



**TOWN OF MEDLEY, FLORIDA**  
**Financial Section, Required Supplementary Information,**  
**Combining Fund Statements, and Supplementary Financial**  
**Reports Compliance Section**  
**September 30, 2021**  
**With Independent Auditor's Reports**

**Town of Medley, Florida**  
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**September 30, 2021**

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## INDEPENDENT AUDITOR'S REPORT

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

### Opinions

We have audited 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, 2021, and the related notes to financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, as well as each fiduciary fund type, of the Town as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

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

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

## 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 17 and 70 through 82 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2022, 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.

*Withum Smith & Brown, PC*

April 26, 2022

# Town of Medley, Florida

## Management's Discussion and Analysis

### September 30, 2021

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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, 2021.

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 \$183,192,625 (*net position*). Of this amount, \$15,114,423 (*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 \$5,457,262 or by approximately 3.1%. This is comprised of an increase of \$4,359,280 in governmental activities and an increase of \$1,097,982 in business-type activities.
- The increase in governmental activities was attributable to the following factors: compared to last year, when there was a decrease in net position of \$622,413, the current year's increase in net position was \$4,359,280. Total revenues increased by \$5,387,819 primarily due to increases from the following revenue sources:
  - Ad valorem taxes of \$665,847 due to collections of \$263,097 in delinquent taxes and a 5% increase over the rolled back rate.
  - An increase in franchise fees and utility taxes of \$474,194 due to increases in consumer energy costs.
  - An increase in fines, fees, and charges for services of \$1,744,631 due to an increase in code compliance fee collections, increase in red light camera collections, and an increase in building permits.
  - There were also \$1,394,202 special assessment revenues recognized. The assessments were part of the Town's capital assessment district, NW 79<sup>th</sup> Avenue Improvement District, assessed by Miami-Dade Property Appraiser and collected by Miami-Dade Tax Collector.
  - There were no transfers made to the enterprise funds during the year.
  - Total governmental expenses decreased from the prior year by \$736,120 due to a \$604,835 reduction in public safety expenses. There were zero police forfeiture expenditures during the year compared to \$800,808 last year.

**Town of Medley, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2021**

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- Business-type activities-Compared to last year, when there was an increase in net position of \$1,580,060, the current year's increase in net position was \$1,097,982. Factors affecting these numbers include the following:
  - The Water and Wastewater Utility fund incurred net losses of \$771,601 and \$642,360 in fiscal years 2021 and 2020, respectively. Although user fee revenue increased from the prior year, interest earned decreased dramatically as our investments are earning at very low rates. Expenses, mostly sewer treatment and repair costs, have risen dramatically from the prior year. The sewer revenue generated barely covered the direct costs of sewer treatment and sewer repairs. As a result of major sewer repairs, the Town believes the sewer treatment costs and repairs should decrease during fiscal year 2022. In addition, the Town increased, by an average of 10%, the commercial sewer rates beginning with the February 1, 2022, billing.
  - The Stormwater Utility fund increased its net position by \$1,869,583 as compared to \$1,223,823 the prior fiscal year. User fee revenues decreased by \$227,327. Beginning on October 1, 2020, stormwater user fees were billed directly by the Miami-Dade Property Appraiser and collected by the Miami-Dade Tax Collector, as part of a stormwater assessment district. As a result, many property owners took advantage of the early payment discount. In addition, adjustments were made to the assessments on certain properties. Another factor increasing the Stormwater Utility Fund's net position include the recognition of \$929,468 from the Stormwater Utility's portion of NW 79<sup>th</sup> Avenue Improvement District's special assessment. The capital improvements fees are separate and distinct from the user fees.
  - On October 1, 2020, the net position in the Medley Lakeside Retirement Park fund of \$1,049,009 was transferred to the governmental activities net position balance, and the fund was closed. Last year the fund generated net income of \$998,597 due to a transfer from the general fund of \$1,208,652.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund equity of \$17,210,060, a decrease of \$885,432 in comparison with the prior year. A deficit of \$6,941,416 was budgeted; however, the following factors affected the variance:
  - Revenues were \$2,739,853 higher than budgeted. Sources over budget include ad valorem taxes, permits, fees, and licenses.
  - Expenditures were \$3,309,877 under budget. Expenditures under budget include public safety, physical environment, and capital outlay. Public safety expenditures were lower because of a decrease in the pension annual required contribution. Capital outlay was lower due to project deferrals.
- The Town's total long-term obligations decreased by \$5,683,101, 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 other post-employment benefits liability increased because the Town does not fund the liability in a separate trust, rather it pays on a pay-as-you go basis. The pension liability has decreased because of investment performance and overfunding the annual required contribution.
- In December 2021, the Town re-financed its existing three long-term governmental obligations. The TD Bank Capital Improvement Refunding Revenue Note, Series 2010A, TD Bank Capital Improvement Refunding Revenue Note, Series 2014 and Synovus Bank Capital Improvement Revenue Note, Series 2019, were all re-financed into one long term obligation with TD Bank described as TD Bank Tax-Exempt Capital Improvement Revenue Refunding Note, Series 2021. The new terms allow for an extended repayment period at lower interest rates. Additional information can be found on page 65 of this report.
- The total fair value of the Town's unrestricted cash and investments on September 30, 2021, was \$31,484,988, an increase of \$1,792,343 from the prior year.

**Town of Medley, Florida**  
**Management's Discussion and Analysis**  
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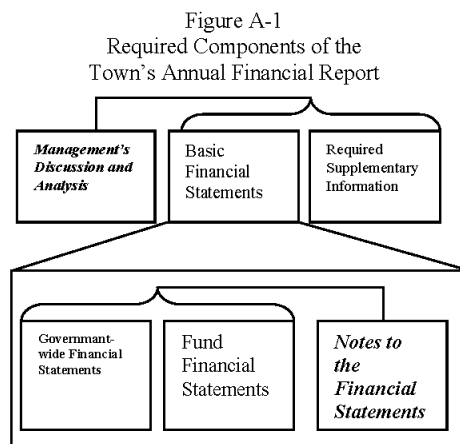
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**OVERVIEW OF THE FINANCIAL STATEMENTS**

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.

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.



**Town of Medley, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2021**

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

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

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

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

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

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

The Town maintains 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 20 through 23 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.

**Town of Medley, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2021**

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

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

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

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

**Notes to financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 31 through 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. Required supplementary information can be found on pages 71 through 83 of this report.

**Town of Medley, Florida  
Management's Discussion and Analysis  
September 30, 2021**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The table below summarizes the statements of 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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>		
Current assets	\$ 20,111,469	\$ 18,795,285	\$ 15,225,996	\$ 13,668,421	\$ 35,337,465	\$ 32,463,706	\$ 2,873,759	8.9 %
Noncurrent assets	5,892,337	887,357	1,243,823	765,513	7,136,160	1,652,870	5,483,290	331.7
Capital assets, net	146,425,055	143,842,894	32,189,320	34,008,147	178,614,375	177,851,041	763,334	0.4
Total assets	172,428,861	163,525,536	48,659,139	48,442,081	221,088,000	211,967,617	9,120,383	4.3
Deferred outflows	3,949,411	4,433,905	798,850	913,387	4,748,261	5,347,292	(599,031)	(11.2)
Long-term obligations outstanding	21,007,352	25,395,510	5,069,485	6,364,428	26,076,837	31,759,938	(5,683,101)	(17.9)
Other liabilities	2,184,243	1,019,575	1,851,489	1,387,465	4,035,732	2,407,040	1,628,692	67.7
Total liabilities	23,191,595	26,415,085	6,920,974	7,751,893	30,112,569	34,166,978	(4,054,409)	(11.9)
Deferred inflows	10,543,954	4,309,922	1,987,113	1,102,646	12,531,067	5,412,568	7,118,499	131.5
Net position								
Investment in capital assets, net of related debt	136,750,418	132,768,019	29,502,032	31,059,669	166,252,450	163,827,688	2,424,762	1.5
Restricted	1,694,426	748,996	131,326	-	1,825,752	748,996	1,076,756	143.8
Unrestricted	4,197,879	3,717,419	10,916,544	9,441,260	15,114,423	13,158,679	1,955,744	14.9
Total net position	\$ 142,642,723	\$ 137,234,434	\$ 40,549,902	\$ 40,500,929	\$ 183,192,625	\$ 177,735,363	\$ 5,457,262	3.1 %

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.
- 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 \$183,192,625 at September 30, 2021.

**Town of Medley, Florida  
Management's Discussion and Analysis  
September 30, 2021**

The largest portion of the Town's net position, \$166,252,450, or 91%, 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, \$1,825,752, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$15,114,423, may be used to meet the government's ongoing obligations to residents and creditors.

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

**Governmental and business-type activities.** Governmental activities increased the Town's net position by \$4,359,280, and business-type activities increased the Town's net position by \$1,097,982. This resulted in an increase in total net position of \$5,457,262.

The table below summarizes the statements of activities:

**Town of Medley, Florida  
Changes in 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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>		
<b>Revenues</b>								
Program revenues								
Fees, fines, and charges for services	\$ 7,416,877	\$ 5,672,246	\$ 8,713,794	\$ 8,562,381	\$ 16,130,671	\$ 14,234,627	\$ 1,896,044	13.3
Operating grants and contributions	74,322	244,607	-	-	74,322	244,607	(170,285)	(69.6)
Capital grants and contributions	171,073	1,143,034	-	-	171,073	1,143,034	(971,961)	(85.0)
General revenues								
Ad valorem taxes	12,202,406	11,536,559	-	-	12,202,406	11,536,559	665,847	5.8
Special assessment	1,394,202	-	929,468	-	2,323,670	-	2,323,670	-
Utility taxes	1,507,775	1,456,822	-	-	1,507,775	1,456,822	50,953	3.5
Franchise fees	1,549,785	1,126,544	-	-	1,549,785	1,126,544	423,241	37.6
Other general taxes	547,254	499,160	-	-	547,254	499,160	48,094	9.6
Intergovernmental	394,569	346,455	-	-	394,569	346,455	48,114	13.9
Investment earnings	80,081	251,579	39,061	208,848	119,142	460,427	(341,285)	(74.1)
Miscellaneous	111,467	135,884	8,990	-	120,457	135,884	(15,427)	(11.4)
Internal activity								
Transfers	-	(1,208,652)	-	1,208,652	-	-	-	-
Total revenues and transfers	25,449,811	21,204,238	9,691,313	9,979,881	35,141,124	31,184,119	3,957,005	12.7
<b>Expenses</b>								
General government	7,188,425	7,475,666	-	-	7,188,425	7,475,666	(287,241)	(3.8)
Public safety	8,748,821	9,353,656	-	-	8,748,821	9,353,656	(604,835)	(6.5)
Physical environment	1,532,267	1,750,464	-	-	1,532,267	1,750,464	(218,197)	(12.5)
Human services	2,169,083	1,708,472	-	-	2,169,083	1,708,472	460,611	27.0
Culture and recreation	1,167,038	1,202,666	-	-	1,167,038	1,202,666	(35,628)	(3.0)
Interest	284,897	335,727	61,335	67,170	346,232	402,897	(56,665)	(14.1)
Water and wastewater	-	-	6,870,127	6,298,054	6,870,127	6,298,054	572,073	9.1
Stormwater utility	-	-	1,661,869	1,630,262	1,661,869	1,630,262	31,607	1.9
Medley Lakeside Retirement Park	-	-	-	404,335	-	404,335	(404,335)	(100.0)
Total expenses	21,090,531	21,826,651	8,593,331	8,399,821	29,683,862	30,226,472	(542,610)	(1.8)
Increase (decrease) in net position	4,359,280	(622,413)	1,097,982	1,580,060	5,457,262	957,647	4,499,615	469.9
Net position, beginning of year	137,234,434	137,804,048	40,500,929	38,973,668	177,735,363	176,777,716	957,647	0.5
Transfer to General Fund from Medley Lakeside Retirement Park Fund (Note 2)	1,049,009	-	(1,049,009)	-	-	-	-	-
Transfer to General Fund from Police Gun Range Fund	-	52,799	-	(52,799)	-	-	-	-
Net position, end of year	\$ 142,642,723	\$ 137,234,434	\$ 40,549,902	\$ 40,500,929	\$ 183,192,625	\$ 177,735,363	\$ 5,457,262	3.1

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

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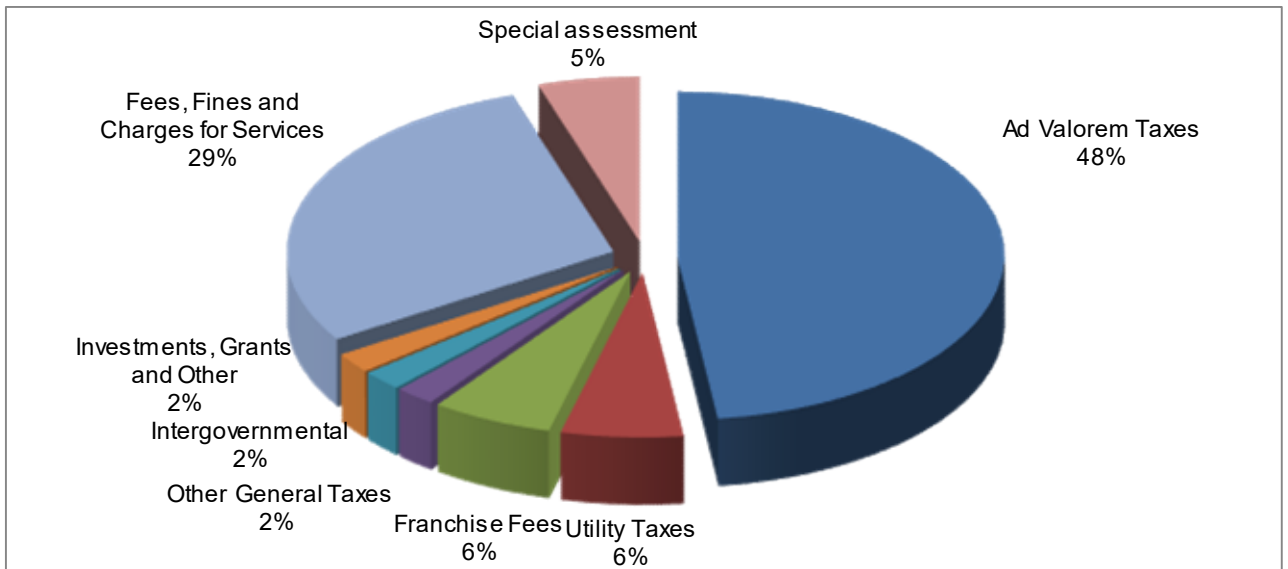
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**Governmental activities.** Governmental activities increased the Town's net position by \$4,359,280.

