

CITY OF MADISON, FLORIDA
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2024

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FINANCIAL SECTION



Powell and Jones CPA

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Lake City, FL 32025
Phone 386.755.4200

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor
And Members of the City Commission
City of Madison, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Madison, Florida, (the City) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City, as of September 30, 2024, 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 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 City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information is comprised of the Governmental Consolidating Statements and the Proprietary Functional Statements as listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Powell & Jones". The signature is written in a cursive, flowing style.

Powell and Jones CPA
Lake City, Florida
April 30, 2025

CITY OF MADISON, FLORIDA

Management's Discussion and Analysis

This section of the City of Madison's (the City) Annual Financial Report presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2024. Please read it in conjunction with the City's financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$21,883,195 (net position). Of this amount, \$2,149,966 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's total net position increased by \$3,691,997 during the fiscal year.

As of September 30, 2024, the City's governmental funds reported combined ending fund balance of \$1,347,345.

During fiscal year 2024, the City's total debt decreased by \$309,720 primarily as a result of the decrease in the City's net pension liability.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-Wide Financial Statements

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

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

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes to the net 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, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation and sick leave.

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

Fund Financial Statements

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

Governmental Funds

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

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

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

Proprietary Funds

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

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

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

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

Fiduciary Funds

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

Notes to the Financial Statements

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

Required Supplementary Information

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

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

**Statement of Net Position
September 30, 2024 and 2023**

	Governmental Activities	Business-type Activities	Total Government	
			2024	2023
Assets				
Cash and cash equivalents	\$ 1,861,046	\$ 2,818,452	\$ 4,679,498	\$ 3,525,756
Other assets	550,132	648,110	1,198,242	1,356,647
Investments	-	374,019	374,019	365,572
Capital assets	6,626,279	16,279,720	22,905,999	19,400,470
Total assets	<u>9,037,457</u>	<u>20,120,301</u>	<u>29,157,758</u>	<u>24,648,445</u>
 Deferred outflows	 1,223,152	 59,254	 1,282,406	 1,988,888
 Liabilities				
Current liabilities	1,095,919	704,833	1,800,752	1,339,098
Long-term liabilities	2,035,696	4,218,718	6,254,414	6,496,599
Total liabilities	<u>3,131,615</u>	<u>4,923,551</u>	<u>8,055,166</u>	<u>7,835,697</u>
 Deferred inflows	 501,803	 -	 501,803	 610,438
 Net position				
Invested in capital assets, net of related debt	6,408,736	11,992,416	18,401,152	15,343,125
Restricted	612,111	719,966	1,332,077	1,054,269
Unrestricted	(393,656)	2,543,622	2,149,966	1,793,804
Total net position	<u>\$ 6,627,191</u>	<u>\$ 15,256,004</u>	<u>\$ 21,883,195</u>	<u>\$ 18,191,198</u>

Analysis of Net Position

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$21,883,195 (net position). Of this amount, \$2,149,966 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. An additional portion of the City's net position of \$1,332,077 represents resources that are subject to external restrictions on how they may be used. The remaining balance of capital assets is reported net of any related debt.

Statement of Changes in Net Position
For the Fiscal Year Ended September 30, 2024 and 2023

	Governmental Activities	Business-type Activities	Total Government	
			2024	2023
Revenues				
Program revenues				
Charges for services	\$ 63,974	\$ 5,214,085	\$ 5,278,059	\$ 4,690,770
Grants and contributions	532,359	3,125,526	3,657,885	3,846,229
General revenues				
Taxes	2,083,950	-	2,083,950	2,042,670
Franchise fees	318,840	-	318,840	333,360
State shared revenues	282,033	-	282,033	273,531
Interest and other	206,299	21,361	227,660	252,858
Total revenues	<u>3,487,455</u>	<u>8,360,972</u>	<u>11,848,427</u>	<u>11,439,418</u>
Expenses				
General government	515,082	-	515,082	456,981
Public safety	2,540,484	-	2,540,484	3,009,416
Transportation	814,795	-	814,795	825,528
Economic environment	221,810	-	221,810	185,219
Interest on long-term debt	6,869	142,252	149,121	154,299
Water, sewer, and garbage services	-	3,915,138	3,915,138	3,528,994
Total expenses	<u>4,099,040</u>	<u>4,057,390</u>	<u>8,156,430</u>	<u>8,160,437</u>
Net Transfers	<u>817,332</u>	<u>(817,332)</u>	<u>-</u>	<u>-</u>
Change in net position	205,747	3,486,250	3,691,997	3,278,981
Beginning net position	<u>6,421,444</u>	<u>11,769,754</u>	<u>18,191,198</u>	<u>14,912,217</u>
Ending net position	<u>\$ 6,627,191</u>	<u>\$ 15,256,004</u>	<u>\$ 21,883,195</u>	<u>\$ 18,191,198</u>

Analysis of Changes in Net Position

The City's net position overall increased by \$3,691,997 during the current fiscal year. This increase is the result of an increase in governmental activities of \$205,747 and an increase in business-type activities of \$3,486,250. Governmental activities increase is primarily due to transfers from the business-type activities. The public safety department, which provides police and fire protection services for the City was the largest source of expense, totaling \$2,540,484 or 62% of total governmental expenses. Business-type activities increased due to an increase in charges for services and grant revenue. Transfers totaled \$817,332, which lowered the reported net position from an increase of \$4,303,582 to an increase of \$3,486,250.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$1,347,345. Revenues for governmental functions overall totaled \$3,487,455 for the current fiscal year. Expenditures totaled \$4,176,865, which means that expenditures exceeded revenues by \$689,410 before net transfers in of \$817,332. The general fund is the chief operating fund of the City. At the close of the current fiscal year, the unassigned fund balance of the general fund was \$735,234. The fund balance of the City's general fund decreased by \$135,462 during the current fiscal year.

Proprietary Funds

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

At the end of the fiscal year, the unrestricted net position for the Enterprise Fund was \$2,543,622. The total change in net position for the Enterprise Fund was a increase of \$3,486,250. The Natural Gas Fund, the Water Fund, the Sewer Fund, the Sanitation Fund, and the Inventory Fund are consolidated into the Enterprise Fund as sub-funds.

Fiduciary Funds

The City maintains a Fiduciary Fund for the assets of the Police Officers' and Firefighters' Retirement Trust Fund. As of the end of the current fiscal year, the net position of the Police Officers' and Firefighters' Pension Fund totaled \$7,049,132, which represents an increase of \$1,043,288 over the prior fiscal year.

Capital Assets and Debt Administration

The City's capital assets for its governmental and business-type activities as of September 30, 2024, amount to \$22,905,999 (net of accumulated depreciation). Capital assets include land, buildings, improvements, equipment, and infrastructure. Capital asset additions amounted to \$388,280 for governmental activities and \$4,088,443 for business-type activities.

Capital Assets, Net of Depreciation at September 30, 2024

	Governmental Activities	Business- type Activities	Total
Land	\$ 941,456	\$ 444,584	\$ 1,386,040
Buildings	2,420,462	372,480	2,792,942
Equipment and Infrastructure	10,337,014	22,746,704	33,083,718
Total	13,916,664	31,278,672	45,195,336
Less accumulated depreciation	(7,290,385)	(14,998,952)	(22,289,337)
Net Capital Assets	<u>\$ 6,626,279</u>	<u>\$ 16,279,720</u>	<u>\$ 22,905,999</u>

Debt Administration

The table below illustrates the City's outstanding debt as of September 30, 2024. At the end of the current fiscal year, the City had total long-term obligations outstanding of approximately \$6,475,060. Compensated absences of \$232,280, notes payable of \$4,564,101, and a net pension liability of \$1,678,679.

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

Outstanding Debt at September 30, 2024

	Governmental Activities	Business- type Activities	Total
Compensated absences	\$ 171,560	\$ 60,720	\$ 232,280
Bonds and loans payable	217,543	4,346,558	4,564,101
Net pension liability	1,678,679	-	1,678,679
Total	<u>\$ 2,067,782</u>	<u>\$ 4,407,278</u>	<u>\$ 6,475,060</u>

