

CITY OF MIDWAY, FLORIDA
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

**CITY OF MIDWAY, FLORIDA
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

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INDEPENDENT AUDITOR’S REPORT

To the Honorable City Council,
City of Midway, Florida:

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the City of Midway (the “City”), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

Summary of Opinions:

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
General Fund	Unmodified

Qualified Opinion on the Governmental Activities

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the City as of September 30, 2024, and the change in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion on the General Fund

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the general fund of the City as of September 30, 2024, and the change in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

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

Matter Giving Rise to the Qualified Opinion on the Governmental Activities

As discussed in Note 8 to the financial statements, the City has not implemented the provisions of GASB Statement No. 75, Accounting and Financial Reporting by Employers for Postemployment Benefits Other

Than Pensions. Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses in governmental activities. The effects of this departure from accounting principles generally accepted in the United States of America on the governmental activities has not been determined because the City has not obtained an actuarial valuation.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (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.

Management has omitted the schedule of changes in the City's total OPEB liability and related ratios that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards and schedule of expenditures of state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Chapter 10.550, Rules of the Auditor General, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Moran & Smith LLP

Moran & Smith LLP
Tallahassee, Florida
April 14, 2026

**CITY OF MIDWAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Our discussion and analysis of the City of Midway's financial performance provides an overview of the City's financial activities for the year ended September 30, 2024. Please read it in conjunction with the City's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

The assets of the City as reported in the government-wide financial statements exceeded the liabilities as of September 30, 2024, by \$5,650,528 (net position). This amount represents an increase of \$3,375,488 from the prior year due to an increase in capital assets purchased under capital grants.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 9 and 10) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 11. These statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statement by providing information about the City's most financially significant funds.

Government-Wide Financial Statements

Our analysis of the City as a whole begins on page 6. The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps explain if the City as a whole is better off or worse as a result of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and change in net position. Net position, the difference between assets and liabilities, is one way to measure the City's financial health. An increase in the City's net position is an indicator that the City's financial position is improving and a decrease in the City's net position is an indicator that the City's financial position is deteriorating.

Fund Financial Statements

The analysis of the City's major funds begins on page 11. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by State or Federal law; however, the City may establish many other funds to help control and manage money for particular purposes. The City only has one governmental fund, the general fund.

Governmental Funds: The City's services are reported in one governmental fund, which focuses on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's operations and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

Notes to the 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 the financial statements can be found beginning on page 15 of this report.

**CITY OF MIDWAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Other information: In addition to the basic financial statements and accompanying notes, this report also contains additional elements that are required by Governmental Auditing Standards, The Office of Management and Budget, and the Rules of the Auditor General of the State of Florida.

FINANCIAL ANALYSIS

Government-Wide Analysis

The government-wide statements report the City's net position and how they have changed. Table A-1 presents net position to help identify differences between the City's assets and liabilities, a way to measure the City's financial health, or position. Our analysis of the Financial Statements begins below.

A summary of the City's comparative statement of net position is presented in Table A-1.

Table A-1

Condensed Statement of Net Position

	September 30, 2023	September 30, 2024	Increase (Decrease)
Current Assets	\$ 2,543,340	\$ 3,150,380	\$ 607,040
Capital Assets, Net	2,158,483	5,170,466	3,011,983
Total Assets	<u>4,701,823</u>	<u>8,320,846</u>	<u>3,619,023</u>
Deferred Outflows of Resources	<u>300,088</u>	<u>706,405</u>	<u>406,317</u>
Current Liabilities	1,933,372	2,194,183	260,811
Long-term Liabilities	956,107	1,379,006	422,899
Total Liabilities	<u>2,889,479</u>	<u>3,573,189</u>	<u>683,710</u>
Deferred Inflows of Resources	<u>(162,608)</u>	<u>(196,466)</u>	<u>(33,858)</u>
Net Position:			
Investment in Capital Assets	2,158,483	5,121,801	2,963,318
Restricted	178,396	-	(178,396)
Unrestricted	<u>(61,839)</u>	<u>528,727</u>	<u>590,566</u>
Total Net Position	<u>\$ 2,275,040</u>	<u>\$ 5,650,528</u>	<u>\$ 3,375,488</u>

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. As of September 30, 2024, the City's total assets exceeded its total liabilities by \$5,650,528, an increase of \$3,375,488 from 2023.

Unrestricted net position at September 30, 2024 and 2023, were approximately \$528,727 and \$(61,839) respectively.

**CITY OF MIDWAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

The City's net investment in capital assets was \$5,121,801 and \$2,158,483 as of September 30, 2024 and 2023, respectively.

Table A-2 illustrates the revenues and expenses that caused the change in the City's total net position.

Table A-2

Condensed Statement of Activities

	<u>September 30,</u> <u>2023</u>	<u>September 30,</u> <u>2024</u>	<u>Increase</u> <u>(Decrease)</u>
Revenues			
General Revenues			
Property Tax	\$ 1,012,091	\$ 1,171,316	\$ 159,225
Intergovernmental Revenue	928,636	942,906	14,270
Other	24,959	46,504	21,545
Program Revenues			
Charges for Services	154,641	76,090	(78,551)
Operating Grants and Contributions	594,370	898,926	304,556
Capital Grants and Contributions	<u>350,000</u>	<u>2,895,441</u>	<u>2,545,441</u>
Total Revenues	<u>3,064,697</u>	<u>6,031,183</u>	<u>2,966,486</u>
Expenses			
General Government	912,485	1,084,384	171,899
Public Safety	918,357	1,139,619	221,262
Physical Environment	374,835	289,202	(85,633)
Transportation	-	32,846	32,846
Culture and Recreation	177,928	109,644	(68,284)
Economic Development	<u>107,000</u>	<u>-</u>	<u>(107,000)</u>
Total Expenses	<u>2,490,605</u>	<u>2,655,695</u>	<u>165,090</u>
Change in Net Position	574,092	3,375,488	2,801,396
Net Position, Beginning	<u>1,700,948</u>	<u>2,275,040</u>	<u>574,092</u>
Net Position, Ending	<u>\$ 2,275,040</u>	<u>\$ 5,650,528</u>	<u>\$ 3,375,488</u>

In 2024, the City's total revenues of \$6,031,183 were an increase of \$2,966,486 when comparing to fiscal year 2023. The increase is largely attributable to capital grant activity which may not be indicative of ongoing operations.

Total expenditures for the year ended September 30, 2024, were \$2,655,695 versus \$2,490,605 in 2023, an increase of \$165,090.

**CITY OF MIDWAY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Capital Assets and Debt Administration

For the years ended September 30, 2024 and 2023, the City had \$5,170,466 and \$2,158,483 in fixed assets, respectively, net of accumulated depreciation. There was a \$3,011,983 increase to capital assets for the year ended September 30, 2024 due to the City starting several large grant related construction projects. Additional information on the City's capital assets can be found in Note 4, on page 20 of this report.