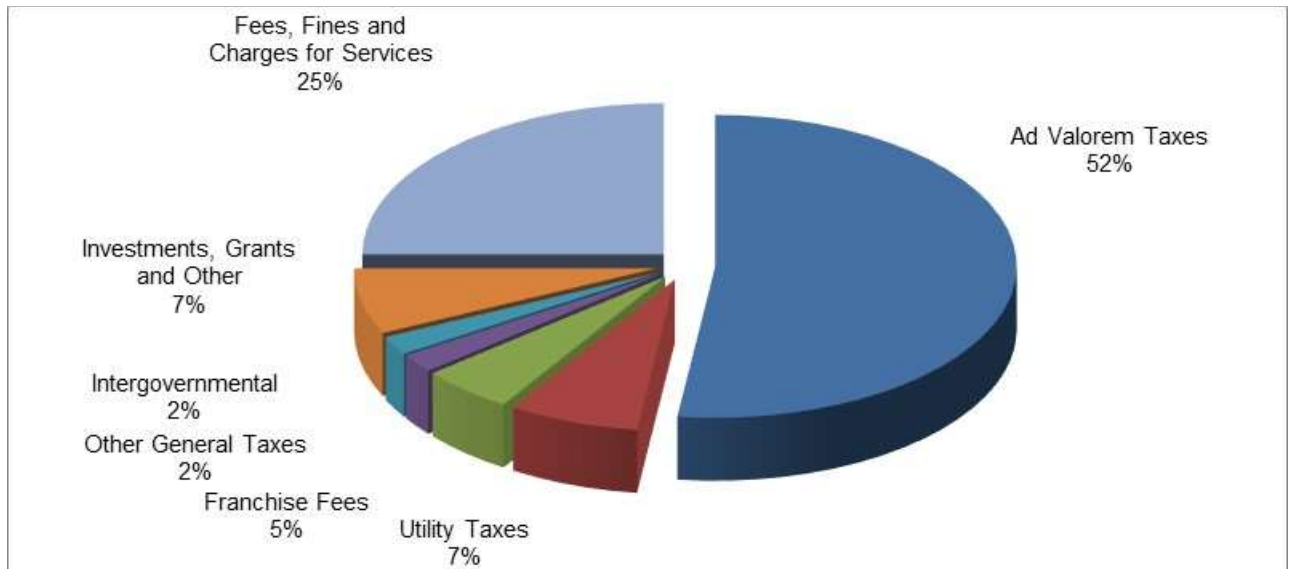
- **Revenues.** The following charts show the sources of program and general revenues for fiscal years 2021 and 2020:

**Revenues by Source - Governmental Activities  
For the Years Ended September 30, 2021 and 2020**

**2021**



**2020**



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The Town is heavily reliant on property taxes to support governmental functions. Property taxes provided 48% of the Town's total revenues in fiscal year 2021 as compared to 52% in fiscal year 2020. Franchise fees and utility taxes combined provided 12% in fiscal years 2021 and 2020.

The Town's millage rate was reduced from 5.0500 mills in FY 2020 to 4.8000 mills in FY 2021. It has been further reduced to 3.9000 mills in FY 2022. This has been accomplished by increases in property valuation and assessments, new development, implementing capital assessment districts 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.

	<b>Total Cost of Services</b>		<b>Percentage Change</b>
	<b>2021</b>	<b>2020</b>	
General government	\$ 7,188,425	\$ 7,475,666	-4%
Public safety	8,748,821	9,353,656	-6%
Physical environment	1,532,267	1,750,464	-12%
Human services	2,169,083	1,708,472	27%
Culture and recreation	1,167,038	1,202,666	-3%
Interest	284,897	335,727	-15%
	<u>\$ 21,090,531</u>	<u>\$ 21,826,651</u>	<u>-3%</u>

Expenses for governmental activities decreased \$736,120 from the prior year. Decreases can be found with all activities above except for Human Services. Human Services increased because of the closing of the Lakeside Retirement Park fund, with the operations from that fund being incorporated into governmental activities. There were decreases in all other activities expenses due to decreases in; non-budgeted COVID-19 expenses, non-budgeted police forfeiture expenses, and a decrease in pension costs.

**Business-type activities.** Business-type activities increased the Town's net position by \$1,097,982.

- **Overall analysis of major funds.** The Town reports two major enterprise funds. The net income (loss) for each major enterprise fund was as follows for fiscal year 2021 and 2020:

	<b>Fiscal Year</b>	
	<b>2021</b>	<b>2020</b>
Water and wastewater	\$ (771,601)	\$ (642,360)
Stormwater utility	<u>1,869,583</u>	<u>1,223,823</u>
	<u>\$ 1,097,982</u>	<u>\$ 581,463</u>

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The following includes an analysis of the fiscal year 2021 financial activities for each fund:

- The water and wastewater fund had a decrease in net position of \$771,601. Operating revenue increased by \$656,139 while operating expenses increased by \$572,073 from the prior year. Operating revenue in fiscal year 2020 was lower because of COVID-19 related business closings. Expenses increasing includes salaries and related expenses, sewer treatment and major sewer repair costs. As a result of these major repairs, the Town is expecting to see improvement in the sewer utility performance. In addition, commercial sewer rates were increased by an average of 10% beginning with the February 2022 billing cycle.
- The stormwater utility fund had an increase in net position of \$1,869,583. Operating revenues decreased by \$227,327 due to early payment discounts taken by property owners on their property and special assessment tax bills assessed by the Miami-Dade Property Appraiser and collected by the Miami-Dade Tax Collector. In prior years stormwater fees were billed directly by the Town and no discounts were offered. Operating expenses increased by \$31,607 from the prior year. It should be noted that a significant portion of stormwater utility expenditures are capitalized and not expensed in the current period.

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

	<b>Governmental Funds</b>			<b>Total</b>
	<b>General Fund</b>	<b>Law Enforcement Trust Fund</b>	<b>Town of Medley Foundation, Inc.</b>	
Revenue	\$ 24,031,637	\$ 17,798	\$ 26,923	\$ 24,076,358
Expenditures	(24,923,323)	-	(38,467)	(24,961,790)
	<u>\$ (891,686)</u>	<u>\$ 17,798</u>	<u>\$ (11,544)</u>	<u>\$ (885,432)</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 \$17,210,060, a decrease of \$885,718 in comparison with the prior year. Key components decreasing fund balance have been addressed earlier in this narrative.

The general fund is the chief operating fund of the Town. General tax revenues and other receipts that are not allocated to another fund by law or contractual commitment are accounted for in this fund. General operating expenditures and capital improvement costs not paid through another fund are paid from this fund. At the end of the current fiscal year, assigned and unassigned fund balance of the general fund was \$16,383,726. 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 66% of total general fund expenditures.



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**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 \$1,097,982. Other factors concerning the finances of these funds have already been addressed in the discussion of the Town's business-type activities.

**Fiduciary funds.** The General Employee Pension Fund funding requirement was \$1,016,334 which represents an increase of \$25,360 from the prior year. The increase is due to enhanced benefits for participants as approved by the Town Council. The plan is 100% funded by the Town of Medley which contributed \$1,100,000 to the plan in FY 2021 and \$1,250,000 in FY 2020. Pension plan assets are managed by the General Employee Pension Board of Trustees with the assistance of an investment advisor. The defined benefit plan has a blended multiplier of 2.75% for all full-time non police officers' employees. Due to actuarial experience differences and increases in benefits the annual required contribution for FY 2022 will increase to \$1,064,275.

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

Part-time employees earn benefits based on age and years of service. The maximum monthly benefit was \$330. On December 6, 2021, the Town Council approved an increase in part-time pension benefits to a maximum monthly benefit of \$530.

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

The Police Pension Fund is funded by Town, State and employee contributions. Employees contribute 5% of their pensionable wages to the plan. The annual contributions to the plan were \$1,166,444, a decrease of \$233,096 from the prior year. The actual Town and State contribution was \$1,166,444 for the current fiscal year and \$1,399,540 for the prior year. Police officers contributed \$173,578 and \$159,330 for 2021 and 2020, respectively. The decrease is partially attributable to a greater than expected decrease in the required payment to amortize the unfunded actuarial accrued liability and a net favorable actuarial experience on the basis of the plan's other actuarial assumptions.

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

Note 8, 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:

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Actual revenues were higher than the final budget by \$2,739,853. This was primarily due to the net effects of the following variances:

- Ad valorem collections were \$475,657 greater than budget due to collections of delinquent taxes.
- Utility taxes were \$177,775 over budget.
- Intergovernmental collections were \$662,880 under budget because of a specific capital project, partially funded by a state grant, being deferred until fiscal year 2022.
- Permits, fees, and licenses revenues were \$2,722,988 over budget due to increases in electric franchise fees, landfill host fees, building permits, and collection of an impact fee from Miami-Dade County, budgeted for the prior year, but recognized in the current year.
- Fines and forfeitures were \$108,418 over budget.

Actual expenditures were lower than budget by \$3,309,877. This was primarily caused by lower than budgeted capital outlay costs of \$2,950,223 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 71 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, 2021, amounts to \$166,252,450 (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.

The table below summarized the investment in capital assets:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		<u>Amount Change</u>	<u>% Change</u>
	<u>September 30,</u>		<u>September 30,</u>		<u>September 30,</u>			
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>		
Land and improvements	\$ 11,670,873	\$ 10,569,975	\$ 521,638	\$ 843,239	\$ 12,192,511	\$ 11,413,214	\$ 779,297	6.8
Construction in progress	6,620,471	3,846,664	2,301,319	3,651,142	8,921,790	7,497,806	1,423,984	19.0
Buildings and improvements	16,524,296	16,096,736	1,109,136	1,401,867	17,633,432	17,498,603	134,829	0.8
Infrastructure	147,113,288	147,107,985	-	-	147,113,288	147,107,985	5,303	0.0
Machinery, equipment, and vehicles	5,875,944	6,999,675	3,100,638	3,020,890	8,976,582	10,020,565	(1,043,983)	(10.4)
Water and wastewater systems	-	-	29,024,038	28,824,706	29,024,038	28,824,706	199,332	0.7
Stormwater systems	-	-	17,850,549	17,361,884	17,850,549	17,361,884	488,665	2.8
Total	187,804,872	184,621,035	53,907,318	55,103,728	241,712,190	239,724,763	1,987,427	0.8
Accumulated depreciation	(41,379,817)	(40,778,141)	(21,717,998)	(21,095,581)	(63,097,815)	(61,873,722)	(1,224,093)	2.0
	<u>\$ 146,425,055</u>	<u>\$ 143,842,894</u>	<u>\$ 32,189,320</u>	<u>\$ 34,008,147</u>	<u>\$ 178,614,375</u>	<u>\$ 177,851,041</u>	<u>\$ 763,334</u>	<u>0.4</u>

Additional information on the Town's capital assets can be found in Note 5 on page 46 of this report.

**Long-term obligations.** At year end, the Town had \$12,361,925 in notes outstanding versus \$14,023,353 last year. Repayments of long-term amounted to \$1,661,428. Included in long-term obligations of the governmental fund and proprietary fund types are \$1,426,769 and \$242,942 in accrued compensated absence liabilities, respectively.

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The following table reports long-term obligation balances at September 30, 2021 and 2020:

	<b>Governmental Activities</b>			<b>Balance September 30, 2021</b>
	<b>Balance October 1, 2020</b>	<b>Additions</b>	<b>Reductions</b>	
Notes payable	\$ 11,074,875	\$ -	\$ 1,400,238	\$ 9,674,637
Compensated absences	1,410,427	1,603,729	1,587,387	1,426,769
	<u>\$ 12,485,302</u>	<u>\$ 1,603,729</u>	<u>\$ 2,987,625</u>	<u>\$ 11,101,406</u>

	<b>Business-Type Activities</b>			<b>Balance September 30, 2021</b>
	<b>Balance October 1, 2020</b>	<b>Additions</b>	<b>Reductions</b>	
Notes payable	\$ 2,948,478	\$ -	\$ 261,190	\$ 2,687,288
Compensated absences	242,271	339,233	338,562	242,942
	<u>\$ 3,190,749</u>	<u>\$ 339,233</u>	<u>\$ 599,752</u>	<u>\$ 2,930,230</u>

Additional information on the Town's long-term debt including the December 2021 re-financing of governmental long-term debt can be found in Note 10 on pages 64 through 67 of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Given growth in the economy the Town's taxable assessed value has increased by approximately 50% since 2010. The operating millage for the fiscal year ending September 30, 2022, is stated at 3.9000 mills. This represents an 11.42% decrease from the rolled back rate and is lower than the 2021 millage rate of 4.8000 mills.