REQUESTS FOR INFORMATION

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

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

BASIC FINANCIAL STATEMENTS

CITY OF MADISON, FLORIDA
STATEMENT OF NET POSITION
September 30, 2024

	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 1,861,046	\$ 2,472,505	\$ 4,333,551
Accounts receivable - net	105,284	477,975	583,259
Internal balances	(28,032)	28,032	-
Due from state	468,380	-	468,380
Prepaid expense	4,500	94,291	98,791
Inventory	-	47,812	47,812
Total current assets	<u>2,411,178</u>	<u>3,120,615</u>	<u>5,531,793</u>
Restricted			
Cash and cash equivalents	-	345,947	345,947
Investments	-	374,019	374,019
Total restricted assets	<u>-</u>	<u>719,966</u>	<u>719,966</u>
Capital Assets			
Non-depreciable capital assets	1,159,188	8,159,488	9,318,676
Depreciable capital assets, net	<u>5,467,091</u>	<u>8,120,232</u>	<u>13,587,323</u>
Total capital assets	<u>6,626,279</u>	<u>16,279,720</u>	<u>22,905,999</u>
Total Assets	<u>9,037,457</u>	<u>20,120,301</u>	<u>29,157,758</u>
DEFERRED OUTFLOWS OF RESOURCES			
Charge on debt refunding	-	59,254	59,254
Pension related	<u>1,223,152</u>	<u>-</u>	<u>1,223,152</u>
Total deferred outflows of resources	<u>1,223,152</u>	<u>59,254</u>	<u>1,282,406</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	759,026	292,092	1,051,118
Deposits	-	224,181	224,181
Current portion of long-term liabilities			
Bonds payable	-	120,000	120,000
Compensated absences	20,587	7,286	27,873
Note payable	11,499	61,274	72,773
Unearned revenue	<u>304,807</u>	<u>-</u>	<u>304,807</u>
Total current liabilities	<u>1,095,919</u>	<u>704,833</u>	<u>1,800,752</u>
Long-term liabilities			
Net of current portion			
Bonds payable	-	2,712,000	2,712,000
Compensated absences	150,973	53,434	204,407
Note payable	206,044	1,453,284	1,659,328
Net pension liability	<u>1,678,679</u>	<u>-</u>	<u>1,678,679</u>
Total noncurrent liabilities	<u>2,035,696</u>	<u>4,218,718</u>	<u>6,254,414</u>
TOTAL LIABILITIES	<u>3,131,615</u>	<u>4,923,551</u>	<u>8,055,166</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	<u>501,803</u>	<u>-</u>	<u>501,803</u>
NET POSITION			
Invested in capital assets net of related debt	6,408,736	11,992,416	18,401,152
Restricted	612,111	719,966	1,332,077
Unrestricted	<u>(393,656)</u>	<u>2,543,622</u>	<u>2,149,966</u>
Total net position	<u>\$ 6,627,191</u>	<u>\$ 15,256,004</u>	<u>\$ 21,883,195</u>

See notes to financial statements.

CITY OF MADISON, FLORIDA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2024

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business - type Activities	Total
Governmental activities							
General government	\$ 515,082	\$ 612	\$ -	\$ 14,609	\$ (499,861)	\$ -	\$ (499,861)
Public safety	2,540,484	8,700	-	44,370	(2,487,414)	-	(2,487,414)
Transportation	814,795	54,662	-	217,732	(542,401)	-	(542,401)
Economic environment	221,810	-	-	255,648	33,838	-	33,838
Interest	6,869	-	-	-	(6,869)	-	(6,869)
Total governmental activities	4,099,040	63,974	-	532,359	(3,502,707)	-	(3,502,707)
Business-type activities							
Utility services	3,915,138	5,214,085	-	3,125,526	-	4,424,473	4,424,473
Interest and amortization on long-term activities	142,252	-	-	-	-	(142,252)	(142,252)
Total business-type activities	4,057,390	5,214,085	-	3,125,526	-	4,282,221	4,282,221
Total government	\$ 8,156,430	\$ 5,278,059	\$ -	\$ 3,657,885	(3,502,707)	4,282,221	779,514
General revenues							
Ad valorem taxes					920,928	-	920,928
Sale and use taxes					571,115	-	571,115
Franchise fees					318,840	-	318,840
Utility services taxes					504,825	-	504,825
Communications							
service taxes					87,082	-	87,082
State shared revenues					282,033	-	282,033
Licenses and permits					70,942	-	70,942
Fines and forfeitures					2,911	-	2,911
Interest					5,710	21,361	27,071
Miscellaneous					126,736	-	126,736
Transfers					817,332	(817,332)	-
Total general revenues and transfers					3,708,454	(795,971)	2,912,483
Change in net position					205,747	3,486,250	3,691,997
Net position beginning					6,421,444	11,769,754	18,191,198
Net position ending					\$ 6,627,191	\$ 15,256,004	\$ 21,883,195

See notes to financial statements.

CITY OF MADISON, FLORIDA
GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2024

	General Fund	Nonmajor Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 944,128	\$ 916,918	\$ 1,861,046
Accounts receivable	105,284	-	105,284
Prepaid expense	4,500	-	4,500
Due from state	217,732	250,648	468,380
Due from other funds	-	-	-
Due from other governmental units	-	-	-
Total assets	\$ 1,271,644	\$ 1,167,566	\$ 2,439,210
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Current liabilities			
Accounts payable	\$ 357,884	\$ 250,648	\$ 608,532
Accrued liabilities	150,494	-	150,494
Unearned revenue	-	304,807	304,807
Due to other funds	28,032	-	28,032
Total liabilities	536,410	555,455	1,091,865
FUND BALANCES			
Assigned	-	-	-
Restricted	-	612,111	612,111
Unassigned	735,234	-	735,234
Total fund balances	735,234	612,111	1,347,345
Total liabilities and fund balances	\$ 1,271,644	\$ 1,167,566	\$ 2,439,210
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds			
Cost of capital assets			13,916,664
Accumulated depreciation			(7,290,385)
Long-term liabilities are not due in the current period and, therefore, are not reported in the funds			
Accrued compensated absences			(171,560)
Note payable			(217,543)
Net pension liability			(1,678,679)
Deferred inflows of resources related to pensions			(501,803)
Deferred outflows of resources related to pensions			1,223,152
Net position of governmental activities			\$ 6,627,191

See notes to financial statements.

CITY OF MADISON, FLORIDA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Year Ended September 30, 2024

	General Fund	Nonmajor Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 2,124,001	\$ 278,789	\$ 2,402,790
Licenses and permits	70,942	-	70,942
Intergovernmental	499,765	314,627	814,392
Charges for services	63,974	-	63,974
Fines and forfeitures	2,678	233	2,911
Miscellaneous	126,698	5,748	132,446
Total revenues	<u>2,888,058</u>	<u>599,397</u>	<u>3,487,455</u>
EXPENDITURES			
Current expenditures			
General government	427,808	-	427,808
Public safety	2,431,496	-	2,431,496
Transportation	739,484	-	739,484
Economic environment	153,266	18,363	171,629
Capital outlay		-	-
General government	14,610	-	14,610
Public safety	102,562	-	102,562
Transportation	271,108	-	271,108
Debt service		-	-
Principal	11,299	-	11,299
Interest	6,869	-	6,869
Total expenditures	<u>4,158,502</u>	<u>18,363</u>	<u>4,176,865</u>
Excess of revenues (under) expenditures	<u>(1,270,444)</u>	<u>581,034</u>	<u>(689,410)</u>
OTHER FINANCING SOURCES (USES)			
Interfund transfers	<u>1,134,982</u>	<u>(317,650)</u>	<u>817,332</u>
Total other financing sources (uses)	<u>1,134,982</u>	<u>(317,650)</u>	<u>817,332</u>
Net change in fund balances	(135,462)	263,384	127,922
Fund balances at beginning of year	870,696	348,727	1,219,423
Fund balances at end of year	<u>\$ 735,234</u>	<u>\$ 612,111</u>	<u>\$ 1,347,345</u>

See notes to financial statements.

CITY OF MADISON, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURE AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2024

Net change in fund balances - total governmental funds	\$	127,921
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Governmental funds report capital outlay as expenditures.
However, in the statement of activities, the cost of those
assets is allocated over their estimated useful lives as
depreciation expense.

Expenditures for capital assets	\$	388,280	
Less current year depreciation		(358,492)	29,788

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

Net (increase) decrease in capital leases	1,893	
Net (increase) decrease in compensated absences	(13,332)	
Net (increase) decrease in note payable	(119,301)	
Net (increase) in net pension liability	771,686	
Net (increase) in deferred pension inflows	108,635	
Net increase (decrease) in deferred pension outflows	(701,544)	48,037

Change in net position of governmental activities	\$	205,746
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See notes to financial statements.

CITY OF MADISON, FLORIDA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
September 30, 2024

	<u>Enterprise Fund</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 2,472,505
Accounts receivable, net	477,975
Due from other funds	28,032
Due from state	94,291
Inventory	47,812
Total current assets	<u>3,120,615</u>
Restricted assets	
Cash and cash equivalents	345,947
Investments	374,019
Total restricted assets	<u>719,966</u>
Capital assets	
Non-depreciable capital assets	8,159,488
Depreciable capital assets, net	8,120,232
Total capital assets	<u>16,279,720</u>
Total assets	<u>20,120,301</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	<u>59,254</u>
LIABILITIES	
Current liabilities	
Accounts payable and accrued expenses	292,092
Customer deposits	224,181
Total current liabilities	<u>516,273</u>
Current liabilities payable from restricted assets	
Notes payable, current portion	61,274
Bonds payable, current portion	120,000
Compensated absences, current portion	7,286
Total current liabilities payable from restricted assets	<u>188,560</u>
Long-term liabilities	
Net of current portion	
Notes payable	1,453,284
Bonds payable	2,712,000
Compensated absences	53,434
Total long-term liabilities	<u>4,218,718</u>
Total liabilities	<u>4,923,551</u>
NET POSITION	
Invested in capital assets net of related debt	11,992,416
Restricted for debt service	719,966
Unrestricted	2,543,622
Total net position	<u><u>\$ 15,256,004</u></u>

See notes to financial statements.

CITY OF MADISON, FLORIDA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended September 30, 2024

OPERATING REVENUES	Enterprise Fund
Charges for services	\$ 5,214,085
Total operating revenues	<u>5,214,085</u>
OPERATING EXPENSES	
Personnel services	1,199,522
Office and communications	23,248
Professional fees	275,095
Supplies	834,166
Repair and maintenance	193,659
Depreciation	612,702
Insurance	112,283
Utilities	333,092
Landfill	104,341
Other	227,030
Total operating expenses	<u>3,915,138</u>
Operating income	<u>1,298,947</u>
NONOPERATING REVENUES (EXPENSES)	
State grants	3,125,526
Interest revenue	21,361
Interest expense	(142,252)
Interfund transfers	(817,332)
Total nonoperating revenues (expenses)	<u>2,187,303</u>
Change in net position	3,486,250
Net position, beginning of year	<u>11,769,754</u>
Net position, end of year	<u>\$ 15,256,004</u>

See notes to financial statements.