For the years ended September 30, 2024 and 2023, the City had long-term debt outstanding of \$48,665 and \$88,062, respectively. Additional information on the City's long-term debt can be found in Note 5, on page 21 of this report.

Individual Fund Analysis

Since the City only has governmental funds activities, the explanations provided above for the statement of activities regarding changes in net position also substantially explain the change in fund balance seen on the statement of revenues, expenditures, and changes in fund balance.

General Fund Budgetary Highlights

The City did not amend its budget during the current year. The City underspent the annual budget.

Economic Factors and Next Year's Budget

The City's grants are contingent upon its renewal and its ability to obtain new grants and, therefore, its revenues may vary from year to year. In setting its budget for fiscal year 2025, various factors, such as delivering at least the same level of expertise as in fiscal year 2024, and adding new programs and grants were considered.

Request for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City Manager
Post Office Box 438
Midway, Florida 32343

CITY OF MIDWAY, FLORIDA
BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

**CITY OF MIDWAY, FLORIDA
STATEMENT OF NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Governmental Activities
ASSETS	
Current Assets:	
Cash	\$ 1,222,282
Due from Other Governments	1,928,098
Total Current Assets	3,150,380
Noncurrent Assets:	
Capital Assets, Not Being Depreciated	2,212,427
Capital Assets, Being Depreciated (Net)	2,958,039
Total Noncurrent Assets	5,170,466
Total Assets	8,320,846
 Deferred Outflows of Resources	
Pension Related	706,405
 LIABILITIES	
Current Liabilities:	
Accounts Payable	1,074,724
Accrued Wages Payable	41,132
Accrued Compensated Absences, Current Portion	6,463
Notes Payable, Current Portion	3,744
CRA Funds Due to County	1,068,120
Total Current Liabilities	2,194,183
Noncurrent Liabilities:	
Accrued Compensated Absences, Long Term	19,389
Notes Payable, Long Term	44,921
Net Pension Liability	1,314,696
Total Noncurrent Liabilities	1,379,006
Total Liabilities	3,573,189
 Deferred Inflows of Resources	
Pension Related	(196,466)
 NET POSITION	
Net Investment in Capital Assets	5,121,801
Unrestricted	528,727
Total Net Position	\$ 5,650,528

See accompanying notes to basic financial statements.

**CITY OF MIDWAY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
General Government	\$ 1,080,359	\$ 55,681	\$ 879,244	\$ -	\$ (145,434)
Public Safety	1,139,619	5,768	19,682	1,056,000	(58,169)
Physical Environment	289,202	-	-	1,110,713	821,511
Transportation	32,846	-	-	700,000	667,154
Culture and Recreation	109,644	14,641	-	28,728	(66,275)
Interest on Long-term Debt	4,025	-	-	-	(4,025)
Total Primary Government	\$ 2,655,695	\$ 76,090	\$ 898,926	\$ 2,895,441	1,214,762
General Revenues					
Taxes:					
					1,171,316
					113,083
					379,711
					28,086
					71,758
					194,649
					155,619
					46,504
					<u>2,160,726</u>
					3,375,488
					<u>2,275,040</u>
					<u><u>\$ 5,650,528</u></u>

See accompanying notes to basic financial statements.

**CITY OF MIDWAY, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUND
SEPTEMBER 30, 2024**

	General Fund
Assets	
Cash	\$ 1,222,282
Due from Other Governments	1,928,098
Total Assets	3,150,380
 Liabilities	
Accounts Payable	1,074,724
Accrued Wages Payable	41,132
CRA Funds Due to County	1,068,120
Total Liabilities	2,183,976
 Fund Balance	
Unassigned	966,404
Total Fund Balance	966,404
 Total Liabilities and Fund Balance	 \$ 3,150,380

See accompanying notes to basic financial statements.

CITY OF MIDWAY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUND
SEPTEMBER 30, 2024

Total Fund Balance of Governmental Funds \$ 966,404

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. 5,170,466

Certain pension related amounts are being deferred and amortized over a period of years or are being deferred as contributions to the plan made after the measurement date:

Deferred Outflows Related to Pensions	706,405	
Deferred Inflows Related to Pensions	<u>196,466</u>	902,871

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:

Notes Payable	(48,665)	
Accrued Compensated Absences	(25,852)	
Net Pension Liability	<u>(1,314,696)</u>	<u>(1,389,213)</u>

Total Net Position of Governmental Activities \$ 5,650,528

See accompanying notes to basic financial statements.

CITY OF MIDWAY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
SEPTEMBER 30, 2024

	General Fund
Revenues	
Taxes	\$ 1,958,603
Intergovernmental Revenues	3,949,986
Charges for Services	15,475
Licenses and Permits	54,847
Fines and Forfeitures	5,768
Miscellaneous Revenues	46,504
Total Revenues	6,031,183
Expenditures	
Current:	
General Government	990,537
Public Safety	1,039,958
Physical Environment	281,323
Transportation	30,919
Culture and Recreation	105,934
Debt Service:	
Principal	39,397
Interest	4,025
Capital Outlay	3,230,132
Total Expenditures	5,722,225
Excess (Deficiency) of Revenues Over (Under) Expenditures	308,958
Net Change in Fund Balance	308,958
Fund Balance, Beginning of Year	657,446
Fund Balance, End of Year	\$ 966,404

See accompanying notes to basic financial statements.

**CITY OF MIDWAY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
SEPTEMBER 30, 2024**

Net Change in Fund Balance - Total Governmental Funds \$ 308,958

**Amounts reported for governmental activities in the
Statement of Activities are different because:**

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:

Expenditures for Capital Assets	3,230,132	
Less: Current Year Depreciation	<u>(218,149)</u>	3,011,983

Repayment of long-term debt principal is reported as an expenditure in the governmental funds, but as a reduction of long-term liabilities in the statement of net position. 39,397

Certain pension related amounts are being deferred and amortized over a period of years or are being deferred as contributions to the pension plans made after the measurement date:

Change in Net Pension Liability	(429,481)	
Change in Deferred Inflows Related to Pensions	33,858	
Change in Deferred Outflows Related to Pensions	<u>406,317</u>	10,694

Some expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Change in Accrued Compensated Absences		<u>4,456</u>
--	--	--------------

Change in Net Position of Governmental Activities \$ 3,375,488

See accompanying notes to basic financial statements.

CITY OF MIDWAY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

CITY OF MIDWAY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The City of Midway, Florida (the “City”) is a municipal corporation created under a special act of the Florida Legislature in 1986 by House Bill 1430, Chapter 86-471, Laws of Florida. It is governed by a five-member council. The accompanying financial statements present the government only since there are no component units for which the government is considered to be financially accountable.

Description of Government-Wide and Fund Financial Statements

Government-Wide Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position (statement of activities)) report information on all of the activities of the City. Governments typically report activities as either governmental activities, which normally are supported by taxes and intergovernmental revenues, or business-type activities, which rely to a significant extent on fees and charges for support. The City reports only governmental activities as it has no business-type activities.