The general fund's total 2022 departmental expenditures are budgeted at \$20,501,667 which is \$642,256 more than fiscal 2021 actual expenditures. This is due to increases in payroll and related benefits, professional fees and program costs.

On December 16, 2021, the Town re-financed its long-term governmental debt obligations as described on page 65 of this report. By extending the term of the debt and lowering the annual interest rate, the Town will be saving approximately \$1,000,000 in debt service in fiscal year 2022.

In fiscal year 2022, the Town has budgeted over \$13 million in capital projects: \$5.8 million from the general fund and the balance from the proprietary funds. Major projects include a community pool, Lehigh Lakeshore shoreline improvements, N.W, 74<sup>th</sup> Street Water Main, NW 96<sup>th</sup> Street from NW 87<sup>th</sup> 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 105<sup>th</sup> 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 during the spring of 2022 and study the applications as resubmitted.

**Town of Medley, Florida**  
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**September 30, 2021**

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The American Rescue Plan Act was signed by President Biden on March 11, 2021, to speed up the country's recovery from the economic and health issues associated with the COVID-19 pandemic. The Town, with a population of under 50,000 persons, is considered a Non-entitlement Unit, meaning that all rescue funds will pass through from the State of Florida. As of September 30, 2021, the Town received 50% of its entitled grant of \$444,254 or \$222,127. This money has been earmarked by the Town Council for water infrastructure purposes only and is recorded as unearned revenue in the Water and Wastewater Fund. The remaining 50% of the grant will be received some time in fiscal year 2022. The Town has until fiscal year 2024 to expend these funds with the intention of completing projects funded by this grant in fiscal year 2023.

**REQUESTS FOR INFORMATION**

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

**Town of Medley, Florida**  
**Government-Wide Statement of Net Position**  
**September 30, 2021**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 12,186,146	\$ 8,098,082	\$ 20,284,228
Investments	5,339,002	5,861,758	11,200,760
Receivables, net	2,025,153	1,537,727	3,562,880
Internal balances	277,080	(277,080)	-
Prepaid expenses	284,088	5,509	289,597
	<u>20,111,469</u>	<u>15,225,996</u>	<u>35,337,465</u>
<b>Restricted assets</b>			
Cash and cash equivalents	502,761	790,927	1,293,688
Net pension asset	5,389,576	452,896	5,842,472
Total restricted assets	<u>5,892,337</u>	<u>1,243,823</u>	<u>7,136,160</u>
<b>Capital assets</b>			
Capital assets not being depreciated	116,377,341	2,822,957	119,200,298
Capital assets being depreciated, net	30,047,714	29,366,363	59,414,077
Total capital assets	<u>146,425,055</u>	<u>32,189,320</u>	<u>178,614,375</u>
Total assets	<u>172,428,861</u>	<u>48,659,139</u>	<u>221,088,000</u>
<b>Deferred Outflows</b>			
Deferred outflows related to other post employment benefits	1,825,346	370,326	2,195,672
Deferred outflows related to pensions	2,124,065	428,524	2,552,589
Total deferred outflows	<u>3,949,411</u>	<u>798,850</u>	<u>4,748,261</u>
<b>Liabilities</b>			
<b>Liabilities</b>			
Accounts payable and accrued liabilities	1,956,120	1,106,639	3,062,759
Unearned revenue	228,123	221,127	449,250
Unearned developer fees	-	75,749	75,749
Liabilities payable from restricted assets	-	447,974	447,974
<b>Long-term obligations</b>			
Due within one year	1,426,874	267,204	1,694,078
Due after one year	9,674,532	2,663,026	12,337,558
Other post employment benefits	9,905,946	2,139,255	12,045,201
Total liabilities	<u>23,191,595</u>	<u>6,920,974</u>	<u>30,112,569</u>
<b>Deferred Inflows</b>			
Deferred inflows related to other post employment benefits	3,431,157	755,407	4,186,564
Deferred inflows related to pensions	7,112,797	1,231,706	8,344,503
Total deferred inflows	<u>10,543,954</u>	<u>1,987,113</u>	<u>12,531,067</u>
<b>Net Position</b>			
Investment in capital assets, net of related debt	136,750,418	29,502,032	166,252,450
Restricted	1,694,426	131,326	1,825,752
Unrestricted	4,197,879	10,916,544	15,114,423
Total net position	<u>\$ 142,642,723</u>	<u>\$ 40,549,902</u>	<u>\$ 183,192,625</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, 2021**

Functions/Programs	Program Revenues				Net Revenue (Expense) and Changes in Net Position		
	Total Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities</b>							
General government	\$ 7,188,425	\$ 5,555,654	\$ 73,324	\$ -	\$ (1,559,447)	\$ -	\$ (1,559,447)
Public safety	8,748,821	1,666,634	998	-	(7,081,189)	-	(7,081,189)
Physical environment	1,532,267	-	-	21,073	(1,511,194)	-	(1,511,194)
Human services	2,169,083	194,589	-	150,000	(1,824,494)	-	(1,824,494)
Culture and recreation	1,167,038	-	-	-	(1,167,038)	-	(1,167,038)
Interest on long-term obligations	284,897	-	-	-	(284,897)	-	(284,897)
Total governmental activities	<u>21,090,531</u>	<u>7,416,877</u>	<u>74,322</u>	<u>171,073</u>	<u>(13,428,259)</u>	<u>-</u>	<u>(13,428,259)</u>
<b>Business-type activities</b>							
Water and wastewater utility	6,890,624	6,098,866	-	-	-	(791,758)	(791,758)
Stormwater utility	1,702,707	2,614,928	-	-	-	912,221	912,221
Total business-type activities	<u>8,593,331</u>	<u>8,713,794</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,463</u>	<u>120,463</u>
	<u>\$ 29,683,862</u>	<u>\$ 16,130,671</u>	<u>\$ 74,322</u>	<u>\$ 171,073</u>	<u>(13,428,259)</u>	<u>120,463</u>	<u>(13,307,796)</u>
<b>General revenues</b>							
Ad valorem taxes					12,202,406	-	12,202,406
Special assessment					1,394,202	929,468	2,323,670
Utility taxes					1,507,775	-	1,507,775
Other general taxes					547,254	-	547,254
Intergovernmental					394,569	-	394,569
Franchise fees					1,549,785	-	1,549,785
Investment earnings					80,081	39,061	119,142
Miscellaneous					111,467	8,990	120,457
Total general revenues					<u>17,787,539</u>	<u>977,519</u>	<u>18,765,058</u>
Change in net position					4,359,280	1,097,982	5,457,262
Net position, beginning of year					137,234,434	40,500,929	177,735,363
Transfer to General Fund from Medley Lakeside Retirement Park Fund (Note 2)					<u>1,049,009</u>	<u>(1,049,009)</u>	<u>-</u>
Net position, end of year					<u>\$ 142,642,723</u>	<u>\$ 40,549,902</u>	<u>\$ 183,192,625</u>

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

**Town of Medley, Florida**  
**Governmental Funds**  
**Balance Sheet**  
**September 30, 2021**

	<u>Major Funds</u>		<u>Non-Major Fund</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Law Enforcement Trust Fund</u>	<u>Town of Medley Foundation, Inc.</u>	
<b>Assets</b>				
Cash and cash equivalents	\$ 12,144,800	\$ -	\$ 41,346	\$ 12,186,146
Investments	5,339,002	-	-	5,339,002
Receivables, net	2,025,153	-	-	2,025,153
Due from other funds	337,244	-	-	337,244
Prepaid expenses	284,088	-	-	284,088
Restricted assets				
Cash and cash equivalents	-	502,761	-	502,761
<b>Total assets</b>	<b>\$ 20,130,287</b>	<b>\$ 502,761</b>	<b>\$ 41,346</b>	<b>\$ 20,674,394</b>
<b>Liabilities, Deferred Inflows, and Fund Equity</b>				
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 1,955,720	\$ -	\$ 400	\$ 1,956,120
Due to other funds	58,703	1,461	-	60,164
Unearned revenue	228,123	-	-	228,123
<b>Total liabilities</b>	<b>2,242,546</b>	<b>1,461</b>	<b>400</b>	<b>2,244,407</b>
Deferred inflows - unavailable revenue	1,219,927	-	-	1,219,927
<b>Fund equity</b>				
Fund balance				
Nonspendable	284,088	-	-	284,088
Restricted	-	501,300	-	501,300
Committed	-	-	40,946	40,946
Assigned	9,535,000	-	-	9,535,000
Unassigned	6,848,726	-	-	6,848,726
<b>Total fund equity</b>	<b>16,667,814</b>	<b>501,300</b>	<b>40,946</b>	<b>17,210,060</b>
<b>Total liabilities, deferred inflows, and fund equity</b>	<b>\$ 20,130,287</b>	<b>\$ 502,761</b>	<b>\$ 41,346</b>	<b>\$ 20,674,394</b>

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

**Town of Medley, Florida**  
**Governmental Funds**  
**Balance Sheet**  
**September 30, 2021**

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

Total fund balance - total governmental funds	\$ 17,210,060
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets of \$187,804,872, net of accumulated depreciation of \$41,379,817, are not financial resources and, therefore, are not reported in the funds.	146,425,055
Long-term obligations of \$11,101,406 are not due and payable in the current period and are not reported in the funds.	(11,101,406)
On the statement of net position, the Town's special assessment are recorded on the full accrual method. However, the special assessments to be billed in future years are recorded as deferred inflows in the governmental funds.	1,219,927
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	(9,905,946)
Deferred outflows related to other post employment benefits	1,825,346
Deferred inflows related to other post employment benefits	(3,431,157)
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	5,389,576
Deferred outflows related to pensions	2,124,065
Deferred inflows related to pensions	<u>(7,112,797)</u>
Net position of governmental activities	<u>\$ 142,642,723</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, 2021**

	<u>Major Funds</u>		<u>Non-Major Fund</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Law Enforcement Trust Fund</u>	<u>Town of Medley Foundation, Inc.</u>	
<b>Revenues</b>				
Ad valorem taxes	\$ 12,202,406	\$ -	\$ -	\$ 12,202,406
Special assessment	174,275	-	-	174,275
Utility taxes	1,507,775	-	-	1,507,775
Other general taxes	770,405	-	-	770,405
Intergovernmental	486,438	-	-	486,438
Permits, fees, and licenses	6,882,288	-	-	6,882,288
Fines and forfeitures	1,088,418	998	-	1,089,416
User charges	771,807	-	-	771,807
Miscellaneous	147,825	16,800	26,923	191,548
Total revenues	<u>24,031,637</u>	<u>17,798</u>	<u>26,923</u>	<u>24,076,358</u>
<b>Expenditures</b>				
Current operating				
General government	6,241,359	-	-	6,241,359
Public safety	8,971,259	-	-	8,971,259
Physical environment	1,469,077	-	-	1,469,077
Human services	2,138,694	-	-	2,138,694
Culture and recreation	1,039,022	-	38,467	1,077,489
Capital outlay	3,378,777	-	-	3,378,777
Debt service	1,685,135	-	-	1,685,135
Total expenditures	<u>24,923,323</u>	<u>-</u>	<u>38,467</u>	<u>24,961,790</u>
Excess (deficiency) of revenues over expenditures	<u>(891,686)</u>	<u>17,798</u>	<u>(11,544)</u>	<u>(885,432)</u>
<b>Fund balances</b>				
Beginning of year	17,559,786	483,502	52,490	18,095,778
Transfer from Medley Lakeside Retirement Park Fund (Note 2)	<u>(286)</u>	<u>-</u>	<u>-</u>	<u>(286)</u>
End of year	<u>\$ 16,667,814</u>	<u>\$ 501,300</u>	<u>\$ 40,946</u>	<u>\$ 17,210,060</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, 2021**

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**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	\$ (885,432)
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 \$3,378,777 was exceeded by depreciation of \$1,812,384 in the current period.	1,566,393
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.	(96,035)
Change in long-term compensated absences recognized in statement of activities, not recognized as expenditures.	(16,342)
Governmental funds report revenues only from the current year's special assessment levy. However, in the statement of activities, revenues are recorded on the full accrual basis and thus the revenues from the entire project the special assessment is funding are recorded.	1,219,927
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.	(62,281)
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.	1,400,238
Contributions made to the pension plan are shown as an expenditure in governmental funds and, thus have an effect on fund balance because current financial resources have been used for the Town as a whole; however, the contributions reduce net pension liability in the statement of net position and do not result in expense in the statement of activities.	1,776,661
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.	153,526
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>(697,375)</u>
Change in net position of governmental activities	<u>\$ 4,359,280</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, 2021**