CITY OF MADISON, FLORIDA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2024

	<u>Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 5,935,280
Cash payments for goods and services	(2,117,727)
Cash payments to employees for services	(1,193,452)
Net cash provided by operating activities	<u>2,624,101</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:	
Transfers in (out)	(826,531)
Net cash used for noncapital and related financing activities	<u>(826,531)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
State grants	3,031,235
Acquisitions of property and equipment	(4,088,443)
Principal paid on capital leases	(94,857)
Debt proceeds	561,813
Principal paid on bonds payable	(141,800)
Interest paid	(137,314)
Net cash used for capital and related financing activities	<u>(869,366)</u>
Net change in cash and cash equivalents	949,565
Cash and cash equivalents, beginning of year	1,868,887
Cash and cash equivalents, end of year	<u>\$ 2,818,452</u>
CASH AND CASH EQUIVALENTS CLASSIFIED AS:	
Current assets	\$ 2,472,505
Restricted assets	345,947
Total cash and cash equivalents	<u>\$ 2,818,452</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 1,298,947
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	612,702
(Increase) decrease in assets:	
Investments	(8,447)
Accounts receivable	715,575
Inventory	4,839
Interfund transfers	
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	(19,652)
Compensated absences	6,070
Deposits	14,067
Total adjustments	<u>1,325,154</u>
Net cash provided by operating activities	<u>\$ 2,624,101</u>

See notes to financial statements.

CITY OF MADISON, FLORIDA
FIDUCIARY FUNDS
STATEMENT OF NET POSITION AVAILABLE FOR BENEFITS
September 30, 2024

	Police Officers and Firefighters Retirement Trust Fund
Assets	
Cash and cash equivalents	\$ 320,577
Receivables	
Member contributions	4,416
City contributions	28,261
State contributions	111,377
Securities sold	21,555
Total receivables	165,609
Other assets	
Prepaid retirement benefits	34,615
Investments	
Federal agency guaranteed securities	250,733
Corporate bonds	759,616
Stocks	3,060,800
Equity mutual funds	2,480,127
Total investments	6,551,276
Total assets	\$ 7,072,077
Liabilities	
Administrative expenses	\$ 22,687
Benefits payable	258
Total liabilities	22,945
Net position available for benefits	\$ 7,049,132

See notes to financial statements.

CITY OF MADISON, FLORIDA
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION AVAILABLE FOR BENEFITS
For the Year Ended September 30, 2024

**Police Officers
and Firefighters
Retirement Trust Fund**

ADDITIONS TO NET POSITION:

Contributions:

Employer	\$ 362,511
State	177,418
Employees	56,642
Total contributions	<u>596,571</u>

Investment Income:

Net appreciation in fair value of investments	697,280
Interest and dividends	311,051
Less investment expense	(51,982)
Net investment income	<u>956,349</u>
Total additions to net position	<u>1,552,920</u>

DEDUCTIONS FROM NET POSITION:

Benefits paid to participants	(417,172)
Refunds of member contributions	(26,657)
Administrative expenses	(65,803)
Total deductions from net position	<u>(509,632)</u>

Net increase in net position available for benefits	<u>1,043,288</u>
Net position available for benefits, beginning of year	<u>6,005,844</u>
Net position available for benefits, end of year	<u>\$ 7,049,132</u>

See notes to financial statements.

**CITY OF MADISON, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

The City did not participate in any joint ventures during fiscal year 2023-2024.

B. Government-Wide and Fund Financial Statements

1. Government-wide Financial Statements

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

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

2. Fund Financial Statements

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

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

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

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

Property taxes, franchise fees, utility taxes, interest revenue and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period if collected within 60 days.

The City reports the following major funds:

1. Government Funds:

General Fund - Accounts for many of the City's primary services (Police, Fire, Transportation, Planning, etc.) and is the primary operating unit of the City.

Nonmajor special revenue funds - These funds account for the receipts and expenditures of other governmental revenues that are legally restricted to expenditures for specific purposes. The City has the following nonmajor special revenue funds:

- Law Enforcement Provision Fund
- Special Revenues Fund
- Water and Sewer Impact Fees Fund
- American Rescue Plan Fund
- Community Redevelopment Fund

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

2. Proprietary Funds:

Enterprise Fund - Accounts for the activities of the City's natural gas, sewer, and water utilities as well as the solid waste collection and warehouse systems.

The measurement focus of the Proprietary Funds is upon determination of operating income, changes in fund net position, financial position, and cash flows, which is similar to a business.

3. **Fiduciary Funds:**

Police Officers and Firefighters Retirement Trust Fund - Accounts for the activities of the police and fire department systems, which accumulate resources for pension benefit payments to qualified police and fire employees.

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

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

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

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

D. Assets, Liabilities, and Net Position or Equity

1. **Cash and Cash Equivalents:**

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

2. **Investments:**

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

3. **Accounts Receivable:**

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

4. **Inventories:**

Inventory held by the Proprietary Fund consists of materials and supplies. Inventories are

valued at cost, which approximates market, using the average cost method.

5. Restricted Assets:

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

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

6. Capital Assets:

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

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

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

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

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

7. Compensated Absences:

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

8. Long-Term Obligations:

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

9. Fund Balances – Governmental Funds

As of September 30, 2024, fund balances of the governmental funds are classified as follows:

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

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

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

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

Unassigned – all other spendable amounts.

As of September 30, 2024, fund balances are composed of the following:

Fund	Classification			Total
	Assigned	Restricted	Unassigned	
Governmental Funds				
General Fund	\$ -	\$ -	\$ 735,234	\$ 735,234
Law Enforcement Provision Fund	-	2,791	-	2,791
Special Revenues Fund	-	-	-	-
Water and Sewer Impact Fees Fund	-	22,807	-	22,807
Community Redevelopment Fund	-	586,513	-	586,513
	<u>\$ -</u>	<u>\$ 612,111</u>	<u>\$ 735,234</u>	<u>\$ 1,347,345</u>

Proprietary Fund

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

At September 30, 2024, net position are composed of the following:

Fund	Classification			Total
	Invested in capital assets, net	Restricted for Debt Service	Unrestricted	
Proprietary Fund	<u>\$ 11,992,416</u>	<u>\$ 719,966</u>	<u>\$ 2,543,622</u>	<u>\$ 15,256,004</u>

10. Estimates –The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
11. Interfund Transactions – Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.
12. Encumbrances – Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not utilized by the City.
13. Bond Costs – In the proprietary funds, bond issuance costs are deferred and amortized over the term of the bonds using the bonds outstanding method, which approximates the effective interest method.
14. Bond Discounts – In the Proprietary Fund, bond discounts are amortized over the terms of the bonds using the straight-line method which, for the bond discounts is not materially

different than the effective interest method. Unamortized bond discounts are presented in the financial statements.

E. Deferred Outflows/Inflows of Resources

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

A. Charge on debt refunding – Bond issuance costs are deferred and amortized over the term of the bonds using the straight-line method, which is not materially different from the effective-interest method. Bond issuance costs are presented on the financial statements under deferred inflows.

B. Pensions – Deferred inflows and outflows on pensions are recorded for the following purposes:

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

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

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

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

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

“Total fund balances” of the City’s governmental funds \$1,347,345 differs from “net position” of governmental activities \$6,627,191 reported in the statement of net position. The difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental funds balance sheet.

Capital related items

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

Cost of capital assets	\$ 13,916,664
Accumulated depreciation	(7,290,385)
	<u>\$ 6,626,279</u>

Long-term debt transactions

Long-term liabilities applicable to the City’s governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the statement of net position. Balances at September 30, 2024, were:

Note payable	\$ (217,543)
Compensated absences	(171,560)
Net pension liability	(1,678,679)
	<u>\$ (2,067,782)</u>

Deferred outflows/inflows of resources

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

Deferred pension inflows	\$ (501,803)
Deferred pension outflows	1,223,152
	<u>\$ 721,349</u>

CITY OF MADISON, FLORIDA

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

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

	Total Governmental Funds	Capital Related Items	Long-Term Debt Transactions	Deferred Inflows/ Outflows	Statement of Net Position
ASSETS					
Cash and cash equivalents	\$ 1,861,046	\$ -	\$ -	\$ -	\$ 1,861,046
Accounts receivable	105,284	-	-	-	105,284
Due from other funds	-	-	-	-	-
Due from state	468,380	-	-	-	468,380
Prepaid expense	4,500	-	-	-	4,500
Capital assets - net	-	6,626,279	-	-	6,626,279
Total assets	<u>2,439,210</u>	<u>6,626,279</u>	<u>-</u>	<u>-</u>	<u>9,065,489</u>
DEFERRED PENSION OUTFLOWS	-	-	-	1,223,152	1,223,152
LIABILITIES					
Liabilities:					
Accounts payable	608,532	-	-	-	608,532
Accrued liabilities	150,494	-	-	-	150,494
Unearned revenue	304,807	-	-	-	304,807
Due to other funds	28,032	-	-	-	28,032
Accrued compensated absences	-	-	171,560	-	171,560
Notes payable	-	-	217,543	-	217,543
Net pension liability	-	-	1,678,679	-	1,678,679
Total liabilities	<u>1,091,865</u>	<u>-</u>	<u>2,067,782</u>	<u>-</u>	<u>3,159,647</u>
DEFERRED PENSION INFLOWS	-	-	-	501,803	501,803
FUND BALANCES/NET POSITION	<u>\$ 1,347,345</u>	<u>\$ 6,626,279</u>	<u>\$ (2,067,782)</u>	<u>\$ 721,349</u>	<u>\$ 6,627,191</u>

