



TOWN OF MEDLEY, FLORIDA
Financial Section, Required Supplementary Information,
Combining Fund Statements, and Supplementary Financial
Reports Compliance Section
September 30, 2020
With Independent Auditor's Reports

Town of Medley, Florida
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September 30, 2020

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, as well as each fiduciary fund type, of the Town of Medley, Florida (the "Town") as of and for the year ended September 30, 2020, and the related notes to financial statements, which collectively comprise the Town'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 opinions 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 of 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 opinions.

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, each major fund, and the aggregate remaining fund information, as well as each fiduciary fund type, of the Town as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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, the defined benefit pension information, and schedules of changes in total other post-employment benefits liability and related ratios on pages 3 through 16 and 71 through 83 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board ("GASB") who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements on pages 84 through 88 and the Schedule of Expenditures of Federal Awards on page 89 are the responsibility of management and were derived from and relate 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 combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2021, on our consideration of the Town of Medley, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

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

June 28, 2021

Town of Medley, Florida

Management's Discussion and Analysis

September 30, 2020

As management of the Town of Medley, Florida (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2020.

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

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$177,735,363 (*net position*). Of this amount, \$13,158,679 (*unrestricted net position*) may be used to meet the government's ongoing obligations to residents and creditors.
- During the fiscal year, the Town's total net position increased by \$957,647 or by approximately 0.5%. This is comprised of a decrease of \$622,413 in governmental activities and an increase of \$1,580,060 in business-type activities.
- The decrease in governmental activities was attributable to the following factors. Compared to last year, when there was an increase in net position of \$4,387,376, the current year's decrease in net position was \$622,413. Total revenues decreased by \$2,431,341 primarily due to decreases from the following revenue sources: ad valorem taxes of \$2,009,890, due to a decrease in the millage rate from 6.3000 mills to 5.050 mills, a decrease in building permits of \$458,091, a decrease in franchise fees and utility taxes of \$134,193 and a decrease in traffic fines of \$103,382. There was also a \$1,208,652 transfer to the Lakeside Retirement Park Fund for capital improvements. Revenue sources increasing includes Waster Management, Inc. host fees by \$274,201 and Capital and Operating Grants by \$1,183,080. Grants include the realization of FEMA reimbursements for damages suffered during Hurricane Irma in 2017 and reimbursements of COVID-19 expenditures through the CARES Act. Total governmental expenses increased from the prior year by \$2,578,448 due to \$81,428 expenditures incurred by the operations of the police gun range being reported as an activity of the general fund, effective October 1, 2019. Other expenses increasing include payroll and related benefits by \$1,432,437, unbudgeted COVID-19 safety expenditures by \$210,574, professional fees by \$98,858, unbudgeted public safety costs paid by forfeiture funds of \$139,771 and office supplies and equipment of \$117,734. Other expenses increasing include vehicle maintenance and railroad crossing repairs.
- The increase in business-type activities was attributable to the following factors. Compared to last year, when there was an increase in net position of \$1,338,097, the current year's increase in net position was \$1,580,060. Revenues increasing include stormwater user charges and interfund transfers from the general fund. Operating expenses increased by \$704,324, primarily due to an increase in payroll and related benefits as well as increases in contractual services, materials, and supplies costs. On October 1, 2019, the net position in the police gun range of \$52,799 was transferred to the governmental activities net position balance, and the fund was closed.

Town of Medley, Florida
Management's Discussion and Analysis
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- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund equity of \$18,095,778, a decrease of \$4,753,825 in comparison with the prior year. The decrease is due to a decrease in ad valorem taxes and increases in capital outlay and debt service expenditures. On October 1, 2019, the net position in the police gun range of \$114,503, which excludes capital assets, deferred outflows, long-term obligations, and deferred inflows, was transferred to the general fund balance, and the fund was closed. Of the \$18,095,778, \$17,346,782 is *available for spending* at the government's discretion (*assigned or unassigned fund balance*) of which \$10,250,000 has been assigned for future projects and expenditures consisting of \$2,250,000 for pensions, \$3,000,000 for working capital, \$1,700,000 for debt service, \$3,000,000 for capital projects and \$300,000 for health insurance for retired employees.
- The Town's total long-term obligations decreased by \$590,892, the net effect, which is comprised of principal payments on existing debt, an increase in the other post-employment benefits liability and decrease in the net pension liability.
- The total fair value of the Town's unrestricted cash and investments on September 30, 2020, was \$29,692,645, a decrease of \$5,078,988 from the prior year.

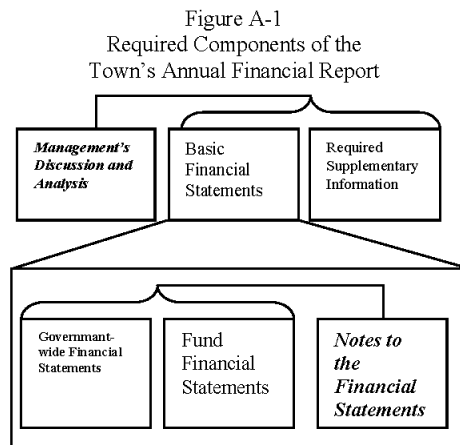
OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Town government, reporting the Town's operations in more detail than the government-wide statements.
- The governmental funds statements show how general government services such as public safety was financed in the short term as well as what remains for future spending.
- Proprietary fund statements offer short-term and long-term financial information about the activities the government operates like businesses, such as the water and wastewater and stormwater utilities.

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



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

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

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

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

The government-wide financial statements can be found on pages 17 through 18 of this report.

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

Town of Medley, Florida
Management's Discussion and Analysis
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- **Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

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

The basic governmental fund financial statements can be found on pages 19 through 22 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 23 through 27 of this report.

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

The basic fiduciary fund financial statements can be found on pages 28 and 29 of this report.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 30 through 70 of this report.

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

**Town of Medley, Florida
Management's Discussion and Analysis
September 30, 2020**

Required supplementary information can be found on pages 71 through 83 of this report.

The combining statements referred to earlier in connection with nonmajor proprietary funds are presented immediately following the required supplementary information on pensions. Combining fund statements can be found on pages 84 through 88 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The table below summarizes the statements of net position:

Town of Medley, Florida Net Position								
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		<u>Amount Change</u>	<u>% Change</u>
	<u>September 30,</u>		<u>September 30,</u>		<u>September 30,</u>			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>		
Current assets	\$ 18,795,285	\$ 23,321,235	\$ 13,668,421	\$ 13,315,192	\$ 32,463,706	\$ 36,636,427	\$ (4,172,721)	(11.4) %
Noncurrent assets	887,357	1,257,940	765,513	750,645	1,652,870	2,008,585	(355,715)	(17.7)
Capital assets, net	<u>143,842,894</u>	<u>141,202,149</u>	<u>34,008,147</u>	<u>34,030,692</u>	<u>177,851,041</u>	<u>175,232,841</u>	<u>2,618,200</u>	<u>1.5</u>
Total assets	<u>163,525,536</u>	<u>165,781,324</u>	<u>48,442,081</u>	<u>48,096,529</u>	<u>211,967,617</u>	<u>213,877,853</u>	<u>(1,910,236)</u>	<u>(0.9)</u>
Deferred outflows	<u>4,433,905</u>	<u>3,521,633</u>	<u>913,387</u>	<u>807,324</u>	<u>5,347,292</u>	<u>4,328,957</u>	<u>1,018,335</u>	<u>23.5</u>
Long-term obligations outstanding	25,395,510	25,601,366	6,364,428	6,749,464	31,759,938	32,350,830	(590,892)	(1.8)
Other liabilities	<u>1,019,575</u>	<u>1,591,297</u>	<u>1,387,465</u>	<u>2,030,437</u>	<u>2,407,040</u>	<u>3,621,734</u>	<u>(1,214,694)</u>	<u>(33.5)</u>
Total liabilities	<u>26,415,085</u>	<u>27,192,663</u>	<u>7,751,893</u>	<u>8,779,901</u>	<u>34,166,978</u>	<u>35,972,564</u>	<u>(1,805,586)</u>	<u>(5.0)</u>
Deferred inflows	<u>4,309,922</u>	<u>4,306,246</u>	<u>1,102,646</u>	<u>1,150,284</u>	<u>5,412,568</u>	<u>5,456,530</u>	<u>(43,962)</u>	<u>(0.8)</u>
Net position								
Investment in capital assets, net of related debt	132,768,019	128,760,483	31,059,669	30,826,860	163,827,688	159,587,343	4,240,345	2.7
Restricted	748,996	1,438,442	-	-	748,996	1,438,442	(689,446)	(47.9)
Unrestricted	<u>3,717,419</u>	<u>7,605,123</u>	<u>9,441,260</u>	<u>8,146,808</u>	<u>13,158,679</u>	<u>15,751,931</u>	<u>(2,593,252)</u>	<u>(16.5)</u>
Total net position	<u>\$ 137,234,434</u>	<u>\$ 137,804,048</u>	<u>\$ 40,500,929</u>	<u>\$ 38,973,668</u>	<u>\$ 177,735,363</u>	<u>\$ 176,777,716</u>	<u>\$ 957,647</u>	<u>0.5 %</u>

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

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

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

Town of Medley, Florida
Management's Discussion and Analysis
September 30, 2020

- 6) **Reduction of capital assets** through depreciation will reduce capital assets and net investment in capital assets.

In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$177,735,363 at September 30, 2020.

The largest portion of the Town's net position, \$163,827,688, or 92%, reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to residents; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$748,996, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$13,158,679, may be used to meet the government's ongoing obligations to residents and creditors.

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

Governmental and business-type activities. Governmental activities decreased the Town's net position by \$622,413, and business-type activities increased the Town's net position by \$1,580,060. This resulted in an increase in total net position of \$957,647.

**Town of Medley, Florida
Management's Discussion and Analysis
September 30, 2020**

The table below summarizes the statements of activities:

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

	Governmental Activities		Business-Type Activities		Total		Amount Change	% Change
	September 30,		September 30,		September 30,			
	2020	2019	2020	2019	2020	2019		
Revenues								
Program revenues								
Fees, fines, and charges for services	\$ 5,672,246	\$ 6,059,115	\$ 8,562,381	\$ 8,287,684	\$ 14,234,627	\$ 14,346,799	\$ (112,172)	(0.8) %
Operating grants and contributions	244,607	-	-	3,959	244,607	3,959	240,648	6,078.5
Capital grants and contributions	1,143,034	204,561	-	206,930	1,143,034	411,491	731,543	177.8
General revenues								
Ad valorem taxes	11,536,559	13,546,449	-	-	11,536,559	13,546,449	(2,009,890)	(14.8)
Utility taxes	1,456,822	1,510,150	-	-	1,456,822	1,510,150	(53,328)	(3.5)
Franchise fees	1,126,544	1,207,409	-	-	1,126,544	1,207,409	(80,865)	(6.7)
Other general taxes	499,160	485,936	-	-	499,160	485,936	13,224	2.7
Intergovernmental	346,455	423,278	-	-	346,455	423,278	(76,823)	(18.1)
Investment earnings	251,579	276,543	208,848	149,024	460,427	425,567	34,860	8.2
Insurance settlement proceeds	-	-	-	81,483	-	81,483	(81,483)	(100.0)
Miscellaneous	135,884	226,652	-	-	135,884	226,652	(90,768)	(40.0)
Internal activity								
Transfers	(1,208,652)	(304,514)	1,208,652	304,514	-	-	-	-
Total revenues and transfers	21,204,238	23,635,579	9,979,881	9,033,594	31,184,119	32,669,173	(1,485,054)	(4.5)
Expenses								
General government	7,475,666	7,058,823	-	-	7,475,666	7,058,823	416,843	5.9
Public safety	9,353,656	8,075,969	-	-	9,353,656	8,075,969	1,277,687	15.8
Physical environment	1,750,464	1,342,594	-	-	1,750,464	1,342,594	407,870	30.4
Human services	1,708,472	1,550,388	-	-	1,708,472	1,550,388	158,084	10.2
Culture and recreation	1,202,666	974,211	-	-	1,202,666	974,211	228,455	23.5
Interest	335,727	246,218	67,170	72,893	402,897	319,111	83,786	26.3
Water and wastewater	-	-	6,298,054	5,230,574	6,298,054	5,230,574	1,067,480	20.4
Stormwater utility	-	-	1,630,262	1,630,100	1,630,262	1,630,100	162	0.0
Medley Lakeside Retirement Park	-	-	404,335	416,471	404,335	416,471	(12,136)	(2.9)
Police gun range	-	-	-	345,459	-	345,459	(345,459)	(100.0)
Total expenses	21,826,651	19,248,203	8,399,821	7,695,497	30,226,472	26,943,700	3,282,772	12.2
Increase (decrease) in net position	(622,413)	4,387,376	1,580,060	1,338,097	957,647	5,725,473	(4,767,826)	(83.3)
Net position, beginning of year	137,804,048	133,416,672	38,973,668	37,635,571	176,777,716	171,052,243	5,725,473	3.3
Transfer to General Fund from Police Gun Range Fund (Note 2)	52,799	-	(52,799)	-	-	-	-	-
Net position, end of year	\$ 137,234,434	\$ 137,804,048	\$ 40,500,929	\$ 38,973,668	\$ 177,735,363	\$ 176,777,716	\$ 957,647	0.5 %

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

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

Some other basic impacts on expenses are reflected below:

- 1) Introduction of new programs can have a substantial impact on the government's spending.
- 2) Changes in service demand levels can cause the Town to increase or decrease authorized staffing. Staffing costs (wages and related benefits) represent approximately 68% of the Town's operating costs.

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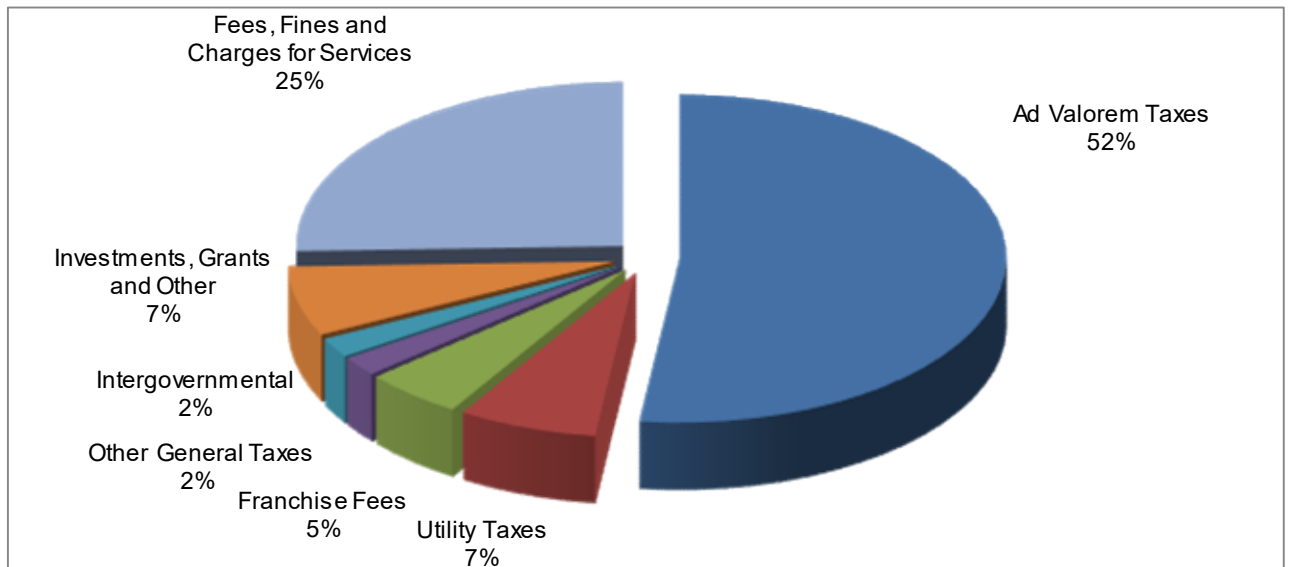
- 3) Salary increases such as cost of living, performance and contract impact personal service costs.
- 4) While inflation has been relatively low, the Town is a major consumer of certain commodities such as chemicals, supplies, fuels, and parts. Some functional expenses did experience unusually high commodity specific increases this past year; for example group medical insurance.

Governmental activities. Governmental activities decreased the Town's net position by \$622,413.

- **Revenues.** The following charts show the sources of program and general revenues for fiscal years 2020 and 2019:

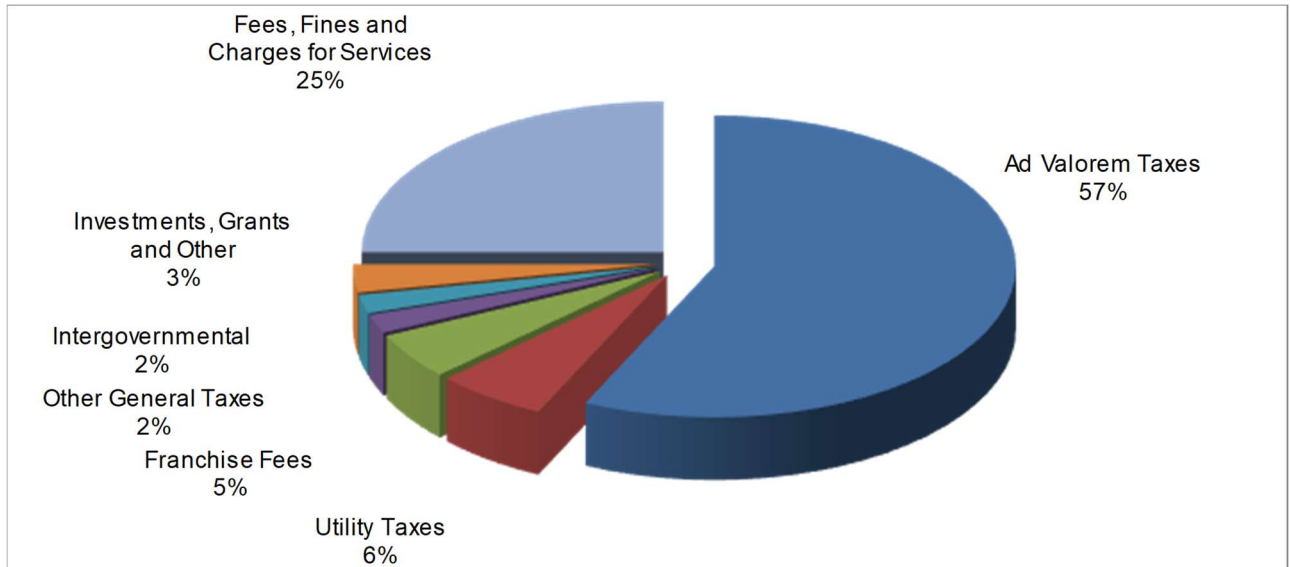
**Revenues by Source - Governmental Activities
For the Years Ended September 30, 2020 and 2019**

2020



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2019



The Town is heavily reliant on property taxes to support governmental functions. Property taxes provided 52% of the Town's total revenues in fiscal year 2020 as compared to 57% in fiscal year 2019. Franchise fees and utility taxes provided 12% and 11% in fiscal years 2020 and 2019, respectively.