	<u>Major Funds</u>		<u>Non-Major Fund</u>	<u>Total</u>
	<u>Water and Wastewater Fund</u>	<u>Stormwater Utility Fund</u>	<u>Medley Lakeside Retirement Park Fund</u>	
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 3,768,510	\$ 4,329,572	\$ -	\$ 8,098,082
Investments	3,618,636	2,243,122	-	5,861,758
Receivables, net	709,263	818,488	-	1,527,751
Due from other governments	-	9,976	-	9,976
Due from other funds	85,124	58,703	-	143,827
Prepaid expenses	5,509	-	-	5,509
Total current assets	<u>8,187,042</u>	<u>7,459,861</u>	<u>-</u>	<u>15,646,903</u>
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	648,979	141,948	-	790,927
Net pension asset	<u>307,416</u>	<u>145,480</u>	<u>-</u>	<u>452,896</u>
Total restricted assets	<u>956,395</u>	<u>287,428</u>	<u>-</u>	<u>1,243,823</u>
Non-restricted assets				
Capital assets, net	<u>16,927,136</u>	<u>15,262,184</u>	<u>-</u>	<u>32,189,320</u>
Total non-restricted assets	<u>16,927,136</u>	<u>15,262,184</u>	<u>-</u>	<u>32,189,320</u>
Total noncurrent assets	<u>17,883,531</u>	<u>15,549,612</u>	<u>-</u>	<u>33,433,143</u>
Total assets	<u>26,070,573</u>	<u>23,009,473</u>	<u>-</u>	<u>49,080,046</u>
<b>Deferred Outflows</b>				
Related to other post employment benefits	269,668	100,658	-	370,326
Related to pensions	<u>290,872</u>	<u>137,652</u>	<u>-</u>	<u>428,524</u>
Total deferred outflows	<u>560,540</u>	<u>238,310</u>	<u>-</u>	<u>798,850</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, 2021**

	<u>Major Funds</u>		<u>Non-Major Fund</u>	<u>Total</u>
	<u>Water and Wastewater Fund</u>	<u>Stormwater Utility Fund</u>	<u>Medley Lakeside Retirement Park Fund</u>	
<b>Liabilities</b>				
Current liabilities				
Accounts payable and accrued liabilities	\$ 949,093	\$ 157,546	\$ -	\$ 1,106,639
Unearned revenue	221,127	-	-	221,127
Due to other funds	78,376	342,531	-	420,907
Liabilities payable from restricted assets				
Utility deposits	447,974	-	-	447,974
Unearned developer fees	75,749	-	-	75,749
Current portion of notes payable	<u>125,256</u>	<u>141,948</u>	<u>-</u>	<u>267,204</u>
Total current liabilities	<u>1,897,575</u>	<u>642,025</u>	<u>-</u>	<u>2,539,600</u>
Long-term obligations				
Notes payable, net of current portion	573,378	1,846,706	-	2,420,084
Compensated absences	171,896	71,046	-	242,942
Other post employment benefits	<u>1,572,612</u>	<u>566,643</u>	<u>-</u>	<u>2,139,255</u>
Total long-term debt	<u>2,317,886</u>	<u>2,484,395</u>	<u>-</u>	<u>4,802,281</u>
Total liabilities	<u>4,215,461</u>	<u>3,126,420</u>	<u>-</u>	<u>7,341,881</u>
<b>Deferred Inflows</b>				
Related to other post employment benefits	544,112	211,295	-	755,407
Related to pensions	<u>836,055</u>	<u>395,651</u>	<u>-</u>	<u>1,231,706</u>
Total deferred inflows	<u>1,380,167</u>	<u>606,946</u>	<u>-</u>	<u>1,987,113</u>
<b>Net Position</b>				
Investment in capital assets, net of related debt	16,228,502	13,273,530	-	29,502,032
Restricted	-	131,326	-	131,326
Unrestricted	<u>4,806,983</u>	<u>6,109,561</u>	<u>-</u>	<u>10,916,544</u>
Total net position	<u>\$ 21,035,485</u>	<u>\$ 19,514,417</u>	<u>\$ -</u>	<u>\$ 40,549,902</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, 2021**

	<u>Major Funds</u>		<u>Non-Major Fund</u>	<u>Total</u>
	<u>Water and Wastewater Fund</u>	<u>Stormwater Utility Fund</u>	<u>Medley Lakeside Retirement Park Fund</u>	
<b>Operating revenues</b>				
User charges	\$ 5,983,189	\$ 2,614,928	\$ -	\$ 8,598,117
Service and hook-up charges	115,677	-	-	115,677
Special assessment	-	929,468	-	929,468
Miscellaneous other	682	8,308	-	8,990
Total operating revenue	<u>6,099,548</u>	<u>3,552,704</u>	<u>-</u>	<u>9,652,252</u>
<b>Operating expenses</b>				
Salaries, wages and employee benefits	1,516,645	659,535	-	2,176,180
Contractual services, materials, and supplies	4,558,590	468,954	-	5,027,544
Depreciation and amortization	794,892	533,380	-	1,328,272
Total operating expenses	<u>6,870,127</u>	<u>1,661,869</u>	<u>-</u>	<u>8,531,996</u>
Operating income (loss)	<u>(770,579)</u>	<u>1,890,835</u>	<u>-</u>	<u>1,120,256</u>
<b>Non-operating revenues (expenses)</b>				
Interest income	19,475	19,586	-	39,061
Interest expense	(20,497)	(40,838)	-	(61,335)
Total non-operating revenues	<u>(1,022)</u>	<u>(21,252)</u>	<u>-</u>	<u>(22,274)</u>
Income (loss) before other revenues and operating transfers	<u>(771,601)</u>	<u>1,869,583</u>	<u>-</u>	<u>1,097,982</u>
Net income (loss)	(771,601)	1,869,583	-	1,097,982
<b>Net position</b>				
Beginning of year	21,807,086	17,644,834	1,049,009	40,500,929
Transfer to General Fund (Note 2)	-	-	(1,049,009)	(1,049,009)
End of year	<u>\$ 21,035,485</u>	<u>\$ 19,514,417</u>	<u>\$ -</u>	<u>\$ 40,549,902</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, 2021**

	<u>Major Funds</u>		<u>Non-Major Fund</u>	<u>Total</u>
	<u>Water and Wastewater Fund</u>	<u>Stormwater Utility Fund</u>	<u>Medley Lakeside Retirement Park Fund</u>	
<b>Operating activities</b>				
Receipts from customers and users	\$ 6,157,916	\$ 2,805,462	\$ -	\$ 8,963,378
Payments to suppliers	(4,003,794)	(497,402)	-	(4,501,196)
Payments to employees	(1,741,881)	(783,687)	-	(2,525,568)
Transfer to general fund	-	-	(10,276)	(10,276)
Other receipts	<u>1,032</u>	<u>8,308</u>	<u>-</u>	<u>9,340</u>
Net cash provided by (used in) operating activities	<u>413,273</u>	<u>1,532,681</u>	<u>(10,276)</u>	<u>1,935,678</u>
<b>Noncapital financing activities</b>				
Increase in current liabilities payable from restricted assets	19,420	-	-	19,420
Change in due from/to other funds	<u>(387,427)</u>	<u>(463,979)</u>	<u>-</u>	<u>(851,406)</u>
Net cash used in noncapital financing activities	<u>(368,007)</u>	<u>(463,979)</u>	<u>-</u>	<u>(831,986)</u>
<b>Capital and related financing activities</b>				
Acquisition of capital assets	(177,997)	(337,695)	-	(515,692)
Proceeds from capital grants	-	(9,976)	-	(9,976)
Principal reduction on notes payable	(121,990)	(139,200)	-	(261,190)
Interest paid on notes payable	<u>(20,497)</u>	<u>(40,838)</u>	<u>-</u>	<u>(61,335)</u>
Net cash used in capital and related financing activities	<u>(320,484)</u>	<u>(527,709)</u>	<u>-</u>	<u>(848,193)</u>
<b>Investing activities</b>				
Redemption of investments	-	442,900	-	442,900
Purchase of investments	(4,547)	(7,282)	-	(11,829)
Interest income received	<u>19,475</u>	<u>21,941</u>	<u>-</u>	<u>41,416</u>
Net cash provided by investing activities	<u>14,928</u>	<u>457,559</u>	<u>-</u>	<u>472,487</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, 2021**

	<u>Major Funds</u>		<u>Non-Major Fund</u>	<u>Total</u>
	<u>Water and Wastewater Fund</u>	<u>Stormwater Utility Fund</u>	<u>Medley Lakeside Retirement Park Fund</u>	
<b>Net change in cash and cash equivalents</b>	\$ (260,290)	\$ 998,552	\$ (10,276)	\$ 727,986
<b>Cash and cash equivalents</b>				
Beginning of year	<u>4,677,779</u>	<u>3,472,968</u>	<u>10,276</u>	<u>8,161,023</u>
End of year	<u>\$ 4,417,489</u>	<u>\$ 4,471,520</u>	<u>\$ -</u>	<u>\$ 8,889,009</u>
<b>Reported as follows in the statement of net position</b>				
Cash and cash equivalents	\$ 3,768,510	\$ 4,329,572	\$ -	\$ 8,098,082
Restricted cash and cash equivalents	<u>648,979</u>	<u>141,948</u>	<u>-</u>	<u>790,927</u>
	<u>\$ 4,417,489</u>	<u>\$ 4,471,520</u>	<u>\$ -</u>	<u>\$ 8,889,009</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>				
Operating income (loss)	\$ (770,579)	\$ 1,890,835	\$ -	\$ 1,120,256
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation and amortization	794,892	533,380	-	1,328,272
Bad debt expense	19,884	28,823	-	48,707
Loss on disposal of assets	350	-	-	350
Transfer to General Fund	-	-	(10,276)	(10,276)
Changes in				
Receivables	(162,077)	(738,934)	-	(901,011)
Due from other governments	426,936	-	-	426,936
Prepaid expenses	(1,679)	-	-	(1,679)
Deferred outflows of resources	54,166	40,499	-	94,665
Accounts payable and accrued liabilities	109,655	(57,271)	-	52,384
Unearned revenue	221,127	-	-	221,127
Compensated absences	5,527	667	-	6,194
Other post employment benefits	(196,227)	(72,574)	-	(268,801)
Deferred inflows of resources	692,850	291,384	-	984,234
Net pension asset/liability	<u>(781,552)</u>	<u>(384,128)</u>	<u>-</u>	<u>(1,165,680)</u>
Net cash provided by (used in) operating activities	<u>\$ 413,273</u>	<u>\$ 1,532,681</u>	<u>\$ (10,276)</u>	<u>\$ 1,935,678</u>

**Supplemental disclosure of noncash investing and financing activities**

In the Water and Wastewater Utility Fund, the Town had \$60,974 of purchases of capital assets in accounts payable.  
In the Stormwater Utility Fund, the Town had \$44,932 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, 2021**

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	<u>Pension Trust Funds</u>		<u>Total</u>
	<u>General Employees' Pension Fund</u>	<u>Police Officers' Retirement Fund</u>	
<b>Assets</b>			
Accounts receivable	\$ 3,046	\$ 12,918	\$ 15,964
Investments at fair value	<u>30,348,957</u>	<u>35,633,617</u>	<u>65,982,574</u>
Total assets	<u>\$ 30,352,003</u>	<u>\$ 35,646,535</u>	<u>\$ 65,998,538</u>
<b>Liabilities</b>			
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>\$ 30,348,164</u>	<u>\$ 35,646,535</u>	<u>\$ 65,994,699</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, 2021**

	<u>Pension Trust Funds</u>		<u>Total</u>
	<u>General Employees' Pension Fund</u>	<u>Police Officers' Retirement Fund</u>	
<b>Additions</b>			
Contributions			
Town	\$ 1,100,000	\$ 1,012,918	\$ 2,112,918
Plan members	-	173,578	173,578
State of Florida	-	153,526	153,526
Total contributions	<u>1,100,000</u>	<u>1,340,022</u>	<u>2,440,022</u>
Investment gains, including net unrealized gains on investments	<u>5,340,073</u>	<u>6,692,899</u>	<u>12,032,972</u>
Total additions	<u>6,440,073</u>	<u>8,032,921</u>	<u>14,472,994</u>
<b>Deductions</b>			
Benefit payments	1,145,618	1,720,672	2,866,290
Administrative expense	<u>48,582</u>	<u>43,605</u>	<u>92,187</u>
Total deductions	<u>1,194,200</u>	<u>1,764,277</u>	<u>2,958,477</u>
<b>Change in net position</b>	5,245,873	6,268,644	11,514,517
<b>Net position restricted for pension benefits</b>			
Beginning of year	<u>25,102,291</u>	<u>29,377,891</u>	<u>54,480,182</u>
End of year	<u>\$ 30,348,164</u>	<u>\$ 35,646,535</u>	<u>\$ 65,994,699</u>

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

**Town of Medley, Florida**  
**Notes to Financial Statements**  
**September 30, 2021**

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**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, 2021.

**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, 2021**

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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.

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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 one nonmajor enterprise fund: Medley Lakeside Retirement Park fund, which was terminated effected October 1, 2020, and its operations were incorporated into the operations of the general fund. See Note 2.
- 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.

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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, 2021, the carrying amount of the Town's deposits was \$21,577,916 and the bank balances of the Town's deposits were \$22,720,216. A portion of the bank balances was covered by federal deposit insurance and the remainder was covered by pledged collateral as required by Florida Statutes. All collateral is pledged in the Town's name and is held by a third party financial institution.

Highly liquid financial instruments with an original maturity of three months or less at the time they are purchased by the Town are considered to be cash equivalents. The Town's certificates of deposit mature in fiscal year 2022.

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

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

**(2) Town of Medley's Investment Policies**

**(a) Credit Risk**

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

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

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

The Town's FLCLASS pooled cash investments hold an AAAM credit rating from S&P Global Ratings.

**(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.

**(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 \$2,982,411 and \$3,481,159, respectively, in various foreign equities as of September 30, 2021. The foreign holdings account for approximately 10% of each fund's respective investments. The pension plans have no investment policies that limit its investment choices as it relates to foreign equities.

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**(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 27% of its investments in fixed income securities, 63% in domestic equity, and 10% in international stock. The police officers' retirement fund presently has allocated 29% of its investment in fixed income securities, 61% in domestic equity, and 10% in international equities.

