

**CITY OF MADISON, FLORIDA**  
**ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended September 30, 2020**

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## **FINANCIAL SECTION**



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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and the major funds of the City of Madison, Florida as of and for the fiscal year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. The standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness or significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and the major funds of the City of Madison, Florida, as of September 30, 2020, and the respective changes in financial position and where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Required Supplementary Information**

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

### **Other Information**

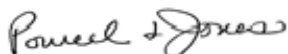
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Madison, Florida's basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards and state financial assistance 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

The schedule of net position by function and the schedule of revenues, expenses and changes in net position by function of the proprietary fund are also presented for purposes of additional analysis and are not a required part of the basic financial statements. Those schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2021, on our consideration of the City of Madison, Florida's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Madison, Florida's internal control over financial reporting and compliance.



**POWELL & JONES**  
Certified Public Accountants  
Lake City, Florida  
June 4, 2021

**CITY OF MADISON, FLORIDA**  
**Management's Discussion and Analysis**

This section of the City of Madison's (the City) Annual Financial Report presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2020. Please read it in conjunction with the City's financial statements and accompanying notes.

**FINANCIAL HIGHLIGHTS**

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$10,510,671 (net position). Of this amount, \$966,897 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's total net position decreased by \$25,290 during the fiscal year.

As of September 30, 2020, the City's governmental funds reported combined ending fund balance of \$609,628.

During fiscal year 2020, the City's total debt increased by \$360,952 primarily as a result of the addition of capital leases.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

- (1) Government-wide financial statements;
- (2) Fund financial statements; and
- (3) Notes to the financial statements

This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements**

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, fire, community development, police, and transportation. The business-type activities of the City include water and sewer, sanitation, gas, and inventory.

## **Fund Financial Statements**

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

### **Governmental Funds**

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

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

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

### **Proprietary Funds**

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

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



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

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

#### **Fiduciary Funds**

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

#### **Notes to the Financial Statements**

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

#### **Required Supplementary Information**

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

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

**Net Assets**  
**September 30, 2020 and 2019**

	Governmental	Business-type	Total Government	
	Activities	Activities	2020	2019
<b>Assets</b>				
Cash and cash equivalents	\$ 510,315	\$ 1,840,208	\$ 2,350,523	\$ 2,930,983
Other assets	255,382	346,647	602,029	618,574
Investments	-	339,163	339,163	335,947
Capital assets	4,936,720	8,167,021	13,103,741	12,323,962
Total assets	<u>5,702,417</u>	<u>10,693,039</u>	<u>16,395,456</u>	<u>16,209,466</u>
<b>Deferred outflows</b>	562,009	79,005	641,014	770,243
<b>Liabilities</b>				
Current liabilities	216,416	489,656	706,072	934,727
Long-term liabilities	1,588,789	3,957,749	5,546,538	5,193,978
Total liabilities	<u>1,805,205</u>	<u>4,447,405</u>	<u>6,252,610</u>	<u>6,128,705</u>
<b>Deferred inflows</b>	273,189	-	273,189	315,042
<b>Net position</b>				
Invested in capital assets, net of related debt	4,644,029	4,155,515	8,799,544	8,362,653
Restricted	101,979	642,251	744,230	750,245
Unrestricted	(559,976)	1,526,873	966,897	1,423,063
Total net position	<u>\$ 4,186,032</u>	<u>\$ 6,324,639</u>	<u>\$ 10,510,671</u>	<u>\$ 10,535,961</u>

**Analysis of Net Position**

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$10,510,671 (net position). Of this amount, \$966,897 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors. An additional portion of the City's net assets \$744,230 represents resources that are subject to external restrictions on how they may be used. The remaining balance of capital assets is reported net of any related debt.

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

	Governmental	Business-type	Total Government	
	Activities	Activities	2020	2019
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 142,987	\$ 4,449,844	\$ 4,592,831	\$ 4,746,185
Grants and contributions	604,361	178,000	782,361	736,438
General revenues				
Taxes	1,663,253	-	1,663,253	1,598,672
Franchise fees	277,659	-	277,659	257,930
State shared revenues	200,751	-	200,751	206,650
Interest and other	199,901	5,089	204,990	87,347
<b>Total revenues</b>	<b>3,088,912</b>	<b>4,632,933</b>	<b>7,721,845</b>	<b>7,633,222</b>
<b>Expenses</b>				
General government	471,529	-	471,529	445,905
Public safety	2,099,285	-	2,099,285	2,102,441
Transportation	706,433	-	706,433	1,048,359
Physical environment	74	-	74	123
Economic environment	222,836	-	222,836	516,984
Interest on long-term debt	(26,121)	163,643	137,522	99,021
Water, sewer, and garbage services	-	4,109,456	4,109,456	3,225,213
<b>Total expenses</b>	<b>3,474,036</b>	<b>4,273,099</b>	<b>7,747,135</b>	<b>7,438,046</b>
<b>Net Transfers</b>	<b>1,048,898</b>	<b>(1,048,898)</b>	<b>-</b>	<b>-</b>
Change in net position	663,774	(689,064)	(25,290)	195,176
Beginning net position	3,522,258	7,013,703	10,535,961	10,340,785
Ending net position	\$ 4,186,032	\$ 6,324,639	\$ 10,510,671	\$ 10,535,961

**Analysis of Changes in Net Position**

The City's net position overall decreased by \$25,290 during the current fiscal year. This increase is the result of an increase in governmental activities of \$663,774 and a decrease in business-type activities of \$689,064. Governmental activities increased primarily due to transfers from the business-type activities. The public safety department, which provides police and fire protection services for the City was the largest source of expense, totaling \$2,099,285 or 60% of total governmental expenses. Business-type activities decreased due to transfers which subsidize the operations of other funds, primarily the general fund. Transfers totaled \$1,048,898, which lowered the reported net position from an increase of \$359,834 to a decrease of \$689,064.

## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

### **Governmental Funds**

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$609,628. Revenues for governmental functions overall totaled \$3,088,912 for the current fiscal year. Expenditures totaled \$3,474,036, which means that expenditures exceeded revenues by \$385,124 before net transfers in of \$1,048,898. The general fund is the chief operating fund of the City. At the close of the current fiscal year, the unassigned fund balance of the general fund was \$609,628. The fund balance of the City's general fund decreased by \$111,040 during the current fiscal year.

### **Proprietary Funds**

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

At the end of the fiscal year, the unrestricted net position for the Enterprise Fund was \$1,526,873. The total change in net assets for the Enterprise Funds was a decrease of \$689,064. The Natural Gas Fund, the Water Fund, the Sewer Fund, the Sanitation Fund, and the Inventory Fund are consolidated into the Enterprise Fund.

### **Fiduciary Funds**

The City maintains a Fiduciary Fund for the assets of the Police Officers' and Firefighters' Retirement Trust Fund. As of the end of the current fiscal year, the net position of the Police Officers' and Firefighters' Pension Fund totaled \$5,728,074, which represents an increase of \$181,461 over the prior fiscal year.

### **Capital Assets and Debt Administration**

The City's capital assets for its governmental and business-type activities as of September 30, 2020, amount to \$13,103,741 (net of accumulated depreciation). Capital assets include land, buildings, improvements, equipment, and infrastructure. Capital asset additions amounted to \$891,495 for governmental activities and \$911,270 for business-type activities.

**Capital Assets, Net of Depreciation at September 30, 2020**

	Governmental Activities	Business- type Activities	Total
Land	\$ 941,456	\$ 444,584	\$ 1,386,040
Buidlings	2,420,462	372,480	2,792,942
Construction in progress	68,574	178,000	246,574
Equipment and Infrastructure	7,734,881	20,214,753	27,949,634
<b>Total</b>	<b>11,165,373</b>	<b>21,209,817</b>	<b>32,375,190</b>
Less accumulated depreciation	(6,228,653)	(13,042,796)	(19,271,449)
<b>Net Capital Assets</b>	<b>\$ 4,936,720</b>	<b>\$ 8,167,021</b>	<b>\$ 13,103,741</b>

**Debt Administration**

The table below illustrates the City's outstanding debt as of September 30, 2020. At the end of the current fiscal year, the City had total long-term obligations outstanding of approximately \$5,749,843. Of this amount, \$3,265,000 is revenue bonds that were issued for the purpose of water and sewer improvements. The remainder consists of capital leases in the amount of \$940,027, compensated absences of \$228,484, notes payable of \$3,372,397, and a net pension liability of \$1,208,935.

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

**Outstanding Debt at September 30, 2020**

	Governmental Activities	Business- type Activities	Total
Capital leases	\$ 185,294	\$ 754,733	\$ 940,027
Compensated absences	147,510	80,974	228,484
Bonds and loans payable	107,397	3,265,000	3,372,397
Net pension liability	1,208,935	-	1,208,935
<b>Total</b>	<b>\$ 1,649,136</b>	<b>\$ 4,100,707</b>	<b>\$ 5,749,843</b>

**REQUESTS FOR INFORMATION**

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

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

## **BASIC FINANCIAL STATEMENTS**

**CITY OF MADISON, FLORIDA**  
**STATEMENT OF NET POSITION**  
September 30, 2020

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 510,315	\$ 1,537,119	\$ 2,047,434
Accounts receivable - net	114,021	357,398	471,419
Internal balances	102,301	(102,301)	-
Due from other governmental units	33,682	-	33,682
Prepaid expense	5,378	-	5,378
Inventory	-	91,550	91,550
<b>Total current assets</b>	<b>765,697</b>	<b>1,883,766</b>	<b>2,649,463</b>
<b>NON-CURRENT ASSETS</b>			
<b>Restricted</b>			
Cash and cash equivalents	-	303,088	303,088
Investments	-	339,163	339,163
<b>Total restricted assets</b>	<b>-</b>	<b>642,251</b>	<b>642,251</b>
<b>CAPITAL ASSETS</b>			
<b>Capital assets not being depreciated</b>			
Land	941,456	444,584	1,386,040
Construction in progress	68,574	178,000	246,574
Depreciable capital assets, net	3,926,690	7,544,438	11,471,128
Capital assets - net	4,936,720	8,167,022	13,103,742
<b>TOTAL ASSETS</b>	<b>5,702,417</b>	<b>10,693,039</b>	<b>16,395,456</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Charge on debt refunding	-	79,005	79,005
Pension related	562,009	-	562,009
<b>Total deferred outflows of resources</b>	<b>562,009</b>	<b>79,005</b>	<b>641,014</b>
<b>LIABILITIES AND NET POSITION</b>			
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	156,069	99,196	255,265
Accrued interest payable	-	11,656	11,656
Deposits	-	165,067	165,067
Current portion capital leases	39,713	96,208	135,921
Current portion bonds payable	-	101,000	101,000
Accrued compensated absences	17,701	9,718	27,419
Current portion note payable	2,933	6,811	9,744
<b>Total current liabilities</b>	<b>216,416</b>	<b>489,656</b>	<b>706,072</b>
<b>Noncurrent liabilities</b>			
<b>Other liabilities</b>			
Note payable	104,464	63,967	168,431
Noncurrent portion compensated absences	129,809	71,256	201,065
Noncurrent portion capital leases	145,581	658,526	804,107
Noncurrent portion bonds payable	-	3,164,000	3,164,000
Net pension liability	1,208,935	-	1,208,935
<b>Total noncurrent liabilities</b>	<b>1,588,789</b>	<b>3,957,749</b>	<b>5,546,538</b>
<b>TOTAL LIABILITIES</b>	<b>1,805,205</b>	<b>4,447,405</b>	<b>6,252,610</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related	273,189	-	273,189
<b>NET POSITION</b>			
Invested in capital assets net of related debt	4,644,029	4,155,515	8,799,544
Restricted	101,979	642,251	744,230
Unrestricted	(559,976)	1,526,873	966,897
<b>Total net position</b>	<b>\$ 4,186,032</b>	<b>\$ 6,324,639</b>	<b>\$ 10,510,671</b>

See notes to financial statements.