The Town's millage rate has been reduced from 6.3000 mills in FY 2019 to 5.0500 mills in FY 2020. It has been further reduced to 4.8000 mills in FY 2021. This has been accomplished by increases in property assessments, new construction and the use of loan proceeds from the 2019 infrastructure loan to fund capital improvements.

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

	Total Cost of Services		Percentage Change
	2020	2019	
General government	\$ 7,475,666	\$ 7,058,823	6%
Public safety	9,353,656	8,075,969	16%
Physical environment	1,750,464	1,342,594	30%
Human services	1,708,472	1,550,388	10%
Culture and recreation	1,202,666	974,211	23%
Interest	335,727	246,218	36%
	<u>\$ 21,826,651</u>	<u>\$ 19,248,203</u>	<u>13%</u>

- Expenses for governmental activities increased \$2,578,448 from the prior year. The increase is due to increases in payroll and related costs, unbudgeted COVID-19 costs, unbudgeted public safety operating costs paid from restricted forfeiture funds and public safety costs related to the police gun range being operated from the general fund. Interest costs increased because the \$7,500,000 infrastructure loan was funded in April 2019.

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Business-type activities. Business-type activities increased the Town's net position by \$1,580,060.

- **Overall analysis of major funds.** The Town reports two major enterprise funds and one nonmajor fund (Medley Lakeside Retirement Park fund). The net income (loss) for each major enterprise fund was as follows for fiscal year 2020 and 2019:

	<u>Fiscal Year</u>	
	<u>2020</u>	<u>2019</u>
Water and wastewater	\$ (642,360)	\$ 559,674
Stormwater utility	<u>1,223,823</u>	<u>729,043</u>
	<u>\$ 581,463</u>	<u>\$ 1,288,717</u>

The following includes an analysis of the fiscal year 2020 financial activities for each fund:

- The water and wastewater fund had a decrease in net position of \$642,360. Operating revenue remained stable while operating expenses increased by \$1,067,480 from the prior year. This is attributable to increases payroll and related benefits, wholesale water and sewer costs, and water and sewer maintenance costs.
- The water and wastewater fund received no capital contributions in the current year. There were capital contributions of \$203,600 in the prior year.
- The stormwater utility fund had an increase in net position of \$1,223,823. Operating revenues increased by \$495,124 due to an increase in the ERU's effective with the July 1, 2019 billing. Operating expenses increased by \$162 from the prior year. A significant portion of stormwater utility expenditures are capitalized as the utility is undertaking a major capital improvement program.
- **Nonmajor fund - Medley Lakeside Retirement Park.** The Medley Lakeside Retirement Park Fund operated the real estate operations of a low-income lakeside mobile home park for seniors. For many years, the fund has experienced operating losses which were funded, at Town Council directives, by the general fund.

The Medley Lakeside Park Fund was closed on October 1, 2020. The retirement park itself was not closed, but effective October 1, 2020, the operations were incorporated into the general fund's operations.

During the fiscal year, seawall damage suffered during Hurricane Irma was repaired. Of the cost of the repairs, approximately \$1,000,000 was financed by an operating transfer from the general fund. FEMA reimbursed the Town for only 50% of the cost of repairs, stating the work performed was more extensive than it had approved. The reimbursement from FEMA has been recorded as a capital grant in the general fund.

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FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

	<u>Governmental Funds</u>			<u>Total</u>
	<u>General Fund</u>	<u>Law Enforcement Trust Fund</u>	<u>Town of Medley Foundation, Inc.</u>	
Revenue	\$ 22,192,210	\$ 29,167	\$ 41,973	\$ 22,263,350
Expenditures	(25,199,928)	(800,808)	(76,938)	(26,077,674)
Other financing uses, net	(1,054,002)	-	-	(1,054,002)
	<u>\$ (4,061,720)</u>	<u>\$ (771,641)</u>	<u>\$ (34,965)</u>	<u>\$ (4,868,326)</u>

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

The Town's governmental funds reported a combined ending fund balance of \$18,095,778, a decrease of \$4,753,825 in comparison with the prior year. Key components decreasing fund balance are as follows:

- A decrease in the millage rate from 6.3000 mills to 5.0500 mills resulting in reduced ad valorem taxes of \$2,009,890.
- An increase in capital outlay expenditures of \$2,517,981 from the prior year.
- An increase in debt service expenditures of \$703,497 from the prior year.
- An increase in public safety expenditures of \$1,151,699 from the prior year.
- An increase in physical environment of \$390,239 from the prior year.

The general fund is the chief operating fund of the Town. General tax revenues and other receipts that are not allocated to another fund by law or contractual commitment are accounted for in this fund. General operating expenditures and capital improvement costs not paid through another fund are paid from this fund. At the end of the current fiscal year, assigned and unassigned fund balance of the general fund was \$17,346,782. As a measure of the general fund's liquidity, it may be useful to compare this amount to total fund expenditures. Assigned and unassigned fund balance represents approximately 67% of total general fund expenditures.

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

The total growth in net position for all enterprise fund statements was \$1,527,261. Other factors concerning the finances of these funds have already been addressed in the discussion of the Town's business-type activities.

Fiduciary funds. The General Employee Pension Fund funding requirement was \$990,974 which represents an increase of \$112,365 from the prior year. The plan is 100% funded by the Town of Medley which contributed \$1,250,000 to the plan in FY 2020 and \$1,000,000 in FY 2019. Pension plan assets are managed by the General Employee Pension Board of Trustees with the assistance of an investment advisor. The defined benefit plan has a blended multiplier of 2.75% for all employees. Due to actuarial experience differences and increases in benefits the annual required contribution for FY 2021 will increase to \$1,000,534.

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

Part-time employees earn benefits based on age and years of service. The maximum monthly benefit is \$330.

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

The Police Pension Fund is funded by Town, State and employee contributions. Employees contribute 5% of their pensionable wages to the plan. The annual required contributions to the plan were \$1,112,124, an increase of \$161,576 from the prior year. The actual Town and State contribution was \$1,399,540 for the current fiscal year and \$1,198,747 for the prior year. Police officers contributed \$159,330 and \$150,881 for 2020 and 2019, respectively.

The plan is administered by the Police Pension Board of Trustees with the assistance of an investment advisor. The current pension multiplier is 3.00%. Effective October 1, 2020 the multiplier increased to 3.25%. Police officers hired prior to October 1, 2008 are limited to 100% of pensionable earnings. Police officers hired after October 1, 2008 are limited to 75% of their pensionable earnings, increasing to 81.25% effective October 1, 2020.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

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

Actual revenues were higher than the final budget by \$490,735. This was primarily due to the net effects of the following variances:

- Ad valorem collections were \$231,386 greater than budget due to collections of delinquent taxes.
- Utility taxes were \$61,125 over budget.
- Intergovernmental collections were \$742,911 under budget because of reduced FEMA reimbursements attributable to unqualified repair costs and economic impact of COVID-19.
- Permits, fees, and licenses revenue was \$753,903 over budget.
- User charges were \$138,645 over budget due to off-duty police work collected from the vendor directly to the Town, with the Town paying the police officers through payroll.
- Miscellaneous revenues were over budget by \$68,109. This was due to higher interest income and collection of demolition fees for costs incurred for the removal of unsafe structures.

Actual expenditures were lower than budget by \$3,275,873. This was primarily caused by lower than budgeted capital outlay costs of \$4,188,852 due to deferral of projects and delays in new construction.

Additional information on budgetary comparisons between the final budget and actual results can be found on page 69 of this report.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The Town's investment in capital assets for its governmental and business-type activities as of September 30, 2020, amounts to \$177,851,041 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, roadways, water, wastewater, and stormwater utility systems, machinery and equipment, and park facilities.

**Town of Medley, Florida
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The table below summarized the investment in capital assets:

Town of Medley, Florida Capital Assets								
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		Amount Change	% Change
	<u>September 30,</u>		<u>September 30,</u>		<u>September 30,</u>			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>		
Land and improvements	\$ 10,569,975	\$ 10,181,032	\$ 843,239	\$ 843,239	\$ 11,413,214	\$ 11,024,271	\$ 388,943	3.5 %
Construction in progress	3,846,664	3,025,884	3,651,142	2,074,633	7,497,806	5,100,517	2,397,289	47.0
Buildings and improvements	16,096,736	15,424,157	1,401,867	1,691,417	17,498,603	17,115,574	383,029	2.2
Infrastructure	147,107,985	145,425,152	-	-	147,107,985	145,425,152	1,682,833	1.2
Machinery, equipment, and vehicles	6,999,675	6,248,464	3,020,890	3,202,326	10,020,565	9,450,790	569,775	6.0
Water and wastewater systems	-	-	28,824,706	28,923,059	28,824,706	28,923,059	(98,353)	(0.3)
Stormwater systems	-	-	17,361,884	17,362,455	17,361,884	17,362,455	(571)	(0.0)
Total	184,621,035	180,304,689	55,103,728	54,097,129	239,724,763	234,401,818	5,322,945	2.3
Accumulated depreciation	(40,778,141)	(39,102,540)	(21,095,581)	(20,066,437)	(61,873,722)	(59,168,977)	(2,704,745)	4.6
	<u>\$ 143,842,894</u>	<u>\$ 141,202,149</u>	<u>\$ 34,008,147</u>	<u>\$ 34,030,692</u>	<u>\$ 177,851,041</u>	<u>\$ 175,232,841</u>	<u>\$ 2,618,200</u>	<u>1.5 %</u>

Additional information on the Town's capital assets can be found in Note 4 on page 45 of this report.

Long-term obligations. At year end, the Town had \$14,023,353 in notes outstanding versus \$15,645,498 last year. Repayments of debt amounted to \$1,622,145. Included in long-term obligations of the governmental fund and proprietary fund types are \$1,410,427 and \$242,271 in accrued compensated absence liabilities, respectively.

The following table reports long-term obligation balances at September 30, 2020 and 2019:

	<u>Governmental Activities</u>			
	<u>Balance October 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance September 30, 2020</u>
Notes payable	\$ 12,441,666	\$ -	\$ 1,366,791	\$ 11,074,875
Compensated absences	1,125,826	1,505,178	1,220,577	1,410,427
	<u>\$ 13,567,492</u>	<u>\$ 1,505,178</u>	<u>\$ 2,587,368</u>	<u>\$ 12,485,302</u>
	<u>Business-Type Activities</u>			
	<u>Balance October 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance September 30, 2020</u>
Notes payable	\$ 3,203,832	\$ -	\$ 255,354	\$ 2,948,478
Compensated absences	216,983	240,627	215,339	242,271
	<u>\$ 3,420,815</u>	<u>\$ 240,627</u>	<u>\$ 470,693</u>	<u>\$ 3,190,749</u>

Additional information on the Town's long-term debt can be found in Note 10 on pages 64 through 67 of this report.

**Town of Medley, Florida
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ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Given growth in the economy the Town's taxable value has increased by approximately 41% since 2010.

The operating millage for the fiscal year ending September 30, 2021, is stated at 4.800 mills. This represents a 5.5% increase over the rolled back rate and is lower than the 2020 millage rate of 5.0500 mills.

The general fund's total 2021 departmental expenditures are budgeted at \$20,207,477 which is \$915,815 more than fiscal 2020 actual expenditures. This is due to increases in payroll and related benefits, professional fees and program costs.

In fiscal year 2021, the Town has budgeted over \$14 million in capital projects: \$6.3 million from the general fund and the balance from the proprietary funds. Major projects include a community pool, Lehigh Lakeshore improvements, N.W, 74th Street Water Main, NW 96th Street from NW 87th Ave to South River Drive - drainage and road improvements, South River Drive from NW 116 Way to NW 121 Way - drainage and road improvements, and Pelmad Industrial Park at NW 105th Way - road and drainage improvements

The Town is currently pursuing the annexation of additional lands from Miami-Dade County. Other municipalities have expressed interest in annexing the same lands as the Town. The Town has recently resubmitted its annexation applications to the County based upon a four-city annexation agreement. Miami-Dade County has indicated that it will revisit the issue and study the applications as resubmitted. There is no timetable to complete the process.

The COVID-19 virus has had an adverse effect on the economy world-wide. The Town has experienced some of this downturn by experiencing a reduction in certain intergovernmental revenues. However, the Town, because of its small residential population, does not rely on this source of revenue as much as other municipalities and thus the reduction in overall revenues has had a smaller impact on our operations as it would otherwise be expected. There are indications from the property appraiser that 2021 property assessments, measured on January 1, 2021, may be adversely impacted by the pandemic.

REQUESTS FOR INFORMATION

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

Town of Medley, Florida
Government-Wide Statement of Net Position
September 30, 2020

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 8,530,075	\$ 7,395,510	\$ 15,925,585
Investments	7,474,231	6,292,829	13,767,060
Receivables, net	1,449,489	1,104,738	2,554,227
Internal balances	1,128,486	(1,128,486)	-
Prepaid expenses	213,004	3,830	216,834
	<u>18,795,285</u>	<u>13,668,421</u>	<u>32,463,706</u>
Restricted assets			
Cash and cash equivalents	484,964	765,513	1,250,477
Net pension asset	402,393	-	402,393
Total restricted assets	<u>887,357</u>	<u>765,513</u>	<u>1,652,870</u>
Capital assets			
Capital assets not being depreciated	113,603,534	4,172,780	117,776,314
Capital assets being depreciated, net	30,239,360	29,835,367	60,074,727
Total capital assets	<u>143,842,894</u>	<u>34,008,147</u>	<u>177,851,041</u>
Total assets	<u>163,525,536</u>	<u>48,442,081</u>	<u>211,967,617</u>
Deferred Outflows			
Deferred outflows related to other post employment benefits	1,581,967	328,539	1,910,506
Deferred outflows related to pensions	2,851,938	584,848	3,436,786
Total deferred outflows	<u>4,433,905</u>	<u>913,387</u>	<u>5,347,292</u>
Liabilities			
Liabilities			
Accounts payable and accrued liabilities	1,019,575	958,911	1,978,486
Liabilities payable from restricted assets	-	428,554	428,554
Long-term obligations			
Due within one year	1,387,738	261,210	1,648,948
Due after one year	11,097,564	2,929,539	14,027,103
Other post employment benefits	11,270,592	2,441,276	13,711,868
Net pension liability	1,639,616	732,403	2,372,019
Total liabilities	<u>26,415,085</u>	<u>7,751,893</u>	<u>34,166,978</u>
Deferred Inflows			
Unearned revenue	164,896	-	164,896
Deferred developer fees	-	75,749	75,749
Deferred inflows related to other post employment benefits	1,705,281	433,207	2,138,488
Deferred inflows related to pensions	2,439,745	593,690	3,033,435
Total deferred inflows	<u>4,309,922</u>	<u>1,102,646</u>	<u>5,412,568</u>
Net Position			
Investment in capital assets, net of related debt	132,768,019	31,059,669	163,827,688
Restricted	748,996	-	748,996
Unrestricted	3,717,419	9,441,260	13,158,679
Total net position	<u>\$ 137,234,434</u>	<u>\$ 40,500,929</u>	<u>\$ 177,735,363</u>

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

Town of Medley, Florida
Government-Wide Statement of Activities
Year Ended September 30, 2020

Functions/Programs	Total Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
General government	\$ 7,475,666	\$ 4,021,934	\$ 217,053	\$ 1,143,034	\$ (2,093,645)	\$ -	\$ (2,093,645)
Public safety	9,353,656	1,650,312	12,707	-	(7,690,637)	-	(7,690,637)
Physical environment	1,750,464	-	-	-	(1,750,464)	-	(1,750,464)
Human services	1,708,472	-	-	-	(1,708,472)	-	(1,708,472)
Culture and recreation	1,202,666	-	14,847	-	(1,187,819)	-	(1,187,819)
Interest on long-term obligations	335,727	-	-	-	(335,727)	-	(335,727)
Total governmental activities	<u>21,826,651</u>	<u>5,672,246</u>	<u>244,607</u>	<u>1,143,034</u>	<u>(14,766,764)</u>	<u>-</u>	<u>(14,766,764)</u>
Business-type activities							
Water and wastewater utility	6,321,731	5,522,134	-	-	-	(799,597)	(799,597)
Stormwater utility	1,673,755	2,845,967	-	-	-	1,172,212	1,172,212
Medley Lakeside Retirement Park	404,335	194,280	-	-	-	(210,055)	(210,055)
Total business-type activities	<u>8,399,821</u>	<u>8,562,381</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>162,560</u>	<u>162,560</u>
	<u>\$ 30,226,472</u>	<u>\$ 14,234,627</u>	<u>\$ 244,607</u>	<u>\$ 1,143,034</u>	<u>(14,766,764)</u>	<u>162,560</u>	<u>(14,604,204)</u>
General revenues							
Ad valorem taxes					11,536,559	-	11,536,559
Utility taxes					1,456,822	-	1,456,822
Other general taxes					499,160	-	499,160
Intergovernmental					346,455	-	346,455
Franchise fees					1,126,544	-	1,126,544
Investment earnings					251,579	208,848	460,427
Miscellaneous					135,884	-	135,884
Transfers					(1,208,652)	1,208,652	-
Total general revenues					<u>14,144,351</u>	<u>1,417,500</u>	<u>15,561,851</u>
Change in net position					(622,413)	1,580,060	957,647
Net position, beginning of year					137,804,048	38,973,668	176,777,716
Transfer to General Fund from Police Gun Range Fund (Note 2)					<u>52,799</u>	<u>(52,799)</u>	<u>-</u>
Net position, end of year					<u>\$ 137,234,434</u>	<u>\$ 40,500,929</u>	<u>\$ 177,735,363</u>