Fund Financial Statements

The fund financial statements provide information about the government’s funds.

Basis of Presentation of Government-Wide and Fund Financial Statements

Government-Wide Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental fund.

Fund Financial Statements

The fund financial statements provide information about the government’s funds.

The City reports the following major governmental fund:

- General Fund – this is the City’s primary operating fund. It accounts for all financial resources of the general government.

Measurement Focus and Basis of Accounting

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

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

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in government funds.

CITY OF MIDWAY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Note 1 - Summary of Significant Accounting Policies (continued)

The government fund financial statements use 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 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 property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grants, other intergovernmental revenues, charges for services, licenses and permits, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures are recorded when obligations are incurred, except for expenditures related to claims and judgments, which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund.

The appropriated budget is prepared by function and department. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget.

Accounting Estimates

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

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

CITY OF MIDWAY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Note 1 - Summary of Significant Accounting Policies (continued)

Deposits and Investments

Cash and cash equivalents include cash on hand, amounts in demand deposit accounts and highly liquid investments (including restricted assets) with maturity of three months or less when purchased. As of September 30, 2024, the City's cash consists of balances held at a single financial institution. The City had no cash equivalent balances as of September 30, 2024.

State statutes authorize the government to invest in direct obligations of the U.S. Treasury, Local Government Surplus Funds, Trust Funds, SEC registered money market funds with the highest credit quality rating, and savings and CD accounts in state certified public depositories.

Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are recorded as capital outlay expenditures in the governmental activities column in the government-wide financial statements, at the time goods are received and a liability is incurred. For reporting purposes, 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 one year. For financial reporting purposes, infrastructure assets are defined by the government as assets with an initial, individual cost of more than \$15,000, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. These assets are then capitalized at cost in the statement of net position. Fixed assets are depreciated using the straight-line method over five to thirty-nine years based on the asset classification, and the remaining lease period for leasehold improvements. The depreciation expense is recorded in the statement of activities.

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	15-39
Infrastructure	15
Office Equipment	7
Vehicles	5-10
Computer Equipment	5

Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Unearned Revenues

Unearned revenues will be recognized as revenue in the fiscal year they are earned. Unearned revenue presented on the government-wide and governmental fund statements represents advance collection of funds for services to be provided in future reporting periods, consisting primarily of amounts received before eligibility requirements are met.

Net Position Flow Assumption

Sometimes the City 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 financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

CITY OF MIDWAY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Note 1 - Summary of Significant Accounting Policies (continued)

Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as committed. The City Council may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

General Revenues

Amounts reported as program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and grants and contributions (including special assessments) that are restricted to meeting the operation or capital requirements of a particular function or segment. All taxes, including those dedicated for special purposes, and other internally dedicated resources, are reported as general revenues rather than as program revenues.

Deferred Inflows/Outflows of Resources

Deferred inflows of resources reported on applicable governmental fund types represent revenues which are measurable but not available in accordance with the modified accrual basis of accounting. The deferred inflows will be recognized as revenue in the fiscal year they are earned or become available. Deferred outflows of resources represent consumption of net position that is applicable to a future reporting period. Deferred outflows have a positive effect on net position, similar to assets.

CITY OF MIDWAY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Note 1 - Summary of Significant Accounting Policies (continued)

Pension Related—Pension Related Deferred Inflows and Outflows represent the difference between

expected and actual experience with regard to economic or demographic factors and changes to assumptions in the measurement of total pension liability, and the differences between expected and actual earnings on pension plan investments, and changes in the City’s proportionate share of pension contributions. These amounts are reported as deferred inflows or outflows of resources, to be recognized in expense over time. Also included in deferred outflows are amounts contributed to the pension plans subsequent to the measurement date. See Note 7 for more information on Pension Related Deferred Inflows and Outflows.

Unavailable Revenues—Unavailable revenues are revenues which are measurable, but not available because they have not been received within the City’s period of availability. These revenues are deferred and recorded as deferred outflows of resources in governmental funds financial statements.

Compensated Absences

The City’s policy is to permit permanent, full-time employees to accumulate earned and unused vacation pay benefits in varying amounts depending on tenure with the City. Employees are entitled to a maximum of 240 hours of accrued vacation pay upon termination. Vacation pay is accrued when incurred in the government-wide financial statements. Amounts of accumulated vacation pay that are not expected to be liquidated with expendable available financial resources are maintained separately and represents a reconciling item between the fund and government-wide presentations.

Property Taxes

Property taxes are billed and collected for the government by the Gadsden County Tax Collector according to Florida Statutes under the following calendar:

Lien Date:	January 1
Levy Date:	October 1
Due Date:	November 1
Delinquency Date:	April 1, of the following year

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

Note 2 - Cash and Cash Equivalents

Deposits

Custodial credit risks-deposits- In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned. As of September 30, 2024, the City’s bank balance was \$1,288,090. The bank balance was covered by Federal depository insurance or by collateral held by the City’s custodial bank which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the Florida Security for Public Deposits Act Chapter 280, Florida Statutes.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral.

CITY OF MIDWAY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Note 3 – Receivables

At September 30, 2024, the City’s receivables consisted of \$1,928,098 due from other governments. This balance represents \$1,869,041 of federal and state grant receivables and \$59,057 of state shared revenues receivable. The City believes this balance is fully collectible and accordingly there is no allowance for doubtful accounts.

Note 4 – Capital Assets

Capital asset activity for the year ended September 30, 2024 was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 69,860	\$ -	\$ -	\$ 69,860
Construction in Progress	63,900	2,078,667	-	2,142,567
Total Capital Assets, Not Being Depreciated	<u>133,760</u>	<u>2,078,667</u>	<u>-</u>	<u>2,212,427</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	2,711,124	20,087	-	2,731,211
Roads	1,359,408	-	-	1,359,408
Equipment, Furniture, Fixtures, and Vehicles	2,009,313	1,131,378	-	3,140,691
Total Capital Assets, Being Depreciated	<u>6,079,845</u>	<u>1,151,465</u>	<u>-</u>	<u>7,231,310</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(1,705,045)	(91,598)	-	(1,796,643)
Roads	(1,346,546)	(947)	-	(1,347,493)
Equipment, Furniture, Fixtures, and Vehicles	(1,003,531)	(125,604)	-	(1,129,135)
Total Accumulated Depreciation	<u>(4,055,122)</u>	<u>(218,149)</u>	<u>-</u>	<u>(4,273,271)</u>
Total Capital Assets, Being Depreciated, Net	<u>2,024,723</u>	<u>933,316</u>	<u>-</u>	<u>2,958,039</u>
Governmental Activities, Capital Assets, Net	<u>\$ 2,158,483</u>	<u>\$ 3,011,983</u>	<u>\$ -</u>	<u>\$ 5,170,466</u>

Depreciation expense was charged to functions/programs as follows:

General Government	\$ 104,972
Public Safety	99,661
Physical Environment	7,879
Transportation	1,927
Culture and Recreation	3,710
Total	<u>\$ 218,149</u>

CITY OF MIDWAY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Note 5 - Long-term Liabilities

Note Payable – State Revolving Loan

The City obtained a State Revolving Loan (SRL) at 1.095% interest with the State of Florida. Semiannual payments of \$2,405, on May 15, and November 15, to begin November 15, 2016, collateralized by general revenues. The loan will be repaid in 40 semiannual loan payments. The City received a notice that a portion of the loan has been forgiven as a grant. As of September 30, 2024, the City is making principal and interest payments. The balance as of September 30, 2024 was \$48,665.