CITY OF MADISON, FLORIDA  
STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business - type Activities
<b>Governmental activities</b>						
General government	\$ 471,529	\$ -	\$ -	\$ -	\$ (471,529)	\$ (471,529)
Public safety	2,099,285	98,210	-	-	(2,001,075)	(2,001,075)
Transportation	706,433	44,777	-	-	(661,656)	(661,656)
Physical environment	74	-	-	-	(74)	(74)
Economic environment	222,836	-	477,201	-	254,365	254,365
Culture/recreation	-	-	-	127,160	127,160	127,160
Interest	26,121	-	-	-	(26,121)	(26,121)
<b>Total governmental activities</b>	<b>3,474,036</b>	<b>142,987</b>	<b>477,201</b>	<b>127,160</b>	<b>(2,726,688)</b>	<b>(2,726,688)</b>
<b>Business-type activities</b>						
Utility services	4,109,456	4,449,844	178,000	-	518,388	518,388
Interest and amortization on long-term activities	163,643	-	-	-	(163,643)	(163,643)
<b>Total business-type activities</b>	<b>4,273,099</b>	<b>4,449,844</b>	<b>178,000</b>	<b>-</b>	<b>354,745</b>	<b>354,745</b>
<b>Total government</b>	<b>7,747,135</b>	<b>4,592,831</b>	<b>655,201</b>	<b>127,160</b>	<b>(2,726,688)</b>	<b>(2,371,943)</b>
				General revenues		
				Ad valorem taxes	616,887	616,887
				Sale and use taxes	509,065	509,065
				Franchise fees	277,659	277,659
				Utility services taxes	452,052	452,052
				Communications service taxes	85,249	85,249
				State shared revenues	200,751	200,751
				Interest	884	5,973
				Miscellaneous	199,017	199,017
				Transfers in (out)	1,048,898	(1,048,898)
				<b>Total</b>	<b>3,390,462</b>	<b>2,346,653</b>
				Change in net position	663,774	(25,290)
				Net position beginning	3,522,258	10,535,961
				Net position ending	\$ 4,186,032	\$ 10,510,671

See notes to financial statements.



CITY OF MADISON, FLORIDA  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
September 30, 2020

	General Fund	Law Enforcement Provision Fund	Special Revenues Fund	Water and Sewer Impact Fees Fund	Community Redevelopment Fund	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 408,336	\$ 5,353	\$ -	\$ 22,766	\$ 73,860	\$ 510,315
Accounts receivable	114,021	-	-	-	-	114,021
Prepaid expense	5,378	-	-	-	-	5,378
Due from other funds	5,419	-	96,882	-	-	102,301
Due from other governmental units	33,682	-	-	-	-	33,682
<b>Total assets</b>	<b>\$ 566,836</b>	<b>\$ 5,353</b>	<b>\$ 96,882</b>	<b>\$ 22,766</b>	<b>\$ 73,860</b>	<b>\$ 765,697</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Accounts payable	\$ 49,576	\$ -	\$ -	\$ -	\$ -	\$ 49,576
Accrued liabilities	106,493	-	-	-	-	106,493
<b>Total liabilities</b>	<b>156,069</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>156,069</b>
<b>FUND BALANCES</b>						
Assigned	-	-	96,882	-	-	96,882
Restricted	-	5,353	-	22,766	73,860	101,979
Unassigned	410,767	-	-	-	-	410,767
<b>Total fund balances</b>	<b>410,767</b>	<b>5,353</b>	<b>96,882</b>	<b>22,766</b>	<b>73,860</b>	<b>609,628</b>
<b>Total liabilities and fund balances</b>	<b>\$ 566,836</b>	<b>\$ 5,353</b>	<b>\$ 96,882</b>	<b>\$ 22,766</b>	<b>\$ 73,860</b>	

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

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

Cost of capital assets	11,165,373
Accumulated depreciation	(6,228,653)
Deferred outflows of resources	562,009

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

Capital lease	(185,294)
Accrued compensated absences	(147,510)
Note payable	(107,397)
Net pension liability	(1,208,935)
Deferred inflows of resources	(273,189)
<b>Net position of governmental activities</b>	<b>\$ 4,186,032</b>

See notes to financial statements.

CITY OF MADISON, FLORIDA

GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
For the Year Ended September 30, 2020

	General Fund	Law Enforcement Provision Fund	Special Revenues Fund	Water and Sewer Impact Fees Fund	Community Redevelopment Fund	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 1,940,912	\$ -	\$ -	\$ -	\$ -	\$ 1,940,912
Licenses and permits	103,026	-	-	-	-	103,026
Intergovernmental	327,911	-	477,201	-	-	805,112
Charges for services	142,987	-	-	-	-	142,987
Fines and forfeitures	5,862	423	-	-	-	6,285
Miscellaneous	90,493	-	-	2	95	90,590
<b>Total revenues</b>	<b>2,611,191</b>	<b>423</b>	<b>477,201</b>	<b>2</b>	<b>95</b>	<b>3,088,912</b>
<b>EXPENDITURES</b>						
Current expenditures						
General government	389,669	-	-	-	-	389,669
Public safety	1,962,799	695	-	-	-	1,963,494
Transportation	650,041	-	-	-	-	650,041
Economic environment	161,043	-	50,000	-	9,414	220,457
Capital outlay						
General government	13,081	-	-	-	-	13,081
Public safety	4,181	-	-	-	-	4,181
Transportation	523,141	-	-	-	-	523,141
Economic environment	-	-	187,083	-	-	187,083
Debt service						
Principal	93,295	-	-	-	-	93,295
Interest	26,121	-	-	-	-	26,121
<b>Total expenditures</b>	<b>3,771,129</b>	<b>695</b>	<b>237,083</b>	<b>-</b>	<b>9,414</b>	<b>4,018,321</b>
<b>Excess of revenues (under) expenditures</b>	<b>(1,159,938)</b>	<b>(272)</b>	<b>240,118</b>	<b>2</b>	<b>(9,319)</b>	<b>(929,409)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Interfund transfers	1,048,898	-	-	-	-	1,048,898
<b>Total other financing sources (uses)</b>	<b>1,048,898</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,048,898</b>
<b>Net change in fund balances</b>	<b>(111,040)</b>	<b>(272)</b>	<b>240,118</b>	<b>2</b>	<b>(9,319)</b>	<b>119,489</b>
Fund balances at beginning of year	521,807	5,625	(143,236)	22,764	83,179	490,139
<b>Fund balances at end of year</b>	<b>\$ 410,767</b>	<b>\$ 5,353</b>	<b>\$ 96,882</b>	<b>\$ 22,766</b>	<b>\$ 73,860</b>	<b>\$ 609,628</b>

See notes to financial statements.

CITY OF MADISON, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2020

<b>Net change in fund balances - total governmental funds</b>		<b>\$ 119,489</b>
<b>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</b>		
<b>Expenditures for capital assets</b>	<b>\$ 891,495</b>	
<b>Less current year depreciation</b>	<b>(239,330)</b>	<b>652,165</b>
<b>Some expenses reported in the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.</b>		
<b>Net (increase) decrease in capital leases</b>	<b>(73,534)</b>	
<b>Net (increase) decrease in compensated absences</b>	<b>(16,961)</b>	
<b>Net (increase) decrease in note payable</b>	<b>2,820</b>	
<b>Net (increase) in net pension liability</b>	<b>62,232</b>	
<b>Net (increase) in deferred pension inflows</b>	<b>41,853</b>	
<b>Net increase (decrease) in deferred pension outflows</b>	<b>(124,290)</b>	<b>(107,880)</b>
<b>Change in net position of governmental activities</b>		<b>\$ 663,774</b>

See notes to financial statements.

CITY OF MADISON, FLORIDA

PROPRIETARY FUND  
STATEMENT OF NET POSITION  
September 30, 2020

<b>ASSETS</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 1,537,119
Accounts receivable, net	357,398
Inventory	91,550
<b>Total current assets</b>	<u>1,986,067</u>
<b>NON-CURRENT ASSETS</b>	
<b>Restricted assets</b>	
Cash and cash equivalents	303,088
Investments	339,163
<b>Total restricted assets</b>	<u>642,251</u>
<b>Capital assets</b>	
Not being depreciated:	
Land	444,584
Construction in progress	178,000
Being depreciated:	
Buildings	372,480
Infrastructure	17,700,462
Equipment	2,514,291
Allowance for depreciation	(13,042,795)
<b>Total capital assets</b>	<u>8,167,022</u>
<b>Total Assets</b>	<u>10,795,340</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding	79,005
<b>Total deferred outflows of resources</b>	<u>79,005</u>
<b>LIABILITIES AND NET POSITION</b>	
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Accounts payable and accrued expenses	99,196
Customer deposits	165,067
<b>Total current liabilities</b>	<u>366,564</u>
<b>Current liabilities payable from restricted assets</b>	
Capital leases current portion	96,208
Bonds payable current portion	101,000
Compensated absences current portion	9,718
Accrued interest payable	11,656
<b>Total current liabilities payable from restricted assets</b>	<u>218,582</u>
<b>Long-term liabilities</b>	
Capital leases	658,526
Notes payable	70,778
Bonds payable	3,164,000
Compensated absences	71,256
<b>Total noncurrent liabilities</b>	<u>3,964,560</u>
<b>Total liabilities</b>	<u>4,549,706</u>
<b>NET POSITION</b>	
Invested in capital assets net of related debt	4,155,515
Restricted for debt service	642,251
Unrestricted	1,526,873
<b>Total net position</b>	<u>6,324,639</u>
<b>Total liabilities and net position</b>	<u>\$ 10,874,345</u>

See notes to the financial statements.

CITY OF MADISON, FLORIDA

PROPRIETARY FUND  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
For the Year Ended September 30, 2020

**OPERATING REVENUES**

**Charges for services**

Natural gas	\$ 900,552
Sanitation	533,594
Water services	1,280,484
Sewer services	1,735,214
<b>Total operating revenues</b>	<b><u>4,449,844</u></b>

**OPERATING EXPENSES**

**Natural gas**

Personnel services	244,794
Office and communications	5,729
Professional fees	17,978
Supplies	835,752
Repair and maintenance	9,939
Depreciation	7,302
Insurance	12,584
Utilities	1,332
Other	2,913
<b>Total natural gas</b>	<b><u>1,138,323</u></b>

**Sanitation**

Personnel services	216,029
Office and communications	1,944
Professional fees	5,828
Supplies	95,619
Repair and maintenance	13,837
Depreciation	12,553
Insurance	9,270
Utilities	164
Landfill	123,527
Other	120
<b>Total sanitation</b>	<b><u>478,891</u></b>

**Purchasing**

Personnel services	50,790
Office and communications	2,339
Professional fees	9,056
Supplies	5,267
Repair and maintenance	3,496
Depreciation	1,037
Insurance	5,874
Utilities	3,657
Other	25
<b>Total purchasing</b>	<b><u>81,541</u></b>

(Continued)

See notes to financial statements.