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

The “net change in fund balances” for governmental funds \$127,922 differs from the “change in net position” for governmental activities \$205,747 reported in the statement of activities. The differences are primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital related items

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

Capital Outlay	\$ 388,280
Depreciation expense	(358,492)
	<u>\$ 29,788</u>

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

Net increase in capital leases	\$ 1,893
Net increase in note payable	(119,301)
Net increase in compensated absences	(13,332)
Net decrease in net pension liability	771,686
	<u>\$ 640,946</u>

Deferred outflows/inflows of resources

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

Net decrease in deferred pension inflows	\$ 108,635
Net increase in deferred pension outflows	(701,544)
	<u>\$ (592,909)</u>

CITY OF MADISON, FLORIDA

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

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

	Total Governmental Funds	Capital Related Items	Long-Term Debt Transactions	Deferred Inflows/ Outflows	Statement of Activities
REVENUES					
Taxes	\$ 2,402,790	\$ -	\$ -	\$ -	\$ 2,402,790
Licenses and permits	70,942	-	-	-	70,942
Intergovernmental	814,392	-	-	-	814,392
Charges for services	63,974	-	-	-	63,974
Fines and forfeitures	2,911	-	-	-	2,911
Miscellaneous	132,446	-	-	-	132,446
Total revenues	3,487,455	-	-	-	3,487,455
EXPENDITURES					
Current expenditures:					
General government	427,808	90,680	(3,406)	-	515,082
Public safety	2,431,496	146,748	(630,669)	592,909	2,540,484
Transportation	739,484	72,210	3,101	-	814,795
Economic environment	171,629	48,854	1,327	-	221,810
Capital outlay					
General government	14,610	(14,610)	-	-	-
Public safety	102,562	(102,562)	-	-	-
Transportation	271,108	(271,108)	-	-	-
Debt service					
Principal	11,299	-	(11,299)	-	-
Interest	6,869	-	-	-	6,869
Total expenditures	4,176,865	(29,788)	(640,946)	592,909	4,099,040
Excess of revenues over (under) expenditures	(689,410)	29,788	640,946	(592,909)	(611,585)
OTHER FINANCING SOURCES (USES)					
Interfund transfers	817,332	-	-	-	817,332
Total other financing sources (uses)	817,332	-	-	-	817,332
Net change in fund balance/net position	127,922	29,788	640,946	(592,909)	205,747
Fund balance at beginning of year	1,219,423	6,596,491	(2,708,728)	1,314,258	6,421,444
Fund balance at end of year	\$ 1,347,345	\$ 6,626,279	\$ (2,067,782)	\$ 721,349	\$ 6,627,191

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

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

B. COMPLIANCE WITH FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

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

NOTE 4. CASH AND CASH EQUIVALENTS

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

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

A. Deposits

At year end, the book balance of the City's cash deposits was \$5,000,075. The Florida Security for Public Deposits Act, Chapter 280 of the *Florida Statutes*, provides that qualified public depositories must maintain eligible collateral having a market value equal to fifty percent of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held by the depository during the twelve-month period immediately preceding the date of and computation

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

NOTE 5. INVESTMENTS

As of September 30, 2024, the City held the following investments:

Proprietary Fund	Fair Value	Cost
Certificates of deposit	\$ 374,019	\$ 374,019
Police Officers' and Firefighters' Pension	Fair Value	Cost
Federal agency guaranteed securities	\$ 250,733	\$ 264,841
Corporate bonds	759,616	765,644
Equity mutual funds	2,480,127	2,164,836
	\$ 6,551,276	\$ 5,612,957

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

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

Fair Value Measurements

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

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

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

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

correlation or other means.

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

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

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for asset measured at fair value. There have been no changes in the valuation methodologies used at September 30, 2024

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

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

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

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

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

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

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

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

Assets:	2024			Total
	Level 1	Level 2	Level 3	
Certificates of deposit	\$ -	\$ 374,019	\$ -	\$ 374,019
Federal agency guaranteed securities	250,733	-	-	250,733
Corporate bonds	759,616	-	-	759,616
Stocks	3,060,800	-	-	3,060,800
Equity mutual funds	2,480,127	-	-	2,480,127
	<u>\$ 6,551,276</u>	<u>\$ 374,019</u>	<u>\$ -</u>	<u>\$ 6,925,295</u>

NOTE 6. RECEIVABLES AND PAYABLES

Receivables at September 30, 2024 were as follows:

	Accounts	Due from Other Governmental Units	Total Receivables
Governmental activities:			
General Fund	\$ 105,284	\$ 468,380	\$ 573,664
	<u>\$ 105,284</u>	<u>\$ 468,380</u>	<u>\$ 573,664</u>
Business activities:			
Enterprise Fund	\$ 477,975	\$ 94,291	\$ 572,266
	<u>\$ 477,975</u>	<u>\$ 94,291</u>	<u>\$ 572,266</u>
Fudiciary funds:			
Police and Fire Pension	\$ 165,609	\$ -	\$ 165,609
	<u>\$ 165,609</u>	<u>\$ -</u>	<u>\$ 165,609</u>

Based upon collection history, the City has included a reserve for doubtful accounts for its Proprietary fund accounts receivable of \$17,326.

Payables and Accrued Liabilities

Payables and accrued liabilities at September 30, 2024, were as follows:

	Vendors	Accrued Liabilities	Total
Governmental activities:			
General Fund	\$ 357,884	\$ 150,494	\$ 508,378
Special Revenues Fund	250,648	-	250,648
	<u>\$ 608,532</u>	<u>\$ 150,494</u>	<u>\$ 759,026</u>
Business activities:			
Enterprise Fund	\$ 262,182	\$ 29,910	\$ 292,092
Fudiciary:			
Police Officers' and Firefighters' Retirement Trust	\$ 22,945	\$ -	\$ 22,945
	<u>\$ 22,945</u>	<u>\$ -</u>	<u>\$ 22,945</u>

NOTE 7. CAPITAL ASSETS

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

	Ending Balance	Additions	Deletions	Reclassifications	Ending Balance
Governmental activities:					
Nondepreciable capital assets:					
Land	\$ 941,456	\$ -	\$ -	\$ -	\$ 941,456
Construction in Progress	166,631	217,732	-	(166,631)	217,732
Total nondepreciable capital assets	1,108,087	217,732	-	(166,631)	1,159,188
Depreciable capital assets:					
Buildings	2,420,462	-	-	-	2,420,462
Equipment	5,391,786	170,548	-	107,743	5,670,077
Infrastructure	4,608,049	-	-	58,888	4,666,937
Total depreciable capital assets	12,420,297	170,548	-	166,631	12,757,476
Less accumulated depreciation	(6,931,893)	(358,492)	-	-	(7,290,385)
Total depreciable capital assets, net	5,488,404	(187,944)	-	166,631	5,467,091
Total capital assets	\$ 6,596,491	\$ 29,788	\$ -	\$ -	\$ 6,626,279
Business-type activities:					
Nondepreciable capital assets:					
Land	\$ 444,584	\$ -	\$ -	\$ -	\$ 444,584
Construction in Progress	3,872,979	3,991,109	-	(149,184)	7,714,904
Total nondepreciable capital assets	4,317,563	3,991,109	-	(149,184)	8,159,488
Depreciable capital assets:					
Buildings	372,480	-	-	-	372,480
Equipment	3,058,650	97,334	-	-	3,155,984
Infrastructure	19,441,536	-	-	149,184	19,590,720
Total depreciable capital assets	22,872,666	97,334	-	149,184	23,119,184
Less accumulated depreciation	(14,386,250)	(612,702)	-	-	(14,998,952)
Total depreciable capital assets, net	8,486,416	(515,368)	-	149,184	8,120,232
Total capital assets	\$ 12,803,979	\$ 3,475,741	\$ -	\$ -	\$ 16,279,720

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

Governmental activities:	
General government	\$ 90,680
Public safety	146,748
Transportation	72,210
Economic development	48,854
Total depreciation expense - governmental activities	<u>\$ 358,492</u>
Business -type activities:	
Water	62,521
Sewer	499,259
Natural Gas	17,357
Sanitation	26,203
Inventory	7,362
Total depreciation expense - business-type activities	<u>\$ 612,702</u>

NOTE 8. PROPERTY TAXES

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessment are also designed to assure a consistent property valuation method statewide. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The millage rate assessed by the City for tax year 2023 and received in fiscal year ended September 30, 2024 was 7 mills.

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

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

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

NOTE 9. CAPITALIZATION OF INTEREST

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. For fiscal year ended September 30, 2024 no interest was capitalized.

NOTE 10. INTERFUND TRANSFERS

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

At September 30, 2024, interfund transfers were as follows:

	Transfers
	In (Out)
General Fund	\$ 1,134,982
American Rescue Plan Fund	(67,002)
Enterprise Fund	(817,332)
	<u>\$ -</u>

The primary purpose of the transfers was for subsidization of the services provided by the General Fund.