Note Payable – Equipment Lease Purchase – Ford Police Interceptor Utility Vehicles (2)

During the year ended September 30, 2022, the City financed the purchase of two Ford Police Interceptor Utility Vehicles. The lease-purchase agreement is with Ford Motor Credit Company LLC with an interest rate of 5.99% and annual payments of \$38,912 through February 2024. As of September 30, 2024, the loan was paid off in full.

Below is a summary of general long-term debt:

	Balance 10/1/2023	Additions	(Deductions)	Balance 9/30/2024
Governmental Activities				
Note Payable - State Revolving Loan	\$ 52,349	\$ -	\$ (3,684)	\$ 48,665
Equipment Loan - Ford Police Interceptors (2)	35,713	-	(35,713)	-
Accrued Compensated Absences	30,308	7,900	(12,356)	25,852
Net Pension Liability	885,215	429,481	-	1,314,696
Total General Long-term Debt	<u>\$ 1,003,585</u>	<u>\$ 437,381</u>	<u>\$ (51,753)</u>	<u>\$ 1,389,213</u>

As of September 30, 2024, the current portion of long-term debt is \$10,207, which includes 25% of accrued compensated absences.

Future maturities of notes payable are as follows:

Year Ending September 30,	Principal	Interest
2025	\$ 3,744	\$ 1,066
2026	3,826	984
2027	3,910	900
2028	3,996	814
2029	4,083	727
2030 - 2034	21,797	2,253
2035 - 2036	7,309	189
Total	<u>\$ 48,665</u>	<u>\$ 6,933</u>

Note 6 – Contingencies

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

CITY OF MIDWAY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Note 7 – Employee Retirement Plan

Defined Benefit Plans

Plan Description

The City participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability and death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida, 32315-9000 or by calling (844) 377-1888.

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multi-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retirees' Health Insurance Subsidy (HIS) Program is a cost-sharing, multi-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided

Benefits under FRS are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

CITY OF MIDWAY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Note 7 – Employee Retirement Plan (continued)

Contributions

The contribution requirements of plan members and the City are established and may be amended by the Florida Legislature. Employees are required to contribute 3% of their salary to FRS. The City’s contribution rates for the year ended September 30, 2024 were as follows:

	Year Ended June 30, 2024		Year Ended June 30, 2025	
	FRS	HIS	FRS	HIS
Regular Class	11.51%	1.66%	13.63%	1.66%
Elected City Officers	56.62%	1.66%	58.68%	1.66%
Senior Management	32.46%	1.66%	34.52%	1.66%
Special Risk Employee Class	24.17%	1.66%	24.72%	1.66%
DROP Plan Participants	19.13%	1.66%	21.13%	1.66%

- (1) Contribution rates are dependent upon retirement class in which reemployed.
- (2) The rates include the normal cost and unfunded actuarial liability contributions, but do not include the fee of 0.06% for administration of the FRS Investment Plan and provision of education tools

The City’s contributions for the year ended September 30, 2024, were \$153,908 to FRS and \$14,858 to HIS.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2024, the City reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2024, and the total pension liabilities used to calculate the net pension liability were determined by actuarial valuation date July 1, 2024. The City’s proportions of the net pension liabilities were based on the City’s share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net Pension Liability at June 30, 2024	\$ 1,051,432	\$ 263,264
Proportion at:		
Current Measurement Date	0.00271795%	0.00175498%
Prior Measurement Date	0.00167794%	0.00136392%
Pension Expense (Benefit)	\$ 215,404	\$ 21,664

CITY OF MIDWAY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Note 7 – Employee Retirement Plan (continued)

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 106,223	\$ -
Changes of assumptions	144,108	-
Net difference between projected and actual earnings on Pension Plan Investments	-	(69,884)
Changes in proportion and differences between employer contributions and proportionate share of contributions	324,865	(82,122)
Employer contributions subsequent to the measurement date	38,127	-
Total	\$ 613,323	\$(152,006)

	HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,542	\$ (506)
Changes of assumptions	4,659	(31,167)
Net difference between projected and actual earnings on Pension Plan Investments	-	(95)
Changes in proportion and differences between employer contributions and proportionate share of contributions	82,251	(12,692)
Employer contributions subsequent to the measurement date	3,630	-
Total	\$ 93,082	\$ (44,460)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer’s fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2025. Other pension related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Measurement period ending June 30,	FRS	HIS
2025	\$ 36,378	\$ 10,449
2026	228,118	7,946
2027	71,529	8,559
2028	58,889	8,098
2029	28,278	7,606
Thereafter	-	2,336
Total	\$ 423,192	\$ 44,994

CITY OF MIDWAY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Note 7 – Employee Retirement Plan (continued)

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2024, was determined by an actuarial valuation dated July 1, 2024, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary Increase	3.50% Average, Including Inflation	3.50%
Discount Rate	6.70%	3.93%
Long-term Expected Rate of Return, Net of Investment Income	6.70%	N/A
Municipal Bond	N/A	3.95%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions used in the valuation date June 30, 2024 were based on the results of an actuarial experience study for the period July 1, 2018, through June 30, 2023.

The following changes in key actuarial assumptions occurred in 2024:

- FRS: The long-term expected rate of return remained at 6.70% and the active member mortality assumption was updated.
- HIS: The municipal rate used to determine total pension liability was increased from 3.65% to 3.93%.
- The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. For FRS, the table below summarizes the target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class.

Asset Class	Target Allocation	Annual Arithmetic Return	Geometric Return	Standard Deviation
Cash	1.0%	3.3%	3.3%	1.1%
Fixed income	29.0%	5.7%	5.6%	3.9%
Global equity	45.0%	8.6%	7.0%	18.2%
Real estate (property)	12.0%	8.1%	6.8%	16.6%
Private equity	11.0%	12.4%	8.8%	28.4%
Strategic investments	2.0%	6.6%	6.2%	8.7%
	100%			
Assumed Inflation- Mean			2.4%	1.5%

CITY OF MIDWAY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Note 7 – Employee Retirement Plan (continued)

Discount Rate

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

Because HIS is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.95% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the City’s proportionate share of the net pension liability if the discount rate was 1% higher or 1% lower than the current discount rate.