CITY OF MADISON, FLORIDA

PROPRIETARY FUND  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 For the Year Ended September 30, 2020

**OPERATING EXPENSES (Continued)**

<b>Water</b>	
Personnel services	\$ 326,004
Office and communications	4,372
Professional fees	68,593
Supplies	176,010
Repair and maintenance	7,635
Depreciation	43,129
Insurance	17,725
Utilities	55,361
Other	2,361
Total water	<u>701,190</u>
<b>Sewer</b>	
Personnel services	332,580
Office and communications	3,447
Professional fees	583,491
Supplies	168,777
Repair and maintenance	132,037
Depreciation	338,209
Insurance	20,214
Utilities	130,260
Other	496
Total sewer	<u>1,709,511</u>
<b>Total operating expenses</b>	<u>4,109,456</u>
<b>Operating income</b>	<u>340,388</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
State grants	178,000
Interest revenue	5,089
Interest expense	(158,705)
Amortization of deferred charge on refunding	(4,938)
Interfund transfers	(1,048,898)
<b>Total nonoperating revenues (expenses)</b>	<u>(1,029,452)</u>
<b>Change in net position</b>	(689,064)
<b>Net position, beginning of year</b>	<u>7,013,703</u>
<b>Net position, end of year</b>	<u>\$ 6,324,639</u>

See notes to financial statements.

CITY OF MADISON, FLORIDA  
 PROPRIETARY FUND  
 STATEMENT OF CASH FLOWS  
 For the Year Ended September 30, 2020

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from customers	\$ 4,466,951
Cash payments for goods and services	(1,768,516)
Cash payments to employees for services	(1,183,700)
Net cash provided by operating activities	<u>1,514,735</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
State grants	178,000
Transfers in (out)	(1,160,705)
Net cash used for noncapital and related financing activities	<u>(982,705)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Acquisitions of property and equipment	(1,644,631)
Principal paid on capital leases	673,115
Principal paid on bonds payable	(6,559)
Interest paid	(158,706)
Net cash used for capital and related financing activities	<u>(1,136,781)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest received on investments	1,873
Net cash provided by investing activities	<u>1,873</u>
Net change in cash and cash equivalents	(602,878)
Cash and cash equivalents, beginning of year	<u>2,457,708</u>
Cash and cash equivalents, end of year	<u>\$ 1,854,830</u>
<b>CASH AND CASH EQUIVALENTS CLASSIFIED AS:</b>	
Current assets	\$ 1,551,742
Restricted assets	303,088
Total cash and cash equivalents	<u>\$ 1,854,830</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating income	<u>\$ 340,388</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	402,229
(Increase) decrease in:	
Accounts receivable	231,507
Inventory	(5,702)
Increase (decrease) in:	
Accounts payable and accrued expenses	481,276
Notes payable	70,778
Compensated absences	(15,670)
Deposits	9,929
Total adjustments	<u>1,174,347</u>
Net cash provided by operating activities	<u>\$ 1,514,735</u>

See notes to financial statements.

CITY OF MADISON, FLORIDA  
 FIDUCIARY FUND  
 STATEMENT OF NET POSITION AVAILABLE FOR BENEFITS  
 September 30, 2020

	<b>Police Officers' and Firefighters' Retirement Trust Fund</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 2,608,397
	<b>2,608,397</b>
<b>Receivables</b>	
Member contributions	4,844
City contributions	19,912
Pensioner repayment	2,322
Accrued interest and dividends	2,078
	<b>29,156</b>
<b>Investments</b>	
Federal agency guaranteed securities	1
Equity mutual funds	1,549,422
Fixed income mutual funds	1,594,412
	<b>3,143,835</b>
<b>Total assets</b>	<b>\$ 5,781,388</b>
 <b>LIABILITIES AND NET POSITION</b>	
<b>LIABILITIES</b>	
Administrative expenses	\$ 23,096
Benefits payable	258
Refunds of member contributions	29,960
<b>Total liabilities</b>	<b>53,314</b>
 <b>NET POSITION AVAILABLE FOR BENEFITS</b>	
<b>Total net position available for benefits</b>	<b>5,728,074</b>
<b>Total liabilities and net position</b>	<b>\$ 5,781,388</b>

See notes to financial statements.



CITY OF MADISON, FLORIDA  
 FIDUCIARY FUND  
 STATEMENT OF CHANGES IN NET POSITION AVAILABLE FOR BENEFITS  
 For the Year Ended September 30, 2020

	<u>Police Officers' and Firefighters' Retirement Trust Fund</u>
<b>ADDITIONS TO NET ASSETS:</b>	
<b>Contributions:</b>	
Employer	\$ 245,781
Employees	59,087
<b>Total contributions</b>	<u>304,868</u>
<b>Investment Income:</b>	
Unrealized gain in fair market value of investments	300,168
Interest and dividend income	127,251
Less investment expense	(62,755)
<b>Net investment income</b>	<u>364,664</u>
<b>Total additions to net assets</b>	<u>669,532</u>
<b>DEDUCTIONS FROM NET ASSETS:</b>	
Benefits paid to participants	393,615
Termination payments	34,071
Administrative expenses	60,385
<b>Total deductions from net assets</b>	<u>488,071</u>
<b>Net increase in net position available for benefits</b>	<b>181,461</b>
<b>Net position available for benefits, beginning of year</b>	<u>5,546,613</u>
<b>Net position available for benefits, end of year</b>	<u><u>\$ 5,728,074</u></u>

See notes to financial statements.

**CITY OF MADISON, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

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

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

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

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

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

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

The City did not participate in any joint ventures during fiscal year 2019-2020.

## **B. Government-Wide and Fund Financial Statements**

### **1. Government-wide Financial Statements**

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

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

### **2. Fund Financial Statements**

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

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

The government-wide financial statements are reported using the *economic resource measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, franchise fees, utility taxes, interest revenue and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major funds:

#### **1. Government Funds:**

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

- a. General Fund accounts for many of the City's primary services (Police, Fire, Transportation, Planning, etc.) and is the primary operating unit of the City.
- b. Special revenues funds account for the receipts and expenditures of other governmental revenues that are legally restricted to expenditures for specific purposes.

#### **2. Proprietary Fund:**

The focus of Proprietary Fund measurement is upon determination of operating income, changes in fund net position, financial position, and cash flows, which is similar to businesses. The following is a description of the activities accounted for in the Proprietary Fund at September 30, 2020:

- a. Operating activities of the natural gas system owned and operated by the City.
- b. Operating activities of the City's sewer utility system.
- c. Operating activities of the City's water utility system.

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

The City also reports the following fund types:

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

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

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

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

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

#### **D. Assets, Liabilities, and Net Position or Equity**

##### **1. Cash and Cash Equivalents:**

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

##### **2. Investments:**

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

##### **3. Accounts Receivable:**

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

4. Inventories:

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

5. Restricted Assets:

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

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

6. Capital Assets:

Capital assets, which include land, buildings, equipment, improvements other than buildings, intangibles and public domain infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure, are defined as assets with a cost of \$500 or more and an estimated useful life greater than one year. Infrastructure assets are long-lived capital assets that normally are stationary in nature and can be preserved for a significantly greater number of years than most general capital assets. Examples of such assets are roads, bridges, sidewalks, paved paths, utility systems, stormwater drainage systems, traffic control and lighting systems. The capitalization threshold for infrastructure assets has been set at \$5,000.

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

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

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

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

**7. Compensated Absences:**

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

**8. Long-Term Obligations:**

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

**9. Fund Balances – Governmental Funds**

As of September 30, 2020, fund balances of the governmental funds are classified as follows:

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

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

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

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

**Unassigned** – all other spendable amounts.

As of September 30, 2020, fund balances are composed of the following:

Fund	Classification			Total
	Assigned	Restricted	Unassigned	
<b>Governmental Funds</b>				
General Fund	\$ -	\$ -	\$ 410,767	\$ 410,767
Law Enforcement Provision Fund	-	5,353	-	5,353
Special Revenues Fund	96,882	-	-	96,882
Water and Sewer Impact Fees Fund	-	22,766	-	22,766
Community Redevelopment Fund	-	73,860	-	73,860
	<u>\$ 96,882</u>	<u>\$ 101,979</u>	<u>\$ 410,767</u>	<u>\$ 609,628</u>

#### Proprietary Fund

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

At September 30, 2020, net position are composed of the following:

Fund	Classification			Total
	Invested in capital assets, net	Restricted for Debt Service	Unrestricted	
Proprietary Fund	<u>\$ 4,155,515</u>	<u>\$ 642,251</u>	<u>\$ 1,526,873</u>	<u>\$ 6,324,639</u>

10. **Estimates** –The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
11. **Interfund Transactions** – Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.  
  
All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.
12. **Encumbrances** – Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not utilized by the City.
13. **Bond Costs** – In the proprietary funds, bond issuance costs are deferred and amortized over the term of the bonds using the bonds outstanding method, which approximates he effective interest method.
14. **Bond Discounts** – In the Proprietary Fund, bond discounts are amortized over the terms of the bonds using the straight-line method which, for the bond discounts is not materially different than the effective interest method. Unamortized bond discounts are presented in the financial statements.



## **E. Deferred Outflows/Inflows of Resources**

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

- A. Charge on debt refunding – Bond issuance costs are deferred and amortized over the term of the bonds using the straight-line method, which is not materially different from the effective-interest method. Bond issuance costs are presented on the financial statements under deferred inflows.
- B. Pensions – Deferred inflows and outflows on pensions are recorded for the following purposes:

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

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

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

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

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

“Total fund balances” of the City’s governmental funds \$609,628 differs from “net position” of governmental activities \$4,186,032 reported in the statement of net position. The difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental funds balance sheet.

Capital related items

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

Cost of capital assets	\$ 11,165,373
Accumulated depreciation	(6,228,653)
	<u>\$ 4,936,720</u>

Long-term debt transactions

Long-term liabilities applicable to the City’s governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the statement of net assets. Balances at September 30, 2019, were:

Capital leases	\$ (185,294)
Note payable	(107,397)
Compensated absences	(147,510)
Net pension liability	(1,208,935)
	<u>\$ (1,649,136)</u>

Deferred outflows/inflows of resources

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

Deferred pension inflows	\$ (273,189)
Deferred pension outflows	562,009
	<u>\$ 288,820</u>

CITY OF MADISON, FLORIDA

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

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

	Total Governmental Funds	Capital Related Items	Long-Term Debt Transactions	Deferred Inflows/ Outflows	Statement of Net Position
<b>ASSETS</b>					
Cash and cash equivalents	\$ 510,315	\$ -	\$ -	\$ -	\$ 510,315
Accounts receivable	114,021	-	-	-	114,021
Due from other funds	102,301	-	-	-	102,301
Due from other governmental units	33,682	-	-	-	33,682
Prepaid expense	5,378	-	-	-	5,378
Capital assets - net	-	4,936,720	-	-	4,936,720
Total assets	<u>765,697</u>	<u>4,936,720</u>	<u>-</u>	<u>-</u>	<u>5,702,417</u>
<b>DEFERRED PENSION OUTFLOWS</b>	-	-	-	562,009	562,009
<b>LIABILITIES</b>					
Liabilities:					
Accounts payable	49,576	-	-	-	49,576
Accrued liabilities	106,493	-	-	-	106,493
Capital leases	-	-	185,294	-	185,294
Accrued compensated absences	-	-	147,510	-	147,510
Note payable	-	-	107,397	-	107,397
Net pension liability	-	-	1,208,935	-	1,208,935
Total liabilities	<u>\$ 156,069</u>	<u>\$ -</u>	<u>\$ 1,649,136</u>	<u>\$ -</u>	<u>\$ 1,805,205</u>
<b>DEFERRED PENSION INFLOWS</b>	\$ -	\$ -	\$ -	\$ 273,189	\$ 273,189
<b>FUND BALANCES/NET POSITION</b>	<u>\$ 609,628</u>	<u>\$ 4,936,720</u>	<u>\$ (1,649,136)</u>	<u>\$ 288,820</u>	<u>\$ 4,186,032</u>

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

The “net change in fund balances” for governmental funds \$119,489 differs from the “change in net assets” for governmental activities \$663,774 reported in the statement of activities. The differences are primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