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

Town of Medley, Florida
Governmental Funds
Balance Sheet
September 30, 2020

	<u>General</u> <u>Fund</u>	<u>Law</u> <u>Enforcement</u> <u>Trust Fund</u>	<u>Medley</u> <u>Foundation,</u> <u>Inc.</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Assets				
Cash and cash equivalents	\$ 8,473,549	\$ -	\$ 56,526	\$ 8,530,075
Investments	7,474,231	-	-	7,474,231
Receivables, net	1,434,642	-	14,847	1,449,489
Due from other funds	1,148,831	-	-	1,148,831
Prepaid expenses	213,004	-	-	213,004
Restricted assets				
Cash and cash equivalents	<u>-</u>	<u>484,964</u>	<u>-</u>	<u>484,964</u>
Total assets	<u>\$ 18,744,257</u>	<u>\$ 484,964</u>	<u>\$ 71,373</u>	<u>\$ 19,300,594</u>
Liabilities, Deferred Inflows, and Fund Equity				
Liabilities				
Accounts payable and accrued liabilities	\$ 1,019,575	\$ -	\$ -	\$ 1,019,575
Due to other funds	<u>-</u>	<u>1,462</u>	<u>18,883</u>	<u>20,345</u>
Total liabilities	<u>1,019,575</u>	<u>1,462</u>	<u>18,883</u>	<u>1,039,920</u>
Deferred inflows - unearned revenue	<u>164,896</u>	<u>-</u>	<u>-</u>	<u>164,896</u>
Fund equity				
Fund balance				
Nonspendable	213,004	-	-	213,004
Restricted	-	483,502	-	483,502
Committed	-	-	52,490	52,490
Assigned	10,250,000	-	-	10,250,000
Unassigned	<u>7,096,782</u>	<u>-</u>	<u>-</u>	<u>7,096,782</u>
Total fund equity	<u>17,559,786</u>	<u>483,502</u>	<u>52,490</u>	<u>18,095,778</u>
Total liabilities, deferred inflows, and fund equity	<u>\$ 18,744,257</u>	<u>\$ 484,964</u>	<u>\$ 71,373</u>	<u>\$ 19,300,594</u>

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

Town of Medley, Florida
Governmental Funds
Balance Sheet
September 30, 2020

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

Total fund balance - total governmental funds	\$ 18,095,778
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets of \$184,621,035, net of accumulated depreciation of \$40,778,141, are not financial resources and, therefore, are not reported in the funds.	143,842,894
Long-term obligations of \$12,485,302 are not due and payable in the current period and are not reported in the funds.	(12,485,302)
On the statement of net position, the Town's other post employment benefit liability for the defined benefit plan of the Town is reported as a noncurrent liability. Additionally, deferred inflows of resources related to the plan are also reported.	
Other post employment benefits	(11,270,592)
Deferred outflows related to other post employment benefits	1,581,967
Deferred inflows related to other post employment benefits	(1,705,281)
On the statement of net position, the Town's net pension liability for the defined benefit pension plans of the Town is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows of resources related to pensions are also reported.	
Net pension asset	402,393
Net pension liability	(1,639,616)
Deferred outflows related to pensions	2,851,938
Deferred inflows related to pensions	<u>(2,439,745)</u>
Net position of governmental activities	<u>\$ 137,234,434</u>

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

Town of Medley, Florida
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended September 30, 2020

	<u>General Fund</u>	<u>Law Enforcement Trust Fund</u>	<u>Medley Foundation, Inc.</u>	<u>Total Governmental Funds</u>
Revenues				
Ad valorem taxes	\$ 11,536,559	\$ -	\$ -	\$ 11,536,559
Utility taxes	1,456,822	-	-	1,456,822
Other general taxes	726,210	-	-	726,210
Intergovernmental	1,569,709	-	14,847	1,584,556
Permits, fees, and licenses	4,921,428	-	-	4,921,428
Fines and forfeitures	923,507	4,165	-	927,672
User charges	720,645	-	-	720,645
Miscellaneous	337,330	25,002	27,126	389,458
Total revenues	<u>22,192,210</u>	<u>29,167</u>	<u>41,973</u>	<u>22,263,350</u>
Expenditures				
Current operating				
General government	5,941,676	-	-	5,941,676
Public safety	9,015,262	141,890	-	9,157,152
Physical environment	1,680,194	-	-	1,680,194
Human services	1,639,165	-	-	1,639,165
Culture and recreation	1,015,365	-	76,938	1,092,303
Capital outlay	4,205,748	658,918	-	4,864,666
Debt service	1,702,518	-	-	1,702,518
Total expenditures	<u>25,199,928</u>	<u>800,808</u>	<u>76,938</u>	<u>26,077,674</u>
Excess of expenditures over revenues	<u>(3,007,718)</u>	<u>(771,641)</u>	<u>(34,965)</u>	<u>(3,814,324)</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	154,650	-	-	154,650
Operating transfers - out	<u>(1,208,652)</u>	<u>-</u>	<u>-</u>	<u>(1,208,652)</u>
Total other financing sources (uses)	<u>(1,054,002)</u>	<u>-</u>	<u>-</u>	<u>(1,054,002)</u>
Excess of expenditures over revenues and other financing sources (uses)	<u>(4,061,720)</u>	<u>(771,641)</u>	<u>(34,965)</u>	<u>(4,868,326)</u>
Fund balances				
Beginning of year	21,507,005	1,255,143	87,455	22,849,603
Transfer from Police Gun Range Fund (Note 2)	<u>114,501</u>	<u>-</u>	<u>-</u>	<u>114,501</u>
End of year	<u>\$ 17,559,786</u>	<u>\$ 483,502</u>	<u>\$ 52,490</u>	<u>\$ 18,095,778</u>

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

Town of Medley, Florida
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended September 30, 2020

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

Net change in fund balances - total governmental funds	\$ (4,868,326)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$4,864,666 was exceeded by depreciation of \$1,748,297 in the current period.	3,116,369
Loss on disposal of capital assets decreases net position in the statement of activities, but does not appear in the governmental funds because it is not a loss of financial resources.	(552,668)
Proceeds from sale of capital assets appear as other financing sources in the governmental funds, but do not appear in the statement of activities because proceeds are recorded as a gain or loss compared to the net book value of the assets being sold.	(154,650)
Change in long-term compensated absences recognized in statement of activities, not recognized as expenditures.	(284,601)
Other post employment benefit obligations, net of payments made, is recorded in the statement of activities and change in net position, but not recorded in the fund balance of the governmental funds. The expense represents an actuarially determined amount.	(258,542)
Repayment of notes payable is reported as an expenditure in governmental funds and, thus, has an effect on fund balance because current financial resources have been used for the Town as a whole; however, the principal payments reduce liabilities in the statement of net position and do not result in expense in the statement of activities.	1,366,791
Contributions made to the pension plan are shown as an expenditure in governmental funds and, thus have an effect on fund balance because current financial resources have been used for the Town as a whole; however, the contributions reduce net pension liability in the statement of net position and do not result in expense in the statement of activities.	2,114,040
Contributions made to the Police Officers' Retirement Plan by the State of Florida are shown as revenue on the government-wide statement of activities because the contributions reduce net pension liability in the statement of net position.	149,540
In the statement of activities, pension expense is recorded for the collective pension expense of the defined benefit plans of the Town. Also included in pension expense are amounts required to be amortized from pension-related deferred inflows and outflows.	<u>(1,250,366)</u>
Change in net position of governmental activities	<u>\$ (622,413)</u>

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

Town of Medley, Florida
Proprietary Funds
Statement of Net Position
September 30, 2020

	<u>Major Funds</u>		<u>Other Proprietary Funds</u>	<u>Total</u>
	<u>Water and Wastewater Fund</u>	<u>Stormwater Utility Fund</u>		
Assets				
Current assets				
Cash and cash equivalents	\$ 4,051,486	\$ 3,333,748	\$ 10,276	\$ 7,395,510
Investments	3,614,089	2,678,740	-	6,292,829
Receivables, net	567,070	110,732	-	677,802
Due from other governments	426,936	-	-	426,936
Due from other funds	279,708	-	-	279,708
Prepaid expenses	3,830	-	-	3,830
Total current assets	<u>8,943,119</u>	<u>6,123,220</u>	<u>10,276</u>	<u>15,076,615</u>
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	626,293	139,220	-	765,513
Total restricted assets	<u>626,293</u>	<u>139,220</u>	<u>-</u>	<u>765,513</u>
Non-restricted assets				
Capital assets, net	17,483,407	15,412,937	1,111,803	34,008,147
Total non-restricted assets	<u>17,483,407</u>	<u>15,412,937</u>	<u>1,111,803</u>	<u>34,008,147</u>
Total noncurrent assets	<u>18,109,700</u>	<u>15,552,157</u>	<u>1,111,803</u>	<u>34,773,660</u>
Total assets	<u>27,052,819</u>	<u>21,675,377</u>	<u>1,122,079</u>	<u>49,850,275</u>
Deferred Outflows				
Related to other post employment benefits	236,093	88,241	4,205	328,539
Related to pensions	378,613	190,568	15,667	584,848
Total deferred outflows	<u>614,706</u>	<u>278,809</u>	<u>19,872</u>	<u>913,387</u>

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

Town of Medley, Florida
Proprietary Funds
Statement of Net Position
September 30, 2020

	<u>Major Funds</u>			<u>Total</u>
	<u>Water and Wastewater Fund</u>	<u>Stormwater Utility Fund</u>	<u>Other Proprietary Funds</u>	
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	\$ 778,464	\$ 169,885	\$ 10,562	\$ 958,911
Due to other funds	660,387	747,807	-	1,408,194
Liabilities payable from restricted assets				
Utility deposits	428,554	-	-	428,554
Current portion of notes payable	121,990	139,220	-	261,210
Total current liabilities	<u>1,989,395</u>	<u>1,056,912</u>	<u>10,562</u>	<u>3,056,869</u>
Long-term obligations				
Notes payable, net of current portion	698,634	1,988,634	-	2,687,268
Compensated absences	166,369	70,379	5,523	242,271
Other post employment benefits	1,768,839	639,217	33,220	2,441,276
Net pension liability	474,136	238,648	19,619	732,403
Total long-term debt	<u>3,107,978</u>	<u>2,936,878</u>	<u>58,362</u>	<u>6,103,218</u>
Total liabilities	<u>5,097,373</u>	<u>3,993,790</u>	<u>68,924</u>	<u>9,160,087</u>
Deferred Inflows				
Related to other post employment benefits	302,980	122,112	8,115	433,207
Related to pensions	384,337	193,450	15,903	593,690
Deferred developer fees	75,749	-	-	75,749
Total deferred inflows	<u>763,066</u>	<u>315,562</u>	<u>24,018</u>	<u>1,102,646</u>
Net Position				
Investment in capital assets, net of related debt	16,662,783	13,285,083	1,111,803	31,059,669
Unrestricted	5,144,303	4,359,751	(62,794)	9,441,260
Total net position	<u>\$ 21,807,086</u>	<u>\$ 17,644,834</u>	<u>\$ 1,049,009</u>	<u>\$ 40,500,929</u>

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

Town of Medley, Florida
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended September 30, 2020

	Water and Wastewater Fund	Stormwater Utility Fund	Other Proprietary Funds	Total
Operating revenues				
User charges	\$ 5,327,050	\$ 2,842,255	\$ 194,280	\$ 8,363,585
Service and hook-up charges	190,303	-	-	190,303
Miscellaneous other	4,781	3,712	-	8,493
Total operating revenue	<u>5,522,134</u>	<u>2,845,967</u>	<u>194,280</u>	<u>8,562,381</u>
Operating expenses				
Salaries, wages and employee benefits	1,719,038	793,473	56,256	2,568,767
Contractual services, materials, and supplies	3,815,766	297,003	325,317	4,438,086
Depreciation and amortization	763,250	539,786	22,762	1,325,798
Total operating expenses	<u>6,298,054</u>	<u>1,630,262</u>	<u>404,335</u>	<u>8,332,651</u>
Operating income (loss)	<u>(775,920)</u>	<u>1,215,705</u>	<u>(210,055)</u>	<u>229,730</u>
Non-operating revenues (expenses)				
Interest income	157,237	51,611	-	208,848
Interest expense	<u>(23,677)</u>	<u>(43,493)</u>	<u>-</u>	<u>(67,170)</u>
Total non-operating revenues	<u>133,560</u>	<u>8,118</u>	<u>-</u>	<u>141,678</u>
Income (loss) before other revenues and operating transfers	<u>(642,360)</u>	<u>1,223,823</u>	<u>(210,055)</u>	<u>371,408</u>
Other revenues and operating transfers				
Operating transfers-in	<u>-</u>	<u>-</u>	<u>1,208,652</u>	<u>1,208,652</u>
Total other revenues and operating transfers	<u>-</u>	<u>-</u>	<u>1,208,652</u>	<u>1,208,652</u>
Net income (loss)	(642,360)	1,223,823	998,597	1,580,060
Net position				
Beginning of year	22,449,446	16,421,011	103,211	38,973,668
Transfer to General Fund (Note 2)	<u>-</u>	<u>-</u>	<u>(52,799)</u>	<u>(52,799)</u>
End of year	<u>\$ 21,807,086</u>	<u>\$ 17,644,834</u>	<u>\$ 1,049,009</u>	<u>\$ 40,500,929</u>

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

Town of Medley, Florida
Proprietary Funds
Statement of Cash Flows
Year Ended September 30, 2020

	<u>Major Funds</u>			<u>Total</u>
	<u>Water and</u>	<u>Stormwater</u>	<u>Other</u>	
	<u>Wastewater</u>		<u>Proprietary</u>	
	<u>Fund</u>	<u>Utility Fund</u>	<u>Funds</u>	
Operating activities				
Receipts from customers and users	\$ 5,562,972	\$ 2,812,030	\$ 194,280	\$ 8,569,282
Payments to suppliers	(3,992,378)	(497,000)	(625,981)	(5,115,359)
Payments to employees	(1,694,331)	(792,911)	(61,124)	(2,548,366)
Transfer to general fund	-	-	(38,451)	(38,451)
Other receipts	<u>4,204</u>	<u>3,712</u>	<u>-</u>	<u>7,916</u>
Net cash provided by (used in) operating activities	<u>(119,533)</u>	<u>1,525,831</u>	<u>(531,276)</u>	<u>875,022</u>
Noncapital financing activities				
Decrease in current liabilities payable from restricted assets	9,012	-	-	9,012
Transfers from other funds	-	-	1,208,652	1,208,652
Change in due from/to other funds	<u>180,462</u>	<u>410,637</u>	<u>-</u>	<u>591,099</u>
Net cash provided by noncapital financing activities	<u>189,474</u>	<u>410,637</u>	<u>1,208,652</u>	<u>1,808,763</u>
Capital and related financing activities				
Acquisition of capital assets	(331,420)	(519,995)	(705,844)	(1,557,259)
Principal reduction on notes payable	(118,810)	(136,544)	-	(255,354)
Interest paid on notes payable	<u>(23,677)</u>	<u>(43,493)</u>	<u>-</u>	<u>(67,170)</u>
Net cash used in capital and related financing activities	<u>(473,907)</u>	<u>(700,032)</u>	<u>(705,844)</u>	<u>(1,879,783)</u>
Investing activities				
Redemption of investments	548,953	-	-	548,953
Purchase of investments	(1,548,636)	(1,184,197)	-	(2,732,833)
Interest income received	<u>157,237</u>	<u>52,923</u>	<u>-</u>	<u>210,160</u>
Net cash used in investing activities	<u>(842,446)</u>	<u>(1,131,274)</u>	<u>-</u>	<u>(1,973,720)</u>

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

Town of Medley, Florida
Proprietary Funds
Statement of Cash Flows
Year Ended September 30, 2020

	<u>Major Funds</u>			<u>Total</u>
	<u>Water and Wastewater Fund</u>	<u>Stormwater Utility Fund</u>	<u>Other Proprietary Funds</u>	
Net change in cash and cash equivalents	\$ (1,246,412)	\$ 105,162	\$ (28,468)	\$ (1,169,718)
Cash and cash equivalents				
Beginning of year	<u>5,924,191</u>	<u>3,367,806</u>	<u>38,744</u>	<u>9,330,741</u>
End of year	<u>\$ 4,677,779</u>	<u>\$ 3,472,968</u>	<u>\$ 10,276</u>	<u>\$ 8,161,023</u>
Reported as follows in the statement of net position				
Cash and cash equivalents	\$ 4,051,486	\$ 3,333,748	\$ 10,276	\$ 7,395,510
Restricted cash and cash equivalents	<u>626,293</u>	<u>139,220</u>	<u>-</u>	<u>765,513</u>
	<u>\$ 4,677,779</u>	<u>\$ 3,472,968</u>	<u>\$ 10,276</u>	<u>\$ 8,161,023</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ (775,920)	\$ 1,215,705	\$ (210,055)	\$ 229,730
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation and amortization	763,250	539,786	22,762	1,325,798
Bad debt expense	3,795	1,648	-	5,443
Transfer to General Fund	-	-	(38,451)	(38,451)
Changes in				
Receivables	45,619	(19,837)	-	25,782
Due from other governments	26,416	-	-	26,416
Prepaid expenses	8,008	-	-	8,008
Deferred outflows of resources	(111,905)	(38,633)	2,422	(148,116)
Accounts payable and accrued liabilities	(215,408)	(201,645)	(300,664)	(717,717)
Refundable advances	-	(10,388)	-	(10,388)
Compensated absences	34,275	4,866	-	39,141
Other post employment benefits	248,434	91,744	4,058	344,236
Deferred inflows of resources	15,000	16,505	(552)	30,953
Net pension liability	<u>(161,097)</u>	<u>(73,920)</u>	<u>(10,796)</u>	<u>(245,813)</u>
Net cash provided by (used in) operating activities	<u>\$ (119,533)</u>	<u>\$ 1,525,831</u>	<u>\$ (531,276)</u>	<u>\$ 875,022</u>

Supplemental disclosure of noncash investing and financing activities

In the Water and Wastewater Utility Fund, the Town had \$10,618 of purchases of capital assets in accounts payable.