	FRS		
	1% Decrease	Current Discount Rate	1% Increase
Employer's proportionate share of the net pension liability	\$1,849,433	\$1,051,432	\$382,938

	HIS		
	1% Decrease	Current Discount Rate	1% Increase
Employer's proportionate share of the net pension liability	\$299,692	\$263,264	\$233,022

Pension Plans’ Fiduciary Net Position

Detailed information about the pension plans’ fiduciary net position is available in the State’s separately issued financial reports.

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan (FRS Investment Plan), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class.

CITY OF MIDWAY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Note 8 – Other Postemployment Benefits

The City provides other postemployment benefits (OPEB) to its employees by providing retirement healthcare benefits through an implicit rate subsidy. The City has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by employers for Postemployment Benefits other than Pensions*. Statement No. 45 establishes Standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities, note disclosures, and required supplementary information.

Note 9 – Fund Balance

In accordance with GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions, the City classifies governmental fund balances as follows:

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form (such as prepaid expenses) or the amounts are required to be maintained intact due to legal or contractual requirements.
- Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that have constraints placed on their use through the passage of a formal action by the City Council, which is the City’s highest level of decision-making authority. The City Council has the authority to set aside funds for specific purposes and requires the passage of a resolution or ordinance. Resolutions and ordinances are considered an equally binding form of the City’s highest level of formal action. A resolution or ordinance would also be required to modify or rescind the specific use or amount.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes but do not meet the criteria to be classified as restricted or committed.
- Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts nonspendable, restricted, committed, or assigned for those specific purposes.

The City spends restricted amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made. The City has not adopted a formal fund balance policy.

CITY OF MIDWAY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Note 10 – CRA Funds Due to County

As of September 30, 2024, the City has cumulatively received \$1,068,120 from the County’s portion of incremental tax for their CRA fund. During the year ended September 30, 2022, the City decided to dissolve the CRA fund. As of September 30, 2024, these funds had not yet been returned to the County and are therefore a liability. This balance is presented as “CRA Funds Due to County” in the Statement of Net Position and the Governmental Fund Balance Sheet.

Note 11 - Subsequent Events

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued or are available to be issued. Subsequent events should be disclosed in the financial statements if exclusion of such disclosure would cause the financial statements to be misleading. Management has evaluated subsequent events through April 14, 2026, the date the financial statements were available to be issued.

Subsequent to year end, the City wrote a check to Gadsden County for the full amount of CRA funds received (\$1,068,120).

CITY OF MIDWAY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2024

CITY OF MIDWAY, FLORIDA
FLORIDA RETIREMENT SYSTEM PENSION PLAN
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SEPTEMBER 30, 2024

	September 30, 2024	September 30, 2023	September 30, 2022	September 30, 2021	September 30, 2020	September 30, 2019	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015
City's Proportion of the Net Pension Liability	0.002717954%	0.001677942%	0.001938991%	0.001523212%	0.001908006%	0.001910263%	0.001568386%	0.001819172%	0.001439300%	0.002109951%
City's Proportionate Share of the Net Pension Liability	\$ 1,051,432	\$ 668,607	\$ 721,461	\$ 115,061	\$ 826,958	\$ 657,868	\$ 472,406	\$ 538,099	\$ 363,434	\$ 272,529
City's Covered-Employee Payroll (FYE 9/30)	\$ 846,095	\$ 704,350	\$ 576,689	\$ 496,056	\$ 592,826	\$ 553,082	\$ 328,990	\$ 450,110	\$ 429,445	\$ 427,959
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	124.27%	94.93%	125.10%	23.20%	139.49%	118.95%	143.59%	119.55%	84.63%	63.68%
FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

Notes to Schedule:

The amounts presented for the Net Pension Liability were determined using a measurement date of June 30.
The Covered-Employee Payroll is for the fiscal year shown.
This schedule will build to 10 years as information becomes available.

**CITY OF MIDWAY, FLORIDA
 FLORIDA RETIREMENT SYSTEM PENSION PLAN
 SCHEDULE OF THE CITY'S CONTRIBUTIONS
 FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	September 30, 2024	September 30, 2023	September 30, 2022	September 30, 2021	September 30, 2020	September 30, 2019	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015
Contractually Required Contributions	\$ 153,908	\$ 80,720	\$ 82,740	\$ 58,028	\$ 63,395	\$ 59,232	\$ 44,698	\$ 46,621	\$ 39,702	\$ 45,473
Contributions in Relation to the Contractually Required Contribution	\$ (153,908)	\$ (80,720)	\$ (82,740)	\$ (58,028)	\$ (63,395)	\$ (59,232)	\$ (44,698)	\$ (46,621)	\$ (39,702)	\$ (45,473)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered-Employee Payroll	\$ 846,095	\$ 704,350	\$ 576,689	\$ 496,056	\$ 592,826	\$ 553,082	\$ 328,990	\$ 450,110	\$ 429,445	\$ 427,959
Contributions as a Percentage of Covered-Employee Payroll	18.19%	11.46%	14.35%	11.70%	10.69%	10.71%	13.59%	10.36%	9.24%	10.63%

Notes to Schedule:

This schedule will build to 10 years as information becomes available.

CITY OF MIDWAY, FLORIDA
HEALTH INSURANCE SUBSIDY PENSION PLAN
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SEPTEMBER 30, 2024

	September 30, 2024	September 30, 2023	September 30, 2022	September 30, 2021	September 30, 2020	September 30, 2019	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015
City's Proportion of the Net Pension Liability	0.001754977%	0.001363917%	0.001362379%	0.000975749%	0.001121289%	0.001290791%	0.001059157%	0.001449690%	0.111900000%	0.001640369%
City's Proportionate Share of the Net Pension Liability	\$ 263,264	\$ 216,608	\$ 144,298	\$ 119,690	\$ 136,908	\$ 144,427	\$ 112,102	\$ 155,008	\$ 130,415	\$ 167,292
City's Covered-Employee Payroll (FYE 9/30)	\$ 846,095	\$ 704,350	\$ 576,689	\$ 496,056	\$ 592,826	\$ 553,082	\$ 328,990	\$ 450,110	\$ 429,445	\$ 427,959
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	31.12%	30.75%	25.02%	24.13%	23.09%	26.11%	34.07%	34.44%	30.37%	39.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

Notes to Schedule:

The amounts presented for the Net Pension Liability were determined using a measurement date of June 30.

The Covered-Employee Payroll is for the fiscal year shown.

This schedule will build to 10 years as information becomes available.