NOTE 11. OTHER INFORMATION

A. Risk Management

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

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

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

NOTE 12. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

A. Litigation

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

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

B. Federal and State Assistance Programs - Compliance Audits

The City participates in a number of federally assisted programs and State of Florida programs. These programs are subject to audit under the requirements of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200 (Uniform Guidance) and Chapter 10.500 Rules of the Auditor General for the year ended September 30, 2024.

NOTE 13. LONG-TERM LIABILITIES

The following summarizes the changes in the City's governmental long-term liabilities during the year ended September 30, 2024:

Governmental Activities	Balance October			Balance September	Due Within
Long-term Liabilities	1, 2023	Increases	Decreases	30, 2024	One Year
Capital leases	\$ 1,893	\$ -	\$ 1,893	\$ -	\$ -
Compensated absences	158,228	13,332	-	171,560	20,587
Notes payable - Police USDA	98,242	-	3,299	94,943	3,299
Notes payable - Fire USDA	-	130,600	8,000	122,600	8,200
Net pension liability	2,450,365	-	771,686	1,678,679	-
	<u>\$2,708,728</u>	<u>\$ 143,932</u>	<u>\$ 784,878</u>	<u>\$2,067,782</u>	<u>\$ 32,086</u>

The following summarizes the changes in the City's business-type fund long-term liabilities during the year ended September 30, 2024:

Business-type Activities Long-term Liabilities	Balance October 1, 2023	Increases	Decreases	Balance September 30, 2024	Due Within One Year
Capital leases	\$ 94,857	\$ -	\$ 94,857	\$ -	\$ -
Compensated absences	54,650	6,070	-	60,720	7,286
NRWA note payable	49,717	-	7,451	42,266	7,232
1997 Water and sewer revenue bonds	1,267,000	-	67,000	1,200,000	70,000
2005 Water and sewer revenue bonds	1,680,000	-	48,000	1,632,000	50,000
SRF Loan DW400410	145,392	-	15,636	129,756	17,972
SRF Loan WW400400	64,978	-	3,713	61,265	3,714
SRF Loan CW400402	565,257	264,432	-	829,689	-
SRF Loan DW 400411	154,201	297,381	-	451,582	32,356
	<u>\$4,076,052</u>	<u>\$ 567,883</u>	<u>\$ 236,657</u>	<u>\$4,407,278</u>	<u>\$ 188,560</u>

GOVERNMENTAL DEBT

- Notes Payable – Police USDA

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

Year Ended September 30,	Principal	Annual Interest	Payment
2025	\$ 3,431	\$ 3,798	\$ 7,229
2026	3,568	3,661	7,229
2027	3,652	3,577	7,229
2028	3,859	3,370	7,229
2029	4,013	3,216	7,229
2030-2034	20,101	16,044	36,145
2035-2039	24,455	11,690	36,145
2040-2043	31,864	6,392	38,256
	<u>\$ 94,943</u>	<u>\$ 51,748</u>	<u>\$ 146,691</u>

- Notes Payable – Fire USDA

The City has secured a loan from the United States Department of Agriculture in the amount of \$138,500. The loan is secured by the City's Guaranteed Entitlement portion of its State Revenue Sharing funds as well as future budgeted non-advalorem revenues. The loan was utilized to partially fund the purchase of a new fire truck for the Fire Department. The loan is repayable in annual payments including interest of 2.25%. Payments are to be

budgeted and paid from the General Fund. In the event of default, the loan holder has the right to enforce collection through various legal proceedings. The annual requirements to pay this loan are as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Annual Interest</u>	<u>Payment</u>
2025	\$ 8,200	\$ 2,759	\$ 10,959
2026	8,400	2,574	10,974
2027	8,600	2,385	10,985
2028	8,800	2,192	10,992
2029	9,000	1,994	7,229
2030-2034	48,000	6,841	54,841
2035-2037	31,600	1,433	33,033
	<u>\$ 122,600</u>	<u>\$ 20,178</u>	<u>\$ 139,013</u>

- Superfund Accrual

The City also has an ongoing commitment for the monitoring, investigation, and remediation of the contamination. It shares these costs with ITT and Madison County. ITT's portion of these costs is 60% while the City and County of Madison portion is 20% each. The City and County have negotiated a cap on these expenses with ITT LLC of \$175,800 per year. For September 30, 2024, reimbursable expenses did not exceed the cap.

PROPRIETARY DEBT

- Revenue Bonds

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

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Annual Interest</u>	<u>Payment</u>
2025	70,000	54,000	124,000
2026	74,000	50,850	124,850
2027	77,000	47,520	124,520
2028	80,000	44,055	124,055
2029	83,000	40,455	123,455
2030-2034	456,000	163,125	619,125
2035-2037	360,000	14,550	374,550
	<u>\$1,200,000</u>	<u>\$ 414,555</u>	<u>\$1,614,555</u>

The proceeds of these bonds were used for water and sewer system improvements and are collateralized by the associated revenues.

In the event of default, the bond holder has the right to take whatever action necessary to collect the amounts due and may, at their option, declare the outstanding principal and accrued interest to be due and payable immediately and may take possession of the water and wastewater system to repair, maintain, operate or rent the facilities as may be necessary to cure the default.

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

Year Ended September 30,	Principal	Annual Interest	Payment
2025	\$ 50,000	\$ 69,360	\$ 119,360
2026	52,000	67,235	119,235
2027	54,000	65,025	119,025
2028	57,000	62,730	119,730
2029	59,000	60,308	119,308
2030-2034	335,000	261,801	596,801
2035-2039	412,000	184,194	596,194
20340-2044	507,000	88,995	595,995
2045	106,000	4,305	110,305
	<u>\$ 1,632,000</u>	<u>\$ 863,953</u>	<u>\$ 2,495,953</u>

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

A. Florida DEP Loan CW-400400

As a financing component of its wastewater improvement project, on October 17, 2018, the City obtained a loan from the Florida Department of Environmental Protection under its Clean Water State Revolving Fund program. This loan was in the initial amount of \$1,00,000 and was payable in 40 semi-annual payments. On April 27, 2020, this loan amount was increased by \$270,500 to \$370,500, and a semi-annual payment amount of \$1,856.50. Scheduled payments dates are August 15 and February 15 annually. At year end, the balance of this loan was \$61,265.

Year Ended September 30,	Principal	Payment
2025	\$ 3,713	\$ 3,713
2026	3,713	3,713
2027	3,713	3,713
2028	3,713	3,713
2029	3,713	3,713
2030-2034	18,565	18,565
2035-2039	18,565	18,565
2040-2041	5,570	5,570
	<u>\$ 61,265</u>	<u>\$ 61,265</u>

B. Florida DEP Loan CW-400402

As a financing component of its wastewater improvement project, on November 22, 2021 the City obtained a loan from the Florida Department of Environmental Protection under its Clean Water State Revolving Fund program. This loan was in the initial amount of \$925,782 and was payable in 37 semi-annual payments. On October 16, 2023, this loan amount was increased by \$266,613 to \$1,192,395, with the same term and a semi-annual payment amount of \$32,406. Scheduled payments dates are October 15 and April 15 annually. At year end, the balance of this loan was \$829,689. As of year end repayment had not begun on this loan as the project was not completed.

C. Florida DEP Loan DW-400410

As a financing component of its critical water system project, April 27, 2020 the City obtained a loan from the Florida Department of Environmental Protection under its Drinking Water State Revolving Fund program. This loan was in the initial amount of \$238,000 and was payable in 20 semi-annual payments of \$11,066 including interest at .87%. Scheduled payments dates are August 15 and February 15 annually. At year end, the balance of this loan was \$129,756.

Year Ended September 30,	Principal	Annual Interest	Payment
2025	\$ 16,875	\$ 1,096	\$ 17,971
2026	17,022	949	17,971
2027	17,171	801	17,971
2028	17,320	651	17,971
2029	17,471	500	17,971
2030-2032	44,348	580	44,928
	<u>\$ 130,208</u>	<u>\$ 4,577</u>	<u>\$ 134,785</u>

D. Florida DEP Loan DW-400411

As a financing component of its critical water system project, March 16, 2023 the City obtained a loan from the Florida Department of Environmental Protection under its Drinking Water State Revolving Fund program. This loan was in the initial amount of \$526,390 and was payable in 40 semi-annual payments of \$16,178 including interest at .22%. Scheduled payments dates are September 15 and March 15 annually. At year end, the balance of this loan was \$451,582. As of year end repayment had not begun on this loan as the project was not completed.

E. National Rural Water Association Loan

As a financing component of its water main relocation project, December 1, 2019 the City obtained a loan from the National Rural Water Association. This loan was in the initial amount of \$76,300 and was payable in 120 monthly payments of \$737 including interest at 3%. Scheduled payments dates are the first day of every month until payback. At year end, the balance of this loan was \$42,266.

Governmental Leases:

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

The City entered into lease agreement with Republic First National Corporation for a sewer cleaner on February 13, 2020. The lease has a yearly payment of \$88,623 with an interest rate of 3.275%. This lease is allocated fully to the Sewer Department. This is a four-year lease and after that time

the City will have the option to purchase these items for a discounted price. This bargain purchase option qualifies this as a capital lease. This lease was fully paid in the current year.