In the Water and Wastewater Utility Fund, the Town reduced the cost basis of a capital asset by \$98,353 for overpayments to vendors in previous years for a capital project refunded in the current year.

In the Stormwater Utility Fund, the Town had \$65,423 of purchases of capital assets in accounts payable.

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

Town of Medley, Florida
Fiduciary Funds
Statement of Fiduciary Net Position
September 30, 2020

	<u>Pension Trust Funds</u>		<u>Total</u>
	<u>General Employees' Pension Fund</u>	<u>Police Officers' Retirement Fund</u>	
Assets			
Accounts receivable	\$ 23,866	\$ -	\$ 23,866
Investments at fair value	<u>25,082,264</u>	<u>29,377,891</u>	<u>54,460,155</u>
Total assets	<u>\$ 25,106,130</u>	<u>\$ 29,377,891</u>	<u>\$ 54,484,021</u>
Liabilities			
Accounts payable	<u>\$ 3,839</u>	<u>\$ -</u>	<u>\$ 3,839</u>
Total liabilities	<u>3,839</u>	<u>-</u>	<u>3,839</u>
Net position restricted for pension benefits	<u>\$ 25,102,291</u>	<u>\$ 29,377,891</u>	<u>\$ 54,480,182</u>

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

Town of Medley, Florida
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
Year Ended September 30, 2020

	<u>Pension Trust Funds</u>		<u>Total</u>
	<u>General Employees' Pension Fund</u>	<u>Police Officers' Retirement Fund</u>	
Additions			
Contributions			
Town	\$ 1,250,000	\$ 1,250,000	\$ 2,500,000
Plan members	-	159,330	159,330
State of Florida	-	149,540	149,540
Total contributions	<u>1,250,000</u>	<u>1,558,870</u>	<u>2,808,870</u>
Investment gains, including net unrealized gains on investments	<u>2,596,192</u>	<u>1,764,762</u>	<u>4,360,954</u>
Total additions	<u>3,846,192</u>	<u>3,323,632</u>	<u>7,169,824</u>
Deductions			
Benefit payments	1,010,236	1,830,035	2,840,271
Administrative expense	<u>43,832</u>	<u>44,997</u>	<u>88,829</u>
Total deductions	<u>1,054,068</u>	<u>1,875,032</u>	<u>2,929,100</u>
Change in net position	2,792,124	1,448,600	4,240,724
Net position restricted for pension benefits			
Beginning of year	<u>22,310,167</u>	<u>27,929,291</u>	<u>50,239,458</u>
End of year	<u>\$ 25,102,291</u>	<u>\$ 29,377,891</u>	<u>\$ 54,480,182</u>

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

Town of Medley, Florida
Notes to Financial Statements
September 30, 2020

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Operations

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

The Town complies with accounting principles generally accepted in the United States of America. The Town's reporting entity applies all relevant Governmental Accounting Standards Board ("GASB") pronouncements. The accounting and reporting framework and the more significant accounting principles are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the Town's financial activities for the fiscal year ended September 30, 2020.

B. Financial Reporting Entity

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

Town of Medley Foundation, Inc.

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

C. Government-Wide and Fund Financial Statements

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

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

Town of Medley, Florida
Notes to Financial Statements
September 30, 2020

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

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

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

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

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

The government reports the following major governmental funds:

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

The government reports the following major proprietary funds:

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

Town of Medley, Florida
Notes to Financial Statements
September 30, 2020

Additionally, the government reports the following fund types:

- The *special revenue fund* is used to account for the proceeds of a specific revenue source that is legally restricted to expenditures for specific purposes. The Town uses this fund to account for the activities of the Town of Medley Foundation, Inc.
- *Enterprise funds* are used to account for operations that are financed and operated similar to private business enterprises. The Town has two nonmajor enterprise funds: Medley Lakeside Retirement Park fund and police gun range fund.
- The *pension trust funds* account for the activities of the Town's general employees' and police officers' defined benefit plans, which accumulate resources for pension benefit payments to qualified Town employees.

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, 3) capital grants and contributions, including special assessments, and 4) traffic fines and forfeitures. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and wastewater fund and the stormwater utility fund are charges to customers for sales and services. The Town also recognizes as operating revenue the option of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

(1) Deposits and Investments

(a) Cash and Cash Equivalents

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

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned or the Town will not be able to recover collateral securities in the possession of an outside party. At September 30, 2020, the carrying amount of the Town's deposits was \$17,176,062 and the bank balances of the Town's deposits were \$18,263,377. A portion of the bank balances was covered by federal deposit insurance and the remainder was covered by pledged collateral as required by Florida Statutes. All collateral is pledged in the Town's name and is held by a third party financial institution.

Highly liquid financial instruments with an original maturity of three months or less at the time they are purchased by the Town are considered to be cash equivalents.

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

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

(2) Town of Medley's Investment Policies

(a) Credit Risk

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

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

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

(b) Interest Rate Risk

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

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

Town of Medley, Florida
Notes to Financial Statements
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(c) Foreign Currency Risk

Foreign currency risk is the risk that the change in exchange rates will adversely affect the fair value of an investment. The Town's general employees' pension fund and the police officers' retirement fund hold \$2,712,708 and \$3,177,963, respectively, in various foreign equities as of September 30, 2020. The foreign holdings account for approximately 11% of each fund's respective investments. The pension plans have no investment policies that limit its investment choices as it relates to foreign equities.

(d) Defined Benefit Pension Trust Policy

The Town has established defined pension trust funds for the benefit of qualified Town employees. Investment policies provide for the investment managers, who have full discretion of assets allocated to them, to be subject to overall investment guidelines set out in the policies. Manager performance is reviewed by a consultant who provides reports to the governing boards. Overall investment guidelines provide for diversification and allow investment in domestic and international common stocks, fixed income securities, cash equivalents, index funds, collective trust funds, and mutual funds. The plans address custodial credit risk by providing for the engagement of custodians who accept possession of securities for safekeeping; collect and disburse income; collect principal of sold, matured, or called items; and provide a periodic accounting to the Town. The general employees' pension plan presently has allocated 25% of its investments in fixed income securities, 64% in domestic equity, and 11% in international stock. The police officers' retirement fund presently has allocated 27% of its investment in fixed income securities, 62% in domestic equity, and 11% in international equities.

For the year ended September 30, 2020, the annual money weighted rate of return on plan investments, net of investment expense, was 11.44% and 6.33% for the general employees' and police officers' plans, respectively. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Town of Medley, Florida
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(e) Concentrations of Credit Risk

All of the investments in the pension funds are held by the Standard Insurance Company. Within those accounts, investments which comprise 5% or more of the plans' assets at September 30, 2020, are as follows:

	General Employees' Pension Plan	Police Officers' Retirement Fund
Fidelity 500 IDX Instl Prem	\$ 3,595,953	\$ 3,326,447
Fidelity International Index	-	1,556,362
Harbor Bond Retirement	1,844,676	4,079,432
Hartford International Opportunity Y	1,363,405	-
Hartford International Growth R5	1,349,303	-
MFS Value R5	3,911,262	-
MFS International Diversification R6	-	1,621,601
Stable Asset Fund II	4,485,667	3,969,611
T. Rowe Price Growth Stock	4,355,037	3,522,511
Vanguard REIT Index Admiral DB	-	1,682,749
Vanguard Value Index Admiral DB	-	3,132,374
	<u>\$ 20,905,303</u>	<u>\$ 22,891,087</u>

(f) Fair Value Measurements

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

The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Town has the ability to access.
- Level 2: Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the Town's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumption about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Town's own data.

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The asset or liability's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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

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

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

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

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

The following tables set forth additional disclosures for investments in which fair value is measured using the NAV per share practical expedient as of September 30, 2020, for the General Employees' Pension Fund and the Police Officers' Retirement Fund.

<u>Investment Type</u>	<u>General Employees' Pension Fund</u>			
	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Stable Asset Fund (a)	\$ 4,485,667	\$ -	Daily	Daily
Pooled separate accounts				
Fixed income securities (b)	1,844,676	-	Daily	Daily
Domestic equity securities (c)	16,039,213	-	Daily	Daily
International stock securities (d)	2,712,708	-	Daily	Daily
	<u>20,596,597</u>	<u>-</u>		
	<u>\$ 25,082,264</u>	<u>\$ -</u>		

Town of Medley, Florida
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<u>Investment Type</u>	<u>Police Officers' Retirement Fund</u>			
	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Stable Asset Fund (a)	\$ 3,969,611	\$ -	Daily	Daily
Pooled separate accounts				
Fixed income securities (b)	4,079,432	-	Daily	Daily
Domestic equity securities (c)	18,150,885	-	Daily	Daily
International stock securities (d)	3,177,963	-	Daily	Daily
	<u>25,408,280</u>	<u>-</u>		
	<u>\$ 29,377,891</u>	<u>\$ -</u>		

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

(3) Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." See Note 13 for details of interfund transactions, including receivables and payables at year-end.

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

Town of Medley, Florida
Notes to Financial Statements
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(4) Capital Assets

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

The costs of ordinary maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

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

(5) Deferred Outflows of Resources

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

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

(6) Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The amounts are deferred and recognized as an inflow of resources in the period that amounts become available. The governmental funds report unearned revenue related to fees received prior to September 30, 2020, that are for fiscal year 2021 local business tax receipts and other licenses and fees. The proprietary funds report unavailable revenues from refundable advances and deferred developer fees. Refundable advances are related to advances of grant proceeds and customer charges. Deferred developer fees consist of amounts collected from Town property owners for the reimbursement to developers for the construction of water and wastewater and drainage systems. These amounts will be remitted to the developers. The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years. The deferred inflows related to other post-employment benefits will be recognized as a reduction to health insurance expenses in future reporting years. Details on the composition of deferred inflows related to pensions and other post-employment benefits are reported in a subsequent note.

(7) Compensated Absences

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

(8) Long-Term Obligations

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

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

Town of Medley, Florida
Notes to Financial Statements
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(9) Fund Balances - Governmental Funds

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

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

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

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

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

Town Ordinance C-358 requires the Town maintain during each fiscal year an unrestricted reserve fund balance equal to a minimum of 25% of total general fund expenditures. At September 30, 2020 the Town maintained an unrestricted reserve fund balance equal to 69% of general fund expenditures. The Town considers that assigned and unassigned fund equity balances makeup the total unrestricted reserve fund balance.

F. Employee Benefit Plans

(1) Employee Benefit Plans and Net Pension Assets

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

Town of Medley, Florida
Notes to Financial Statements
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At September 30, 2020, the Town recorded a net pension liability related to the General Employees' Pension Plan and a net pension asset related to the Police Officers' Retirement Plan in its government-wide statement of net position in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Please refer to Note 8 for further information.

(2) Post-Employment Benefits Other Than Pensions ("OPEB")

The Town provides post-employment benefit options for health care and dental insurance to eligible retirees, terminated employees, and their dependents. The benefits are provided in accordance with Town ordinances, collective bargaining agreements, and the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"). The criteria to determine eligibility include: years of service, employee age, disability due to line of duty, and whether the employee has vested in the respective retirement plan. The Town pays the entire premium for eligible employees and spouses and coverage expires upon attainment of age 65.

The Town is financing the post-employment benefits on a pay-as-you-go basis. As determined by an actuarial valuation, the Town records a net OPEB obligation in its government-wide financial statements related to the benefits in accordance with GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Please refer to Note 8 for further information.

G. Stewardship, Compliance, and Accountability

Budgetary Information

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

Legally Adopted Appropriated Budgets

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

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

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

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

Legally Authorized Nonappropriated Budgets

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

Town of Medley, Florida
Notes to Financial Statements
September 30, 2020

H. Risks and Uncertainties

Management is currently evaluating the impact of the COVID-19 pandemic on the Town and has concluded that while it is reasonably possible that the virus could have a negative effect on the Town's financial position, results of its operations, and cash flows, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

I. Estimates

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

J. Subsequent Events

The Town has evaluated subsequent events through June 28, 2021, the date which the financial statements were available to be issued. Based upon this evaluation, the Town has determined that, except as disclosed in Note 15, no subsequent events have occurred that would require disclosure in the financial statements.

Town of Medley, Florida
Notes to Financial Statements
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2. CLOSURE OF THE POLICE GUN RANGE FUND

Effective October 1, 2019, the Town Council approved an action to discontinue reporting the police gun range as a business-type activity and transfer all assets, liabilities, and operations to an activity of the general fund. As a result of this action, the police gun range fund's net position balance of \$52,799 at October 1, 2019 was transferred into governmental activities on the government-wide statement of net position. The assets, deferred outflows, liabilities, and deferred inflows transferred to the governmental activities on October 1, 2019 are as follows:

Assets

Current assets

Cash and cash equivalents	\$ 38,451
Receivables, net	<u>86,358</u>
Total current assets	124,809

Capital assets, net	<u>231,694</u>
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Total assets	<u>356,503</u>
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Deferred Outflows

Related to other post employment benefits	10,635
Related to pensions	<u>31,418</u>
Total deferred outflows	<u>42,053</u>

Liabilities

Current liabilities

Accounts payable and accrued liabilities	<u>10,308</u>
Total current liabilities	<u>10,308</u>

Long-term obligations

Compensated absences	13,853
Other post employment benefits	207,547
Net pension liability	<u>45,846</u>
Total long-term liabilities	<u>267,246</u>

Total liabilities	<u>277,554</u>
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Deferred Inflows

Related to other post employment benefits	44,364
Related to pensions	<u>23,839</u>
Total deferred inflows	<u>68,203</u>

Net Position

Investment in capital assets, net of related debt	231,694
Unrestricted	<u>(178,895)</u>
Total net position transferred to governmental activities	<u>\$ 52,799</u>

Town of Medley, Florida
Notes to Financial Statements
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Due to the reporting under the modified accrual basis of accounting in the governmental fund financial statements, which excludes the reporting of capital assets, long-term obligations, and deferred inflows and outflows related to other post-employment benefits and pensions, \$114,501 was transferred to the fund balance of the general fund from the police gun range fund on the governmental funds balance sheet on October 1, 2019. The assets and liabilities transferred to the general fund on October 1, 2019 are as follows:

Assets

Cash and cash equivalents	\$ 38,451
Receivables, net	<u>86,358</u>
Total assets	<u>124,809</u>

Liabilities

Accounts payable and accrued liabilities	<u>10,308</u>
Total liabilities	<u>10,308</u>

Net assets transferred to general fund balance	<u>\$ 114,501</u>
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3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and cash equivalents at September 30, 2020 consist of the following:

	<u>Governmental Fund Types</u>			<u>Proprietary</u>	<u>Total All</u>	<u>Financial</u>
	<u>General</u>	<u>Special</u>	<u>Total</u>	<u>Fund Type</u>		
	<u>Fund</u>	<u>Revenue</u>	<u>Government</u>	<u>Enterprise</u>	<u>Funds</u>	<u>Institution</u>
		<u>Funds</u>	<u>Funds</u>	<u>Funds</u>		<u>Balance</u>
Unrestricted						
Demand deposits	\$ 2,486,901	\$ 998	\$ 2,487,899	\$ 10,276	\$ 2,498,175	\$ 3,164,533
Money market funds	<u>5,986,648</u>	<u>55,528</u>	<u>6,042,176</u>	<u>7,385,234</u>	<u>13,427,410</u>	<u>13,707,597</u>
	<u>8,473,549</u>	<u>56,526</u>	<u>8,530,075</u>	<u>7,395,510</u>	<u>15,925,585</u>	<u>16,872,130</u>
Restricted						
Demand deposits	-	58,500 ³	58,500	-	58,500	58,500
Money market funds	<u>-</u>	<u>426,464</u> ³	<u>426,464</u>	<u>765,513</u> ^{1,2 & 4}	<u>1,191,977</u>	<u>1,332,747</u>
	<u>-</u>	<u>484,964</u>	<u>484,964</u>	<u>765,513</u>	<u>1,250,477</u>	<u>1,391,247</u>
Total cash and cash equivalents	<u>\$ 8,473,549</u>	<u>\$ 541,490</u>	<u>\$ 9,015,039</u>	<u>\$ 8,161,023</u>	<u>\$ 17,176,062</u>	<u>\$ 18,263,377</u>

Town of Medley, Florida
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Investments at September 30, 2020 consist of the following:

	<u>Governmental Fund Type</u>	<u>Proprietary Fund Type</u>	<u>Total All Funds</u>	<u>Financial Institution Balance</u>
	<u>General Fund</u>	<u>Enterprise Funds</u>		
Certificates of deposit Unrestricted	\$ 3,299,190	\$ 988,152	\$ 4,287,342	\$ 4,287,342
FLCLASS pooled cash Unrestricted	2,921,290	5,304,677	8,225,967	8,225,967
Florida Local Government Investment Trust Day-to-Day Fund Unrestricted	1,253,751	-	1,253,751	1,253,751
Total investments	\$ 7,474,231	\$ 6,292,829	\$ 13,767,060	\$ 13,767,060