**CITY OF MIDWAY, FLORIDA
HEALTH INSURANCE SUBSIDY PENSION PLAN
SCHEDULE OF THE CITY'S CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	September 30, 2024	September 30, 2023	September 30, 2022	September 30, 2021	September 30, 2020	September 30, 2019	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015
Contractually Required Contributions	\$ 14,858	\$ 8,972	\$ 8,244	\$ 5,735	\$ 6,461	\$ 7,168	\$ 5,744	\$ 7,505	\$ 6,505	\$ 5,615
Contributions in Relation to the Contractually Required Contribution	\$ (14,858)	\$ (8,972)	\$ (8,244)	\$ (5,735)	\$ (6,461)	\$ (7,168)	\$ (5,744)	\$ (7,505)	\$ (6,505)	\$ (5,615)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered-Employee Payroll	\$ 846,095	\$ 704,350	\$ 576,689	\$ 496,056	\$ 592,826	\$ 553,082	\$ 328,990	\$ 450,110	\$ 429,445	\$ 427,959
Contributions as a Percentage of Covered-Employee Payroll	1.76%	1.27%	1.43%	1.16%	1.09%	1.30%	1.75%	1.67%	1.51%	1.31%

Notes to Schedule:

This schedule will build to 10 years as information becomes available.

CITY OF MIDWAY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
Revenues				
Taxes	\$ 1,936,613	\$ 1,936,613	\$ 1,958,603	\$ 21,990
Intergovernmental Revenues	10,553,002	10,553,002	3,949,986	(6,603,016)
Charges for Services	37,500	37,500	15,475	(22,025)
Licenses and Permits	88,500	88,500	54,847	(33,653)
Fines and Forfeitures	5,000	5,000	5,768	768
Miscellaneous Revenues	5,000	5,000	46,504	41,504
Total Revenues	<u>12,625,615</u>	<u>12,625,615</u>	<u>6,031,183</u>	<u>(6,594,432)</u>
Expenditures				
General Government	906,132	906,132	990,537	(84,405)
Public Safety	1,098,400	1,098,400	1,039,958	58,442
Physical Environment	312,568	312,568	281,323	31,245
Transportation	-	-	30,919	(30,919)
Culture and Recreation	91,537	91,537	105,934	(14,397)
Debt Service Payments	-	-	43,422	(43,422)
Capital Outlay	10,939,522	10,939,522	3,230,132	7,709,390
Total Expenditures	<u>13,348,159</u>	<u>13,348,159</u>	<u>5,722,225</u>	<u>7,625,934</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(722,544)</u>	<u>(722,544)</u>	<u>308,958</u>	<u>1,031,502</u>
Net Change in Fund Balance	<u>(722,544)</u>	<u>(722,544)</u>	<u>308,958</u>	<u>1,031,502</u>
Fund Balance, Beginning of Year	<u>822,544</u>	<u>822,544</u>	<u>657,446</u>	<u>(165,098)</u>
Fund Balance, End of Year	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 966,404</u>	<u>\$ 866,404</u>

CITY OF MIDWAY, FLORIDA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Note 1 - Budgetary Requirements

The City of Midway, Florida (“the City”) prepares an annual operating budget for the general fund which is adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year-end.

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

- Prior to October 1, the City Council prepares 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 conducted to obtain taxpayer comments.
- Prior to October 1, the budget is legally enacted through passage of an ordinance.
- Revisions that alter the total expenditures of any fund must be approved by the City Council.
- Formal budgetary integration is employed as a management control device during the year for the General Fund. The legal level of budgetary control is the fund level.
- The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

CITY OF MIDWAY, FLORIDA

COMPLIANCE SECTION

SEPTEMBER 30, 2024

CITY OF MIDWAY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	ALN	Contract #	Grant Amount	Total Expenditures
<u><i>U.S. Department of Agriculture</i></u>				
Community Facilities Grant	10.766	N/A	\$ 56,000	\$ 56,000
<u><i>Passed through the Florida Department of Agriculture and Consumer Services - Florida Forest Service</i></u>				
State & Private Forestry Cooperative Fire Assistance	10.698	N/A	19,682	19,682
Total U.S. Department of Agriculture			<u>75,682</u>	<u>75,682</u>
<u><i>U.S. Department of Housing and Urban Development</i></u>				
Community Project Funding	14.251	B-22-CP-FL-0249	2,000,000	16,228
<u><i>Passed through the Florida Department of Commerce</i></u>				
Community Development Block Grant	14.228	22DB-OP-02-30-02-N03	700,000	700,000
Total U.S. Department of Housing and Urban Development			<u>2,700,000</u>	<u>716,228</u>
<u><i>U.S. Department of Transportation - Federal Highway Administration</i></u>				
<u><i>Passed through the Florida Department of Environmental Protection</i></u>				
Recreational Trails Program	20.219	T2315	105,420	12,500
Total U.S. Department of Transportation			<u>105,420</u>	<u>12,500</u>
<u><i>U.S. Department of the Treasury</i></u>				
<u><i>Passed through the Florida Division of Emergency Management</i></u>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Y5217	1,279,024	862,244
<u><i>Passed through the Florida Department of Environmental Protection</i></u>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	23PLN44	75,000	17,000
Total Coronavirus State and Local Fiscal Recovery Funds Program			<u>1,354,024</u>	<u>879,244</u>
Total U.S. Department of the Treasury			<u>1,354,024</u>	<u>879,244</u>
Total Federal Awards			<u>\$ 4,235,126</u>	<u>\$ 1,683,654</u>

The accompanying notes to schedule of expenditures of federal awards and state financial assistance are an integral part of this schedule.

CITY OF MIDWAY, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	<u>CSFA #</u>	<u>Contract #</u>	<u>Grant Amount</u>	<u>Total Expenditures</u>
<i>Florida Department of Environmental Protection</i>				
Statewide Water Quality Restoration Projects	37.039	LPA0586	<u>\$ 3,000,000</u>	<u>\$ 1,110,713</u>
Total Florida Department of Environmental Protection			<u>3,000,000</u>	<u>1,110,713</u>
<i>Florida Department of Financial Services</i>				
Local Government Fire Service Grant	43.009	FM922	<u>1,000,000</u>	<u>1,000,000</u>
Total Florida Department of Financial Services			<u>1,000,000</u>	<u>1,000,000</u>
Total State Financial Assistance			<u><u>\$ 4,000,000</u></u>	<u><u>\$ 2,110,713</u></u>

The accompanying notes to schedule of expenditures of federal awards and state financial assistance are an integral part of this schedule.

CITY OF MIDWAY, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
SEPTEMBER 30, 2024

Note 1 – General

The accounting policies and presentations of the accompanying schedule of expenditures of federal awards and schedule expenditures of state financial assistance of the City of Midway, Florida (the “City”) have been designed to conform with generally accepted accounting principles applicable to governmental units. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance) and Chapter 10.500, Rules of the Auditor General.

Note 2 – Basis of Presentation

The accompanying schedule of expenditures of federal awards and schedule of expenditures of state financial assistance include the federal and state award activity of the City and are presented using the same basis of accounting as the fund in which the grant is recorded, generally the accrual or modified accrual basis of accounting, as described in Note 1 to the City’s financial statements.

Note 3 – Indirect Cost Rate

The City elected not to use the up to 15% de minimis indirect cost rate.