### Capital related items

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

Capital Outlay	\$ 891,495
Depreciation expense	<u>(239,330)</u>
	<u>\$ 652,165</u>

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

Net increase in capital leases	\$ (73,534)
Net decrease in note payable	2,820
Net increase in compensated absences	(16,961)
Net decrease in net pension liability	62,232
	<u>\$ (25,443)</u>

### Deferred outflows/inflows of resources

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

Net decrease in deferred pension inflows	\$ 41,853
Net decrease in deferred pension outflows	<u>(124,290)</u>
	<u>\$ (82,437)</u>

CITY OF MADISON, FLORIDA

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

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

	Total Governmental Funds	Capital Related Items	Long-Term Debt Transactions	Deferred Inflows/ Outflows	Statement of Activities
<b>REVENUES</b>					
Taxes	\$ 1,940,912	\$ -	\$ -	\$ -	\$ 1,940,912
Licenses and permits	103,026	-	-	-	103,026
Intergovernmental	805,112	-	-	-	805,112
Charges for services	142,987	-	-	-	142,987
Fines and forfeitures	6,285	-	-	-	6,285
Miscellaneous	90,590	-	-	-	90,590
Total revenues	<u>3,088,912</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,088,912</u>
<b>EXPENDITURES</b>					
Current expenditures:					
General government	389,669	81,709	151	-	471,529
Public safety	1,963,494	101,660	(48,306)	82,437	2,099,285
Physical environment	-	74	-	-	74
Transportation	650,041	54,525	1,867	-	706,433
Economic environment	220,457	1,362	1,017	-	222,836
Capital outlay					
General government	13,081	(13,081)	-	-	-
Public safety	4,181	(4,181)	-	-	-
Transportation	523,141	(523,141)	-	-	-
Economic environment	187,083	(187,083)	-	-	-
Debt service					
Principal	93,295	-	(93,295)	-	-
Interest	26,121	-	-	-	26,121
Total expenditures	<u>4,018,321</u>	<u>(488,156)</u>	<u>(138,566)</u>	<u>82,437</u>	<u>3,474,036</u>
Excess of revenues over (under) expenditures	(929,409)	488,156	138,566	(82,437)	(385,124)
<b>OTHER FINANCING SOURCES (USES)</b>					
Interfund transfers	1,048,898	-	-	-	1,048,898
Total other financing sources (uses)	<u>1,048,898</u>	<u>164,009</u>	<u>(164,009)</u>	<u>-</u>	<u>1,048,898</u>
Net change in fund balance/net position	119,489	652,165	(25,443)	(82,437)	663,774
Fund balance at beginning of year	490,139	4,284,555	(1,623,693)	371,257	3,522,258
Fund balance at end of year	<u>\$ 609,628</u>	<u>\$ 4,936,720</u>	<u>\$ (1,649,136)</u>	<u>\$ 288,820</u>	<u>\$ 4,186,032</u>

### **NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

#### **A. BUDGETARY INFORMATION**

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

1. Prior to September 1, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings and workshops are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of a resolution.
4. The Commission, by resolution, may provide that at any time during the fiscal year the City Manager may transfer part or all of any unencumbered appropriation balance between departments or within a fund. Upon written request by the City Manager, the Commission may, by resolution, transfer part or all of any unencumbered appropriation balance from one fund to another.
5. The Commission adopts the budget resolution for all governmental funds including special revenue funds of the City. Annual budgets are adopted on a basis consistent with GAAP. The City Manager may make transfers of appropriations within a department. Expenditures may not legally exceed appropriations for each individual department.
6. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized revisions of the annual budgets during the year. The effect of these revisions was to reallocate funds within the budget, which did not cause an overall increase in the total budget. Appropriations, except open project appropriations, lapse at the end of the fiscal year. The City does not use the encumbrance method.

#### **B. COMPLIANCE WITH FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS**

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

### **NOTE 4. CASH AND CASH EQUIVALENTS**

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

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

#### **A. Deposits**

At year end, the book balance of the City's cash deposits was \$2,350,523. The Florida Security for Public Deposits Act, Chapter 280 of the *Florida Statutes*, provides that qualified public depositories must maintain eligible collateral having a market value equal to fifty percent of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held by the depository during the twelve-month period immediately preceding the date of and computation

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

#### **NOTE 5. INVESTMENTS**

As of September 30, 2020, the City held the following investments:

Proprietary Fund	Fair Value	Cost
Certificates of deposit	<u>\$ 339,163</u>	<u>\$ 339,163</u>
Police Officers' and Firefighters' Pension	Fair Value	Cost
Federal agency guaranteed securities	\$ 1	\$ 1
Equity mutual funds	1,594,412	1,476,308
Fixed income mutual funds	1,549,422	1,533,546
	<u>\$ 3,143,835</u>	<u>\$ 3,009,855</u>

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

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

#### **Fair Value Measurements**

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

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

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

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for asset measured at fair value. There have been no changes in the valuation methodologies used at September 30, 2019 and 2016.

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

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

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

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

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

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

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

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

Assets:	2020			Total
	Level 1	Level 2	Level 3	
Certificates of deposit	\$ 339,163	\$ -	\$ -	\$ 339,163
Federal agency guaranteed securities	1	-	-	1
Equity mutual funds	1,594,412	-	-	1,594,412
Fixed income mutual funds	1,549,422	-	-	1,549,422
	<u>\$ 3,482,998</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,482,998</u>



**NOTE 6. RECEIVABLES AND PAYABLES**

Receivables at September 30, 2020 were as follows:

	Accounts	Due from Other Governmental Units	Total Receivables
<b>Governmental activities:</b>			
General Fund	\$ 114,021	\$ 33,682	\$ 147,703
	<u>\$ 114,021</u>	<u>\$ 33,682</u>	<u>\$ 147,703</u>
<b>Business activities:</b>			
Enterprise Fund	\$ 357,398	\$ -	\$ 357,398
	<u>\$ 357,398</u>	<u>\$ -</u>	<u>\$ 357,398</u>
<b>Fudiciary funds:</b>			
Police and Fire Pension	\$ 49,785	\$ 124,571	\$ 174,356
	<u>\$ 49,785</u>	<u>\$ 124,571</u>	<u>\$ 174,356</u>

Based upon collection history, the City has included a reserve for doubtful accounts for its Proprietary fund accounts receivable of \$13,557.

**Payables and Accrued Liabilities**

Payables and accrued liabilities at September 30, 2020, were as follows:

	Vendors	Accrued Liabilities	Total
<b>Governmental activities:</b>			
General Fund	\$ 49,576	\$ 106,493	\$ 156,069
	<u>\$ 49,576</u>	<u>\$ 106,493</u>	<u>\$ 156,069</u>
<b>Business activities:</b>			
Enterprise Fund	\$ 85,281	\$ 13,915	\$ 99,196
	<u>\$ 85,281</u>	<u>\$ 13,915</u>	<u>\$ 99,196</u>
<b>Fudiciary:</b>			
Police Officers' and Firefighters' Retirement Trust	\$ 16,103	\$ -	\$ 16,103
	<u>\$ 16,103</u>	<u>\$ -</u>	<u>\$ 16,103</u>

**NOTE 7. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended September 30, 2020 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 941,456	\$ -	\$ -	\$ 941,456
Construction in Progress	55,959	12,615	-	68,574
<b>Capital assets, being depreciated:</b>				
Buildings	2,420,462	-	-	2,420,462
Equipment	3,788,361	196,961	-	3,985,322
Infrastructure	3,067,640	681,919	-	3,749,559
<b>Total capital assets</b>	<b>10,273,878</b>	<b>891,495</b>	<b>-</b>	<b>11,165,373</b>
Less accumulated depreciation	(5,989,323)	(239,330)	-	(6,228,653)
<b>Governmental activities capital assets, net</b>	<b>\$ 4,284,555</b>	<b>\$ 652,165</b>	<b>\$ -</b>	<b>\$ 4,936,720</b>
<b>Business-type activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 444,584	\$ -	\$ -	\$ 444,584
Construction in Progress	381,426	178,000	(381,426)	178,000
<b>Capital assets, being depreciated:</b>				
Buildings	372,480	-	-	372,480
Equipment	2,440,784	73,507	-	2,514,291
Infrastructure	17,040,698	659,763	-	17,700,462
<b>Total capital assets</b>	<b>20,679,972</b>	<b>911,270</b>	<b>(381,426)</b>	<b>21,209,817</b>
Less accumulated depreciation	(12,640,565)	(402,231)	-	(13,042,796)
<b>Business-type activities capital assets, net</b>	<b>\$ 8,039,407</b>	<b>\$ 509,039</b>	<b>\$ (381,426)</b>	<b>\$ 8,167,021</b>

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

<b>Governmental activities:</b>	
General government	\$ 81,709
Public safety	101,660
Physical environment	74
Transportation	54,525
Economic development	1,362
<b>Total depreciation expense - governmental activities</b>	<b>\$ 239,330</b>
<b>Business -type activities:</b>	
Water	43,130
Sewer	338,209
Natural Gas	7,302
Sanitation	12,553
Inventory	1,037
<b>Total depreciation expense - business activities</b>	<b>\$ 402,231</b>

**NOTE 8. PROPERTY TAXES**

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessment are also designed to assure a consistent property valuation method statewide. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The millage rate assessed by the City for tax year 2019 and received in fiscal year ended September 30, 2020 was 7 mills.

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

All property is reassessed by the County according to its fair market value on January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State Statutes. All taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed and are subject to interest and penalties. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. The taxes paid in March are without discount.

Delinquent taxes on real property bear interest of 18% per year. On or before June 1 following the tax year, certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest of 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Delinquent taxes on personal property bear interest at a maximum rate of 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations.

**NOTE 9. CAPITALIZATION OF INTEREST**

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. For fiscal year ended September 30, 2020 no interest was capitalized.

**NOTE 10. INTERFUND TRANSFERS**

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

At September 30, 2020, interfund transfers were as follows:

	Transfers In (Out)
General Fund	\$ 1,048,898
Enterprise Fund	(1,048,898)
	<u>\$ -</u>

## **NOTE 11. OTHER INFORMATION**

### **A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Through the Florida League of Cities, Inc., insurance against losses are provided for the following types of risk:

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

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

## **NOTE 12. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

### **A. Litigation**

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

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

### **B. Federally Assisted Programs - Compliance Audits**

The City participates in a number of federally assisted programs and State of Florida programs. These programs are not subject to audit under the requirements of the Single Audit Act of 1984 and the Single Audit Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200 (Uniform Guidance) for the year ended September 30, 2020.