¹ Restricted for customer utility deposits

² Restricted for debt service

³ Restricted for law enforcement

⁴ Restricted for deferred developer fees

4. RECEIVABLES AND DUE FROM OTHER GOVERNMENTS

Receivables and due from other governments consist of the following at September 30, 2020:

	<u>Governmental Funds</u>			<u>Enterprise Funds</u>			<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total Government Funds</u>	<u>Water and Wastewater</u>	<u>Stormwater Utility</u>	<u>Total Enterprise</u>	
Receivables							
User charges	\$ -	\$ -	\$ -	\$ 649,070	\$ 236,194	\$ 885,264	\$ 885,264
Interest	-	-	-	-	2,538	2,538	2,538
Utility taxes	135,371	-	135,371	-	-	-	135,371
Franchise fees	217,340	-	217,340	-	-	-	217,340
Host fees	135,995	-	135,995	-	-	-	135,995
Other	112,548	-	112,548	-	-	-	112,548
Total receivables	<u>601,254</u>	<u>-</u>	<u>601,254</u>	<u>649,070</u>	<u>238,732</u>	<u>887,802</u>	<u>1,489,056</u>
Due from other governments							
Miami-Dade County	234,323	14,847	249,170	72,039	-	72,039	321,209
State of Florida	640,465	-	640,465	354,897	-	354,897	995,362
Total due from other governments	<u>874,788</u>	<u>14,847</u>	<u>889,635</u>	<u>426,936</u>	<u>-</u>	<u>426,936</u>	<u>1,316,571</u>
Allowance for doubtful accounts	(41,400)	-	(41,400)	(82,000)	(128,000)	(210,000)	(251,400)
	<u>\$ 1,434,642</u>	<u>\$ 14,847</u>	<u>\$ 1,449,489</u>	<u>\$ 994,006</u>	<u>\$ 110,732</u>	<u>\$ 1,104,738</u>	<u>\$ 2,554,227</u>
Bad debt expense for the year ended September 30, 2020	\$ 2,675	\$ -	\$ 2,675	\$ 3,795	\$ 1,648	\$ 5,443	\$ 8,118

Town of Medley, Florida
Notes to Financial Statements
September 30, 2020

5. CAPITAL ASSETS

A. Changes in Capital Assets

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

	<u>Balance, October 1, 2019</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Transfers from Police Gun Range</u>	<u>Transfers</u>	<u>Balance, September 30, 2020</u>
Governmental activities						
Capital assets not being depreciated						
Land	\$ 10,181,032	\$ 197,289	\$ -	\$ -	\$ 191,654	\$ 10,569,975
Infrastructure	99,894,213	-	(707,318)	-	-	99,186,895
Construction in progress	3,025,884	3,447,261	-	39,847	(2,666,328)	3,846,664
Total capital assets not being depreciated	<u>113,101,129</u>	<u>3,644,550</u>	<u>(707,318)</u>	<u>39,847</u>	<u>(2,474,674)</u>	<u>113,603,534</u>
Capital assets being depreciated						
Buildings and improvements	15,424,157	489,339	-	143,393	39,847	16,096,736
Infrastructure	45,530,939	-	-	-	2,390,151	47,921,090
Transportation equipment	2,806,325	339,669	(72,696)	-	-	3,073,298
Machinery and equipment	3,442,139	391,108	-	48,454	44,676	3,926,377
Total capital assets being depreciated	67,203,560	1,220,116	(72,696)	191,847	2,474,674	71,017,501
Accumulated depreciation	<u>(39,102,540)</u>	<u>(1,748,297)</u>	<u>72,696</u>	<u>-</u>	<u>-</u>	<u>(40,778,141)</u>
Capital assets being depreciated, net	<u>28,101,020</u>	<u>(528,181)</u>	<u>-</u>	<u>191,847</u>	<u>2,474,674</u>	<u>30,239,360</u>
Governmental activities – capital assets, net	<u>\$ 141,202,149</u>	<u>\$ 3,116,369</u>	<u>\$ (707,318)</u>	<u>\$ 231,694</u>	<u>\$ -</u>	<u>\$ 143,842,894</u>

Town of Medley, Florida
Notes to Financial Statements
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	Balance, October 1, 2019	Additions	Dispositions	Transfer to General Fund	Transfers	Balance, September 30, 2020
Business-type activities						
Capital assets not being depreciated						
Land						
Water and wastewater fund	\$ 521,638	\$ -	\$ -	\$ -	\$ -	\$ 521,638
	<u>521,638</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>521,638</u>
Construction in progress						
Water and wastewater fund	535,928	325,094	-	-	-	861,022
Stormwater utility fund	1,094,598	585,418	-	-	-	1,680,016
Medley Lakeside Retirement Park fund	404,260	705,844	-	-	-	1,110,104
Police gun range fund	39,847	-	-	(39,847)	-	-
	<u>2,074,633</u>	<u>1,616,356</u>	<u>-</u>	<u>(39,847)</u>	<u>-</u>	<u>3,651,142</u>
Total capital assets not being depreciated	<u>2,596,271</u>	<u>1,616,356</u>	<u>-</u>	<u>(39,847)</u>	<u>-</u>	<u>4,172,780</u>
Capital assets being depreciated						
Land and improvements						
Medley Lakeside Retirement Park fund	321,601	-	-	-	-	321,601
	<u>321,601</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>321,601</u>
Water, wastewater, and stormwater utility systems						
Water and wastewater fund	28,923,059	-	(98,353)	-	-	28,824,706
Stormwater utility fund	17,362,455	-	(571)	-	-	17,361,884
	<u>46,285,514</u>	<u>-</u>	<u>(98,924)</u>	<u>-</u>	<u>-</u>	<u>46,186,590</u>
Buildings and improvements						
Water and wastewater fund	837,252	-	-	-	-	837,252
Stormwater utility fund	271,884	-	-	-	-	271,884
Medley Lakeside Retirement Park fund	292,731	-	-	-	-	292,731
Police gun range fund	289,550	-	-	(289,550)	-	-
	<u>1,691,417</u>	<u>-</u>	<u>-</u>	<u>(289,550)</u>	<u>-</u>	<u>1,401,867</u>

Town of Medley, Florida
Notes to Financial Statements
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	<u>Balance, October 1, 2019</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Transfer to General Fund</u>	<u>Transfers</u>	<u>Balance, September 30, 2020</u>
Transportation equipment						
Water and wastewater fund	\$ 353,680	\$ -	\$ -	\$ -	\$ -	\$ 353,680
Stormwater utility fund	391,118	-	-	-	-	391,118
Medley Lakeside Retirement Park fund	<u>3,634</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,634</u>
	<u>748,432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>748,432</u>
Machinery and equipment						
Water and wastewater fund	1,316,950	16,944	-	-	-	1,333,894
Stormwater utility fund	903,230	-	-	-	-	903,230
Medley Lakeside Retirement Park fund	35,334	-	-	-	-	35,334
Police gun range fund	<u>198,380</u>	<u>-</u>	<u>-</u>	<u>(198,380)</u>	<u>-</u>	<u>-</u>
	<u>2,453,894</u>	<u>16,944</u>	<u>-</u>	<u>(198,380)</u>	<u>-</u>	<u>2,272,458</u>
Total capital assets being depreciated						
Water and wastewater fund	31,430,941	16,944	(98,353)	-	-	31,349,532
Stormwater utility fund	18,928,687	-	(571)	-	-	18,928,116
Medley Lakeside Retirement Park fund	653,300	-	-	-	-	653,300
Police gun range fund	<u>487,930</u>	<u>-</u>	<u>-</u>	<u>(487,930)</u>	<u>-</u>	<u>-</u>
	<u>51,500,858</u>	<u>16,944</u>	<u>(98,924)</u>	<u>(487,930)</u>	<u>-</u>	<u>50,930,948</u>
Accumulated depreciation						
Water and wastewater fund	(14,485,535)	(763,250)	-	-	-	(15,248,785)
Stormwater utility fund	(4,655,980)	(539,786)	571	-	-	(5,195,195)
Medley Lakeside Retirement Park fund	(628,839)	(22,762)	-	-	-	(651,601)
Police gun range fund	<u>(296,083)</u>	<u>-</u>	<u>-</u>	<u>296,083</u>	<u>-</u>	<u>-</u>
Total accumulated depreciation	<u>(20,066,437)</u>	<u>(1,325,798)</u>	<u>571</u>	<u>296,083</u>	<u>-</u>	<u>(21,095,581)</u>
Capital assets being depreciated, net	<u>31,434,421</u>	<u>(1,308,854)</u>	<u>(98,353)</u>	<u>(191,847)</u>	<u>-</u>	<u>29,835,367</u>
Business-type activities - capital assets, net	<u>\$ 34,030,692</u>	<u>\$ 307,502</u>	<u>\$ (98,353)</u>	<u>\$ (231,694)</u>	<u>\$ -</u>	<u>\$ 34,008,147</u>

B. Depreciation Expense

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

Governmental activities

General government	\$ 1,113,238
Public safety	422,590
Physical environment	90,522
Human services	39,928
Culture and recreation	<u>82,019</u>
	<u>\$ 1,748,297</u>

Business-type activities

Water and wastewater utility	<u>\$ 763,250</u>
Stormwater utility	<u>\$ 539,786</u>
Medley Lakeside Retirement Park	<u>\$ 22,762</u>

Town of Medley, Florida
Notes to Financial Statements
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6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following at September 30, 2020:

	<u>Funds</u>		<u>Enterprise Funds</u>			
	<u>General Fund</u>	<u>Water and Wastewater</u>	<u>Stormwater Utility</u>	<u>Medley Lakeside Retirement Park</u>	<u>Total Enterprise</u>	<u>Total</u>
Vendors	\$ 493,543	\$ 365,359	\$ 141,910	\$ 9,060	\$ 516,329	\$ 1,009,872
Salaries and benefits	526,032	61,558	27,975	1,502	91,035	617,067
Interest	-	14,000	-	-	14,000	14,000
DERM taxes	-	337,547	-	-	337,547	337,547
	<u>\$ 1,019,575</u>	<u>\$ 778,464</u>	<u>\$ 169,885</u>	<u>\$ 10,562</u>	<u>\$ 958,911</u>	<u>\$ 1,978,486</u>

7. AD VALOREM TAX REVENUES

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

Assessed values are established by the Miami-Dade County Property Appraiser. In November 1992, a Florida constitutional amendment was approved by the voters, which provides for limiting the increases in homestead property valuations for ad valorem tax purposes to a maximum of 3% annually and also provides for reassessment of market values upon changes in ownership. The County bills and collects all property taxes and remits them to the Town. State statutes permit municipalities to levy property taxes at a rate of up to 10 mills (\$10 per \$1,000 of assessed taxable valuation). The tax levy of the Town is established by the Town Council and the Miami-Dade County Property Appraiser incorporates the Town's millage into the total tax levy, which includes the County and the County School Board tax requirements. The millage rate assessed by the Town for the year ended September 30, 2020, was 5.0500 mills (\$5.0500 per \$1,000 of taxable assessed valuation). The Town levied a millage rate of 4.8000 mills for fiscal year 2021.

8. EMPLOYEE BENEFIT PLANS

A. Single Employer Defined Benefit Plans

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

- **General Employees' Pension Plan:** The Town of Medley's General Employees' Pension Plan provides retirement benefits for substantially all nonsworn police officers and elected officials of the Town. General Employees' Pension Plan information in this note is provided as of the latest actuarial valuation, October 1, 2020.

Town of Medley, Florida
Notes to Financial Statements
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- **Police Officers' Retirement Plan:** The Town of Medley's Police Officers' Retirement Plan provides retirement benefits to sworn police officers. Police Officers' Retirement Plan information in this note is provided as of the latest actuarial valuation, October 1, 2020.

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

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

	General Employees' Pension Plan	Police Officers' Retirement Plan	Total
Active members	110	36	146
Retirees and beneficiaries currently receiving benefits	40	24	64
Terminated plan members entitled to but not yet receiving benefits	<u>13</u>	<u>2</u>	<u>15</u>
	<u>163</u>	<u>62</u>	<u>225</u>

Town of Medley, Florida
Notes to Financial Statements
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(3) The following is a summary of the funding policies, contribution methods, and benefit provisions:

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

Town of Medley, Florida
Notes to Financial Statements
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(4) Annual Required Contributions

Actuarial assumptions and other information used to determine the annual required contributions (“ARC”) for both plans are as follows:

	<u>General Employees’ Pension Plan</u>	<u>Police Officers’ Retirement Plan</u>
Provision for Disability benefits	Yes	Yes
Death benefits	Yes	Yes
Valuation date	October 1, 2020	October 1, 2020
Actuarial cost method	Entry age	Entry age
Amortization method	Level percentage of pay, closed	Level percentage of pay, closed
Amortization period	20 years	30 years
Actuarial asset valuation method	Market value with an adjustment to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.	All assets are valued at market value with an adjustment to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.
Actuarial assumptions	<p><i>Healthy Active Lives</i> Female: PubG.H-2010 for Employees. Male: PubG.H-2010 for Employees, set back one year.</p> <p><i>Healthy Retiree Lives</i> Female: PubG.H-2010 (Below Median) for Healthy Retirees. Male: PubG.H-2010 for Healthy Retirees, set back one year.</p> <p><i>Beneficiary Lives</i> Female: PubG.H-2010 for Healthy Retirees. Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.</p> <p><i>Disabled Lives</i> PubG.H-2010 for Disabled Retirees, set forward three years.</p>	<p><i>Healthy Active Lives</i> Female: PubS.H-2010 for Employees, set forward one year. Male: PubS.H-2010 for Employees, set forward one year.</p> <p><i>Healthy Retiree Lives</i> Female: PubS.H-2010 for Healthy Retirees, set forward one year. Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.</p> <p><i>Beneficiary Lives</i> Female: PubG.H-2010 (Below Median) for Healthy Retirees. Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.</p> <p><i>Disabled Lives:</i> 80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.</p>
Mortality rate		
Investment rate of return	6.50%	7.50%
Discount rate	6.50%	7.50%
Projected salary increases	3.50%	4.62% – 6.68%
Post retirement benefit increases	N/A	N/A
Inflation	2.50%	2.50%
Cost-of-living adjustments	2.50% per year	1% until age 62

Town of Medley, Florida
Notes to Financial Statements
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(5) Net Pension Liability

The components of the net pension liability at September 30, 2020 are as follows:

	General Employees' Pension Plan	Police Officers' Retirement Plan
Total pension liability	\$ 27,474,310	\$ 28,975,498
Less: Plan fiduciary net position	<u>(25,102,291)</u>	<u>(29,377,891)</u>
Net pension liability (asset)	<u>\$ 2,372,019</u>	<u>\$ (402,393)</u>
Plan fiduciary net position as a percentage of total pension liability (asset)	<u>91.37%</u>	<u>101.39%</u>

The total pension liability was determined by actuarial valuations as of October 1, 2020, using the actuarial assumptions as described in Note 8.A.(4) and applied to all prior periods included in the measurement.

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2020 (see the discussion of the pension plan's investment policy), are summarized in the following table:

Asset Class	General Employees' Pension Plan		Police Officers' Retirement Plan	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	10%	0.75%	10%	0.75%
Domestic equity	60%	5.25%	60%	5.25%
International equity	10%	5.50%	10%	5.50%
Cash	<u>20%</u>	0.00%	<u>20%</u>	0.00%
	<u>100%</u>		<u>100%</u>	

The discount rate used to measure the total pension liability was 6.5% and 7.5% for the general employees' pension and police officers' retirement plans, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Town of Medley, Florida
Notes to Financial Statements
September 30, 2020

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

	<u>General Employees' Pension Plan</u>		<u>Police Officers' Retirement Plan</u>	
	<u>Discount Rate</u>	<u>Net Pension Liability (Asset)</u>	<u>Discount Rate</u>	<u>Net Pension Liability (Asset)</u>
1% decrease	5.50%	\$ 5,630,168	6.50%	\$ 2,854,385
Current discount rate	6.50%	\$ 2,372,019	7.50%	\$ (402,393)
1% increase	7.50%	\$ (342,809)	8.50%	\$ (3,139,671)

For the year ended September 30, 2020, the annual money-weighted rate of return on each pension plan investments, net of pension plan investment expense, was as follows:

	<u>General Employees' Pension Plan</u>	<u>Police Officers' Retirement Plan</u>
Annual money-weighted rate of return	11.44%	6.33%

(6) Reserves

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

Town of Medley, Florida
Notes to Financial Statements
September 30, 2020

(7) Change in Net Pension Liability

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

	General Employees' Pension Plan			Police Officers' Retirement Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/ (Asset)
Balance at September 30, 2019	\$ 25,395,277	\$ 22,310,167	\$ 3,085,110	\$ 28,504,354	\$ 27,929,291	\$ 575,063
Changes in the year						
Service cost	589,840	-	589,840	697,573	-	697,573
Interest	1,687,626	-	1,687,626	2,121,518	-	2,121,518
Differences between actual and expected	349,349	-	349,349	56,651	-	56,651
Changes in assumption	(21,029)	-	(21,029)	(574,563)	-	(574,563)
Changes in benefits	483,483	-	483,483	-	-	-
Contributions – employer	-	1,250,000	(1,250,000)	-	1,250,000	(1,250,000)
Contributions – State	-	-	-	-	149,540	(149,540)
Contributions – employee	-	-	-	-	159,330	(159,330)
Net investment income	-	2,596,192	(2,596,192)	-	1,764,762	(1,764,762)
Benefit payments	(1,010,236)	(1,010,236)	-	(1,830,035)	(1,830,035)	-
Administrative expenses	-	(43,832)	43,832	-	(44,997)	44,997
Net change	<u>2,079,033</u>	<u>2,792,124</u>	<u>(713,091)</u>	<u>471,144</u>	<u>1,448,600</u>	<u>(977,456)</u>
Balance at September 30, 2020	\$ 27,474,310	\$ 25,102,291	\$ 2,372,019	\$ 28,975,498	\$ 29,377,891	\$ (402,393)

(8) Pension Expense

For the year ended September 30, 2020, the Sponsor will recognize pension expense of \$1,075,483 and \$484,439 for the general employees' and police officers' pension plans, respectively.