Proprietary Leases:

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

NOTE 14. PENSIONS

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

Defined Contribution Pension Plan

ICMA Deferred Compensation Plan

The City contributes 9.1 percent to the ICMA 475(b) plan. Employees in the ICMA plan are vested immediately. City contributions for, and interest forfeited by, employees who leave employment before three years of service are allocated to those employees remaining in the plans. The compensation plan for the City Clerk provides for a 15% contribution on her behalf into the ICMA deferred compensation plan.

Defined Benefit Pension Plan

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

	Total
Net Pension Liability (Asset)	\$ 1,678,679
Deferred Inflows of Resources	136,449
Deferred Outflows of Resources	1,397,647

Police Officers' and Firefighters' Retirement Trust Fund:

General Information about the pension plan:

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

Plan Membership - The Plan is a single-employer defined benefit pension plan that covers substantially all full-time police officers and firefighters. Government plans are not subject to the provisions of the Employees' Retirement Income Security Act of 1974 (ERISA). Employees currently covered by the Plan as of the October 1, 2024 actuarial valuation date are as follows:

Inactive plan members or beneficiaries currently receiving benefits	15
Inactive plan members entitled to but not yet receiving benefits	10
Active plan members	21
	<hr/>
	46

Plan Benefits:

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

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

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

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

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

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

Funding Requirements:

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

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

City Contributions - The City's contribution requirements are actuarially determined. The October 1, 2022 actuarial valuation states that the required contribution by the City and State is 7.5% of covered payroll for the fiscal year ending September 30, 2024. The City has a minimum contribution floor of 4% of the members' salary to the fund.

Contributions to the Plan for the fiscal year ended September 30, 2024 totaled \$177,418 from the state, \$362,511 from the City and \$56,642 from members' salary withholdings.

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

Net Pension Liability:

The measurement date is September 30, 2024. The measurement period for the pension expense was October 1, 2023 to September 30, 2024. The reporting period is October 1, 2023 through September 30, 2024. The City's net pension liability was measured as of September 30, 2024. The total pension liability used to calculate the net pension asset was determined as of that date.

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of October 1, 2023 updated to September 30, 2024 using the following actuarial assumptions:

Inflation	2.00%
Salary increases	7.00%
Discount rate	7.00%
Investment rate of return	7.00%

Mortality Rate Healthy Lives:

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

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

Mortality Rate Disabled Lives:

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

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

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

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September, 30 2024 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Large Cap Value	12.00%	7.31%
Large Cap Growth	9.00%	14.42%
Preferred Equity	17.00%	0.94%
Ultra Short Term Bond	5.00%	5.31%
International Equity	5.00%	15.97%
Derivative Income	8.00%	-1.44%
Intermediate Core Fixed Income	9.00%	1.93%
High Yield Bonds	9.00%	2.33%
Intermediate Core Plus Fixed Income	4.00%	-1.98%
Floating Rate Bonds	5.00%	5.60%
Emerging Market Bonds	6.00%	1.28%
Cash	1.00%	-0.55%
Short Term Government Bond	10.00%	1.48%
Total	100.00%	

Discount Rate – The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability:

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 20, 2023	\$ 8,458,425	\$ 6,005,844	\$ 2,452,581
Changes for a Year:			
Service Cost	150,118	-	150,118
Interest	587,064	-	587,064
Share Plan Allocation	16,210	-	16,210
Differences between Expected and Actual Experience	(40,177)	-	(40,177)
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions- Employer	-	362,511	(362,511)
Contributions - State	-	177,418	(177,418)
Contributions - Employee	-	56,642	(56,642)
Net Investment Income	-	956,349	(956,349)
Benefit Payments, including Refunds of Employee Contributions	(443,829)	(443,829)	-
Administrative Expense	-	(65,803)	65,803
Net Changes	269,386	1,043,288	(773,902)
Balances at September 30, 2024	\$ 8,727,811	\$ 7,049,132	\$ 1,678,679

Sensitivity of the City's Net Position Liability to Changes in the Discount Rate - The following represents the City's net pension liability calculated using the discount rate of 7.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
City's net pension liability	<u>\$ 1,564,021</u>	<u>\$ 2,452,581</u>	<u>\$ 3,530,592</u>

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

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

At September 30, 2024, the City reported a net pension liability of \$2,452,581 for its pension plan. The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2023 updated to September 30, 2024.

For the fiscal year ended September 30, 2024, the City recognized pension expense of \$466,039. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 124,310	\$ 136,449
Changes in assumptions	110,648	-
Net difference between projected and actual earnings on Pension Plan investments	622,760	-
City and State contributions subsequent to the measurement date	539,929	-
Total	<u>\$ 1,397,647</u>	<u>\$ 136,449</u>

The deferred outflows of resources related to the Pension Plan, totaling \$1,397,647 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Amount
2025	\$ 246,912
2026	212,011
2027	292,885
2028	(30,539)
2029	-
Thereafter	-
	<u>\$ 721,269</u>

Final Components of Pension Expense:

	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
Beginning balance	\$ 2,450,365	\$ 1,924,696	\$ 610,438	\$ -
Employer Contributions made after September 30, 2023	-	-	-	-
Total Pension Liability Factors:				-
Service Cost	163,251	-	-	163,251
Interest	559,587	-	-	559,587
Share Plan Allocation	-	-	-	-
Changes in Benefit Terms	-	-	-	-
Differences between expected and actual experience				-
with regard to economic or demographic assumptions	166,286	166,286	-	-
Current year amortization of experience difference	-	(60,851)	(112,223)	(51,372)
Change in assumptions about future economic or			-	
demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	(89,640)	-	89,640
Benefit Payments, including refunds of employee				
contributions	(523,092)	-	-	-
Net Change	<u>366,032</u>	<u>15,795</u>	<u>(112,223)</u>	<u>761,106</u>
Plan Fiduciary Net Position:				
Contributions - Employer	344,941	(344,941)	-	-
Contributions - State	55,852	-	-	(55,852)
Contributions - Employee	388,828	-	-	(388,828)
Net Investment Income	-	-	-	-
Difference Between Projected and Actual Earnings on	125,592		152,593	
Pension Plan Investments	-	-	-	-
Current Year Amortization	-	(372,398)	(149,005)	223,393
Benefit Payments, including refunds of employee	(523,092)			
Contributions	-	-	-	-
Administrative Expenses	(52,388)	-	-	52,388
Net Change	<u>339,733</u>	<u>(717,339)</u>	<u>3,588</u>	<u>(168,899)</u>
Ending Balance	<u>\$ 2,476,664</u>	<u>\$ 1,223,152</u>	<u>\$ 501,803</u>	<u>\$ 592,207</u>

NOTE 15. OTHER POST-EMPLOYMENT BENEFITS PLAN (OPEB)

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

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

NOTE 16. SUBSEQUENT EVENTS

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through April 30, 2025, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF MADISON, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2024**

	Final Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
REVENUES			
Taxes			
Ad valorem taxes	\$ 642,140	\$ 642,139	\$ (1)
Sales and use taxes			
Local option gas tax	541,115	541,115	-
Small county surtax	30,000	30,000	-
Franchise fees	318,840	318,840	-
Utility service taxes	504,820	504,825	5
Communications services tax	87,080	87,082	2
Total taxes	2,123,995	2,124,001	6
Licenses and permits			
Professional and occupational	19,160	19,159	(1)
Building and zoning	51,785	51,783	(2)
Total licenses and permits	70,945	70,942	(3)
Intergovernmental			
Grants			
Transportation	67,000	217,732	150,732
State shared revenues			
General government			
State revenue sharing	162,225	162,225	-
Mobile home licenses	1,470	1,470	-
Alcoholic beverage licenses	5,175	5,173	(2)
One-half cent sales tax	113,165	113,165	-
Total intergovernmental	349,035	499,765	150,730
Charges for services			
General government	-	612	612
Public safety fire protection county	2,675	8,700	6,025
Transportation	54,665	54,662	(3)
Total charges for services	57,340	63,974	6,634
Miscellaneous			
Interest	5,710	5,710	-
Local grants	8,700	-	(8,700)
Sales of cemetery lots and fees	8,635	11,507	2,872
Fines and forfeitures	2,875	2,678	(197)
Other miscellaneous	110,090	109,481	(609)
Total miscellaneous	136,010	129,376	(6,634)
Total revenues	2,737,325	2,888,058	150,733
EXPENDITURES			
General government			
Legislative personnel services	52,980	52,981	(1)
Executive personnel services	209,595	210,035	(440)
Financial and administrative			
Operating expenses	153,030	164,792	(11,762)
Capital outlay	26,810	14,610	12,200
Total financial and administrative	179,840	179,402	438
Total general government	442,415	442,418	(3)

Continued on next page.

