUMMARY OF PRIOR YEAR FINDINGS RELATING TO MAJOR STATE PROJECTS

No prior year findings.

See Independent Auditor’s Report on Compliance for Each Major State Project and Report on Internal Control Over Compliance in Accordance with Chapter 10.650, *Rules of the Auditor General of the State of Florida*.