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

	General Employees' Pension Plan	Police Officers' Retirement Plan
Service cost incurred	\$ 589,840	\$ 697,573
Interest on total pension liability	1,687,626	2,121,518
Employee paid contribution	-	(159,330)
Plan amendment	483,483	-
Projected earnings on investments	(1,456,778)	(2,084,915)
Administrative expenses	43,832	44,997
Recognition of deferred inflows	<u>(272,520)</u>	<u>(135,404)</u>
Total pension expense	\$ 1,075,483	\$ 484,439

Town of Medley, Florida
Notes to Financial Statements
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(9) Deferred Inflows and Outflows

On September 30, 2020, the Sponsor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	General Employees' Pension Plan		Police Officers' Retirement Plan		Total	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 838,478	\$ (539,146)	\$ 310,871	\$ (275,631)	\$ 1,149,349	\$ (814,777)
Changes in assumptions	600,862	(18,024)	199,424	(478,805)	800,286	(496,829)
Net difference between projected and actual earnings on pension plan investments	<u>454,794</u>	<u>(1,365,590)</u>	<u>1,032,357</u>	<u>(356,239)</u>	<u>1,487,151</u>	<u>(1,721,829)</u>
	<u>\$ 1,894,134</u>	<u>\$ (1,922,760)</u>	<u>\$ 1,542,652</u>	<u>\$ (1,110,675)</u>	<u>\$ 3,436,786</u>	<u>\$ (3,033,435)</u>

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

<u>Year Ending September 30,</u>	<u>General Employees' Pension Plan</u>	<u>Police Officers' Retirement Plan</u>
2021	\$ (336,398)	\$ (58,504)
2022	(86,418)	277,385
2023	127,943	269,159
2024	12,769	30,254
2025	106,216	(86,317)
Thereafter	<u>147,262</u>	<u>-</u>
	<u>\$ (28,626)</u>	<u>\$ 431,977</u>

Town of Medley, Florida
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(10) Calculation of Retirement Benefits

Amount of Retirement Benefit

(a) General Employees' Pension Plan

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

General Employees - Union and Non-Union

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

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

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

Mayor

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

Elected Council Members

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

Part-Time Employees

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

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

Town of Medley, Florida
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Benefit Limits

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

Normal Retirement

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

(b) Police Officers' Retirement Plan

Normal Retirement Date

Earlier of: (1) age 55 and 10 years of credited service, or (2) age 52 and 25 years of credited service. Benefit: 3% of average final compensation times credited service (maximum 75% for those hired on and after October 1, 2008). Effective October 1, 2021, the multiplier was increased to 3.25% of average final compensation times credit service (maximum 81.25% for those hired on and after October 1, 2008).

Early Retirement

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

DROP Program

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

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

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

Town of Medley, Florida
Notes to Financial Statements
September 30, 2020

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

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

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

B. Money Purchase Plan

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

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

As of September 30, 2020, there were 83 active participants in the money purchase plan.

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

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

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

During the year, the Town contributed \$316,172 to the money purchase plan.

C. Deferred Compensation Plan

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

Town of Medley, Florida
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D. Post-Employment Benefits Other Than Pension

(1) Plan Description

The Town provides single employer post-employment benefit options for health care and dental insurance to eligible retirees, terminated employees, and their dependents. The benefits are provided in accordance with Town ordinances, collective bargaining agreements, and the Consolidated Omnibus Budget Reconciliation Act of 1985 (“COBRA”). The criteria to determine eligibility include: years of service, employee age, disability due to line of duty, and whether the employee has vested in the respective retirement plan. Eligible employees must retire from the Town and have 30 years of employment regardless of age, 20 years of employment and be at least 55 years old or 10 years of employment and be at least 62 years old. The Town pays the entire premium for these eligible employees and spouses and coverage expires upon attainment of age 65.

At September 30, 2020, the following employees were covered by the benefit terms:

Inactive plan members, or beneficiaries currently receiving benefits	19
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	103
Covered spouses	<u>9</u>
	<u>131</u>

(2) Funding Policy

For the OPEB Plan, contribution requirements of the Town are established and may be amended through action of the Town Council. Currently the OPEB’s benefits are unfunded, and as such, the Town recorded \$601,848 in OPEB benefits. The required contributions are based on a pay-as-you-go financing requirement, and therefore, ultimate subsidies are provided over time, and financed directly by the general assets of the Town, which are invested in accordance with the Town’s investment policy. The interest rate used to calculate the present values and costs of OPEB must be the long-range expected return on those investments. The Town selected an interest rate of 2.14% for this purpose.

Town of Medley, Florida
Notes to Financial Statements
September 30, 2020

(3) OPEB Liability

The Town's total OPEB liability of \$13,711,868 was measured as of September 30, 2020, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date as of September 30, 2020:

Valuation date	October 1, 2018
Actuarial cost method	Entry Age
Amortization method	Level percentage of pay, closed
Amortization period	30 years
Actuarial asset valuation method	Fair market value
Actuarial assumptions	
Mortality rate	RP-2000 mortality table with no projection
Inflation	2.50%
Rate of growth in real income	3.50% for General Pension Plan Employees. For Police Pension Plan Employees, increases vary based on age - 6.68% at age 25, 6.07% at age 30, 5.22% at age 40, and 4.62% at age 50
Discount rate	2.14%
Healthcare trend rate	7.50%

Changes in the Total OPEB Liability

Balance at September 30, 2019	<u>\$ 11,702,350</u>
Changes for the year	
Service cost	571,345
Interest	428,720
Changes of assumptions	1,611,301
Benefit payments	<u>(601,848)</u>
Net changes	<u>2,009,518</u>
Balance at September 30, 2020	<u>\$ 13,711,868</u>

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

The discount rate assumption for disclosure purposes for fiscal year 2020 is 2.14%, the 20-year GO bond index as of September 30, 2020. The rate at the beginning of the year was 3.58%, the 20-year GO bond index as of October 1, 2019.

Town of Medley, Florida
Notes to Financial Statements
September 30, 2020

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

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

	<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease	1.14%	\$ 14,988,330
Current discount rate	2.14%	\$ 13,711,868
1% increase	3.14%	\$ 12,566,376

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

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

	<u>Healthcare Trend Rates</u>	<u>Net OPEB Liability</u>
1% decrease	3.00%-7.00%	\$ 12,066,049
Current healthcare cost trend rates	4.00%-8.00%	\$ 13,711,868
1% increase	5.00%-9.00%	\$ 15,666,224

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

For the year ended September 30, 2020, the Town recognized OPEB expense of \$934,406. At September 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Diifferences between expected and actual experience	\$ 478,238	\$ -
Changes in assumptions	<u>1,432,268</u>	<u>2,138,488</u>
	<u>\$ 1,910,506</u>	<u>\$ 2,138,488</u>

Town of Medley, Florida
Notes to Financial Statements
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Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

<u>Year Ending September 30,</u>	
2021	\$ (68,159)
2022	(68,159)
2023	(68,159)
2024	(68,159)
2025	(68,159)
Thereafter	<u>112,813</u>
	<u>\$ (227,982)</u>

9. OPERATING LEASES

As Lessor

The Town operates a police gun range which is available for rent to other law enforcement agencies in the area on a day-to-day basis. In the fiscal year ended September 30, 2020, the Town received \$167,500 in rental income from the gun range.

In addition, the Town subleases mobile home sites to qualified individuals in the Town's mobile home park on an annual basis. Tenants of the mobile home park are required to be qualified low-income individuals. In the fiscal year ended September 30, 2020, the Town received \$194,280 in rental income from these sites.

As Lessee

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

The Town leases approximately 300 square feet of office space and two parking spaces at the Medley fire station. The lease is for a period of 99 years, for a total rental of \$99 paid in advance.

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

Town of Medley, Florida
Notes to Financial Statements
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The following is a schedule of future payments under this lease (using an estimated 3% CPI-U rate increase each year):

<u>Year Ending September 30,</u>	<u>Minimum Lease Payments</u>	<u>Estimated Contingent Rentals</u>	<u>Estimated Total Amount</u>
2021	\$ 60,000	\$ 75,278	\$ 135,278
2022	60,000	79,336	139,336
2023	60,000	83,516	143,516
2024	60,000	87,821	147,821
2025	60,000	92,256	152,256
2026 – 2029	<u>210,000</u>	<u>360,411</u>	<u>570,411</u>
	<u>\$ 510,000</u>	<u>\$ 778,618</u>	<u>\$ 1,288,618</u>

Total fiscal 2020 rental expenditures under the ground lease were \$133,565 including \$73,565 of contingent rentals.

Total rents under all operating leases, including short-term, month-to-month rentals, were \$148,380 for the year ended September 30, 2020.

10. LONG-TERM OBLIGATIONS

A. Governmental Fund Type Long-Term Obligations

Changes in governmental fund type long-term obligations for the year ended September 30, 2020 are as follows:

	<u>Balance October 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance September 30, 2020</u>
Notes payable	\$ 12,441,666	\$ -	\$ 1,366,791	\$ 11,074,875
Compensated absences	<u>1,125,826</u>	<u>1,505,178</u>	<u>1,220,577</u>	<u>1,410,427</u>
	<u>\$ 13,567,492</u>	<u>\$ 1,505,178</u>	<u>\$ 2,587,368</u>	<u>\$ 12,485,302</u>

Town of Medley, Florida
Notes to Financial Statements
September 30, 2020

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

<u>Fiscal Year</u>	<u>Governmental Fund Type</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2021	\$ 1,387,738	\$ 280,496	\$ 1,668,234
2022	1,439,374	248,282	1,687,656
2023	1,473,843	211,224	1,685,067
2024	1,513,652	173,289	1,686,941
2025	1,548,268	138,170	1,686,438
2026 – 2030	3,675,000	180,926	3,855,926
2031 – 2034	<u>37,000</u>	<u>184</u>	<u>37,184</u>
	<u>\$ 11,074,875</u>	<u>\$ 1,232,571</u>	<u>\$ 12,307,446</u>

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

Description of governmental fund type long-term obligations:

Note payable – TD Bank Capital Improvement Refunding Revenue Note Series 2010A, monthly principal payments of \$12,500 plus interest fixed at 3.00% through December 2030, collateralized by non-ad valorem revenues of the Town.	\$ 1,524,500
Note payable – TD Bank Capital Improvement Refunding Revenue Note Series 2014, monthly payments of \$54,634 including fixed interest at 2.33% through December 2024, collateralized by non-ad valorem revenues of the Town.	2,650,375
Note payable – Synovus Bank Capital Improvement Revenue Note, Series 2019, annual principal payments commencing September 1, 2020 and semi-annual interest payments fixed at 2.68% each September 1 and March 1 through September 2027, collateralized by non-ad valorem revenues of the Town.	<u>6,900,000</u>
	<u>\$ 11,074,875</u>

Town of Medley, Florida
Notes to Financial Statements
September 30, 2020

B. Proprietary Fund Type Long-Term Obligations

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

Changes in proprietary fund type long-term obligations for the year ended September 30, 2020 are as follows:

	Balance October 1, 2019	Additions	Reductions	Balance, September 30, 2020
Notes payable	\$ 3,203,832	\$ -	\$ 255,354	\$ 2,948,478
Compensated absences	<u>216,983</u>	<u>240,627</u>	<u>215,339</u>	<u>242,271</u>
	<u>\$ 3,420,815</u>	<u>\$ 240,627</u>	<u>\$ 470,693</u>	<u>\$ 3,190,749</u>

Description of proprietary fund type long-term obligations:

Revolving Fund Loan – Florida Department of Environmental Protection, interest of 2.7% per annum (Phase 1) and 2.8% per annum (Phase 2), payable in semi-annual principal and interest payments of \$43,025 on November 15 and May 15 through May 15, 2024, collateralized by water and wastewater user charges.	\$ 323,803
Revolving Fund Loan – Florida Department of Environmental Protection, interest of 2.05% per annum (Phase 1) and 2.54% per annum (Phase 2), payable in semi-annual principal and interest payments of \$28,218 on October 15 and April 15 through April 15, 2030, collateralized by water and wastewater user charges.	496,821
Revolving Fund Loan – Florida Department of Environmental Protection, interest of 1.95% per annum, payable in semi-annual principal and interest payments of \$90,019 on March 15 and September 15 through March 15, 2034, collateralized by stormwater user charges.	<u>2,127,854</u>
	<u>\$ 2,948,478</u>

Town of Medley, Florida
Notes to Financial Statements
September 30, 2020

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

Fiscal Year	Proprietary Fund Type		
	Principal	Interest	Total Debt Service
2021	\$ 261,210	\$ 61,315	\$ 322,525
2022	267,203	55,322	322,525
2023	273,338	49,187	322,525
2024	279,621	42,903	322,524
2025	199,404	37,069	236,473
2026 – 2030	1,061,446	149,139	1,210,585
2031 – 2035	606,256	113,894	720,150
	<u>\$ 2,948,478</u>	<u>\$ 508,829</u>	<u>\$ 3,457,307</u>

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

Interest costs incurred in enterprise funds during construction are capitalized, net of interest income from the proceeds of related tax-exempt debt, if any, as part of the cost of the related assets of the water and wastewater and stormwater funds. Total interest cost incurred were \$23,677 and \$43,493 in the water and wastewater and stormwater funds, respectively, for the year ended September 30, 2020. There was no capitalized interest in the water and wastewater or stormwater funds.

11. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has obtained insurance from commercial underwriters for all the aforementioned risks, including workers' compensation, for the year ended September 30, 2020.

In the event that the federal government declares a disaster for an event which causes damages in the Town, the federal government, in conjunction with the State of Florida, will reimburse the Town for eligible and approved expenses in excess of any applicable insurance reimbursements. See Note 12(D).

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

12. COMMITMENTS AND CONTINGENCIES

A. Litigation and Other Matters

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

Town of Medley, Florida
Notes to Financial Statements
September 30, 2020

B. Capital Asset Acquisition Commitments and Comprehensive Infrastructure Plan

The Town hired an engineer in 2013 to amend its comprehensive plan including capital improvement elements. The installation of necessary stormwater, drainage, and other infrastructure projects is an ongoing process. Town management has identified approximately 44 projects estimated to cost \$41 million in 2020 dollars over the next five years.

C. Annexation

The Town is currently pursuing the annexation of additional lands which it believes will assist in the long-term growth by an increased tax base and significant job creation, but will cost the Town additional monies for utility line construction and public safety. The Town has resubmitted its annexation applications based on a four-city agreement among the applicants. The County is reviewing these applications but has set no time table for action.

D. Grant Expenditures

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

13. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

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

Interfund Transactions and Balances

Individual fund interfund receivable and payable balances at September 30, 2020 were:

Fund	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental funds		
General fund	\$ 1,148,831	\$ -
Law enforcement trust fund	-	(1,462)
Town of Medley Foundation, Inc.	-	(18,883)
Proprietary funds		
Water and wastewater fund	279,708	(660,387)
Stormwater utility fund	-	(747,807)
	<u>\$ 1,428,539</u>	<u>\$ (1,428,539)</u>

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

Town of Medley, Florida
Notes to Financial Statements
September 30, 2020

Interfund transfers for the year ended September 30, 2020 were:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
Medley Lakeside Retirement Park Fund	\$ -	\$ 1,208,652
Medley Lakeside Retirement Park Fund		
General Fund	<u>1,208,652</u>	<u>-</u>
	<u>\$ 1,208,652</u>	<u>\$ 1,208,652</u>

Transfers are utilized to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary and other authorizations.

14. FUND BALANCES

The Town's fund balances are as follows at September 30, 2020:

	<u>General Fund</u>	<u>Law Enforcement Trust Fund</u>	<u>Town of Medley Foundation, Inc.</u>	<u>Total</u>
Nonspendable				
Prepays	\$ 213,004	\$ -	\$ -	\$ 213,004
Total nonspendable	<u>213,004</u>	<u>-</u>	<u>-</u>	<u>213,004</u>
Restricted				
Law enforcement	<u>-</u>	<u>483,502</u>	<u>-</u>	<u>483,502</u>
Total restricted	<u>-</u>	<u>483,502</u>	<u>-</u>	<u>483,502</u>
Committed				
Foundation activities	<u>-</u>	<u>-</u>	<u>52,490</u>	<u>52,490</u>
Total committed	<u>-</u>	<u>-</u>	<u>52,490</u>	<u>52,490</u>
Assigned				
Pension	2,250,000	-	-	2,250,000
Capital projects	3,000,000	-	-	3,000,000
Working capital	3,000,000	-	-	3,000,000
Retiree health insurance	300,000	-	-	300,000
Debt service	<u>1,700,000</u>	<u>-</u>	<u>-</u>	<u>1,700,000</u>
Total assigned	<u>10,250,000</u>	<u>-</u>	<u>-</u>	<u>10,250,000</u>
Unassigned	<u>7,096,782</u>	<u>-</u>	<u>-</u>	<u>7,096,782</u>
Total fund balances	<u>\$ 17,559,786</u>	<u>\$ 483,502</u>	<u>\$ 52,490</u>	<u>\$ 18,095,778</u>

Town of Medley, Florida
Notes to Financial Statements
September 30, 2020

15. SUBSEQUENT EVENTS

The Town Council approved an action to discontinue reporting the Medley Lakeside Retirement Park fund as a business-type activity and transfer all assets and operations to an activity of the general fund effective October 1, 2020.