Note 4 – Contingencies

Grant monies received and disbursed by the City are for specific purposes and are subject to review by grantor agencies. Such audits may result in requests for reimbursements due to disallowance of expenditures. Based upon prior experience, the City does not believe that such disallowances, if any, would have a material effect on the financial position of the City.

Note 5 – Subrecipients

For the year ended September 30, 2024, the City did not pass any grant funding through to subrecipients.

**CITY OF MIDWAY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Section II – Financial Statement Findings

2024-001: Accounting Records Not Maintained in Accordance with U.S. GAAP (Repeat Finding 2023-001)

Criteria: A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare the accounting records in accordance with generally accepted accounting principles.

Condition: It was noted during the audit that material adjusting entries to various accounts were needed. Appropriate accounting principles were not followed and proper cut-off procedures were not in place to ensure all year end accruals were recorded.

Cause: Accounting staff kept the City’s books on a cash basis throughout the year. Cash basis accounting is not an accepted accounting method under U.S. GAAP.

Effect: Failure to apply appropriate accounting principles caused various accounts to be materially misstated.

Recommendation: We recommend that accounting staff obtain additional training to ensure that the City’s books are kept on the modified accrual basis of accounting.

Classification: Material Weakness

Management Response: See attached Corrective Action Plan.

2024-002: Bank Reconciliations (Repeat Finding 2023-002)

Criteria: Accurate and timely reconciliation of all cash accounts is a key element of financial reporting and an essential internal control for preventing and detecting fraud.

Condition: It was noted during the audit that cash balances were not reconciled accurately. This resulted in cash being understated by \$32,549 at year end.

Cause: Bank reconciliations were not prepared accurately and were not reviewed by management.

Effect: Bank reconciliations provided during the audit contained errors that caused voided checks to remain as reconciling items.

Recommendation: We recommend that all cash accounts are reconciled on a monthly basis and are reviewed by management for errors.

Classification: Material Weakness

Management Response: See attached Corrective Action Plan.

**CITY OF MIDWAY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

2024-003: Capitalization of Expenditures (Repeat Finding 2023-003)

Criteria: Governmental accounting standards require local governments to set a capitalization policy and record expenses meeting the capitalization threshold as capital outlay in the fund financial statements, separate from other expenditures. Capital outlay expenditures are capitalized for presentation on the Statement of Net Position and shown as capital assets.

Condition: It was noted during the audit that capital outlay expenditures were recorded in other expense accounts instead of being appropriately recorded as capital outlay. Additionally, expenses not meeting the definition of capital outlay were recorded in capital outlay accounts.

Cause: Accounting staff did not properly apply capitalization criteria.

Effect: Capital outlay expenditures were understated at year end.

Recommendation: We recommend the City review their capitalization policy and implement procedures to ensure that all capitalizable assets are identified and recorded as capital outlay.

Classification: Material Weakness

Management Response: See attached Corrective Action Plan.

2024-004: Untimely Submission of Grant Reimbursement Requests

Criteria: Sound financial management practices and grant administration requirements require that reimbursement requests for federal and state grants be submitted to granting agencies in a timely manner after eligible expenditures are incurred. When reimbursement requests are submitted, the related receivable should be recorded in the accounting records to ensure accurate financial reporting and proper monitoring of outstanding grant reimbursements.

Condition: It was noted during the audit that the City recorded grant-related expenditures in the accounting records when paid but did not consistently submit reimbursement requests in a timely manner or record the related grant receivable at year end.

Cause: Inadequate internal controls over grant administration and financial reporting.

Effect: Delays in requesting reimbursements may negatively affect the City's cash flow and increase the risk that reimbursement deadlines established by granting agencies could be missed. Additionally, revenues are not appropriately matched with expenses.

Recommendation: We recommend the City establish and implement formal procedures to ensure that reimbursement requests for grant expenditures are prepared and submitted to granting agencies timely after eligible expenditures are incurred. In addition, the City should ensure receivables are recorded in the general ledger when reimbursement requests are submitted.

**CITY OF MIDWAY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Classification: Significant Deficiency

Management Response: See attached Corrective Action Plan.

Section III – Findings and Questioned Costs – Federal Award Programs and State Projects

2024-005: Late Submission of Data Collection Form

Criteria: In accordance with Uniform Guidance 2 CFR 200.512(a), the audit package and data collection form shall be submitted 30 days after receipt of the auditor’s report, or 9 months after the end of the fiscal year, whichever comes first.

Condition: The data collection form in connection with the current year was not filed within 9 months after the fiscal year end.

Cause: Inadequate controls over financial reporting. The City’s accounting records were not provided to the auditors until a year after the fiscal year end.

Effect: Late filing will result in noncompliance with timely submission of financial information to the grantor agencies.

Recommendation: We recommend that the City evaluate the current procedures in place to ensure timely reporting.

Classification: Significant Deficiency

Management Response: See attached Corrective Action Plan.

Section IV – Summary Schedule of Prior Audit Findings Relative to Federal Awards and State Projects

No prior audit findings relative to Federal Awards and State Projects.

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

To the Honorable City Council,
City of Midway, Florida:

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited City of Midway, Florida (the "City")'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the requirements described in the Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2024. The City's major federal programs and 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 City 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 federal programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program and State Project

We conducted our audit of compliance 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General. Our responsibilities under those standards, the Uniform Guidance, and Chapter 10.550, are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not

absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, we:

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General and which is described in the accompanying schedule of findings and questioned costs as item 2024-005. Our opinion on each major federal program and state project is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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 federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-005 to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Moran & Smith LLP

Moran & Smith LLP
Tallahassee, Florida
April 14, 2026

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

To the Honorable City Council,
City of Midway, Florida:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and the major fund of the City of Midway, Florida, (the "City") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 14, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified 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 deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-002, and 2024-003 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-004 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-002, 2024-003, and 2024-004.

City of Midway, Florida’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City’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 response.

Purpose of This Report

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

Moran & Smith LLP

Moran & Smith LLP
Tallahassee, Florida
April 14, 2026

**INDEPENDENT ACCOUNTANT’S REPORT ON COMPLIANCE WITH THE
REQUIREMENTS OF SECTION 218.415 FLORIDA STATUTES**

The Honorable City Council,
City of Midway, Florida

We have examined the City of Midway, Florida (the “City”)’s compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2024. Management is responsible for the City’s compliance with those requirements. Our responsibility is to express an opinion on the City’s compliance with the specified requirements based on our examination.

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

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

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2024.

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

Moran & Smith LLP

Moran & Smith LLP

Tallahassee, Florida

April 14, 2026

**INDEPENDENT AUDITOR’S MANAGEMENT LETTER REQUIRED
BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA,
OFFICE OF THE AUDITOR GENERAL**

To the Honorable City Council,
City of Midway, Florida.