### **C. COVID-19**

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) was characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the City. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

The following summarizes the changes in the City's governmental long-term liabilities during the year ended September 30, 2020:

	Balance October 1, 2019	Increases	Decreases	Balance September 30, 2020	Due Within One Year
Capital leases	\$ 111,760	\$ 164,009	\$ 90,475	\$ 185,294	\$ 39,713
Compensated absences	130,549	16,961	-	147,510	17,701
Note payable	110,217	-	2,820	107,397	2,933
Net pension liability	1,271,167	-	62,232	1,208,935	-
	<u>\$ 1,623,693</u>	<u>\$ 180,970</u>	<u>\$ 155,527</u>	<u>\$ 1,649,136</u>	<u>\$ 60,347</u>

The following summarizes the changes in the City's business-type fund long-term liabilities during the year ended September 30, 2020:

	Balance October 1, 2019	Increases	Decreases	Balance September 30, 2020	Due Within One Year
Capital leases	\$ 376,332	\$ 884,810	\$ 506,408	\$ 754,734	\$ 96,208
Compensated absences	96,644	9,405	25,075	80,974	9,718
NRWA note payable	-	76,300	5,522	70,778	6,811
1997 Water and sewer revenue bonds	1,510,000	-	57,000	1,453,000	59,000
2005 Water and sewer revenue bonds	1,853,000	-	41,000	1,812,000	42,000
	<u>\$ 3,835,976</u>	<u>\$ 970,515</u>	<u>\$ 635,005</u>	<u>\$ 4,171,486</u>	<u>\$ 213,737</u>

#### **GOVERNMENTAL DEBT**

- **USDA Loan**

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

Year Ended September 30,	Principal	Annual Interest	Payment
2021	2,933	4,296	7,229
2022	3,050	4,179	7,229
2023	3,172	4,057	7,229
2024	3,299	3,930	7,229
2025	3,431	3,798	7,229
2026-2030	19,327	16,818	36,145
2031-2035	23,515	12,630	36,145
2036-2040	28,609	7,536	36,145
2041-2043	20,061	1,627	21,688
	<u>\$ 107,397</u>	<u>\$ 58,871</u>	<u>\$ 166,268</u>

- Superfund Accrual

The City also has an ongoing commitment for the monitoring, investigation, and remediation of the contamination. It shares these costs with ITT and Madison County. ITT's portion of these costs is 60% while the City and County of Madison portion is 20% each. The City and County have negotiated a cap on these expenses with ITT LLC of \$175,800 per year. For September 30, 2020, reimbursable expenses did not exceed the cap, the City was required to pay \$34,326 towards these expenses which is recorded in accounts payable.

#### PROPRIETARY DEBT

- Revenue Bonds

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

Year Ended September 30,	Principal	Annual Interest	Payment
2021	\$ 59,000	\$ 65,385	124,385
2022	62,000	62,730	124,730
2023	65,000	59,940	124,940
2024	67,000	57,015	124,015
2025	70,000	54,000	124,000
2026-2030	401,000	219,600	620,600
2031-2035	499,000	121,140	620,140
2036-2037	230,000	15,615	245,615
	<u>\$ 1,453,000</u>	<u>\$ 655,425</u>	<u>\$ 2,108,425</u>

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

Year Ended September 30,	Principal	Annual Interest	Payment
2021	\$ 42,000	\$ 78,753	\$ 120,753
2022	44,000	75,225	119,225
2023	46,000	73,355	119,355
2024	48,000	71,400	119,400
2025	50,000	69,360	119,360
2026-2030	283,000	313,097	596,097
2031-2035	350,000	247,564	597,564
2036-2040	429,000	166,685	595,685
2041-2045	520,000	67,448	587,448
	<u>\$ 1,812,000</u>	<u>\$ 1,162,887</u>	<u>\$ 2,974,887</u>

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

**CAPITAL LEASES**

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

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

Year Ended September 30,	Principal	Annual Interest	Payment
2021	\$ 24,704	\$ 1,168	\$ 25,872
2022	10,646	132	10,778
	<u>\$ 35,350</u>	<u>\$ 1,300</u>	<u>\$ 36,650</u>

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

the public works department and one third to the sewer department. The annual requirements to service this lease is as follows:

**Governmental Debt:**

Year Ended September 30,	Principal	Annual Interest	Payment
2021	\$ 10,838	\$ 618	\$ 11,456
2022	6,574	109	6,683
	<u>\$ 17,412</u>	<u>\$ 727</u>	<u>\$ 18,139</u>

**Proprietary Debt:**

Year Ended September 30,	Principal	Annual Interest	Payment
2021	\$ 5,419	\$ 309	\$ 5,728
2022	3,287	54	3,341
	<u>\$ 8,706</u>	<u>\$ 363</u>	<u>\$ 9,069</u>

The City entered into a lease agreement with Ford Credit Company for two Ford F-750 trucks. One of the vehicles has been equipped with a grapple hook for the City's public works department and the other with a rear garbage truck for the City's sanitation department. The lease has a monthly service requirement of \$4,582 and has a 5.10% interest rate. The liability and service requirements for this lease have been allocated one half to the public works department (Governmental Debt) and one half to the sanitation department (Proprietary Debt). This lease was fully paid in the current year.

The City entered into a lease agreement with Ford Credit Company for two trucks on July 15, 2018. The lease has a monthly payment of \$1,176 and has a 5.95% interest rate. The liability and service requirements for this lease have been allocated one half to the public works department (Governmental Debt) and one half to the enterprise fund (Proprietary Debt). The title to the vehicles is in the City's name with a lien on the title by Ford Credit Company. After all the payments in the lease agreement have been made the lien will be removed and the City will gain full title to the vehicles with no additional payment. This bargain purchase option qualifies this as a capital lease. The annual requirements to service this lease are as follows:

**Governmental Debt:**

Year Ended September 30,	Principal	Annual Interest	Payment
2021	6,162	897	7,059
2022	6,539	520	7,059
2023	5,166	128	5,294
	<u>\$ 17,867</u>	<u>\$ 1,545</u>	<u>\$ 19,412</u>



Proprietary Debt:

Year Ended September 30,	Principal	Annual Interest	Payment
2021	6,162	897	7,059
2022	6,539	520	7,059
2023	5,166	128	5,294
	<u>\$ 17,867</u>	<u>\$ 1,545</u>	<u>\$ 19,412</u>

Governmental Debt:

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

Year Ended September 30,	Principal	Interest	Payment
2021	\$ 4,359	\$ 1,006	\$ 5,365
2022	4,686	679	5,365
2023	5,037	328	5,365
2024	1,761	27	1,788
	<u>\$ 15,843</u>	<u>\$ 2,039</u>	<u>\$ 17,882</u>

The City entered into a lease agreement with Government Capital Corporation for a camera system on February 12, 2019. The lease has a monthly payment of \$2,593 with an interest rate of 3.75%. This lease is fully allocated to the Public Safety Department. It is a three-year lease and after that time the City will have the option to purchase these camera system for a discounted price. This bargain purchase option qualifies this as a capital lease. The annual requirements to service this lease are as follows:

Year Ended September 30,	Principal	Annual Interest	Payment
2021	\$ 30,021	\$ 1,095	\$ 31,116
2022	12,844	121	12,965
	<u>\$ 42,865</u>	<u>\$ 1,216</u>	<u>\$ 44,081</u>

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

Year Ended September 30,	Principal	Annual Interest	Payment
2021	\$ 18,706	\$ 2,737	\$ 21,443
2022	19,708	1,735	21,443
2023	17,544	325	17,869
	<u>\$ 55,957</u>	<u>\$ 4,798</u>	<u>\$ 60,755</u>

The City entered into lease agreement with Leasing 2 for two Knuckleboom Loaders on November 15, 2019. The lease has a monthly payment of \$6,532 with an interest rate of 5.74%. This lease is allocated fully to the Sanitation Department. This is a one-year lease and after that time the City will have the option to purchase these items for a discounted price. This bargain purchase option qualifies this as a capital lease. The annual requirements to service this lease are as follows:

Proprietary Debt:

Year Ended September 30,	Principal	Annual Interest	Payment
2021	\$ 235,170	\$ 5,364	\$ 240,534
	\$ 235,170	\$ 5,364	\$ 240,534

The City entered into lease agreement with Leasing 2 for a garbage truck on November 15, 2019. The lease has a monthly payment of \$4,254 with an interest rate of 5.74%. This lease is allocated fully to the Sanitation Department. This is a one-year lease and after that time the City will have the option to purchase these items for a discounted price. This bargain purchase option qualifies this as a capital lease. The annual requirements to service this lease are as follows:

Proprietary Debt:

Year Ended September 30,	Principal	Annual Interest	Payment
2021	\$ 135,776	\$ 3,074	\$ 138,850
	\$ 135,776	\$ 3,074	\$ 138,850

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

Proprietary Debt:

Year Ended September 30,	Principal	Interest	Payment
2021	\$ 77,841	\$ 10,782	\$ 88,623
2022	80,407	8,216	88,623
2023	83,057	5,566	88,623
2024	85,795	2,828	88,623
	\$ 327,099	\$ 27,392	\$ 354,491

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

purchase option qualifies this as a capital lease. The annual requirements to service this lease are as follows:

**Proprietary Debt:**

Year Ended September 30,	Principal	Annual Interest	Payment
2021	\$ 6,786	\$ 1,825	\$ 8,612
2022	7,259	1,353	8,612
2023	7,764	847	8,612
2024	8,306	306	8,612
	\$ 30,116	\$ 4,331	\$ 34,448

**NOTE 13. PENSIONS**

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

**Defined Contribution Pension Plan**

**ICMA Deferred Compensation Plan**

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

**Defined Benefit Pension Plan**

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

	Total
Net Pension Liability (Asset)	\$ 1,208,935
Deferred Inflows of Resources	267,845
Deferred Outflows of Resources	556,665

## **Police Officers' and Firefighters' Retirement Trust Fund:**

### General Information about the pension plan:

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

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

Plan as of the October 1, 2019 actuarial valuation date are as follows:

Inactive plan members or beneficiaries currently receiving benefits	13
Inactive plan members entitled to but not yet receiving benefits	6
Active plan members	24
	<hr/>
	43
	<hr/>

### *Plan Benefits:*

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

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

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

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

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

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

### *Funding Requirements:*

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

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

City Contributions - The City's contribution requirements are actuarially determined. The October 1, 2018 actuarial valuation states that the required contribution by the City and State is 7.5% of covered payroll for the fiscal year ending September 30, 2020. The City has a minimum contribution floor of 4% of the members' salary to the fund.

Contributions to the Plan for the fiscal year ended September 30, 2020 totaled \$304,868, \$245,781 from the City and \$59,087 from members' salary withholdings.

Payables to the Plan - On September 30, 2020, the City reported \$19,912 for outstanding amounts of contributions of the pension plan required for the year ended September 30, 2020.

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

**Net Pension Liability:**

The measurement date is September 30, 2019. The measurement period for the pension expense was October 1, 2018 to September 30, 2019. The reporting period is October 1, 2019 through September 30, 2020. The City's net pension liability was measured as of September 30, 2019. The total pension liability used to calculate the net pension asset was determined as of that date.

*Actuarial Assumptions* - The total pension liability was determined by an actuarial valuation as of October 1, 2019 updated to September 30, 2020 using the following actuarial assumptions:

Inflation	2.30 %
Salary increases	6.00%
Discount rate	7.60%
Investment rate of return	7.60%

**Mortality Rate Healthy Lives:**

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.

Male: RP2000 Generational, 10% Annuitant White Collar /90% Annuitant Blue Collar, Scale BB

**Mortality Rate Disabled Lives:**

Female: 80% RP 2000 Disabled Female set forward two years / 20% Annuitant White Collar with no setback, no projection scale.

Male: 80% RP 2000 Disabled Male setback four years / 20% Annuitant White Collar with no setback, no projection scale.

The date of the most recent experience study for which significant assumptions are based is not available.