REQUIRED SUPPLEMENTARY INFORMATION

Town of Medley, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended September 30, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
	(Unaudited)		(Unaudited)
Revenues			
Ad valorem taxes	\$ 11,305,173	\$ 11,536,559	\$ 231,386
Utility taxes	1,395,697	1,456,822	61,125
Other general taxes	734,828	726,210	(8,618)
Intergovernmental	2,312,620	1,569,709	(742,911)
Permits, fees, and licenses	4,167,525	4,921,428	753,903
Fines and forfeitures	934,411	923,507	(10,904)
User charges	582,000	720,645	138,645
Miscellaneous	<u>269,221</u>	<u>337,330</u>	<u>68,109</u>
Total revenues	<u>21,701,475</u>	<u>22,192,210</u>	<u>490,735</u>
Expenditures			
Current operating			
General government	5,648,923	5,941,676	292,753
Public safety	8,631,857	9,015,262	383,405
Physical environment	1,445,790	1,680,194	234,404
Human services	1,672,190	1,639,165	(33,025)
Culture and recreation	984,086	1,015,365	31,279
Capital outlay	8,394,600	4,205,748	(4,188,852)
Debt service	<u>1,698,355</u>	<u>1,702,518</u>	<u>4,163</u>
Total expenditures	<u>28,475,801</u>	<u>25,199,928</u>	<u>(3,275,873)</u>
Excess of expenditures over revenues	<u>(6,774,326)</u>	<u>(3,007,718)</u>	<u>3,766,608</u>
Other financing sources (uses)			
Proceeds from sale of infrastructure	-	154,650	154,650
Operating transfers - out	<u>(3,010,000)</u>	<u>(1,208,652)</u>	<u>1,801,348</u>
Total other financing sources (uses)	<u>(3,010,000)</u>	<u>(1,054,002)</u>	<u>1,955,998</u>
Excess of expenditures over revenues and other financing sources (uses)	(9,784,326)	(4,061,720)	5,722,606
Fund balances			
Beginning of year	21,507,005	21,507,005	-
Transfer from Police Gun Range Fund (Note 2)	<u>-</u>	<u>114,501</u>	<u>114,501</u>
End of year	<u>\$ 11,722,679</u>	<u>\$ 17,559,786</u>	<u>\$ 5,837,107</u>

See Independent Auditor's Report.

**Town of Medley, Florida
Defined Benefit Pension Trust Funds
Schedules of Funding Progress
Year Ended September 30, 2020**

Schedules of Funding Progress

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

	Total Pension Liability ("TPL")	Plan Fiduciary Position ("PFP")	Net Pension Liability ("NPL")	PFP as % of TPL	Covered Payroll	NPL as % of Covered Payroll
General Employees' Pension Fund						
September 30, 2020	\$ 27,474,310	\$ 25,102,291	\$ 2,372,019	91.37%	\$ 4,131,904	57.41%
September 30, 2019	25,395,277	22,310,167	3,085,110	87.85%	3,519,216	87.66%
September 30, 2018	23,942,631	21,681,472	2,261,159	90.56%	3,194,438	70.78%
September 30, 2017	22,170,598	19,815,441	2,355,157	89.38%	3,158,747	74.56%
September 30, 2016	20,149,876	17,300,687	2,849,189	85.86%	2,845,353	100.13%
September 30, 2015	20,063,307	15,759,710	4,303,597	78.55%	2,594,629	165.87%
September 30, 2014	18,296,098	15,845,995	2,450,103	86.61%	2,118,023	115.68%

	Total Pension Liability ("TPL")	Plan Fiduciary Position ("PFP")	Net Pension Liability (Asset) ("NPL")/("NPA")	PFP as % of TPL	Covered Payroll	NPL/NPA as % of Covered Payroll
Police Officers' Retirement Fund						
September 30, 2020	\$ 28,975,498	\$ 29,377,891	\$ (402,393)	101.39%	\$ 3,186,602	-12.63%
September 30, 2019	28,504,354	27,929,291	575,063	97.98%	3,017,614	19.06%
September 30, 2018	27,031,597	27,381,317	(349,720)	101.29%	3,038,288	-11.51%
September 30, 2017	25,771,614	25,211,787	559,827	97.83%	3,044,367	18.39%
September 30, 2016	24,281,295	22,147,952	2,133,343	91.21%	2,956,688	72.15%
September 30, 2015	22,596,242	19,954,478	2,641,764	88.31%	2,885,418	91.56%
September 30, 2014	21,717,512	19,435,751	2,281,761	89.49%	2,881,548	79.19%

	Total OPEB Liability ("TOPEBL")	Plan Fiduciary Position ("PFP")	Net OPEB Liability ("NOPEBL")	PFP as % of TOPEBL	Covered Payroll	NOPEBL as % of Covered Payroll
Other Post Employment Benefits						
September 30, 2020	\$ 13,711,868	\$ -	\$ 13,711,868	- %	\$ 7,396,769	185.38%
September 30, 2019	11,702,350	-	11,702,350	- %	7,106,129	164.68%
September 30, 2018	12,776,373	-	12,776,373	- %	5,998,463	212.99%
September 30, 2017	12,823,713	-	12,823,713	- %	5,823,750	220.20%

See Independent Auditor's Report.

**Town of Medley, Florida
 Defined Benefit Pension Trust Funds
 Schedules of Employer Contributions
 Year Ended September 30, 2020**

Schedules of Employer Contributions

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

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

	<u>Employer Contribution</u>	<u>Annual Required Contributions ("ARC")</u>	<u>Contribution as % of ARC</u>	<u>Covered Payroll</u>	<u>Contribution as % of Covered Payroll</u>
Police Officers' Retirement Fund					
September 30, 2020	\$ 1,399,540	\$ 1,112,124	125.84%	\$ 3,186,602	43.92%
September 30, 2019	1,198,747	950,548	126.11%	3,017,614	39.72%
September 30, 2018	1,262,555	929,716	135.80%	3,038,288	41.55%
September 30, 2017	1,011,680	946,798	106.85%	3,044,367	33.23%
September 30, 2016	1,160,857	1,014,144	114.47%	2,956,688	39.26%
September 30, 2015	1,420,348	1,076,688	131.92%	2,885,418	49.23%
September 30, 2014	1,409,521	1,274,568	110.59%	2,881,548	48.92%

	<u>Employer Contribution</u>	<u>Annual Required Contributions ("ARC")</u>	<u>Contribution as % of ARC</u>	<u>Covered Payroll</u>	<u>Contribution as % of Covered Payroll</u>
Other Post Employment Benefits					
September 30, 2020	\$ 601,848	\$ 934,406	64.41%	\$ 7,396,769	8.14%
September 30, 2019	650,639	930,340	69.94%	7,106,129	9.16%
September 30, 2018	547,890	1,063,768	51.50%	5,998,463	9.13%
September 30, 2017	520,107	1,251,373	41.56%	5,823,750	8.93%

See Independent Auditor's Report.

Town of Medley, Florida
Defined Benefit Pension Trust Funds
Schedule of Change in Net Pension Liability and Related Ratios -
General Employees' Pension Fund
Year Ended September 30, 2020

	September 30,					
	2020	2019	2018	2017	2016	2015
Total pension liability						
Service cost	\$ 589,840	\$ 557,035	\$ 579,607	\$ 487,726	\$ 534,369	\$ 449,137
Interest on total pension liability	1,687,626	1,531,213	1,509,225	1,313,621	1,254,523	1,247,292
Differences between expected and actual experience	349,349	497,745	(328,364)	331,458	(1,077,646)	816,952
Changes in assumption	(21,029)	305,126	-	744,029	-	-
Changes in benefits	483,483	(446,649)	925,718	-	185,340	-
Benefit payments, including refunds of employee contributions	<u>(1,010,236)</u>	<u>(991,824)</u>	<u>(914,153)</u>	<u>(856,112)</u>	<u>(810,015)</u>	<u>(746,172)</u>
Net change in total pension liability	2,079,033	1,452,646	1,772,033	2,020,722	86,571	1,767,209
Total pension liability, beginning	<u>25,395,277</u>	<u>23,942,631</u>	<u>22,170,598</u>	<u>20,149,876</u>	<u>20,063,305</u>	<u>18,296,096</u>
Total pension liability, ending (a)	<u>\$ 27,474,310</u>	<u>\$ 25,395,277</u>	<u>\$ 23,942,631</u>	<u>\$ 22,170,598</u>	<u>\$ 20,149,876</u>	<u>\$ 20,063,305</u>
Plan fiduciary net position						
Contributions - employer	\$ 1,250,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 900,000
Contributions - employee	-	-	-	-	-	-
Net investment income (loss)	2,596,192	650,837	1,800,515	2,379,107	1,376,386	(217,632)
Benefit payments, including refunds of employee contributions	(1,010,236)	(991,824)	(914,153)	(856,112)	(810,015)	(746,172)
Administrative expense	<u>(43,832)</u>	<u>(30,318)</u>	<u>(20,331)</u>	<u>(8,241)</u>	<u>(25,394)</u>	<u>(22,481)</u>
Net change in plan fiduciary net position	2,792,124	628,695	1,866,031	2,514,754	1,540,977	(86,285)
Plan fiduciary net position, beginning	<u>22,310,167</u>	<u>21,681,472</u>	<u>19,815,441</u>	<u>17,300,687</u>	<u>15,759,710</u>	<u>15,845,995</u>
Plan fiduciary net position, ending (b)	<u>\$ 25,102,291</u>	<u>\$ 22,310,167</u>	<u>\$ 21,681,472</u>	<u>\$ 19,815,441</u>	<u>\$ 17,300,687</u>	<u>\$ 15,759,710</u>
Net pension liability, ending (a)-(b)	<u>\$ 2,372,019</u>	<u>\$ 3,085,110</u>	<u>\$ 2,261,159</u>	<u>\$ 2,355,157</u>	<u>\$ 2,849,189</u>	<u>\$ 4,303,595</u>
Plan fiduciary net position as a percentage of the total pension liability	91.37%	87.85%	90.56%	89.38%	85.86%	78.55%
Covered employee payroll	\$ 4,131,904	\$ 3,519,216	\$ 3,194,438	\$ 3,158,747	\$ 2,845,353	\$ 2,594,629
Net pension liability as a percentage of covered employee payroll	57.41%	87.66%	70.78%	74.56%	100.13%	165.87%

See Independent Auditor's Report.

Town of Medley, Florida
Defined Benefit Pension Trust Funds
Schedule of Change in Net Pension Liability and Related Ratios -
General Employees' Pension Fund
Year Ended September 30, 2020

Notes to Schedule:

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

Changes of benefit terms:

For measurement date 09/30/20, the plan was amended with the following benefit changes:

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

For measurement date 9/30/19, amounts reported as changes of benefit terms were outlined in the August 6, 2019 Actuarial Impact Statement.

For measurement date 9/30/18, amounts reported as changes of benefit terms resulted from Ordinances C-1598 and C-1599, the following changes were implemented:

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

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

Changes of assumptions:

For measurement date 09/30/20, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in the July 1, 2019 actuarial valuation for non-special-risk lives, with appropriate risk and collar adjustments made based on plan demographics.

See Independent Auditor's Report.

Town of Medley, Florida
Defined Benefit Pension Trust Funds
Schedule of Change in Net Pension Liability and Related Ratios -
General Employees' Pension Fund
Year Ended September 30, 2020

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

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

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

See Independent Auditor's Report.

Town of Medley, Florida
Defined Benefit Pension Trust Funds
Schedule of Change in Net Pension Liability and Related Ratios -
Police Officers' Retirement Fund
Year Ended September 30, 2020

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

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

	September 30,					
	2020	2019	2018	2017	2016	2015
Total pension liability						
Service cost	\$ 697,573	\$ 646,013	\$ 667,394	\$ 658,122	\$ 618,350	\$ 610,822
Interest on total pension liability	2,121,518	2,019,279	1,947,214	1,828,417	1,704,592	1,638,723
Differences between expected and actual experience	56,651	315,249	(226,019)	124,820	(362,464)	(413,419)
Changes in assumption	(574,563)	-	-	-	697,984	-
Changes in benefits	-	-	176,287	-	-	-
Benefit payments, including refunds of employee contributions	<u>(1,830,035)</u>	<u>(1,507,784)</u>	<u>(1,304,893)</u>	<u>(1,121,040)</u>	<u>(973,409)</u>	<u>(957,396)</u>
Net change in total pension liability	471,144	1,472,757	1,259,983	1,490,319	1,685,053	878,730
Total pension liability, beginning	<u>28,504,354</u>	<u>27,031,597</u>	<u>25,771,614</u>	<u>24,281,295</u>	<u>22,596,242</u>	<u>21,717,512</u>
Total pension liability, ending (a)	<u>\$ 28,975,498</u>	<u>\$ 28,504,354</u>	<u>\$ 27,031,597</u>	<u>\$ 25,771,614</u>	<u>\$ 24,281,295</u>	<u>\$ 22,596,242</u>
Plan fiduciary net position						
Contributions - employer	\$ 1,250,000	\$ 1,000,000	\$ 1,000,000	\$ 1,011,680	\$ 1,050,000	\$ 1,300,027
Contributions - state	149,540	198,747	262,555	-	110,857	120,321
Contributions - employee	159,330	150,881	151,915	152,218	147,835	141,670
Net investment income (loss)	1,764,762	754,218	2,092,303	3,045,917	1,892,371	(50,344)
Benefit payments, including refunds of employee contributions	(1,830,035)	(1,507,784)	(1,304,893)	(1,121,040)	(973,409)	(957,396)
Administrative expense	<u>(44,997)</u>	<u>(48,088)</u>	<u>(32,350)</u>	<u>(24,940)</u>	<u>(34,180)</u>	<u>(35,551)</u>
Net change in plan fiduciary net position	1,448,600	547,974	2,169,530	3,063,835	2,193,474	518,727
Plan fiduciary net position, beginning	<u>27,929,291</u>	<u>27,381,317</u>	<u>25,211,787</u>	<u>22,147,952</u>	<u>19,954,478</u>	<u>19,435,751</u>
Plan fiduciary net position, ending (b)	<u>\$ 29,377,891</u>	<u>\$ 27,929,291</u>	<u>\$ 27,381,317</u>	<u>\$ 25,211,787</u>	<u>\$ 22,147,952</u>	<u>\$ 19,954,478</u>
Net pension (asset)/liability, ending (a)-(b)	<u>\$ (402,393)</u>	<u>\$ 575,063</u>	<u>\$ (349,720)</u>	<u>\$ 559,827</u>	<u>\$ 2,133,343</u>	<u>\$ 2,641,764</u>
Plan fiduciary net position as a percentage of the total pension (asset)/liability	101.39%	97.98%	101.29%	97.83%	91.21%	88.31%
Covered employee payroll	\$ 3,186,602	\$ 3,017,614	\$ 3,038,288	\$ 3,044,367	\$ 2,956,688	\$ 2,885,418
Net pension (asset)/liability as a percentage of covered employee payroll	-12.63%	19.06%	-11.51%	18.39%	72.15%	91.56%

Notes to schedule:

Changes of benefit terms:

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

See Independent Auditor's Report.

Town of Medley, Florida
Defined Benefit Pension Trust Funds
Schedule of Change in Net Pension Liability and Related Ratios -
Police Officers' Retirement Fund
Year Ended September 30, 2020

Changes of assumptions:

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

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

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

Town of Medley, Florida
Defined Benefit Pension Trust Funds
Schedule of Change in Total OPEB Liability and Related Ratios
Year Ended September 30, 2020

Schedule of Change in Total OPEB Liability and Related Ratios

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 571,345	\$ 599,191	\$ 650,769
Interest	428,720	571,341	480,589
Differences between expected and actual experience	-	614,878	-
Changes in assumption	1,611,301	(2,208,794)	(630,808)
Changes in benefits	-	-	-
Benefit payments	<u>(601,848)</u>	<u>(650,639)</u>	<u>(547,890)</u>
Net change in total OPEB liability	2,009,518	(1,074,023)	(47,340)
Total OPEB liability, beginning	<u>11,702,350</u>	<u>12,776,373</u>	<u>12,823,713</u>
Total OPEB liability, ending	<u>\$ 13,711,868</u>	<u>\$ 11,702,350</u>	<u>\$ 12,776,373</u>
Covered employee payroll	\$ 7,396,769	\$ 7,106,129	\$ 5,998,463
Total OPEB liability as a percentage of covered employee payroll	185.38%	164.68%	212.99%

Notes to Schedule:

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

Changes of assumptions:

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

FY 2020	2.14%
FY 2019	3.58%
FY 2018	4.18%

See Independent Auditor's Report.

Town of Medley, Florida
Defined Benefit Pension Trust Funds
Schedule of Contributions - General Employees' Pension Fund
Year Ended September 30, 2020

Schedule of Contributions - General Employees' Pension Fund

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 990,974	\$ 878,609	\$ 900,745	\$ 980,532	\$ 985,108	\$ 908,902
Contributions in relation to the actuarially determined contributions	<u>1,250,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>900,000</u>
Contribution deficiency (excess)	<u>\$ (259,026)</u>	<u>\$ (121,391)</u>	<u>\$ (99,255)</u>	<u>\$ (19,468)</u>	<u>\$ (14,892)</u>	<u>\$ 8,902</u>
Covered employee payroll	<u>\$ 4,131,904</u>	<u>\$ 3,519,216</u>	<u>\$ 3,194,438</u>	<u>\$ 3,158,747</u>	<u>\$ 2,845,353</u>	<u>\$ 2,594,629</u>
Contributions as a percentage of covered employee payroll	<u>30.25%</u>	<u>28.42%</u>	<u>31.30%</u>	<u>31.66%</u>	<u>35.15%</u>	<u>34.69%</u>

See Independent Auditor's Report.

Town of Medley, Florida
Defined Benefit Pension Trust Funds
Schedule of Contributions - Police Officers' Retirement Fund
Year Ended September 30, 2020

Schedule of Contributions - Police Officers' Retirement Fund

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 1,112,124	\$ 950,548	\$ 929,716	\$ 946,798	\$ 1,014,144	\$ 1,076,688
Contributions in relation to the actuarially determined contributions	<u>1,399,540</u>	<u>1,198,747</u>	<u>1,262,555</u>	<u>1,011,680</u>	<u>1,160,857</u>	<u>1,420,348</u>
Contribution excess	<u>\$ (287,416)</u>	<u>\$ (248,199)</u>	<u>\$ (332,839)</u>	<u>\$ (64,882)</u>	<u>\$ (146,713)</u>	<u>\$ (343,660)</u>
Covered employee payroll	<u>\$ 3,186,602</u>	<u>\$ 3,017,614</u>	<u>\$ 3,038,288</u>	<u>\$ 3,044,367</u>	<u>\$ 2,956,688</u>	<u>\$ 2,885,418</u>
Contributions as a percentage of covered employee payroll	<u>43.92%</u>	<u>39.72%</u>	<u>41.55%</u>	<u>33.23%</u>	<u>39.26%</u>	<u>49.23%</u>

See Independent Auditor's Report.