See notes

**CITY OF MADISON, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (concluded)
For the Year Ended September 30, 2024**

	Final Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
Public safety			
Law enforcement			
Personnel services	\$ 1,239,525	\$ 1,239,517	\$ 8
Operating expenses	279,115	281,707	(2,592)
Capital outlay	104,700	102,562	2,138
Debt service-principal	3,300	3,299	1
Debt service-interest	3,930	3,930	-
Total law enforcement	<u>1,630,570</u>	<u>1,631,015</u>	<u>(445)</u>
Fire control			
Personnel services	791,765	796,402	(4,637)
Operating expenses	113,865	113,870	(5)
Debt service-principal	8,000	8,000	-
Debt service-interest	2,940	2,939	1
Total fire control	<u>916,570</u>	<u>921,211</u>	<u>(4,641)</u>
Total public safety	<u>2,547,140</u>	<u>2,552,226</u>	<u>(5,086)</u>
Transportation			
Roads and streets			
Personnel services	478,310	478,308	2
Operating expenses	258,880	261,176	(2,296)
Capital outlay	55,675	271,108	(215,433)
Total transportation	<u>792,865</u>	<u>1,010,592</u>	<u>(217,727)</u>
Community development			
Personnel services	86,625	86,622	3
Operating expenses	66,645	66,644	1
Total community development	<u>153,270</u>	<u>153,266</u>	<u>4</u>
Total expenditures	<u>3,935,690</u>	<u>4,158,502</u>	<u>(222,812)</u>
Excess of revenues over (under) expenditures	<u>(1,198,365)</u>	<u>(1,270,444)</u>	<u>(72,079)</u>
OTHER FINANCING SOURCES (USES)			
Loan proceeds			
Interfund transfers	1,198,365	1,134,982	(63,383)
Total other financing sources (uses)	<u>1,198,365</u>	<u>1,134,982</u>	<u>(63,383)</u>
Net change in fund balance	-	(135,462)	(135,462)
Fund balance at beginning of year	870,696	870,696	-
Fund balance at end of year	<u>\$ 870,696</u>	<u>\$ 735,234</u>	<u>\$ (135,462)</u>

See notes

**CITY OF MADISON, FLORIDA
NOTES TO STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
SEPTEMBER 30, 2024**

I. Stewardship, Compliance, and Accountability

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

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

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

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

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

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

CITY OF MADISON, FLORIDA
POLICE OFFICERS' AND FIREFIGHTERS' PENSION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS

	9/30/2024	9/30/2023	9/30/2022	9/30/2021	09/30/2020	09/30/2019	09/30/2018	09/30/2017	09/30/2016	09/30/2015
Total Pension Liability										
Service Cost	\$ 150,118	\$ 163,351	\$ 181,383	\$ 222,628	\$ 219,038	\$ 189,735	\$ 144,232	\$ 141,321	\$ 104,196	\$ 109,319
Interest	587,064	559,587	541,770	528,080	528,781	521,175	279,028	262,998	265,650	271,204
Share Plan Allocation	16,210	-	1,267	1,820	-	3,332	636	-	779	-
Changes of Benefit Terms	-	-	660,550	-	-	(207)	-	-	-	-
Differences Between Expected and Actual Experience	(40,177)	166,286	21,690	(157,646)	(273,293)	(106,914)	(28,135)	(29,606)	(327,332)	(217,104)
Changes of Assumptions	-	-	-	-	72,389	-	-	-	105,476	-
Benefit Payments, Including Refunds of Employee Contributions	(443,829)	(523,092)	(423,817)	(422,441)	(427,686)	(411,825)	(181,852)	(172,648)	(265,433)	(190,012)
Net Change in Total Pension Liability	269,386	366,132	982,843	172,441	119,229	195,296	213,909	202,065	(116,664)	(26,593)
Total Pension Liability - Beginning	8,458,425	8,092,293	7,109,450	6,937,009	6,817,780	6,622,484	3,434,549	3,232,484	3,349,148	3,375,741
Total Pension Liability - Ending (a)	<u>\$ 8,727,811</u>	<u>\$ 8,458,425</u>	<u>\$ 8,092,293</u>	<u>\$ 7,109,450</u>	<u>\$ 6,937,009</u>	<u>\$ 6,817,780</u>	<u>\$ 3,648,458</u>	<u>\$ 3,434,549</u>	<u>\$ 3,232,484</u>	<u>\$ 3,349,148</u>
Plan Fiduciary Net Position										
Contributions - Employer	\$ 362,511	\$ 344,941	\$ 370,220	\$ 337,850	\$ 245,781	\$ 237,252	\$ 93,196	\$ 91,995	\$ 99,468	\$ 54,637
Contributions - State	177,418	-	49,078	48,695	-	100,948	27,167	-	27,452	25,298
Contributions - Employee	56,642	52,934	69,920	63,719	59,087	61,999	33,284	32,856	32,529	26,123
Net Investment Income	956,349	541,421	(1,143,295)	1,027,648	364,664	236,843	238,734	269,574	253,812	(143,651)
Benefit Payments, Including Refunds of Employee Contributions	(443,829)	(523,092)	(423,817)	(422,441)	(427,686)	(411,825)	(181,852)	(172,648)	(265,433)	(190,012)
Administrative Expense	(65,803)	(52,388)	(32,556)	(31,067)	(60,385)	(64,962)	(31,937)	(19,358)	(20,235)	(29,047)
Net Change in Plan Fiduciary Net Position	1,043,288	363,816	(1,110,450)	1,024,404	181,461	160,255	178,592	202,419	127,593	(256,652)
Plan Fiduciary Net Position - Beginning	6,005,844	5,642,028	6,752,478	5,728,074	5,546,613	5,386,358	3,496,657	3,294,238	3,166,645	3,423,297
Plan Fiduciary Net Position - Ending (b)	<u>\$ 7,049,132</u>	<u>\$ 6,005,844</u>	<u>\$ 5,642,028</u>	<u>\$ 6,752,478</u>	<u>\$ 5,728,074</u>	<u>\$ 5,546,613</u>	<u>\$ 3,675,249</u>	<u>\$ 3,496,657</u>	<u>\$ 3,294,238</u>	<u>\$ 3,166,645</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,678,679</u>	<u>\$ 2,452,581</u>	<u>\$ 2,175,837</u>	<u>\$ 356,972</u>	<u>\$ 1,208,935</u>	<u>\$ 1,271,167</u>	<u>\$ (26,791)</u>	<u>\$ (62,108)</u>	<u>\$ (61,754)</u>	<u>\$ 182,503</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	80.77%	71.04%	72.17%	94.98%	82.57%	81.36%	100.73%	101.81%	101.91%	94.55%
Covered Employee Payroll*	\$ 1,132,848	\$ 1,117,045	\$ 1,201,487	\$ 1,105,548	\$ 1,014,034	\$ 1,069,072	\$ 665,689	\$ 657,109	\$ 650,578	\$ 522,451
Net Pension Liability as a percentage of Covered Employee Payroll	148.18%	219.30%	203.94%	32.29%	119.22%	118.90%	-4.02%	-9.45%	-9.49%	34.93%

Notes to Schedule:

The Madison Police Officers' Retirement Trust Fund and the Madison Firefighters' Retirement Trust Fund were merged into a single fund. The 2023 GASB results for each fund are displayed and a total column was added for comparison.

*The Covered Employee Payroll numbers shown are in compliance with GASB 82.

Changes of Assumptions:

For measurement date 09/30/2023, as a result of Chapter 2015-57, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees.

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

Municipal Police Officers' and Firefighters' Retirement Trust Fund

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined	\$ 354,771	\$ 363,090	\$ 382,549	\$ 392,302	\$ 337,616	\$ 106,606	\$ 91,199	\$ 49,283	\$ 65,058	\$ 79,935
Contributions in relation to the actuarially determined contribution	523,719	344,941	418,031	384,725	245,781	147,823	119,727	91,995	126,142	79,935
Contribution deficiency (excess)	<u>\$ (168,948)</u>	<u>\$ 18,149</u>	<u>\$ (35,482)</u>	<u>\$ 7,577</u>	<u>\$ 91,835</u>	<u>\$ (41,217)</u>	<u>\$ (28,528)</u>	<u>\$ (42,712)</u>	<u>\$ (61,084)</u>	<u>\$ -</u>
Administration's covered-employee payroll*	\$ 1,132,848	\$ 1,117,045	\$ 1,201,487	\$ 1,105,548	\$ 1,014,034	\$ 662,152	\$ 665,689	\$ 657,109	\$ 650,578	\$ 522,451
Contributions as a percentage of covered-employee payroll	46.23%	30.88%	34.79%	34.80%	24.24%	22.32%	17.99%	14.00%	19.39%	15.30%

The covered Employee Payroll numbers shown are in compliance with GASB 82.*

Notes to Schedule

Valuation Date: 10/1/2024

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

Methods and assumptions used to determine contributions rates:

Mortality Rate: *Healthy Lives:*
Female: PubS.H-2010 for employees. Prior year assumption: RP-2000 Generational, 100% Combined Healthy White Collar, Scale BB.
Male: PubS.H-2010 for employees. Prior year assumption: RP2000 Generational, 10% Combined Healthy White Collar/90% Combined Healthy Blue Colla
Healthy Inactive Lives:
Female: PubS.H-2010. Prior year assumption: RP-2000 Generational, 100% Annuitant White Collar, Scale BB.
Male: PubS.H-2010. Prior year assumption: RP2000 Generational, 10% Annuitant White Collar/90% Annuitant Blue Collar, Scale BB
Disabled Lives:
80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.
Prior year assumptions:
Female: 60% RP2000 Disabled Female set forward two years/40% Annuitant White Collar with no setback, no projection scale
Male: 60% RP2000 Disabled Male setback four years/40% Annuitant White Collar with no setback, no projection scale.
The assumed rates of mortality were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumption used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in the July 1, 2019 Milliman's actuarial valuation report for special risk employees. We feel this assumption sufficiently accommodates future mortality.

Interest Rate: 7.00% per year compounded annually, net of investment related expenses. This assumption is in line with the national average utilized for public pension programs.