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September, 30 2019 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Large Cap Value	12.00%	3.56%
Large Cap Growth	9.00%	15.21%
Preferred Equity	17.00%	2.68%
US Equities - Financial Sector	5.00%	7.37%
International Equity	5.00%	2.46%
Intermediate Core Fixed Income	9.00%	0.64%
High Yield Bonds	9.00%	3.95%
Strategic Fixed Income	9.00%	4.80%
Intermediate Core Plus Fixed Income	10.00%	1.70%
Emerging Market Bonds	6.00%	1.98%
Alternatives	8.00%	-0.51%
Cash	1.00%	-1.62%
<b>Total</b>	<b>100.00%</b>	

**Discount Rate** – The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in Net Pension Liability:**

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 20, 2019	\$ 6,817,780	\$ 5,546,613	\$ 1,271,167
Changes for a Year:			
Service Cost	219,038	-	219,038
Interest	528,781	-	528,781
Differences between Expected and Actual Experience	(273,293)	-	(273,293)
Changes of assumptions	72,389		72,389
Contributions- Employer	-	245,781	(245,781)
Contributions - Employee	-	59,087	(59,087)
Net Investment Income	-	364,664	(364,664)
Benefit Payments, including Refunds of Employee Contributions	(427,686)	(427,686)	-
Administrative Expense	-	(60,385)	60,385
<b>Net Changes</b>	<b>119,229</b>	<b>181,461</b>	<b>(62,232)</b>
Balances at September 30, 2020	<b>\$ 6,937,009</b>	<b>\$ 5,728,074</b>	<b>\$ 1,208,935</b>

**Sensitivity of the City's Net Position Liability to Changes in the Discount Rate** - The following represents the City's net pension liability calculated using the discount rate of 7.60%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.60%) or one percentage point higher (8.60%) than the current rate:

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
City's net pension liability	<u>\$ 2,018,494</u>	<u>\$ 1,208,935</u>	<u>\$ 534,784</u>

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

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

At September 30, 2020, the City reported a net pension liability of \$1,208,935 for its pension plan. The net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2019 updated to September 30, 2020.

For the fiscal year ended September 30, 2020, the City recognized pension expense of \$245,781. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 13,162	\$ 273,189
Changes in assumptions	112,493	-
Net difference between projected and actual earnings on Pension Plan investments	190,573	-
City and State contributions subsequent to the measurement date	<u>245,781</u>	<u>-</u>
Total	<u>\$ 562,009</u>	<u>\$ 273,189</u>

The deferred outflows of resources related to the Pension Plan, totaling \$245,781 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30</u>	<u>Amount</u>
2021	\$ (51,270)
2022	29,301
2023	31,420
2024	19,035
2025	4,307
Thereafter	<u>10,246</u>
	<u>\$ 43,039</u>

**Final Components of Firefighters' Pension Expense:**

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 1,262,917	\$ 61,117	\$ 379,479	\$ -
Contributions made after September 30, 2019	-	-	159,717	-
<b>Total Pension Liability Factors:</b>				
Service Cost	62,529	-	-	62,529
Interest	226,718	-	-	226,718
Changes in Benefit Terms	(207)	-	-	(207)
<b>Differences Between Expected and Actual Experience</b>				
with regard to economic or demographic assumptions	(35,631)	35,631	-	-
Current year amortization of experience difference	-	(20,014)	(1,303)	(18,711)
Current year amortization of change in assumptions	-	-	(21,523)	21,523
Benefit Payments, including refunds of employee contributions	(221,921)	-	-	-
<b>Net Change</b>	<b>31,488</b>	<b>15,617</b>	<b>136,891</b>	<b>291,852</b>
<b>Plan Fiduciary Net Position:</b>				
Contributions - Employer	144,551	-	(144,551)	-
Contributions - State	42,494	-	(42,494)	-
Contributions - Employee	28,891	-	-	(28,891)
Net Investment Income	131,122	-	-	(131,122)
<b>Difference Between Projected and Actual Earnings on</b>				
Pension Plan Investments	(60,261)	-	60,261	-
Current Year Amortization	-	(375)	(59,101)	58,726
Benefit Payments, including refunds of employee contributions	(221,921)	-	-	-
Administrative Expenses	(32,440)	-	-	32,440
<b>Net Change</b>	<b>32,436</b>	<b>(375)</b>	<b>(185,885)</b>	<b>(68,847)</b>
<b>Ending Balance</b>	<b>\$ 1,261,969</b>	<b>\$ 76,359</b>	<b>\$ 330,485</b>	<b>\$ 223,005</b>



**Final Components of Police Officers' Pension Expense:**

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ (26,791)	\$ 253,925	\$ 306,820	\$ -
Employer Contributions made after September 30, 2018	-	-	86,064	-
Total Pension Liability Factors:				
Service Cost	127,206	-	-	127,206
Interest	294,457	-	-	294,457
Share Plan Allocation	3,332	-	-	3,332
Differences between expected and actual experience with regard to economic or demographic assumptions	(71,283)	71,283	-	-
Current year amortization of experience difference	-	(125,528)	-	(125,528)
Current year amortization of change in assumptions	-	-	(21,095)	21,095
Benefit Payments, including refunds of employee contributions	(189,904)	-	-	-
Net Change	<u>163,808</u>	<u>(54,245)</u>	<u>64,969</u>	<u>320,562</u>
Plan Fiduciary Net Position:				
Contributions - Employer	92,701	-	(92,701)	-
Contributions - State	58,454	-	(58,454)	-
Contributions - Employee	33,108	-	-	(33,108)
Net Investment Income	292,493	-	-	(292,493)
Difference Between Projected and Actual Earnings on Pension Plan Investments	(126,511)	-	126,511	-
Current Year Amortization	-	(2,850)	(115,621)	112,771
Benefit Payments, including refunds of employee contributions	(189,904)	-	-	-
Administrative Expenses	(32,522)	-	-	32,522
Net Change	<u>127,819</u>	<u>(2,850)</u>	<u>(140,265)</u>	<u>(180,308)</u>
Ending Balance	<u>\$ 9,198</u>	<u>\$ 196,830</u>	<u>\$ 231,524</u>	<u>\$ 140,254</u>

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

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

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

**NOTE 15. SUBSEQUENT EVENTS**

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through June 4, 2021, the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**CITY OF MADISON, FLORIDA**

**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2020**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
<b>REVENUES</b>				
<b>Taxes</b>				
Ad valorem taxes	\$ 588,630	\$ 616,890	\$ 616,887	\$ (3)
Sales and use taxes				
Local option gas tax	536,670	509,065	509,065	-
Franchise fees	228,000	277,660	277,659	(1)
Utility service taxes	368,650	452,055	452,052	(3)
Gas	-	-	-	-
Communications services tax	76,385	85,250	85,249	(1)
<b>Total taxes</b>	<b>1,798,335</b>	<b>1,940,920</b>	<b>1,940,912</b>	<b>(8)</b>
<b>Licenses and permits</b>				
Professional and occupational	27,000	24,390	24,390	-
Building and zoning	16,850	78,635	78,636	1
<b>Total licenses and permits</b>	<b>43,850</b>	<b>103,025</b>	<b>103,026</b>	<b>1</b>
<b>Intergovernmental</b>				
<b>Grants</b>				
Culture/recreation	142,100	127,160	127,160	-
<b>State shared revenues</b>				
<b>General government</b>				
State revenue sharing	123,350	115,375	115,375	-
Mobile home licenses	2,500	1,230	1,231	1
Alcoholic beverage licenses				
Local government half-cent sales tax				
Parimutual tax				
Alcoholic beverage licenses	1,500	300	302	2
One-half cent sales tax	86,070	83,845	83,843	(2)
<b>Total intergovernmental</b>	<b>355,520</b>	<b>327,910</b>	<b>327,911</b>	<b>1</b>
<b>Charges for services</b>				
General government	-	6,900	-	(6,900)
Public safety fire protection county	90,000	98,210	98,210	-
Transportation	44,775	44,775	44,777	2
<b>Total charges for services</b>	<b>134,775</b>	<b>149,885</b>	<b>142,987</b>	<b>(6,898)</b>
<b>Miscellaneous</b>				
Interest	1,600	785	787	2
Sales of cemetery lots and fees	11,500	8,460	8,462	2
Fines and forfeitures	6,275	5,860	5,862	2
Other miscellaneous	10,550	81,245	81,244	(1)
<b>Total miscellaneous</b>	<b>29,925</b>	<b>96,350</b>	<b>96,355</b>	<b>5</b>
<b>Total revenues</b>	<b>2,362,405</b>	<b>2,618,090</b>	<b>2,611,191</b>	<b>(6,899)</b>
<b>EXPENDITURES</b>				
<b>General government</b>				
Legislative personnel services	50,095	50,095	50,093	2
Executive personnel services	182,370	186,865	187,589	(724)
<b>Financial and administrative</b>				
<b>Personnel services</b>				
Operating expenses	137,825	153,685	154,987	(1,302)
Capital outlay	10,000	13,080	13,081	(1)
<b>Total financial and administrative</b>	<b>147,825</b>	<b>166,765</b>	<b>168,068</b>	<b>(1,303)</b>
<b>Other general government</b>				
Operating expenses	-	-	(3,000)	3,000
<b>Total general government</b>	<b>380,290</b>	<b>403,725</b>	<b>402,750</b>	<b>975</b>

Continued on next page.

See notes to financial statements.

**CITY OF MADISON, FLORIDA**

**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2020**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Budget Positive (Negative)</b>
<b>Public safety</b>				
<b>Law enforcement</b>				
<b>Personnel services</b>	\$ 1,058,010	\$ 994,830	\$ 998,402	(3,572)
<b>Operating expenses</b>	153,495	182,805	182,797	8
<b>Capital outlay</b>	122,855	4,180	4,181	(1)
<b>Debt service</b>	64,220	67,175	67,174	1
<b>Total law enforcement</b>	<u>1,398,580</u>	<u>1,248,990</u>	<u>1,252,554</u>	<u>(3,564)</u>
<b>Fire control</b>				
<b>Personnel services</b>	710,560	707,080	709,287	(2,207)
<b>Operating expenses</b>	75,925	72,315	72,313	2
<b>Total fire control</b>	<u>786,485</u>	<u>779,395</u>	<u>781,600</u>	<u>(2,205)</u>
<b>Total public safety</b>	<u>2,185,065</u>	<u>2,028,385</u>	<u>2,034,154</u>	<u>(5,769)</u>
<b>Transportation</b>				
<b>Roads and streets</b>				
<b>Personnel services</b>	355,765	355,340	356,565	(1,225)
<b>Operating expenses</b>	290,525	252,540	293,476	(40,936)
<b>Capital outlay</b>	18,000	10,885	523,141	(512,256)
<b>Debt service</b>	39,950	38,185	-	38,185
<b>Total transportation</b>	<u>704,240</u>	<u>656,950</u>	<u>1,173,182</u>	<u>(516,232)</u>
<b>Community development</b>				
<b>Personnel services</b>	76,185	72,460	72,745	(285)
<b>Operating expenses</b>	91,990	88,225	88,298	(73)
<b>Total community development</b>	<u>168,175</u>	<u>160,685</u>	<u>161,043</u>	<u>(358)</u>
<b>Total expenditures</b>	<u>3,437,770</u>	<u>3,249,745</u>	<u>3,771,129</u>	<u>(521,384)</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(1,075,365)</u>	<u>(631,655)</u>	<u>(1,159,938)</u>	<u>(528,283)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
<b>Interfund transfers</b>	1,021,315	1,034,275	1,048,898	14,623
<b>Total other financing sources (uses)</b>	<u>1,021,315</u>	<u>1,034,275</u>	<u>1,048,898</u>	<u>14,623</u>
<b>Net change in fund balance</b>	(54,050)	402,620	(111,040)	(513,660)
<b>Fund balance at beginning of year</b>	521,807	521,807	521,807	-
<b>Fund balance at end of year</b>	<u>\$ 467,757</u>	<u>\$ 924,427</u>	<u>\$ 410,767</u>	<u>\$ (513,660)</u>

See notes to financial statements.

**CITY OF MADISON, FLORIDA**

**WATER AND SEWER IMPACT FEES FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2020**

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget Positive (Negative)</u>
<b>REVENUES</b>			
Miscellaneous			
Interest	\$ 25	\$ 2	\$ (23)
<b>Total revenues</b>	<u>25</u>	<u>2</u>	<u>(23)</u>
<b>EXPENDITURES</b>			
Physical Environment			
Water project development expense	<u>22,785</u>	<u>-</u>	<u>22,785</u>
<b>Total expenditures</b>	<u>22,785</u>	<u>-</u>	<u>22,785</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(22,760)</u>	<u>2</u>	<u>22,762</u>
<b>Net change in fund balance</b>	<b>(22,760)</b>	<b>2</b>	<b>22,762</b>
<b>Fund balance at beginning of year</b>	<u>22,764</u>	<u>22,764</u>	<u>-</u>
<b>Fund balance at end of year</b>	<u>\$ 4</u>	<u>\$ 22,766</u>	<u>\$ 22,762</u>

See notes to financial statements.