Town of Medley, Florida
Defined Benefit Pension Trust Funds
Notes to Required Supplementary Information
Year Ended September 30, 2020

Notes to Required Supplementary Information

	<u>General Employees'</u> <u>Pension Fund</u>	<u>Police Officers'</u> <u>Retirement Fund</u>	<u>Other</u> <u>Post-Employment Benefits</u>
Valuation date	October 1, 2020	October 1, 2020	October 1, 2018
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of pay, closed	Level percentage of pay, closed	Level percentage of pay, closed
Amortization period	20 years	30 years	30 years
Actuarial asset valuation method	Market value with an adjustment to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.	All assets are valued at market value with an adjustment to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.	N/A
Actuarial assumptions			
Investment rate of return	6.50%	7.50%	3.58%
Projected salary increases	3.50%	4.62% – 6.68%	3.50% for General Pension Plan Employees. For Police Pension Plan Employees, increases vary based on age - 6.68% at age 25, 6.07% at age 30, 5.22% at age 40, and 4.62% at age 50
Inflation	2.50%	2.50%	2.50%
Cost-of-living adjustments	2.50% per year	1% until age 62	N/A

See Independent Auditor's Report.

**Town of Medley, Florida
Defined Benefit Pension Trust Funds
Schedules of Investment Returns
Year Ended September 30, 2020**

Money Weighted Rate of Return - Pension Funds

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

	General Employees' Pension Fund	Police Officers' Retirement Fund
September 30, 2020	11.44%	6.33%
September 30, 2019	2.98%	2.75%
September 30, 2018	9.03%	8.26%
September 30, 2017	13.73%	13.78%
September 30, 2016	8.69%	9.31%
September 30, 2015	-1.35%	-0.25%
September 30, 2014	9.44%	9.09%

See Independent Auditor's Report.



COMBINING FUND STATEMENTS

OTHER PROPRIETARY FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises or where the Town has decided that periodic determination of net income is appropriate for capital maintenance, management control, accountability, public policy, or other purposes.

Medley Lakeside Retirement Park fund

Used to account for the Town's operation of a low-income mobile home park.

Police gun range fund

Used to account for the operations of the Town's police gun range. This fund was discontinued effective October 1, 2019 (see Note 2).

Town of Medley, Florida
Other Proprietary Funds
Combining Statement of Net Position
September 30, 2020

	Medley Lakeside Retirement Park Fund	Police Gun Range Fund	Total Other Proprietary Funds
Assets			
Current assets			
Cash and cash equivalents	\$ 10,276	\$ -	\$ 10,276
Total current assets	10,276	-	10,276
Capital assets, net	1,111,803	-	1,111,803
Total assets	1,122,079	-	1,122,079
Deferred Outflows			
Related to other post employment benefits	4,205	-	4,205
Related to pensions	15,667	-	15,667
Total deferred outflows	19,872	-	19,872
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	10,562	-	10,562
Total current liabilities	10,562	-	10,562
Long-term obligations			
Compensated absences	5,523	-	5,523
Other post employment benefits	33,220	-	33,220
Net pension liability	19,619	-	19,619
Total long-term liabilities	58,362	-	58,362
Total liabilities	68,924	-	68,924
Deferred Inflows			
Related to other post employment benefits	8,115	-	8,115
Related to pensions	15,903	-	15,903
Total deferred inflows	24,018	-	24,018
Net Position			
Investment in capital assets, net of related debt	1,111,803	-	1,111,803
Unrestricted	(62,794)	-	(62,794)
Total net position	\$ 1,049,009	\$ -	\$ 1,049,009

See Independent Auditor's Report.

Town of Medley, Florida
Other Proprietary Funds
Combining Statement of Revenues, Expenses, and Changes in Net Position
Year Ended September 30, 2020

	Medley Lakeside Retirement Park Fund	Police Gun Range Fund	Total Other Proprietary Funds
Operating revenues			
User charges	\$ 194,280	\$ -	\$ 194,280
Total operating revenues	<u>194,280</u>	<u>-</u>	<u>194,280</u>
Operating expenses			
Salaries, wages, and employee benefits	56,256	-	56,256
Contractual services, materials, and supplies	325,317	-	325,317
Depreciation and amortization	<u>22,762</u>	<u>-</u>	<u>22,762</u>
Total operating expenses	<u>404,335</u>	<u>-</u>	<u>404,335</u>
Operating loss	<u>(210,055)</u>	<u>-</u>	<u>(210,055)</u>
Loss before transfers	<u>(210,055)</u>	<u>-</u>	<u>(210,055)</u>
Transfers			
Transfers in	<u>1,208,652</u>	<u>-</u>	<u>1,208,652</u>
Total transfers	<u>1,208,652</u>	<u>-</u>	<u>1,208,652</u>
Net income	<u>998,597</u>	<u>-</u>	<u>998,597</u>
Net position			
Beginning of year	<u>50,412</u>	<u>52,799</u>	<u>103,211</u>
Transfer to General Fund (Note 2)	<u>-</u>	<u>(52,799)</u>	<u>(52,799)</u>
End of year	<u>\$ 1,049,009</u>	<u>\$ -</u>	<u>\$ 1,049,009</u>

See Independent Auditor's Report.

Town of Medley, Florida
Other Proprietary Funds
Combining Statement of Cash Flows
Year Ended September 30, 2020

	Medley Lakeside Retirement Park Fund	Police Gun Range Fund	Total Other Proprietary Funds
Operating activities			
Receipts from customers and users	\$ 194,280	\$ -	\$ 194,280
Payments to suppliers	(625,981)	-	(625,981)
Payments to employees	(61,124)	-	(61,124)
Transfer to General Fund	<u>-</u>	<u>(38,451)</u>	<u>(38,451)</u>
Net cash used in operating activities	<u>(492,825)</u>	<u>(38,451)</u>	<u>(531,276)</u>
Noncapital financing activities			
Transfers from other funds	<u>1,208,652</u>	<u>-</u>	<u>1,208,652</u>
Net cash provided by noncapital financing activities	<u>1,208,652</u>	<u>-</u>	<u>1,208,652</u>
Capital and related financing activities			
Acquisition of capital assets	<u>(705,844)</u>	<u>-</u>	<u>(705,844)</u>
Net cash used in capital and related financing activities	<u>(705,844)</u>	<u>-</u>	<u>(705,844)</u>
Net change in cash and cash equivalents	9,983	(38,451)	(28,468)
Cash and cash equivalents	<u>293</u>	<u>38,451</u>	<u>38,744</u>
Beginning of year			
End of year	<u>\$ 10,276</u>	<u>\$ -</u>	<u>\$ 10,276</u>

See Independent Auditor's Report.

Town of Medley, Florida
Other Proprietary Funds
Combining Statement of Cash Flows
Year Ended September 30, 2020

	Medley Lakeside Retirement Park Fund	Police Gun Range Fund	Total Other Proprietary Funds
	<u> </u>	<u> </u>	<u> </u>
Reconciliation of operating loss to net cash used in operating activities			
Operating loss	\$ (210,055)	\$ -	\$ (210,055)
Adjustments to reconcile operating loss to net cash used in operating activities			
Depreciation	22,762	-	22,762
Transfer to General Fund	-	(38,451)	(38,451)
Changes in			
Deferred outflows of resources	2,422	-	2,422
Accounts payable and accrued liabilities	(300,664)	-	(300,664)
Other post employment benefits	4,058	-	4,058
Deferred inflows of resources	(552)	-	(552)
Net pension liability	<u>(10,796)</u>	<u>-</u>	<u>(10,796)</u>
Net cash used in operating activities	<u>\$ (492,825)</u>	<u>\$ (38,451)</u>	<u>\$ (531,276)</u>

See Independent Auditor's Report.



SUPPLEMENTARY FINANCIAL REPORTS COMPLIANCE SECTION

Town of Medley, Florida
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2020

	<u>Federal CFDA No.</u>	<u>Contract Number</u>	<u>Passed Through to Subrecipients</u>	<u>Grant Expenditures</u>
Federal Programs				
<u>U.S. Department of Justice</u>				
Equitable Sharing Program	16.922	FL0132700	\$ -	\$ 791,085
<u>U.S. Department of Homeland Security</u>				
Disaster Grants - Public Assistance (Hurricane Irma) Passed through the Florida Division of Emergency	97.036	Z0710	-	538,230
<u>U.S. Department of Treasury</u>				
Coronavirus Relief Fund Passed through from Miami-Dade County	21.019	C-1844	<u>-</u>	<u>227,264</u>
Total federal awards			<u>\$ -</u>	<u>\$ 1,556,579</u>

See Independent Auditor's Report.

Town of Medley, Florida
Notes to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2020

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Town under programs of the federal government for the year ended September 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Town.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. INDIRECT COST RATE

The Town does not have a federally negotiated indirect cost rate and has not elected to use the 10% de minimis cost rate.

4. PROCUREMENT

For the year ended September 30, 2020, the Town is following the guidance under the OMB 2 U.S. Code of Federal Regulations Part 200 *Compliance Supplement* regarding procurement.

5. STAFFORD ACT CLAIMED COSTS

The recording of expenditures on the Schedule of Expenditures of Federal Awards relating to Stafford Act funds are based on when the funds are obligated by FEMA. Expenditures incurred in previous fiscal years, but obligated and reported in the current fiscal year, were as follows:

	<u>CFDA</u>	<u>Prior Years</u>
Disaster Grants - Public Assistance (Hurricane Irma)	97.036	\$ 261,579

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, as well as each fiduciary fund type, of the Town of Medley, Florida (the "Town") as of and for the year ended September 30, 2020, and the related notes to financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 28, 2021.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items to be material weaknesses (items 2020-01 and 2020-02.)

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items to be significant deficiencies (items 2020-03 through 2020-05.)

Compliance and Other Matters

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

Town's Response to Findings

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

Purpose of this Report

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

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

June 28, 2021

Town of Medley, Florida
Schedule of Findings and Responses
Year Ended September 30, 2020

MATERIAL WEAKNESSES

2020-01 Supervisory Review

Criteria: Effective internal control of financial reporting requires an element of supervisory review to reduce the ability for unauthorized transactions to occur and go undetected.

Condition: Due to the small size of the Town, there is a lack of segregation of duties in some accounting and financial reporting functions.

Cause: Although quarterly financial statements are provided to the Mayor and Town Council, they are not approved. Additionally, journal entries can be prepared, entered, and posted by one individual without review or approval.

Effect: Without proper review and approval, the risk that unauthorized transactions could occur and not be detected in a timely manner is increased.

Recommendation: The involvement of the Mayor and of the Town Council in the operations of the Town helps mitigate this condition. Two signatures are required for disbursement and the Town Council approves the annual budget. We recommend that the Mayor and Town Council establish a periodic review and approval of the Town's financial statements and implement a system of review and approval for nonstandard journal entries.

Views of responsible officials and planned corrective actions: Journal entries can be prepared and posted by one person without review and approval. Only two employees can prepare manual journal entries. These two individuals, the finance and assistant finance directors, are the only ones with access to preparing journal entries and the only ones who know how to prepare and post the entries. We tried having the person not preparing the entries post them, but we found this is cumbersome and at times too disruptive to the other person's workflow. All other entries are integrated from different accounting modules and are posted automatically.

The condition is mitigated by preparing reconciliations of banks, monthly aging reports, monthly fixed asset reports all of which ensure that the journal entries prepared are proper and timely.

Interim financial reports have been prepared on a regular basis and presented to Council members individually. At the May 2021 Council meeting, interim financial reports were presented to the Council for discussion and acceptance. Hereafter, quarterly financial reports will be presented to the Council at the Council meetings.

2020-02 Capital Assets

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

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

Cause: There is no one at the Town who has been designated to perform annual physical inventories or to oversee the dedication of the pump stations by the developers.

Effect: Pump stations with estimated values totaling approximately \$3.3 million are not included in the Town's capital assets.

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

Town of Medley, Florida
Schedule of Findings and Responses
Year Ended September 30, 2020

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

SIGNIFICANT DEFICIENCIES

2020-03 Purchasing Procedures

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

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

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

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

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

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

Views of responsible officials and planned corrective actions: The Town does not believe a centralized purchasing system is cost effective; however, the Town has recently purchased a purchase order/encumbrance software which we believe will improve the internal control over the procurement process and facilitate compliance with Ordinance C-357. In addition, Ordinance C-357 has been amended to eliminate discrepancies and more clearly state purchasing policies required to be followed. Although the auditors have recommended that credit card purchases be limited, the Town Council by motion, voted to issue additional credit cards to Department Heads. The Department Heads wanted more flexibility in purchasing and the Town Council agreed.

Although additional credit cards were issued it was emphasized that Town Purchasing Procedures need to be followed.

Town of Medley, Florida
Schedule of Findings and Responses
Year Ended September 30, 2020

2020-04 Late Vendor Invoices

Criteria: Effective internal controls over financial reporting require that all invoices from vendors be provided to the finance department timely to ensure purchases are recorded in the proper period.

Condition: There were several material invoices pertaining to purchases made and services rendered during the fiscal year under audit which were not included in the original accounts payable balances provided to us before fieldwork. These invoices required adjusting entries to be made to the financial statements several months after fiscal year-end.

Cause: There is no standardized process in place to ensure that vendor invoices received are provided to the finance department timely so that the purchases are recorded in the proper period.

Effect: The Town could potentially misstate the financial statements by not recording liabilities that exist at the balance sheet date and are not known by the finance department until after the financial statements have been issued.

Recommendation: The Town should standardize its procedures for submitting vendor invoices timely to the finance department.

Views of responsible officials and planned corrective actions: A number of material invoices from one department were presented to the Accounts Payable Department several months after the year end and after audit field work was completed. Although these invoices were accrued before the issuance of the financial statements, there existed a condition that certain material amounts were not recorded in a timely manner.

Last year we indicated that an additional employee would be hired in the department in question. Due to budget constraints, this was not done. As before, the department has only three employees but personnel were reassigned so that the processing of departmental invoices is much more efficient and made in a timely manner.

2020-05 Grant Reimbursements

Criteria: Internal controls over federal and state grant compliance require the Town to submit requests for reimbursements of expenditures reimbursable by federal and state grants timely.

Condition: During our review of the Town's grant revenues in the prior year, we noted a request for reimbursement was made for activity that was performed in the prior fiscal year and several months after the expenditures were made.

Effect: The Town could potentially record revenues and receivables in the improper period. Additionally, the Town's cash flows could be constrained due to late reimbursements, and grantors could deny reimbursements to the Town due to submitting late requests.

Recommendation: The Town should standardize its procedure for submitting requests for reimbursements from federal and state grants.

Views of responsible officials and planned corrective actions: The Town has reassigned staff so that grant reimbursements are made on a more timely basis. Management is determined to be more vigilant in requesting reimbursement on these grants. Please note that no grant money has been lost due to any delay.

In addition, the majority of these grants are for construction projects. Delays and/or change orders to these projects have also delayed the request for reimbursement.

Town of Medley, Florida
Status of Prior Year Recommendations

Prior Year Findings	Prior Year Reference Number	Current Year Status	Present in Second Preceding Year Report
Supervisory Review	2019-01	Not corrected	Yes – Item 2018-01
Capital Assets	2019-02	Not corrected	Yes – Item 2018-02
Purchasing Procedures	2019-03	Partially corrected	Yes – Item 2018-03
Late Vendor Invoices	2019-04	Partially corrected	No
Grant Reimbursements	2019-05	Not corrected	Yes – Item 2018-05

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH *UNIFORM GUIDANCE*

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Medley, Florida's (the "Town") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended September 30, 2020. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be *material weaknesses* or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*. However, *material weaknesses* may exist that have not been identified.

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

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

June 28, 2021

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

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

Report on the Financial Statements

We have audited the basic financial statements of the Town of Medley, Florida (the "Town") as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated June 28, 2021.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated June 28, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted in the Status of Prior Year Recommendations found on page 96.

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Additional Matters

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

Purpose of This Letter

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

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

June 28, 2021

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

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

We have examined the Town of Medley, Florida's (the "Town") compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2020. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2020, in all material respects. An examination involves performing procedures to obtain evidence about the Town's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Town's compliance with the specified requirements.

In our opinion, the Town 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 Town 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.

WithumSmith+Brown, PC

June 28, 2021

**Town of Medley, Florida
 Schedule of Findings and Questioned Costs
 Year Ended September 30, 2020**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

1. Financial Statements

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

2. Federal Awards Programs

- a. Internal control over major federal awards programs
- 1) Material weakness(es) identified? Yes X No
- 2) Significant deficiencies identified not considered to be material weaknesses? Yes X None reported
- b. Type of auditors’ report issued on compliance for major federal awards programs Unmodified
- c. Any audit findings that are required to be reported under Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (200.516(a))*? Yes X No

d. Identification of major federal awards programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
16.922	Equitable Sharing Program

- e. Dollar threshold used to distinguish between Type A and Type B programs \$ 750,000
- f. Auditee qualified as low-risk auditee? Yes X No

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

None reported.

SECTION III - FINDINGS AND QUESTIONED COSTS RELATING TO MAJOR FEDERAL AWARDS PROGRAMS

None reported.

SECTION IV - SUMMARY OF PRIOR YEAR FINDINGS RELATING TO MAJOR FEDERAL AWARDS PROGRAMS

No prior year findings.

See Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with Uniform Guidance.