For the year ended September 30, 2021, the annual money weighted rate of return on plan investments, net of investment expense, was 21.19% and 22.84% for the general employees' and police officers' plans, respectively. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

**(e) Concentrations of Credit Risk**

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, 2021, are as follows:

	<b>General Employees' Pension Plan</b>	<b>Police Officers' Retirement Fund</b>
	<u>                    </u>	<u>                    </u>
Fidelity 500 IDX Instl Prem	\$ 4,312,774	\$ 3,997,190
Harbor Bond Retirement	2,378,665	5,262,147
MFS Value R5	4,696,203	-
Stable Asset Fund II	5,904,410	5,219,598
T. Rowe Price Growth Stock I DB	5,209,461	4,224,375
Vanguard REIT Index Admiral DB	-	2,223,969
Vanguard Value Index Admiral DB	-	3,749,913
	<u>\$ 22,501,513</u>	<u>\$ 24,677,192</u>

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**(f) Fair Value Measurements**

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

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

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

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

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

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

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

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

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*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, 2021, for the General Employees’ Pension Fund and the Police Officers’ Retirement Fund.

<b>General Employees’ Pension Fund</b>				
<b>Investment Type</b>	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
Stable Asset Fund (a)	\$ 5,904,410	\$ -	Daily	Daily
Pooled separate accounts				
Fixed income securities (b)	2,378,665	-	Daily	Daily
Domestic equity securities (c)	19,083,471	-	Daily	Daily
International stock securities (d)	2,982,411	-	Daily	Daily
	<u>24,444,547</u>	<u>-</u>		
	<u>\$ 30,348,957</u>	<u>\$ -</u>		

<b>Police Officers’ Retirement Fund</b>				
<b>Investment Type</b>	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
Stable Asset Fund (a)	\$ 5,219,598	\$ -	Daily	Daily
Pooled separate accounts				
Fixed income securities (b)	5,262,147	-	Daily	Daily
Domestic equity securities (c)	21,670,713	-	Daily	Daily
International stock securities (d)	3,481,159	-	Daily	Daily
	<u>30,414,019</u>	<u>-</u>		
	<u>\$ 35,633,617</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.



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- (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.

The Town's certificates of deposits are valued using Level 2 inputs.

**(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.

**(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.

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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) Unearned Revenue and Unearned Developer Fees**

In the governmental funds, unearned revenue includes amounts collected before the revenue recognition criteria are met and receivables that, under the modified accrual basis of accounting, are measurable but not yet earned. Unearned revenue will be recognized as revenue in the fiscal year they are earned or become available. The governmental funds report unearned revenue related to fees received prior to September 30, 2021, that are for fiscal year 2022 local business tax receipts and other licenses and fees. The proprietary funds report unearned revenues from refundable advances and unearned developer fees. Refundable advances are related to advances of grant proceeds and customer charges. Unearned developer fees consist of amounts collected from Town property owners for the reimbursement to developers for the construction of water and wastewater and drainage systems. These amounts will be remitted to the developers.

**(7) Deferred Inflows of Resources**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The amounts are deferred and recognized as an inflow of resources in the period that amounts become available. The deferred inflows related to special assessment revenues

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will be recognized to revenue as billed in future years. The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years. The deferred inflows related to other post-employment benefits will be recognized as a reduction to health insurance expenses in future reporting years. Details on the composition of deferred inflows related to pensions and other post-employment benefits are reported in a subsequent note.

**(8) Compensated Absences**

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

**(9) Long-Term Obligations**

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

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

**(10) Fund Balances – Governmental Funds**

As of September 30, 2021, 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, 2021, the Town maintained an unrestricted reserve fund balance equal to 67% of general fund expenditures. The Town considers that assigned and unassigned fund equity balances make up the total unrestricted reserve fund balance.

## **F. Employee Benefit Plans**

### **(1) Employee Benefit Plans and Net Pension Assets**

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

At September 30, 2021, the Town recorded a net pension asset related to both the General Employees' Pension Plan and to the Police Officers' Retirement Plan in its government-wide statement of net position in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Please refer to Note 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 Medicare eligibility.

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

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**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.

**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 April 26, 2022, the date which the financial statements were available to be issued. Based upon this evaluation, the Town has determined that, except as disclosed in Notes 8 and 10, no subsequent events have occurred that would require disclosure in the financial statements.

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**2. CLOSURE OF THE MEDLEY LAKESIDE RETIREMENT PARK FUND**

Effective October 1, 2020, the Town Council approved an action to discontinue reporting the Medley Lakeside Retirement Park fund 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 Medley Lakeside Retirement Park fund's net position balance of \$1,049,009 at October 1, 2020 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, 2020 are as follows:

**Assets**

Current assets	
Cash and cash equivalents	\$ 10,276
Total current assets	10,276
Capital assets, net	<u>1,111,803</u>
Total assets	<u>1,122,079</u>

**Deferred Outflows**

Related to other post employment benefits	4,205
Related to pensions	<u>15,667</u>
Total deferred outflows	<u>19,872</u>

**Liabilities**

Current liabilities	
Accounts payable and accrued liabilities	<u>10,562</u>
Total current liabilities	<u>10,562</u>
Long-term obligations	
Compensated absences	5,523
Other post employment benefits	33,220
Net pension liability	<u>19,619</u>
Total long-term liabilities	<u>58,362</u>
Total liabilities	<u>68,924</u>

**Deferred Inflows**

Related to other post employment benefits	8,115
Related to pensions	<u>15,903</u>
Total deferred inflows	<u>24,018</u>

**Net Position**

Investment in capital assets, net of related debt	1,111,803
Unrestricted	<u>(62,794)</u>
Total net position transferred to governmental activities	<u>\$ 1,049,009</u>

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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, a deficit of \$286 was transferred to the fund balance of the general fund from the Medley Lakeside Retirement Park fund on the governmental funds balance sheet on October 1, 2020. The assets and liabilities transferred to the general fund on October 1, 2020 are as follows:

**Assets**

Cash and cash equivalents \$ 10,276

Total assets 10,276

**Liabilities**

Accounts payable and accrued liabilities 10,562

Total liabilities 10,562

Net assets transferred to general fund balance \$ (286)

**3. CASH, CASH EQUIVALENTS, AND INVESTMENTS**

Cash and cash equivalents at September 30, 2021 consist of the following:

	Governmental Fund Types			Proprietary Fund Type	Total All Funds	Financial Institution Balance
	General Fund	Special Revenue Funds	Total Government Funds	Enterprise Funds		
Unrestricted						
Demand deposits	\$ 4,280,807	\$ 9,431	\$ 4,290,238	\$ -	\$ 4,290,238	\$ 5,149,983
Money market funds	<u>7,863,993</u>	<u>31,915</u>	<u>7,895,908</u>	<u>8,098,082</u>	<u>15,993,990</u>	<u>16,027,796</u>
	<u>12,144,800</u>	<u>41,346</u>	<u>12,186,146</u>	<u>8,098,082</u>	<u>20,284,228</u>	<u>21,177,779</u>
Restricted						
Demand deposits	-	59,545 <sup>3</sup>	59,545	-	59,545	59,545
Money market funds	-	<u>443,216</u> <sup>3</sup>	<u>443,216</u>	<u>790,927</u> <sup>1, 2 &amp; 4</sup>	<u>1,234,143</u>	<u>1,482,892</u>
	-	<u>502,761</u>	<u>502,761</u>	<u>790,927</u>	<u>1,293,688</u>	<u>1,542,437</u>
Total cash and cash equivalents	<u>\$ 12,144,800</u>	<u>\$ 544,107</u>	<u>\$ 12,688,907</u>	<u>\$ 8,889,009</u>	<u>\$ 21,577,916</u>	<u>\$ 22,720,216</u>

<sup>1</sup> Restricted for customer utility deposits

<sup>2</sup> Restricted for debt service

<sup>3</sup> Restricted for law enforcement

<sup>4</sup> Restricted for unearned developer fees

**Town of Medley, Florida**  
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Investments at September 30, 2021 consist of the following:

	<u>Governmental Fund Type</u>	<u>Proprietary Fund Type</u>		<u>Financial Institution Balance</u>
	<u>General Fund</u>	<u>Enterprise Funds</u>	<u>Total All Funds</u>	
Certificates of deposit Unrestricted	\$ 1,159,427	\$ 550,407	\$ 1,709,834	\$ 1,697,663
FLCLASS pooled cash Unrestricted	2,924,966	5,311,351	8,236,317	8,236,317
Florida Local Government Investment Trust Day-to-Day Fund Unrestricted	1,254,609	-	1,254,609	1,254,609
Total investments	<u>\$ 5,339,002</u>	<u>\$ 5,861,758</u>	<u>\$ 11,200,760</u>	<u>\$ 11,188,589</u>

**4. RECEIVABLES AND DUE FROM OTHER GOVERNMENTS**

Receivables and due from other governments consist of the following at September 30, 2021:

	<u>Governmental Funds</u>		<u>Enterprise Funds</u>			<u>Total</u>
	<u>General Fund</u>	<u>Total Government Funds</u>	<u>Water and Wastewater</u>	<u>Stormwater Utility</u>	<u>Total Enterprise</u>	
Receivables						
User charges	\$ 63,636	\$ 63,636	\$ 774,263	\$ 157,243	\$ 931,506	\$ 995,142
Special assessment	1,218,092	1,218,092	-	812,061	812,061	2,030,153
Interest	-	-	-	184	184	184
Utility taxes	132,748	132,748	-	-	-	132,748
Franchise fees	279,121	279,121	-	-	-	279,121
Host fees	208,538	208,538	-	-	-	208,538
Other	38,300	38,300	-	-	-	38,300
Total receivables	<u>1,940,435</u>	<u>1,940,435</u>	<u>774,263</u>	<u>969,488</u>	<u>1,743,751</u>	<u>3,684,186</u>
Due from other governments						
Miami-Dade County	71,593	71,593	-	9,976	9,976	81,569
State of Florida	60,525	60,525	-	-	-	60,525
Total due from other governments	<u>132,118</u>	<u>132,118</u>	<u>-</u>	<u>9,976</u>	<u>9,976</u>	<u>142,094</u>
Allowance for doubtful accounts	<u>(47,400)</u>	<u>(47,400)</u>	<u>(65,000)</u>	<u>(151,000)</u>	<u>(216,000)</u>	<u>(263,400)</u>
	<u>\$ 2,025,153</u>	<u>\$ 2,025,153</u>	<u>\$ 709,263</u>	<u>\$ 828,464</u>	<u>\$ 1,537,727</u>	<u>\$ 3,562,880</u>
Bad debt expense for the year ended September 30, 2021	<u>\$ 3,600</u>	<u>\$ 3,600</u>	<u>\$ 19,884</u>	<u>\$ 28,823</u>	<u>\$ 48,707</u>	<u>\$ 52,307</u>



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**5. CAPITAL ASSETS**

**A. Changes in Capital Assets**

Capital asset activity for the year ended September 30, 2021 was as follows:

	Balance, October 1, 2020	Additions	Dispositions	Transfers from Medley Lakeside Retirement Park Fund	Transfers	Balance, September 30, 2021
<b>Governmental activities</b>						
Capital assets not being depreciated						
Land	\$ 10,569,975	\$ -	\$ -	\$ -	\$ -	\$ 10,569,975
Infrastructure	99,186,895	-	-	-	-	99,186,895
Construction in progress	3,846,664	3,273,447	(71,896)	7,689	(435,433)	6,620,471
Total capital assets not being depreciated	<u>113,603,534</u>	<u>3,273,447</u>	<u>(71,896)</u>	<u>7,689</u>	<u>(435,433)</u>	<u>116,377,341</u>
Capital assets being depreciated						
Buildings and improvements	16,096,736	35,831	(5,437)	3,055	394,111	16,524,296
Land improvements	-	-	-	1,100,898	-	1,100,898
Infrastructure	47,921,090	5,303	-	-	-	47,926,393
Transportation equipment	3,073,298	-	(461,862)	-	-	2,611,436
Machinery and equipment	3,926,377	64,196	(767,548)	161	41,322	3,264,508
Total capital assets being depreciated	71,017,501	105,330	(1,234,847)	1,104,114	435,433	71,427,531
Accumulated depreciation	<u>(40,778,141)</u>	<u>(1,812,384)</u>	<u>1,210,708</u>	<u>-</u>	<u>-</u>	<u>(41,379,817)</u>
Capital assets being depreciated, net	<u>30,239,360</u>	<u>(1,707,054)</u>	<u>(24,139)</u>	<u>1,104,114</u>	<u>435,433</u>	<u>30,047,714</u>
Governmental activities – capital assets, net	<u>\$ 143,842,894</u>	<u>\$ 1,566,393</u>	<u>\$ (96,035)</u>	<u>\$ 1,111,803</u>	<u>\$ -</u>	<u>\$ 146,425,055</u>