Report on the Financial Statements

We have audited the financial statements of the City of Midway, Florida (the “City”), as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated April 14, 2026.

Because the City’s management has not acquired an actual valuation to determine the amount of its OPEB (Other Postemployment Benefits) liability and has not presented such liability as of September 30, 2024 in its financial statements as required by accounting principles generally accepted in the United States of America, we have issued a qualified opinion on the Governmental Activities. The impact of such departure from generally accepted accounting principles would affect the deferred inflows, liabilities, deferred outflows, net position, and expenses in the Governmental Activities.

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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor’s Report on Compliance for Each Major Federal Program and 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. Disclosures in those reports and schedule, which are dated April 14, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)l., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. However, additional actions are still needed in order to clear these findings.

Tabulation of Uncorrected Audit Findings		
Current Year Finding No.	2022-23 FY Finding No.	2021-21 FY Finding No.
2024-001	2023-001	N/A
2024-002	2023-002	N/A
2024-003	2023-003	N/A
2024-004	N/A	N/A
2024-005	N/A	N/A

Official Title and Legal Authority

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

Financial Condition and Management

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City'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 the same.

Sections 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. Our recommendations are included in the accompanying Schedule of Findings and Questioned Costs as listed in the table of contents.

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the City is required to provide a statement as to whether a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did/did not operate within the City's geographical boundaries during the fiscal year under audit. A PACE program was not operating within the City's geographical boundaries during the fiscal year ended September 30, 2024.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or fraud, waste, or abuse, that has occurred or is likely to have occurred, that has 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 City Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Moran & Smith LLP

Moran & Smith LLP
Tallahassee, Florida
April 14, 2026



Corrective Action Plan

2024-001: Accounting Records Not Maintained in Accordance with U.S. GAAP (Repeat Finding 2023-001)

Criteria: A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare the accounting records in accordance with generally accepted accounting principles.

Condition: It was noted during the audit that material adjusting entries to various accounts were needed. Appropriate accounting principles were not followed and proper cut-off procedures were not in place to ensure all year end accruals were recorded.

Cause: Accounting staff kept the City's books on a cash basis throughout the year. Cash basis accounting is not an accepted accounting method under U.S. GAAP.

Effect: Failure to apply appropriate accounting principles caused various accounts to be materially misstated.

Recommendation: We recommend that accounting staff obtain additional training to ensure that the City's books are kept on the modified accrual basis of accounting.

Classification: Material Weakness

Management Response: Management agrees with the finding. The City of Midway has made significant progress in rectifying this finding. The outstanding area is in recording the various grant expenditures and invoices for reimbursement. Additionally, a grant tracking spreadsheet has been developed to be used as a subsidiary ledger to track each grant individually and aid in recording the various transactions.

2024-002: Bank Reconciliations (Repeat Finding 2023-002)

Criteria: Accurate and timely reconciliation of all cash accounts is a key element of financial reporting and an essential internal control for preventing and detecting fraud.

Condition: It was noted during the audit that cash balances were not reconciled accurately. This resulted in cash being understated by \$32,549 at year end.

Cause: Bank reconciliations were not prepared accurately and were not reviewed by management.

Effect: Bank reconciliations provided during the audit contained errors that caused voided checks to remain as reconciling items.

Recommendation: We recommend that all cash accounts are reconciled on a monthly basis and are reviewed by management for errors.

Classification: Material Weakness

Management Response: Management agrees with the finding. The bank reconciliation in question did not tie to the register balance because someone with access to the accounting system made an entry to the cash ledger subsequent to the account being reconciled. The City of Midway has informed all accounting system users that any entries after month end may only be made by the accounting staff.

2024-003: Capitalization of Expenditures (Repeat Finding 2023-003)

Criteria: Governmental accounting standards require local governments to set a capitalization policy and record expenses meeting the capitalization threshold as capital outlay in the fund financial statements, separate from other expenditures. Capital outlay expenditures are capitalized for presentation on the Statement of Net Position and shown as capital assets.

Condition: It was noted during the audit that capital outlay expenditures were recorded in other expense accounts instead of being appropriately recorded as capital outlay. Additionally, expenses not meeting the definition of capital outlay were recorded in capital outlay accounts.

Cause: Accounting staff did not properly apply capitalization criteria.

Effect: Capital outlay expenditures were understated at year end.

Recommendation: We recommend the City review their capitalization policy and implement procedures to ensure that all capitalizable assets are identified and recorded as capital outlay.

Classification: Material Weakness

Management Response: Management agrees with the finding and will ensure that future capital outlays are recorded as such.

2024-004: Untimely Submission of Grant Reimbursement Requests

Criteria: Sound financial management practices and grant administration requirements require that reimbursement requests for federal and state grants be submitted to granting agencies in a timely manner after eligible expenditures are incurred. When reimbursement requests are submitted, the related receivable should be recorded in the accounting records to ensure accurate financial reporting and proper monitoring of outstanding grant reimbursements.

Condition: It was noted during the audit that the City recorded grant-related expenditures in the accounting records when paid but did not consistently submit reimbursement requests in a timely manner or record the related grant receivable at year end.

Cause: Inadequate internal controls over grant administration and financial reporting.

Effect: Delays in requesting reimbursements may negatively affect the City's cash flow and increase the risk that reimbursement deadlines established by granting agencies could be missed. Additionally, revenues are not appropriately matched with expenses.

Recommendation: We recommend the City establish and implement formal procedures to ensure that reimbursement requests for grant expenditures are prepared and submitted to granting agencies timely after eligible expenditures are incurred. In addition, the City should ensure receivables are recorded in the general ledger when reimbursement requests are submitted.

Classification: Significant Deficiency

Management Response: Management agrees with the finding and with the aid of the grant tracking system mentioned in response to finding 2024-001, will prepare and remit future grant reimbursement request according to the terms of the grant.

2024-005: Late Submission of Data Collection Form

Criteria: In accordance with Uniform Guidance 2 CFR 200.512(a), the audit package and data collection form shall be submitted 30 days after receipt of the auditor’s report, or 9 months after the end of the fiscal year, whichever comes first.

Condition: The data collection form in connection with the current year was not filed within 9 months after the fiscal year end.

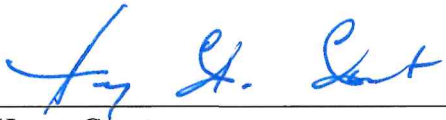
Cause: Inadequate controls over financial reporting. The City’s accounting records were not provided to the auditors until a year after the fiscal year end.

Effect: Late filing will result in noncompliance with timely submission of financial information to the grantor agencies.

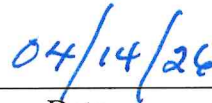
Recommendation: We recommend that the City evaluate the current procedures in place to ensure timely reporting.

Classification: Significant Deficiency

Management Response: Management agrees with the finding and is working to get caught up on its audit schedule so that the Data Collection Form can be filed in a timely manner.



Dr. Henry Grant
City Manager



Date