**CITY OF MADISON, FLORIDA**

**LAW ENFORCEMENT PROVISION FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2020**

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget Positive (Negative)</u>
<b>REVENUES</b>			
Fines and forfeitures			
Law enforcement education surcharge	\$ 624	\$ 423	\$ (201)
<b>Total revenues</b>	<u>624</u>	<u>423</u>	<u>(201)</u>
<b>EXPENDITURES</b>			
Public safety			
Law enforcement education	6,174	695	5,479
<b>Total expenditures</b>	<u>6,174</u>	<u>695</u>	<u>5,479</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(5,550)</u>	<u>(272)</u>	<u>5,278</u>
<b>Net change in fund balance</b>	(5,550)	(272)	5,278
<b>Fund balance at beginning of year</b>	5,625	5,625	-
<b>Fund balance at end of year</b>	<u>\$ 75</u>	<u>\$ 5,353</u>	<u>\$ 5,278</u>

See notes to financial statements.

**CITY OF MADISON, FLORIDA**

**SPECIAL REVENUES FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2020**

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental			
Economic environment grants	\$ 590,260	\$ 477,201	\$ (113,059)
<b>Total revenues</b>	<u>590,260</u>	<u>477,201</u>	<u>(113,059)</u>
<b>EXPENDITURES</b>			
Economic environment			
Professional services	589,260	-	589,260
Administration	51,000	50,000	1,000
Capital outlay	-	187,083	(187,083)
<b>Total expenditures</b>	<u>640,260</u>	<u>237,083</u>	<u>403,177</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(50,000)</u>	<u>240,118</u>	<u>290,118</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Interfund transfers	50,000	-	(50,000)
<b>Net change in fund balance</b>	-	240,118	240,118
<b>Fund balance at beginning of year</b>	(143,236)	(143,236)	-
<b>Fund balance at end of year</b>	<u>\$ (143,236)</u>	<u>\$ 96,882</u>	<u>\$ 240,118</u>

See notes to financial statements.



**CITY OF MADISON, FLORIDA**

**COMMUNITY REDEVELOPMENT FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2020**

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget Positive (Negative)</u>
<b>REVENUES</b>			
Miscellaneous			
Interest	\$ 150	\$ 95	\$ (55)
<b>Total revenues</b>	<u>150</u>	<u>95</u>	<u>(55)</u>
<b>EXPENDITURES</b>			
Economic environment			
Other administrative expense	200	-	200
Other physical environment expense	89,950	9,414	80,536
<b>Total expenditures</b>	<u>90,150</u>	<u>9,414</u>	<u>80,736</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(90,000)</u>	<u>(9,319)</u>	<u>80,681</u>
<b>Net change in fund balance</b>	<b>(90,000)</b>	<b>(9,319)</b>	<b>80,681</b>
<b>Fund balance at beginning of year</b>	<b>83,179</b>	<b>83,179</b>	<b>-</b>
<b>Fund balance at end of year</b>	<u><b>\$ (6,821)</b></u>	<u><b>\$ 73,860</b></u>	<u><b>\$ 80,681</b></u>

See notes to financial statements.

**CITY OF MADISON, FLORIDA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**SEPTEMBER 30, 2020**

**I. Stewardship, Compliance, and Accountability**

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

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

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

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

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

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

# CITY OF MADISON, FLORIDA

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

	Reporting Date	9/30/2021	Total	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
	Measurement Date	9/30/2020	9/30/2019	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
<b>Total Pension Liability</b>									
Service Cost	\$	219,038	\$ 189,735	\$ 127,206	\$ 144,232	\$ 141,321	\$ 104,196	\$ 109,319	\$ 120,818
Interest		528,781	521,175	294,457	279,028	262,998	265,650	271,204	254,716
Share Plan Allocation		-	3,332	3,332	636	-	779	-	-
Changes of Benefit Terms		-	(207)	-	-	-	-	-	-
Differences Between Expected and Actual Experience		(273,293)	(106,914)	(71,283)	(28,135)	(29,606)	(327,332)	(217,104)	-
Changes of Assumptions		72,389	-	-	-	-	105,476	-	-
Benefit Payments, Including Refunds of Employee Contributions		(427,686)	(411,825)	(189,904)	(181,852)	(172,648)	(265,433)	(190,012)	(125,848)
Net Change in Total Pension Liability		119,229	195,296	163,808	213,909	202,065	(116,664)	(26,593)	249,686
Total Pension Liability - Beginning		6,817,780	6,622,484	3,648,458	3,434,549	3,232,484	3,349,148	3,375,741	3,126,055
Total Pension Liability - Ending (a)	\$	6,937,009	\$ 6,817,780	\$ 3,812,266	\$ 3,648,458	\$ 3,434,549	\$ 3,232,484	\$ 3,349,148	\$ 3,375,741
<b>Plan Fiduciary Net Position</b>									
Contributions - Employer	\$	245,781	\$ 237,252	\$ 92,701	\$ 93,196	\$ 91,995	\$ 99,468	\$ 54,637	\$ 92,263
Contributions - State		-	100,948	58,454	27,167	-	27,452	25,298	22,737
Contributions - Employee		59,087	61,999	33,108	33,284	32,856	32,529	26,123	29,337
Net Investment Income		364,664	236,843	165,982	238,734	269,574	253,812	(143,651)	216,786
Benefit Payments, Including Refunds of Employee Contributions		(427,686)	(411,825)	(189,904)	(181,852)	(172,648)	(265,433)	(190,012)	(125,848)
Administrative Expense		(60,385)	(64,962)	(32,522)	(31,937)	(19,358)	(20,235)	(29,047)	(13,350)
Net Change in Plan Fiduciary Net Position		181,461	160,255	127,819	178,592	202,419	127,593	(256,652)	221,925
Plan Fiduciary Net Position - Beginning		5,546,613	5,386,358	3,675,249	3,496,657	3,294,238	3,166,645	3,423,297	3,201,372
Plan Fiduciary Net Position - Ending (b)	\$	5,728,074	\$ 5,546,613	\$ 3,803,068	\$ 3,675,249	\$ 3,496,657	\$ 3,294,238	\$ 3,166,645	\$ 3,423,297
Net Pension Liability - Ending (a) - (b)	\$	1,208,935	\$ 1,271,167	\$ 9,198	\$ (26,791)	\$ (62,108)	\$ (61,754)	\$ 182,503	\$ (47,556)
Plan Fiduciary Net Position as a percentage of the Total Pension Liability		82.57%	81.36%	99.76%	100.73%	101.81%	101.91%	94.55%	101.41%
Covered Employee Payroll*	\$	1,014,034	\$ 1,069,072	\$ 662,152	\$ 665,659	\$ 657,109	\$ 650,578	\$ 522,451	\$ 586,732
Net Pension Liability as a percentage of Covered Employee Payroll		119.22%	118.90%	1.39%	-4.02%	-9.45%	-9.49%	34.93%	-8.11%

**Notes to Schedule:**

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

**Changes of assumptions:**

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

**Presentation:**

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

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

	2020	2019	2018	2017	2016	2015	2014
<b>Municipal Police Officers' and Firefighters' Retirement Trust Fund</b>							
Contractually required contributions	\$ 337,616	\$ 106,606	\$ 91,199	\$ 49,283	\$ 65,058	\$ 79,935	\$ 115,000
Contributions in relation to the contractually required contribution	<u>245,781</u>	<u>147,823</u>	<u>119,727</u>	<u>91,995</u>	<u>126,142</u>	<u>79,935</u>	<u>115,000</u>
Contribution deficiency (excess)	<u>\$ 91,835</u>	<u>\$ (41,217)</u>	<u>\$ (28,528)</u>	<u>\$ (42,712)</u>	<u>\$ (61,084)</u>	<u>\$ -</u>	<u>\$ -</u>
Administration's covered-employee payroll	\$ 1,014,034	\$ 662,152	\$ 665,689	\$ 657,109	\$ 650,578	\$ 522,451	\$ 586,732
Contributions as a percentage of covered-employee payroll	24.24%	22.32%	17.99%	14.00%	19.39%	15.30%	19.60%

Notes to schedule

Valuation date:

10/1/2018

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

Methods and assumption used to determine contribution rates:

Funding method:

Aggregate actuarial cost method

Mortality rate:

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

Interest rate:

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

Retirement age:

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

Early retirement:

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

Disability rate:

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

Termination rate:

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

Salary increases:

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

Asset valuation method:

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

Termination and disability rate table:

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

Presentation:

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

**OTHER  
INFORMATION**

**CITY OF MADISON, FLORIDA**

**PROPRIETARY FUND  
STATEMENT OF NET POSITION BY FUNCTION  
September 30, 2020**

	<u>Natural Gas</u>	<u>Sanitation</u>	<u>Purchasing</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 1,537,119	\$ 1,537,119
Accounts receivable, net	54,797	49,132	2,402	104,885	146,182	357,398
Inventory	-	-	91,550	-	-	91,550
<b>Total current assets</b>	<b>54,797</b>	<b>49,132</b>	<b>93,952</b>	<b>104,885</b>	<b>1,683,301</b>	<b>1,986,067</b>
<b>NON-CURRENT ASSETS</b>						
<b>Restricted assets</b>						
Cash and cash equivalents	-	-	-	-	303,088	303,088
Investments	-	-	-	-	339,163	339,163
<b>Total restricted assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>642,251</b>	<b>642,251</b>
<b>Fixed assets</b>						
Land	-	-	15,001	64,437	365,146	444,584
Buildings	-	-	47,900	48,687	275,893	372,480
Infrastructure	457,370	-	-	1,965,462	15,277,630	17,700,462
Equipment	328,121	579,919	44,249	508,572	1,053,430	2,514,291
Construction in progress	-	-	-	30,000	148,000	178,000
Accumulated depreciation	(731,771)	(166,480)	(64,911)	(1,749,818)	(10,329,815)	(13,042,795)
<b>Total fixed assets</b>	<b>53,720</b>	<b>413,439</b>	<b>42,239</b>	<b>867,340</b>	<b>6,790,284</b>	<b>8,167,022</b>
<b>Total Assets</b>	<b>108,517</b>	<b>462,571</b>	<b>136,191</b>	<b>972,225</b>	<b>9,115,836</b>	<b>10,795,340</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred charge on refunding	-	-	-	-	79,005	79,005
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>79,005</b>	<b>79,005</b>

Continued on next page.

See notes to financial statements.