**Town of Medley, Florida**  
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	Balance, October 1, 2020	Additions	Dispositions	Transfer to General Fund	Transfers	Balance, September 30, 2021
<b>Business-type activities</b>						
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	861,022	202,810	-	-	(336,491)	727,341
Stormwater utility fund	1,680,016	382,627	-	-	(488,665)	1,573,978
Medley Lakeside Retirement Park fund	1,110,104	-	-	(7,689)	(1,102,415)	-
	<u>3,651,142</u>	<u>585,437</u>	<u>-</u>	<u>(7,689)</u>	<u>(1,927,571)</u>	<u>2,301,319</u>
Total capital assets not being depreciated	<u>4,172,780</u>	<u>585,437</u>	<u>-</u>	<u>(7,689)</u>	<u>(1,927,571)</u>	<u>2,822,957</u>
Capital assets being depreciated						
Land and improvements						
Medley Lakeside Retirement Park fund	321,601	-	-	(1,424,016)	1,102,415	-
	<u>321,601</u>	<u>-</u>	<u>-</u>	<u>(1,424,016)</u>	<u>1,102,415</u>	<u>-</u>
Water, wastewater, and stormwater utility systems						
Water and wastewater fund	28,824,706	-	(729)	-	200,061	29,024,038
Stormwater utility fund	17,361,884	-	-	-	488,665	17,850,549
	<u>46,186,590</u>	<u>-</u>	<u>(729)</u>	<u>-</u>	<u>688,726</u>	<u>46,874,587</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)	-	-
	<u>1,401,867</u>	<u>-</u>	<u>-</u>	<u>(292,731)</u>	<u>-</u>	<u>1,109,136</u>
Transportation equipment						
Water and wastewater fund	353,680	-	-	-	-	353,680
Stormwater utility fund	391,118	-	-	-	-	391,118
Medley Lakeside Retirement Park fund	3,634	-	-	(3,634)	-	-
	<u>748,432</u>	<u>-</u>	<u>-</u>	<u>(3,634)</u>	<u>-</u>	<u>744,798</u>
Machinery and equipment						
Water and wastewater fund	1,333,894	36,161	(53,875)	-	136,430	1,452,610
Stormwater utility fund	903,230	-	-	-	-	903,230
Medley Lakeside Retirement Park fund	35,334	-	-	(35,334)	-	-
	<u>2,272,458</u>	<u>36,161</u>	<u>(53,875)</u>	<u>(35,334)</u>	<u>136,430</u>	<u>2,355,840</u>
Total capital assets being depreciated						
Water and wastewater fund	31,349,532	36,161	(54,604)	-	336,491	31,667,580
Stormwater utility fund	18,928,116	-	-	-	488,665	19,416,781
Medley Lakeside Retirement Park fund	653,300	-	-	(1,755,715)	1,102,415	-
	<u>50,930,948</u>	<u>36,161</u>	<u>(54,604)</u>	<u>(1,755,715)</u>	<u>1,927,571</u>	<u>51,084,361</u>
Accumulated depreciation						
Water and wastewater fund	(15,248,785)	(794,892)	54,254	-	-	(15,989,423)
Stormwater utility fund	(5,195,195)	(533,380)	-	-	-	(5,728,575)
Medley Lakeside Retirement Park fund	(651,601)	-	-	651,601	-	-
Total accumulated depreciation	<u>(21,095,581)</u>	<u>(1,328,272)</u>	<u>54,254</u>	<u>651,601</u>	<u>-</u>	<u>(21,717,998)</u>
Capital assets being depreciated, net	<u>29,835,367</u>	<u>(1,292,111)</u>	<u>(350)</u>	<u>(1,104,114)</u>	<u>1,927,571</u>	<u>29,366,363</u>
Business-type activities - capital assets, net	<u>\$ 34,008,147</u>	<u>\$ (706,674)</u>	<u>\$ (350)</u>	<u>\$ (1,111,803)</u>	<u>\$ -</u>	<u>\$ 32,189,320</u>

**Town of Medley, Florida**  
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**B. Depreciation Expense**

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

**Governmental activities**

General government	\$ 1,076,977
Public safety	387,836
Physical environment	181,348
Human services	81,932
Culture and recreation	<u>84,291</u>
	<u>\$ 1,812,384</u>

**Business-type activities**

Water and wastewater utility	<u>\$ 794,892</u>
Stormwater utility	<u>\$ 533,380</u>

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities consist of the following at September 30, 2021:

	Governmental Funds			Enterprise Funds			Total
	General Fund	Town of Medley Foundation, Inc.	Total Governmental	Water and Wastewater	Stormwater Utility	Total Enterprise	
Payables							
Vendors	\$ 1,726,966	\$ 400	\$ 1,727,366	\$ 547,368	\$ 144,404	\$ 691,772	\$ 2,419,138
Salaries and benefits	228,754	-	228,754	24,541	13,142	37,683	266,437
Interest	-	-	-	14,000	-	14,000	14,000
DERM taxes	-	-	-	363,184	-	363,184	363,184
Total payables	<u>\$ 1,955,720</u>	<u>\$ 400</u>	<u>\$ 1,956,120</u>	<u>\$ 949,093</u>	<u>\$ 157,546</u>	<u>\$ 1,106,639</u>	<u>\$ 3,062,759</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.

**Town of Medley, Florida**  
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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, 2021, was 4.8000 mills (\$4.8000 per \$1,000 of taxable assessed valuation). The Town levied a millage rate of 3.9000 mills for fiscal year 2022.

**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, 2021.
- **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, 2021.

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:

	<b>General Employees' Pension Plan</b>	<b>Police Officers' Retirement Plan</b>	<b>Total</b>
Active members	112	37	149
Retirees and beneficiaries currently receiving benefits	42	26	68
Terminated plan members entitled to but not yet receiving benefits	<u>13</u>	<u>3</u>	<u>16</u>
	<u>167</u>	<u>66</u>	<u>233</u>

**Town of Medley, Florida**  
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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.

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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, 2021	October 1, 2021
Actuarial cost method	Entry age	Entry age
Amortization method	Level percentage of pay, closed	Level percentage of pay, closed
Amortization period	20 years	30 years
Actuarial asset valuation method	Market value with an adjustment to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.	All assets are valued at market value with an adjustment to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.
Actuarial assumptions:		
Mortality rate	<p><i>Healthy Active Lives</i>  Female: PubG.H-2010 for Employees.  Male: PubG.H-2010 for Employees, set back one year.</p> <p><i>Healthy Retiree Lives</i>  Female: PubG.H-2010 (Below Median) for Healthy Retirees.  Male: PubG.H-2010 for Healthy Retirees, set back one year.</p> <p><i>Beneficiary Lives</i>  Female: PubG.H-2010 for Healthy Retirees.  Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.</p> <p><i>Disabled Lives</i>  PubG.H-2010 for Disabled Retirees, set forward three years.</p>	<p><i>Healthy Active Lives</i>  Female: PubS.H-2010 for Employees, set forward one year.  Male: PubS.H-2010 for Employees, set forward one year.</p> <p><i>Healthy Retiree Lives</i>  Female: PubS.H-2010 for Healthy Retirees, set forward one year.  Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.</p> <p><i>Beneficiary Lives</i>  Female: PubG.H-2010 (Below Median) for Healthy Retirees.  Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.</p> <p><i>Disabled Lives:</i>  80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.</p>
Investment rate of return	6.50%	7.50%
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**  
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(5) Net Pension Liability

The components of the net pension liability at September 30, 2021 are as follows:

	<b>General Employees' Pension Plan</b>	<b>Police Officers' Retirement Plan</b>
Total pension liability	\$ 28,807,415	\$ 31,344,812
Less: Plan fiduciary net position	<u>(30,348,164)</u>	<u>(35,646,535)</u>
Net pension asset	<u>\$ (1,540,749)</u>	<u>\$ (4,301,723)</u>
Plan fiduciary net position as a percentage of total pension asset	<u>105.35%</u>	<u>113.72%</u>

The total pension liability was determined by actuarial valuations as of October 1, 2021, 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, 2021 (see the discussion of the pension plan's investment policy), are summarized in the following table:

<b>Asset Class</b>	<b>General Employees' Pension Plan</b>		<b>Police Officers' Retirement Plan</b>	
	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
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>	

**Town of Medley, Florida**  
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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.

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%	\$ 1,913,523	6.50%	\$ (788,702)
Current discount rate	6.50%	\$ (1,540,749)	7.50%	\$ (4,301,723)
1% increase	7.50%	\$ (4,414,691)	8.50%	\$ (7,254,738)

For the year ended September 30, 2021, 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	21.19%	22.84%

(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**  
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(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/ (Asset)	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/ (Asset)
Balance at September 30, 2020	\$ 27,474,310	\$ 25,102,291	\$ 2,372,019	\$ 28,975,498	\$ 29,377,891	\$ (402,393)
Changes in the year						
Service cost	638,309	-	638,309	773,184	-	773,184
Interest	1,798,230	-	1,798,230	2,242,316	-	2,242,316
Differences between actual and expected	(83,077)	-	(83,077)	65,287	-	65,287
Changes in assumption	-	-	-	-	-	-
Changes in benefits	125,261	-	125,261	1,009,199	-	1,009,199
Contributions – employer	-	1,100,000	(1,100,000)	-	1,012,918	(1,012,918)
Contributions – State	-	-	-	-	153,526	(153,526)
Contributions – employee	-	-	-	-	173,578	(173,578)
Net investment income	-	5,340,073	(5,340,073)	-	6,692,899	(6,692,899)
Benefit payments	(1,145,618)	(1,145,618)	-	(1,720,672)	(1,720,672)	-
Administrative expenses	-	(48,582)	48,582	-	(43,605)	43,605
Net change	1,333,105	5,245,873	(3,912,768)	2,369,314	6,268,644	(3,899,330)
Balance at September 30, 2021	\$ 28,807,415	\$ 30,348,164	\$ (1,540,749)	\$ 31,344,812	\$ 35,646,535	\$ (4,301,723)

(8) Pension Expense

For the year ended September 30, 2021, the Sponsor will recognize pension expense (benefit) of (\$108,970) and \$758,581 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	\$ 638,309	\$ 773,184
Interest on total pension liability	1,798,230	2,242,316
Employee paid contribution	-	(173,578)
Plan amendment	125,261	1,009,199
Projected earnings on investments	(1,628,837)	(2,187,431)
Administrative expenses	48,582	43,605
Recognition of deferred inflows	(1,090,515)	(948,714)
Total pension expense (benefit)	\$ (108,970)	\$ 758,581

**Town of Medley, Florida**  
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(9) Deferred Inflows and Outflows

On September 30, 2021, 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	\$ 684,921	\$ (420,562)	\$ 285,461	\$ (127,121)	\$ 970,382	\$ (547,683)
Changes in assumptions	469,717	(15,020)	99,713	(383,043)	569,430	(398,063)
Net difference between projected and actual earnings on pension plan investments	<u>303,196</u>	<u>(3,754,676)</u>	<u>709,581</u>	<u>(3,644,081)</u>	<u>1,012,777</u>	<u>(7,398,757)</u>
	<u>\$ 1,457,834</u>	<u>\$ (4,190,258)</u>	<u>\$ 1,094,755</u>	<u>\$ (4,154,245)</u>	<u>\$ 2,552,589</u>	<u>\$ (8,344,503)</u>

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

	General Employees' Pension Plan	Police Officers' Retirement Plan
2022	\$ (840,533)	\$ (612,828)
2023	(626,172)	(621,054)
2024	(741,346)	(859,959)
2025	(647,899)	(976,532)
2026	135,394	10,883
Thereafter	<u>(11,868)</u>	<u>-</u>
	<u>\$ (2,732,424)</u>	<u>\$ (3,059,490)</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

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Subsequent to year end, the Town Council approved an amendment to the General Employees' Pension Plan, effective October 1, 2021. Per the amendment, the monthly retirement benefit for part-time employees is as follows:

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

**Benefit Limits**

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

**Normal Retirement**

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

Subsequent to year-end, the Town Council approved an amendment to the General Employees' Pension Plan, effective October 1, 2021. The amendment changed the criteria for early retirement so that any participant in the plan with at least 24 years of service, regardless of age, shall be eligible for an unadjusted early retirement benefit. Additionally, amendment allows for employees who were originally hired as part-time employees and were subsequently hired to work full time between September 1, 2019 and October 31, 2019 to be eligible for a retirement benefit upon attaining the normal retirement age. All such eligible participants shall be credited with one month of service for every four months of part-time service previously earned by the participant before being hired to work full time.

(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).

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**Early Retirement**

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

**DROP Program**

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

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

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

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

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

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

**B. Money Purchase Plan**

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

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, 2021, there were 87 active participants in the money purchase plan.

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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 \$365,734 to the money purchase plan.

**C. Deferred Compensation Plan**

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

**D. Post-Employment Benefits Other Than Pension**

(1) Plan Description

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

At September 30, 2021, the following employees were covered by the benefit terms:

Inactive plan members, or beneficiaries currently receiving benefits	17
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	119
Covered spouses	9
	145

**Town of Medley, Florida**  
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(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 \$694,993 in OPEB benefits. The required contributions are based on a pay-as-you-go financing requirement, and therefore, ultimate subsidies are provided over time, and financed directly by the general assets of the Town, which are invested in accordance with the Town's investment policy. The discount rate used to calculate the present values and costs of OPEB must be the long-range expected return on those investments. The Town selected a discount rate of 2.43% for this purpose.

(3) OPEB Liability

The Town's total OPEB liability of \$12,045,201 was measured as of September 30, 2021, and was determined by an actuarial valuation as of October 1, 2020.

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of September 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date as of September 30, 2021:

Valuation date	October 1, 2020
Actuarial cost method	Entry Age
Amortization method	Level percentage of pay, closed
Amortization period	30 years
Actuarial asset valuation method	N/A
Actuarial assumptions	
Mortality rate - General Pension Plan Employees	<p><i>Healthy Active Lives</i>  Female: PubG.H-2010 for Employees.  Male: PubG.H-2010 for Employees, set back one year.</p> <p><i>Healthy Retiree Lives</i>  Female: PubG.H-2010 (Below Median) for Healthy Retirees.  Male: PubG.H-2010 for Healthy Retirees, set back one year.</p> <p><i>Beneficiary Lives</i>  Female: PubG.H-2010 for Healthy Retirees.  Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.</p> <p><i>Disabled Lives</i>  PubG.H-2010 for Disabled Retirees, set forward three years.</p>

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Mortality rate - Police Pension Plan Employees	<p><i>Healthy Active Lives</i>  Female: PubS.H-2010 for Employees, set forward one year.  Male: PubS.H-2010 for Employees, set forward one year.</p> <p><i>Healthy Retiree Lives</i>  Female: PubS.H-2010 for Healthy Retirees, set forward one year.  Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.</p> <p><i>Beneficiary Lives</i>  Female: PubG.H-2010 (Below Median) for Healthy Retirees.  Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.</p> <p><i>Disabled Lives:</i>  80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.</p>
Inflation	2.50%
Rate of growth in real income	3.50% for General Pension Plan Employees. For Police Pension Plan Employees, increases vary based on age - 6.68% at age 25, 6.07% at age 30, 5.22% at age 40, and 4.62% at age 50
Discount rate	2.43%
Healthcare cost trend rate	4.00%-7.50%

**Changes in the Total OPEB Liability**

Balance at September 30, 2020	<u>\$ 13,711,868</u>
Changes for the year	
Service cost	765,748
Interest	315,321
Changes of assumptions	(2,659,037)
Benefit payments	<u>(687,783)</u>
Net changes	<u>(1,666,667)</u>
Balance at September 30, 2021	<u>\$ 12,045,201</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 2021 is 2.43%, the 20-year GO bond index as of September 30, 2021. The rate at the beginning of the year was 2.14%, the 20-year GO bond index as of October 1, 2020.



**Town of Medley, Florida**  
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**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	1.43%	\$ 13,132,884
Current discount rate	2.43%	\$ 12,045,201
1% increase	3.43%	\$ 11,064,889

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

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

	<u>Healthcare Trend Rates</u>	<u>Net OPEB Liability</u>
1% decrease	3.00%-6.50%	\$ 10,695,663
Current healthcare cost trend rates	4.00%-7.50%	\$ 12,045,201
1% increase	5.00%-8.50%	\$ 13,633,640

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

For the year ended September 30, 2021, the Town recognized OPEB expense of \$791,236. At September 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 942,437	\$ -
Changes in assumptions	<u>1,253,235</u>	<u>(4,186,564)</u>
	<u>\$ 2,195,672</u>	<u>\$ (4,186,564)</u>

**Town of Medley, Florida**  
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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 for the years ending September 30:

2022	\$ (297,043)
2023	(297,043)
2024	(297,043)
2025	(297,043)
2026	(297,041)
Thereafter	<u>(505,679)</u>
	<u>\$ (1,990,892)</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, 2021, the Town received \$213,680 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, 2021, the Town received \$194,589 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).

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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>
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	60,000	96,824	156,824
2027 – 2029	<u>150,000</u>	<u>263,587</u>	<u>413,587</u>
	<u>\$ 450,000</u>	<u>\$ 703,340</u>	<u>\$ 1,153,340</u>

Total fiscal 2021 rental expenditures under the ground lease were \$137,911 including \$77,911 of contingent rentals.

Total rents under all operating leases, including short-term, month-to-month rentals, were \$148,288 for the year ended September 30, 2021.

**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, 2021 are as follows:

	<u>Balance October 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance September 30, 2021</u>
Notes payable	\$ 11,074,875	\$ -	\$ 1,400,238	\$ 9,674,637
Compensated absences	<u>1,410,427</u>	<u>1,603,729</u>	<u>1,587,387</u>	<u>1,426,769</u>
	<u>\$ 12,485,302</u>	<u>\$ 1,603,729</u>	<u>\$ 2,987,625</u>	<u>\$ 11,101,406</u>

**Town of Medley, Florida**  
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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>
2022	\$ 1,426,874	\$ 248,940	\$ 1,675,814
2023	1,473,843	215,724	1,689,567
2024	1,513,652	177,789	1,691,441
2025	1,548,268	142,670	1,690,938
2026	1,590,000	104,438	1,694,438
2027 – 2031	<u>2,122,000</u>	<u>102,719</u>	<u>2,224,719</u>
	<u>\$ 9,674,637</u>	<u>\$ 992,280</u>	<u>\$ 10,666,917</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.	\$ 1,374,500
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.	2,050,137
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>6,250,000</u>
	<u>\$ 9,674,637</u>

Subsequent to year-end, the governmental fund type long-term obligations were refinanced and consolidated under one note payable to TD Bank. The refinanced note payable (TD Bank Capital Improvement Revenue Refunding Note, Series 2021) requires monthly principal payments ranging from \$47,600 and \$60,000 plus interest fixed at 1.72%, commencing February 1, 2022 through maturity on December 1, 2036, when a principal payment of \$105,000 and all accrued interest is due. The note is collateralized by non-ad valorem revenues of the Town.

**Town of Medley, Florida**  
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**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, 2021 are as follows:

	<u>Balance October 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, September 30, 2021</u>
Notes payable	\$ 2,948,478	\$ -	\$ 261,190	\$ 2,687,288
Compensated absences	<u>242,271</u>	<u>339,233</u>	<u>338,562</u>	<u>242,942</u>
	<u>\$ 3,190,749</u>	<u>\$ 339,233</u>	<u>\$ 599,752</u>	<u>\$ 2,930,230</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.	\$ 246,145
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.	452,489
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>1,988,654</u>
	<u>\$ 2,687,288</u>

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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
2022	\$ 267,204	\$ 55,322	\$ 322,526
2023	273,338	49,187	322,525
2024	279,621	42,903	322,524
2025	199,404	37,069	236,473
2026	203,579	32,894	236,473
2027 – 2031	1,026,902	127,247	1,154,149
2032 – 2034	437,240	12,852	450,092
	<u>\$ 2,687,288</u>	<u>\$ 357,474</u>	<u>\$ 3,044,762</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 \$20,497 and \$40,838 in the water and wastewater and stormwater funds, respectively, for the year ended September 30, 2021. 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, 2021.

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

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

**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**  
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**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 144 projects estimated to cost \$42 million in 2021 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 with action expected in the spring of 2022.

**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, 2021 were:

Fund	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental funds		
General fund	\$ 337,244	\$ (58,703)
Law enforcement trust fund	-	(1,461)
Proprietary funds		
Water and wastewater fund	85,124	(78,376)
Stormwater utility fund	<u>58,703</u>	<u>(342,531)</u>
	<u>\$ 481,071</u>	<u>\$ (481,071)</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, 2021**

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**14. FUND BALANCES**

The Town's fund balances are as follows at September 30, 2021:

	<u>General Fund</u>	<u>Law Enforcement Trust Fund</u>	<u>Town of Medley Foundation, Inc.</u>	<u>Total</u>
Nonspendable				
Prepays	\$ 284,088	\$ -	\$ -	\$ 284,088
Total nonspendable	<u>284,088</u>	<u>-</u>	<u>-</u>	<u>284,088</u>
Restricted				
Law enforcement	-	501,300	-	501,300
Total restricted	<u>-</u>	<u>501,300</u>	<u>-</u>	<u>501,300</u>
Committed				
Foundation activities	-	-	40,946	40,946
Total committed	<u>-</u>	<u>-</u>	<u>40,946</u>	<u>40,946</u>
Assigned				
Pension	2,000,000	-	-	2,000,000
Capital projects	4,500,000	-	-	4,500,000
Working capital	2,000,000	-	-	2,000,000
Retiree health insurance	300,000	-	-	300,000
Debt service	735,000	-	-	735,000
Total assigned	<u>9,535,000</u>	<u>-</u>	<u>-</u>	<u>9,535,000</u>
Unassigned	<u>6,848,726</u>	<u>-</u>	<u>-</u>	<u>6,848,726</u>
Total fund balances	<u>\$ 16,667,814</u>	<u>\$ 501,300</u>	<u>\$ 40,946</u>	<u>\$ 17,210,060</u>

**15. SPECIAL ASSESSMENT**

In December 2019, the Town passed a special assessment levy of \$2,445,968 to fund capital improvements. The special assessment is to be billed every year for eight years commencing in 2021. Proceeds from the special assessment are split between the general fund and stormwater utility fund. At September 30, 2021, the total special assessment receivable balances were \$1,218,092 and \$812,061 in the general fund and stormwater utility fund, respectively. At September 30, 2021, total accumulated capital outlay expenditures funded by the special assessment were \$350,000 and \$680,735 in the general fund and stormwater utility fund, respectively.



**Town of Medley, Florida**  
**Notes to Financial Statements**  
**September 30, 2021**

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**16. SUBSEQUENT EVENTS**

Subsequent to year end, the Town Council approved an amendment to the General Employees' Pension Plan, effective October 1, 2021 (see Note 8). The amendment changes certain provisions of the plan, including benefit rates and retirement eligibility.

Subsequent to year end, the Town's governmental fund type long-term obligations were refinanced and consolidated under one note payable to TD Bank (see Note 10).



**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, 2021**

	<b>Original and Final Budget (Unaudited)</b>	<b>Actual</b>	<b>Variance (Unaudited)</b>
<b>Revenues</b>			
Ad valorem taxes	\$ 11,726,749	\$ 12,202,406	\$ 475,657
Special assessment district	240,059	174,275	(65,784)
Utility taxes	1,330,000	1,507,775	177,775
Other general taxes	679,029	770,405	91,376
Intergovernmental	1,149,318	486,438	(662,880)
Permits, fees, and licenses	4,159,300	6,882,288	2,722,988
Fines and forfeitures	980,000	1,088,418	108,418
User charges	902,329	771,807	(130,522)
Miscellaneous	125,000	147,825	22,825
Total revenues	<u>21,291,784</u>	<u>24,031,637</u>	<u>2,739,853</u>
<b>Expenditures</b>			
Current operating			
General government	5,922,285	6,241,359	319,074
Public safety	9,293,876	8,971,259	(322,617)
Physical environment	1,842,719	1,469,077	(373,642)
Human services	2,030,814	2,138,694	107,880
Culture and recreation	1,117,784	1,039,022	(78,762)
Capital outlay	6,329,000	3,378,777	(2,950,223)
Debt service	1,696,722	1,685,135	(11,587)
Total expenditures	<u>28,233,200</u>	<u>24,923,323</u>	<u>(3,309,877)</u>
Excess of expenditures over revenues	<u>(6,941,416)</u>	<u>(891,686)</u>	<u>6,049,730</u>
<b>Fund balances</b>			
Beginning of year	<u>17,559,786</u>	<u>17,559,786</u>	<u>-</u>
Transfer from Medley Lakeside Retirement Park Fund (Note 2)	<u>-</u>	<u>(286)</u>	<u>(286)</u>
End of year	<u>\$ 10,618,370</u>	<u>\$ 16,667,814</u>	<u>\$ 6,049,444</u>

See Independent Auditor's Report.

**Town of Medley, Florida  
Defined Benefit Pension Trust Funds  
Schedules of Funding Progress  
Year Ended September 30, 2021**

**Schedules of Funding Progress**

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

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

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

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

See Independent Auditor's Report.

**Town of Medley, Florida  
Defined Benefit Pension Trust Funds  
Schedules of Employer Contributions  
Year Ended September 30, 2021**

**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>
<b>General Employees' Pension Fund</b>					
September 30, 2021	\$ 1,100,000	\$ 1,016,334	108.23%	\$ 4,439,572	24.78%
September 30, 2020	1,250,000	990,974	126.14%	4,131,904	30.25%
September 30, 2019	1,000,000	878,609	113.82%	3,519,216	28.42%
September 30, 2018	1,000,000	900,745	111.02%	3,194,438	31.30%
September 30, 2017	1,000,000	980,532	101.99%	3,158,747	31.66%
September 30, 2016	1,000,000	985,108	101.51%	2,845,353	35.15%
September 30, 2015	900,000	908,902	99.02%	2,594,629	34.69%
September 30, 2014	850,000	799,628	106.30%	2,118,023	40.13%

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

	<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>
<b>Other Post Employment Benefits</b>					
September 30, 2021	\$ 687,783	\$ 791,236	86.93%	\$ 7,300,980	9.42%
September 30, 2020	601,848	934,406	64.41%	7,396,769	8.14%
September 30, 2019	650,639	930,340	69.94%	7,106,129	9.16%
September 30, 2018	547,890	1,063,768	51.50%	5,998,463	9.13%
September 30, 2017	520,107	1,251,373	41.56%	5,823,750	8.93%

See Independent Auditor's Report.