CITY OF MADISON, FLORIDA

PROPRIETARY FUND  
STATEMENT OF NET POSITION BY FUNCTION  
September 30, 2020

	Natural Gas	Sanitation	Purchasing	Water	Sewer	Total
<b>LIABILITIES AND NET POSITION</b>						
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Accounts payable and accrued expenses	2,363	1,637	631	69,066	25,499	99,196
Due to other funds	11,958	81,898	98,235	(258,172)	168,382	102,301
Deposits	69,680	-	-	-	95,387	165,067
<b>Total current liabilities</b>	<b>84,001</b>	<b>83,535</b>	<b>98,866</b>	<b>(189,106)</b>	<b>289,268</b>	<b>366,564</b>
<b>Current liabilities payable from restricted assets</b>						
Capital leases current portion	-	6,162	-	6,786	83,260	96,208
Bonds payable current portion	-	-	-	-	101,000	101,000
Compensated absences current portion	1,391	2,091	2,094	2,726	1,416	9,718
Accrued interest payable	-	-	-	-	11,656	11,656
<b>Total current liabilities payable from restricted assets</b>	<b>1,391</b>	<b>8,253</b>	<b>2,094</b>	<b>9,512</b>	<b>197,332</b>	<b>218,582</b>
<b>Long-term liabilities</b>						
Capital leases	-	382,651	-	23,330	252,545	658,526
Notes Payable	-	-	-	70,778	-	70,778
Bonds payable	-	-	-	-	3,164,000	3,164,000
Compensated absences	10,198	15,330	15,354	19,991	10,383	71,256
<b>Total noncurrent liabilities</b>	<b>10,198</b>	<b>397,981</b>	<b>15,354</b>	<b>114,099</b>	<b>3,426,928</b>	<b>3,964,560</b>
<b>Total liabilities</b>	<b>95,590</b>	<b>489,769</b>	<b>116,314</b>	<b>(65,495)</b>	<b>3,913,528</b>	<b>4,549,706</b>
<b>NET POSITION</b>						
Invested in capital assets net of related debt	53,720	24,626	42,239	766,446	3,268,484	4,155,515
Restricted for debt service	-	-	-	-	642,251	642,251
Unrestricted	(40,793)	(51,824)	(22,362)	271,274	1,370,578	1,526,873
<b>Total net position</b>	<b>12,927</b>	<b>(27,198)</b>	<b>19,877</b>	<b>1,037,720</b>	<b>5,281,313</b>	<b>6,324,639</b>
<b>Total liabilities and net position</b>	<b>\$ 108,517</b>	<b>\$ 462,571</b>	<b>\$ 136,191</b>	<b>\$ 972,225</b>	<b>\$ 9,194,841</b>	<b>\$ 10,874,345</b>

See notes to financial statements.

CITY OF MADISON, FLORIDA

PROPRIETARY FUND  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY FUNCTION  
 For the Year Ended September 30, 2020

	<u>Natural Gas</u>	<u>Sanitation</u>	<u>Purchasing</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>OPERATING REVENUES</b>						
Charges for services	\$ 900,552	\$ 533,594	\$ -	\$ 1,280,484	\$ 1,735,214	\$ 4,449,844
<b>Total operating revenues</b>	<u>900,552</u>	<u>533,594</u>	<u>-</u>	<u>1,280,484</u>	<u>1,735,214</u>	<u>4,449,844</u>
<b>OPERATING EXPENSES</b>						
Personnel services	244,794	216,029	50,790	326,004	332,580	1,170,197
Office and communications	5,729	1,944	2,339	4,372	3,447	17,831
Professional fees	17,978	5,828	9,056	68,593	583,491	684,946
Supplies	835,752	95,619	5,267	176,010	168,777	1,281,425
Repair and maintenance	9,939	13,837	3,496	7,635	132,037	166,944
Depreciation	7,302	12,553	1,037	43,129	338,209	402,230
Insurance	12,584	9,270	5,874	17,725	20,214	65,667
Utilities	1,332	164	3,657	55,361	130,260	190,774
Landfill	-	123,527	-	-	-	123,527
Other	2,913	120	25	2,361	496	5,915
<b>Total operating expenses</b>	<u>1,138,323</u>	<u>478,891</u>	<u>81,541</u>	<u>701,190</u>	<u>1,709,511</u>	<u>4,109,456</u>
<b>Operating income</b>	<u>(237,771)</u>	<u>54,703</u>	<u>(81,541)</u>	<u>579,294</u>	<u>25,703</u>	<u>340,388</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
State grants	-	-	-	178,000	-	178,000
Interest revenue	36	16	-	2,166	2,871	5,089
Interest expense	-	-	-	(5,082)	(153,623)	(158,705)
Amortization of deferred charge on refunding	-	-	-	-	(4,938)	(4,938)
Interfund transfers	(200,000)	-	-	(448,898)	(400,000)	(1,048,898)
<b>Total nonoperating revenues (expenses)</b>	<u>(199,964)</u>	<u>16</u>	<u>-</u>	<u>(273,814)</u>	<u>(555,690)</u>	<u>(1,029,452)</u>
<b>Change in net position</b>	<u>(437,735)</u>	<u>54,719</u>	<u>(81,541)</u>	<u>305,480</u>	<u>(529,987)</u>	<u>(689,064)</u>
Net position, beginning of year	(10,187)	69,286	101,418	699,333	6,153,853	7,013,703
<b>Net position, end of year</b>	<u>\$ (447,922)</u>	<u>\$ 124,005</u>	<u>\$ 19,877</u>	<u>\$ 1,004,813</u>	<u>\$ 5,623,866</u>	<u>\$ 6,324,639</u>

See notes to financial statements.



## **COMPLIANCE SECTION**

**CITY OF MADISON, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**For the Year Ended September 30, 2020**

<u>Grantor/Program Title</u>	<u>CFDA # CFSA #</u>	<u>Contract Number</u>	<u>Award Amount</u>	<u>Reported in Prior Years</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>
<b>FEDERAL AWARDS</b>						
U.S. Department of Housing & Urban Development Passed through Florida Department of Economic Opportunity Florida Small Cities Community Development Block Grant						
	14.228	18-DB-OM-03-50-02-N33	\$ 700,000	\$ 222,798	\$ 477,201	\$ 700,000
US Department of Homeland Security Federal Emergency Management Agency Hurricane Michael						
	97.036	Z1023	27,186	12,690	14,496	27,186
<b>TOTAL FEDERAL AWARDS</b>			<u>727,186</u>	<u>235,488</u>	<u>491,697</u>	<u>727,186</u>
<b>STATE FINANCIAL ASSISTANCE</b>						
Florida Department of Transportation Small County Outreach Program						
	55.009	G1709	472,389	-	44,834	44,834
Florida Department of Transportation Small County Outreach Program						
	55.009	G1704	387,586	-	34,147	34,147
Florida Department of Environmental Protection Florida Recreation Development Assistance Program						
	37.017	A9015	50,000	-	33,682	33,682
Florida Department of Environmental Protection State Revolving Fund Program						
	37.077	WW400400	370,500	74,500	148,000	222,500
Florida Department of Environmental Protection State Revolving Fund Program						
	66.468	DW400410	206,500	-	30,000	30,000
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>			<u>1,486,975</u>	<u>74,500</u>	<u>290,663</u>	<u>365,163</u>
<b>TOTAL FEDERAL AND STATE AWARDS</b>			<u>\$ 2,214,161</u>	<u>\$ 309,988</u>	<u>\$ 782,360</u>	<u>\$ 1,092,349</u>

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

**CITY OF MADISON, FLORIDA**

**Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance**

**For the Fiscal Year Ended September 30, 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

**B. Basis of Accounting**

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

The accrual basis of accounting is followed in the Schedule of Expenditures of Federal Awards and State Financial Assistance. Under the modified accrual basis, revenues are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the business-type activities and the major fund of the City of Madison, Florida, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Madison, Florida's basic financial statements and have issued our report thereof dated June 4, 2021.

**Internal Control Over Financial Reporting**

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

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

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

## **2012-1**

### **Financial Statement Preparation (Excess of second succeeding year)**

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

#### **MANAGEMENT'S RESPONSE**

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

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

#### **Compliance and Other Matters**

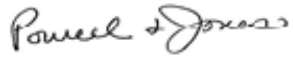
As part of obtaining reasonable assurance about whether the City of Madison, Florida's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct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

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

We also noted certain matters that we reported to management of the City of Madison, Florida, in a separate "Management Letter Required by Chapter 10.550, Rules of the State of Florida, Office of the Auditor General" dated June 4, 2021.

### **Purpose of this Report**

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



**POWELL & JONES**  
Certified Public Accountants  
Lake City, Florida  
June 4, 2021

## MANAGEMENT LETTER

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

In planning and performing our audit of the financial statements of the City of Madison, Florida, for the year ended September 30, 2020, we considered the City's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

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

### PRIOR YEAR FINDINGS

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

### CURRENT YEAR FINDINGS

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

### AUDITOR GENERAL COMPLIANCE MATTERS

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

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

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

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

	9-30-20	9-30-19	9-30-18	9-30-17	9-30-16	9-30-15
Revenues	\$ 2,611,191	\$ 2,727,930	\$ 2,314,860	\$ 2,312,124	\$ 2,182,576	\$ 2,110,668
Expenditures	3,771,129	3,539,211	3,270,462	3,248,448	3,315,566	3,235,292
Deficit of Revenues under expenditures	\$ (1,159,938)	\$ (811,281)	\$ (955,602)	\$ (936,324)	\$ (1,132,990)	\$ (1,124,624)

These deficits totaling \$6,120,759 have been offset by transfers in from other funds, primarily the Proprietary Fund. These transfers have reduced ending unrestricted net assets of these proprietary funds by this same amount.

Subsidy transfers by the Proprietary Fund to the General Fund, which have averaged approximately \$1,024,654 per year, have utilized a substantial portion of the Proprietary Fund operating income during these years.

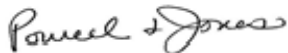
To correct these deteriorating financial conditions, we recommend that the City continue to implement strict measures during the current budget cycle to assure that recurring revenues are sufficient to fund recurring expenditures and replenish needed fiscal reserves in the General Fund, as well as the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

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

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

## CONCLUSION

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



**POWELL & JONES**  
Certified Public Accountants  
Lake City, Florida  
June 4, 2021



## INDEPENDENT ACCOUNTANT'S ATTESTATION REPORT

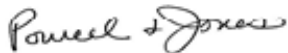
Honorable Mayor and City Commission  
City of Madison, Florida

We have examined the City of Madison, Florida's compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2020. We also examined the City's compliance with Sections 163.387(6) and (7), *Florida Statutes* regarding the Madison Community Redevelopment Agency during the year ended September 30, 2020. Management is responsible for the City of Madison, Florida's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

In our opinion, the City of Madison, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

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



**POWELL & JONES**  
Certified Public Accountants  
Lake City, Florida  
June 4, 2021

## **Communication with Those Charged with Governance**

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

We have audited the financial statements of the City of Madison, Florida for the year ended September 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### ***Qualitative Aspects of Accounting Practices***

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

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

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

#### ***Difficulties Encountered in Performing the Audit***

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

#### ***Corrected and Uncorrected Misstatements***

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

#### ***Disagreements with Management***

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

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated June 4, 2021.

*Management Consultations with Other Independent Accountants*

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

*Other Audit Findings or Issues*

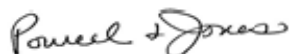
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses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

Other Information in Documents Containing Audited Financial Statements

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

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

Very truly yours,



**POWELL & JONES**  
**Certified Public Accountants**  
**Lake City, Florida**  
**June 4, 2021**

**IMPACT FEE AFFIDAVIT**

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


1. I am the Chief Financial Officer of the City of Madison which is a local governmental entity of the State of Florida;
2. The governing body of the City of Madison adopted Ordinance No. 2006-17 on the 9<sup>th</sup> day of January, 2007; implementing an impact fee; and
3. The City of Madison has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FUTHER AFFIANT SAYETH NAUGHT.

  
Lee Anne Hall, City of Madison City Clerk

STATE OF FLORIDA  
COUNTY OF MADISON

SWORN TO AND SUBSCRIBED before me this 8<sup>th</sup> day of June, 2021.

  
NOTARY PUBLIC  
Laneé Pike

Personally Know  or produced identification \_\_\_\_\_  
Type of identification produced: \_\_\_\_\_

My Commission Expires:



LANÉE PIKE  
Notary Public, State of Florida  
My Comm. Expires May 2, 2022  
Commission No. GG213553