**Town of Medley, Florida**  
**Defined Benefit Pension Trust Funds**  
**Schedule of Change in Net Pension Liability and Related Ratios -**  
**General Employees' Pension Fund**  
**Year Ended September 30, 2021**

	<b>September 30,</b>						
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Total pension liability</b>							
Service cost	\$ 638,309	\$ 589,840	\$ 557,035	\$ 579,607	\$ 487,726	\$ 534,369	\$ 449,137
Interest on total pension liability	1,798,230	1,687,626	1,531,213	1,509,225	1,313,621	1,254,523	1,247,292
Differences between expected and actual experience	(83,077)	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	125,261	483,483	(446,649)	925,718	-	185,340	-
Benefit payments, including refunds of employee contributions	<u>(1,145,618)</u>	<u>(1,010,236)</u>	<u>(991,824)</u>	<u>(914,153)</u>	<u>(856,112)</u>	<u>(810,015)</u>	<u>(746,172)</u>
Net change in total pension liability	1,333,105	2,079,033	1,452,646	1,772,033	2,020,722	86,571	1,767,209
Total pension liability, beginning	<u>27,474,310</u>	<u>25,395,277</u>	<u>23,942,631</u>	<u>22,170,598</u>	<u>20,149,876</u>	<u>20,063,305</u>	<u>18,296,096</u>
Total pension liability, ending (a)	<u>\$ 28,807,415</u>	<u>\$ 27,474,310</u>	<u>\$ 25,395,277</u>	<u>\$ 23,942,631</u>	<u>\$ 22,170,598</u>	<u>\$ 20,149,876</u>	<u>\$ 20,063,305</u>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 1,100,000	\$ 1,250,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 900,000
Contributions - employee	-	-	-	-	-	-	-
Net investment income (loss)	5,340,073	2,596,192	650,837	1,800,515	2,379,107	1,376,386	(217,632)
Benefit payments, including refunds of employee contributions	(1,145,618)	(1,010,236)	(991,824)	(914,153)	(856,112)	(810,015)	(746,172)
Administrative expense	<u>(48,582)</u>	<u>(43,832)</u>	<u>(30,318)</u>	<u>(20,331)</u>	<u>(8,241)</u>	<u>(25,394)</u>	<u>(22,481)</u>
Net change in plan fiduciary net position	5,245,873	2,792,124	628,695	1,866,031	2,514,754	1,540,977	(86,285)
Plan fiduciary net position, beginning	<u>25,102,291</u>	<u>22,310,167</u>	<u>21,681,472</u>	<u>19,815,441</u>	<u>17,300,687</u>	<u>15,759,710</u>	<u>15,845,995</u>
Plan fiduciary net position, ending (b)	<u>\$ 30,348,164</u>	<u>\$ 25,102,291</u>	<u>\$ 22,310,167</u>	<u>\$ 21,681,472</u>	<u>\$ 19,815,441</u>	<u>\$ 17,300,687</u>	<u>\$ 15,759,710</u>
Net pension liability (asset), ending (a)-(b)	<u>\$ (1,540,749)</u>	<u>\$ 2,372,019</u>	<u>\$ 3,085,110</u>	<u>\$ 2,261,159</u>	<u>\$ 2,355,157</u>	<u>\$ 2,849,189</u>	<u>\$ 4,303,595</u>
Plan fiduciary net position as a percentage of the total pension (asset)/liability	105.35%	91.37%	87.85%	90.56%	89.38%	85.86%	78.55%
Covered employee payroll	\$ 4,439,572	\$ 4,131,904	\$ 3,519,216	\$ 3,194,438	\$ 3,158,747	\$ 2,845,353	\$ 2,594,629
Net pension (asset)/liability as a percentage of covered employee payroll	-34.70%	57.41%	87.66%	70.78%	74.56%	100.13%	165.87%

See Independent Auditor's Report.

**Town of Medley, Florida**  
**Defined Benefit Pension Trust Funds**  
**Schedule of Change in Net Pension Liability and Related Ratios -**  
**General Employees' Pension Fund**  
**Year Ended September 30, 2021**

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**Notes to Schedule:**

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

*Changes of benefit terms:*

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

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

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

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

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

- 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

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, 2021**

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*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 non-special-risk lives, with appropriate risk and collar adjustments made based on plan demographics.

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

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

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.



**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, 2021**

**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,						
	2021	2020	2019	2018	2017	2016	2015
Total pension liability							
Service cost	\$ 773,184	\$ 697,573	\$ 646,013	\$ 667,394	\$ 658,122	\$ 618,350	\$ 610,822
Interest on total pension liability	2,242,316	2,121,518	2,019,279	1,947,214	1,828,417	1,704,592	1,638,723
Differences between expected and actual experience	65,287	56,651	315,249	(226,019)	124,820	(362,464)	(413,419)
Changes in assumption	-	(574,563)	-	-	-	697,984	-
Changes in benefits	1,009,199	-	-	176,287	-	-	-
Benefit payments, including refunds of employee contributions	<u>(1,720,672)</u>	<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	2,369,314	471,144	1,472,757	1,259,983	1,490,319	1,685,053	878,730
Total pension liability, beginning	<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>	<u>21,717,512</u>
Total pension liability, ending (a)	<u>\$ 31,344,812</u>	<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	\$ 1,012,918	\$ 1,250,000	\$ 1,000,000	\$ 1,000,000	\$ 1,011,680	\$ 1,050,000	\$ 1,300,027
Contributions - state	153,526	149,540	198,747	262,555	-	110,857	120,321
Contributions - employee	173,578	159,330	150,881	151,915	152,218	147,835	141,670
Net investment income (loss)	6,692,899	1,764,762	754,218	2,092,303	3,045,917	1,892,371	(50,344)
Benefit payments, including refunds of employee contributions	(1,720,672)	(1,830,035)	(1,507,784)	(1,304,893)	(1,121,040)	(973,409)	(957,396)
Administrative expense	<u>(43,605)</u>	<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	6,268,644	1,448,600	547,974	2,169,530	3,063,835	2,193,474	518,727
Plan fiduciary net position, beginning	<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>	<u>19,435,751</u>
Plan fiduciary net position, ending (b)	<u>\$ 35,646,535</u>	<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>\$ (4,301,723)</u>	<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	113.72%	101.39%	97.98%	101.29%	97.83%	91.21%	88.31%
Covered employee payroll	\$ 3,471,561	\$ 3,186,602	\$ 3,017,614	\$ 3,038,288	\$ 3,044,367	\$ 2,956,688	\$ 2,885,418
Net pension (asset)/liability as a percentage of covered employee payroll	-123.91%	-12.63%	19.06%	-11.51%	18.39%	72.15%	91.56%

**Notes to schedule:**

*Changes of benefit terms:*

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

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

See Independent Auditor's Report.

**Town of Medley, Florida**  
**Defined Benefit Pension Trust Funds**  
**Schedule of Change in Net Pension Liability and Related Ratios -**  
**Police Officers' Retirement Fund**  
**Year Ended September 30, 2021**

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

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

*Changes of assumptions:*

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

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

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

**Town of Medley, Florida**  
**Defined Benefit Pension Trust Funds**  
**Schedule of Change in Total OPEB Liability and Related Ratios**  
**Year Ended September 30, 2021**

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**Schedule of Change in Total OPEB Liability and Related Ratios**

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>				
Service cost	\$ 765,748	\$ 571,345	\$ 599,191	\$ 650,769
Interest	315,321	428,720	571,341	480,589
Differences between expected and actual experience	599,084	-	614,878	-
Changes in assumption	(2,659,037)	1,611,301	(2,208,794)	(630,808)
Benefit payments	<u>(687,783)</u>	<u>(601,848)</u>	<u>(650,639)</u>	<u>(547,890)</u>
Net change in total OPEB liability	(1,666,667)	2,009,518	(1,074,023)	(47,340)
Total OPEB liability, beginning	<u>13,711,868</u>	<u>11,702,350</u>	<u>12,776,373</u>	<u>12,823,713</u>
Total OPEB liability, ending	<u>\$ 12,045,201</u>	<u>\$ 13,711,868</u>	<u>\$ 11,702,350</u>	<u>\$ 12,776,373</u>
Covered employee payroll	\$ 7,300,980	\$ 7,396,769	\$ 7,106,129	\$ 5,998,463
Total OPEB liability as a percentage of covered employee payroll	164.98%	185.38%	164.68%	212.99%

**Notes to Schedule:**

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

*Changes of assumptions:*

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

FY 2021	2.43%
FY 2020	2.14%
FY 2019	3.58%
FY 2018	4.18%

See Independent Auditor's Report.

**Town of Medley, Florida**  
**Defined Benefit Pension Trust Funds**  
**Schedule of Contributions - General Employees' Pension Fund**  
**Year Ended September 30, 2021**

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**Schedule of Contributions - General Employees' Pension Fund**

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 1,016,334	\$ 990,974	\$ 878,609	\$ 900,745	\$ 980,532	\$ 985,108	\$ 908,902
Contributions in relation to the actuarially determined contributions	<u>1,100,000</u>	<u>1,250,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>900,000</u>
Contribution deficiency (excess)	<u>\$ (83,666)</u>	<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>\$ 4,439,572</u>	<u>\$ 4,131,904</u>	<u>\$ 3,519,216</u>	<u>\$ 3,194,438</u>	<u>\$ 3,158,747</u>	<u>\$ 2,845,353</u>	<u>\$ 2,594,629</u>
Contributions as a percentage of covered employee payroll	<u>24.78%</u>	<u>30.25%</u>	<u>28.42%</u>	<u>31.30%</u>	<u>31.66%</u>	<u>35.15%</u>	<u>34.69%</u>

See Independent Auditor's Report.

**Town of Medley, Florida**  
**Defined Benefit Pension Trust Funds**  
**Schedule of Contributions - Police Officers' Retirement Fund**  
**Year Ended September 30, 2021**

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**Schedule of Contributions - Police Officers' Retirement Fund**

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 1,166,444	\$ 1,112,124	\$ 950,548	\$ 929,716	\$ 946,798	\$ 1,014,144	\$ 1,076,688
Contributions in relation to the actuarially determined contributions	<u>1,166,444</u>	<u>1,399,540</u>	<u>1,198,747</u>	<u>1,262,555</u>	<u>1,011,680</u>	<u>1,160,857</u>	<u>1,420,348</u>
Contribution excess	<u>\$ -</u>	<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>\$ 3,471,561</u>	<u>\$ 3,186,602</u>	<u>\$ 3,017,614</u>	<u>\$ 3,038,288</u>	<u>\$ 3,044,367</u>	<u>\$ 2,956,688</u>	<u>\$ 2,885,418</u>
Contributions as a percentage of covered employee payroll	<u>33.60%</u>	<u>43.92%</u>	<u>39.72%</u>	<u>41.55%</u>	<u>33.23%</u>	<u>39.26%</u>	<u>49.23%</u>

See Independent Auditor's Report.

**Town of Medley, Florida**  
**Defined Benefit Pension Trust Funds**  
**Notes to Required Supplementary Information**  
**Year Ended September 30, 2021**

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**Notes to Required Supplementary Information**

	<u>General Employees' Pension Fund</u>	<u>Police Officers' Retirement Fund</u>	<u>Other Post-Employment Benefits</u>
Valuation date	October 1, 2021	October 1, 2021	October 1, 2020
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%	2.43%
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, 2021**

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**Money Weighted Rate of Return - Pension Funds**

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

	<b>General Employees' Pension Fund</b>	<b>Police Officers' Retirement Fund</b>
September 30, 2021	21.19%	22.84%
September 30, 2020	11.44%	6.33%
September 30, 2019	2.98%	2.75%
September 30, 2018	9.03%	8.26%
September 30, 2017	13.73%	13.78%
September 30, 2016	8.69%	9.31%
September 30, 2015	-1.35%	-0.25%
September 30, 2014	9.44%	9.09%

See Independent Auditor's Report.



**SUPPLEMENTARY FINANCIAL REPORTS COMPLIANCE SECTION**



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

### INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Town Council,  
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, 2021, and the related notes to financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated April 26, 2022.

#### 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 (item 2021-01).

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 2021-02 through 2021-04).

### **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". The signature is written in a cursive, flowing style.

April 26, 2022

**Town of Medley, Florida**  
**Schedule of Findings and Responses**  
**Year Ended September 30, 2021**

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**MATERIAL WEAKNESSES**

**2021-01 Capital Assets**

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

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

Cause: Although the Town is currently pursuing the conveyance of pump stations, the programs to convey the pump stations were not complete as of September 30, 2021.

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.

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

**SIGNIFICANT DEFICIENCIES**

**2021-02 Purchasing Procedures**

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

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

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

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

**Town of Medley, Florida**  
**Schedule of Findings and Responses**  
**Year Ended September 30, 2021**

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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.

**2021-03 Building Permit Fees**

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

Condition: During our review of building permits, we noted an instance where a business was overcharged for a building permit due to the wrong job value being used for the calculation of the permit fee. Additionally, we noted several instances where the surcharge fee pursuant to Chapter 553.721 of the Florida Statutes was being charged at 1.5% of the total permit fee, rather than the correct charge of 1%.

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

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

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

Views of responsible officials and planned corrective actions: The incorrect surcharge fee was due to a clerical error when the permit fee schedule was created. The Town will review its permit fee schedule to ensure percentages charged are in compliance with state and local statutes.

Other potential clerical errors will be mitigated by random internal audits of permit calculations. If our internal audit reveals problems, we will address and correct those issues.

**2021-04 Water Purchase Losses**

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

Condition: The Town experienced an estimated unaccounted for loss rate of 28% of water purchased while management standards require such loss to be below 10%.

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

**Town of Medley, Florida**  
**Schedule of Findings and Responses**  
**Year Ended September 30, 2021**

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

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

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

**Town of Medley, Florida**  
**Status of Prior Year Recommendations**  
**Year Ended September 30, 2021**

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<u>Prior Year Findings</u>	<u>Prior Year Reference Number</u>	<u>Current Year Status</u>	<u>Present in Second Preceding Year Report</u>
Supervisory Review	2020-01	Corrected	Yes – Item 2019-01
Capital Assets	2020-02	Not corrected	Yes – Item 2019-02
Purchasing Procedures	2020-03	Partially corrected	Yes – Item 2019-03
Late Vendor Invoices	2020-04	Corrected	Yes – Item 2019-04
Grant Reimbursements	2020-05	Corrected	Yes – Item 2019-05

## **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, 2021, and have issued our report thereon dated April 26, 2022.

### **Auditor's Responsibility**

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

### **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* 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 April 26, 2022, 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 89.

### **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".

April 26, 2022



## REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

### INDEPENDENT ACCOUNTANT'S REPORT

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, 2021. 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, 2021, 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, 2021.

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*

April 26, 2022