Retirement Age: Earlier of Age 55 and 10 years of service of 25 years of service regardless of age. Also any Member who has reached Normal Retirement is assumed to continue employment for one additional year. We feel this assumption is reasonable based on the plan provisions.

Early Retirement: Commencing with the earliest Early Retirement Age (50), Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year. We feel this assumption is reasonable based on the plan provisions.

Disability Rate: See table below. 75% of Police Officer disablements and 90% of Firefighter disablements are assumed to be service related. This assumption was developed from those used by other plans containing Florida municipal Police Officers and

Termination Rate: See table below. This assumption was developed from those used by other plans containing Florida Municipal Police Officers and Firefighters.

Salary Increases: 6.0% per year until the assumed retirement age; see table below. Projected salary at retirement is increased individually to account for non-regular compensation. We believe this assumption is reasonable compared to long term experience realized by the Plan.

Funding Method: Aggregate Actuarial Cost Method.

Asset Valuation Method: All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses over a five-year period. that over time the technique will produce an insignificant bias above or below Market Value.

Termination and Disability Rate Table:

Age	% Terminating During the Year Police	% Terminating During the Year Fire	% Becoming Disabled During the Year
20	20.00%	15.00%	0.03%
30	15.00%	15.00%	0.04%
40	12.00%	15.00%	0.07%
50	10.00%	12.00%	0.18%

OTHER INFORMATION

CITY OF MADISON, FLORIDA
GOVERNMENTAL NONMAJOR FUNDS
COMBINING BALANCE SHEET
September 30, 2024

	Enforcement Provision Fund	Special Revenues Fund	Water and Sewer Impact Fees Fund	American Rescue Plan Fund	Community Redevelopment Fund	Total Nonmajor Funds
ASSETS						
Cash and cash equivalents	\$ 2,791	\$ -	\$ 22,807	\$ 304,807	\$ 586,513	\$ 916,918
Due from state	-	250,648	-	-	-	250,648
Total assets	<u>\$ 2,791</u>	<u>\$ 250,648</u>	<u>\$ 22,807</u>	<u>\$ 304,807</u>	<u>\$ 586,513</u>	<u>\$ 1,167,566</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Current liabilities						
Accounts payable	\$ -	\$ 250,648	\$ -	\$ -	\$ -	\$ 250,648
Unearned revenue	-	-	-	304,807	-	304,807
Total liabilities	<u>-</u>	<u>250,648</u>	<u>-</u>	<u>304,807</u>	<u>-</u>	<u>555,455</u>
FUND BALANCES						
Restricted	2,791	-	22,807	-	586,513	612,111
Unassigned	-	-	-	-	-	-
Total fund balances	<u>2,791</u>	<u>-</u>	<u>22,807</u>	<u>-</u>	<u>586,513</u>	<u>612,111</u>
Total liabilities and fund balances	<u>\$ 2,791</u>	<u>\$ 250,648</u>	<u>\$ 22,807</u>	<u>\$ 304,807</u>	<u>\$ 586,513</u>	<u>\$ 1,167,566</u>

See notes to financial statements.

CITY OF MADISON, FLORIDA
GOVERNMENTAL NONMAJOR FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
September 30, 2024

	Law Enforcement Provision Fund	Special Revenues Fund	Water and Sewer Impact Fees Fund	American Rescue Plan Fund	Community Redevelopment Fund	Total Nonmajor Funds
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 278,789	\$ 278,789
Intergovernmental	-	255,648	-	58,979	-	314,627
Fines and forfeitures	233	-	-	-	-	233
Miscellaneous	-	-	-	2,486	3,262	5,748
Total revenues	<u>233</u>	<u>255,648</u>	<u>-</u>	<u>61,465</u>	<u>282,051</u>	<u>599,397</u>
EXPENDITURES						
Current expenditures						
Economic environment	-	-	-	-	18,363	18,363
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,363</u>	<u>18,363</u>
Excess of revenues (under) expenditures	<u>233</u>	<u>255,648</u>	<u>-</u>	<u>61,465</u>	<u>263,688</u>	<u>581,034</u>
OTHER FINANCING SOURCES (USES)						
Interfund transfers	-	(250,648)	-	(67,002)	-	(317,650)
Total other financing sources (uses)	<u>-</u>	<u>(250,648)</u>	<u>-</u>	<u>(67,002)</u>	<u>-</u>	<u>(317,650)</u>
Net change in fund balances	233	5,000	-	(5,537)	263,688	263,384
Fund balances at beginning of year	2,558	(5,000)	22,807	5,537	322,825	348,727
Fund balances at end of year	<u>\$ 2,791</u>	<u>\$ -</u>	<u>\$ 22,807</u>	<u>\$ -</u>	<u>\$ 586,513</u>	<u>\$ 612,111</u>

See notes to financial statements.

CITY OF MADISON, FLORIDA
PROPRIETARY FUND
STATEMENT OF NET POSITION BY FUNCTION
September 30, 2024

	Natural Gas	Sanitation	Purchasing	Water	Sewer	Total
ASSETS						
Current assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 2,472,505	\$ 2,472,505
Accounts receivable, net	62,725	48,688	481	154,540	211,541	477,975
Due from (to) other funds	34,427	(524,487)	(187,813)	946,766	(240,861)	28,032
Due from state	-	-	-	41,260	53,031	94,291
Inventory	-	-	47,812	-	-	47,812
Total current assets	97,152	(475,799)	(139,520)	1,142,566	2,496,216	3,120,615
Restricted assets						
Cash and cash equivalents	-	-	-	-	345,947	345,947
Investments	-	-	-	-	374,019	374,019
Total restricted assets	-	-	-	-	719,966	719,966
Fixed assets						
Non-depreciable capital assets	-	-	15,001	4,846,076	3,298,411	8,159,488
Depreciable capital assets, net	108,601	313,498	21,396	627,560	7,049,177	8,120,232
Total fixed assets	108,601	313,498	36,397	5,473,636	10,347,588	16,279,720
Total Assets	205,753	(162,301)	(103,123)	6,616,202	13,563,770	20,120,301
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding	-	-	-	-	59,254	59,254
Total deferred outflows of resources	-	-	-	-	59,254	59,254

Continued on next page.
See notes to financial statements.

CITY OF MADISON, FLORIDA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION BY FUNCTION (CONCLUDED)
September 30, 2024

	Natural Gas	Sanitation	Purchasing	Water	Sewer	Total
LIABILITIES AND NET POSITION						
LIABILITIES						
Current liabilities						
Accounts payable and accrued expenses	48,572	7,518	5,113	74,526	156,363	292,092
Deposits	69,055	-	-	-	155,126	224,181
Total current liabilities	117,627	7,518	5,113	74,526	311,489	516,273
Current liabilities payable from restricted assets						
Notes payable current portion	-	-	-	7,232	54,042	61,274
Bonds payable current portion	-	-	-	-	120,000	120,000
Compensated absences current portion	1,907	601	807	1,610	2,361	7,286
Total current liabilities payable from restricted assets	1,907	601	807	8,842	176,403	188,560
Long-term liabilities						
Notes Payable	-	-	-	35,034	1,418,250	1,453,284
Bonds payable	-	-	-	-	2,712,000	2,712,000
Compensated absences	14,141	6,691	5,681	10,950	15,971	53,434
Total long-term liabilities	14,141	6,691	5,681	45,984	4,146,221	4,218,718
Total liabilities	133,675	14,810	11,601	129,352	4,634,113	4,923,551
NET POSITION						
Invested in capital assets net of related debt	108,601	313,498	36,397	5,431,370	6,102,550	11,992,416
Restricted for debt service	-	-	-	-	719,966	719,966
Unrestricted	(36,523)	(490,609)	(151,121)	1,055,480	2,166,395	2,543,622
Total net position	72,078	(177,111)	(114,724)	6,486,850	8,988,911	15,256,004
Total liabilities and net position	\$ 205,753	\$ (162,301)	\$ (103,123)	\$ 6,616,202	\$ 13,623,024	\$ 20,179,555

See notes to financial statements.

CITY OF MADISON, FLORIDA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY FUNCTION
For the Year Ended September 30, 2024

	Natural Gas	Sanitation	Purchasing	Water	Sewer	Total
OPERATING REVENUES						
Charges for services	\$ 928,810	\$ 462,674	\$ -	\$ 1,563,929	2,258,672	\$ 5,214,085
Total operating revenues	<u>928,810</u>	<u>462,674</u>	<u>-</u>	<u>1,563,929</u>	<u>2,258,672</u>	<u>5,214,085</u>
OPERATING EXPENSES						
Personnel services	300,423	270,459	53,905	260,145	314,590	1,199,522
Office and communications	5,386	321	1,099	13,428	3,014	23,248
Professional fees	24,171	5,510	7,561	70,357	167,496	275,095
Supplies	511,319	33,278	1,751	103,660	184,158	834,166
Repair and maintenance	4,129	27,532	1,840	25,474	134,684	193,659
Depreciation	17,357	26,203	7,362	62,521	499,259	612,702
Insurance	25,689	18,275	11,626	21,831	34,862	112,283
Utilities	2,158	210	1,800	70,495	258,429	333,092
Landfill	-	99,074	-	-	5,267	104,341
Other	4,072	208,177	-	6,449	8,332	227,030
Total operating expenses	<u>894,704</u>	<u>689,039</u>	<u>86,944</u>	<u>634,360</u>	<u>1,610,091</u>	<u>3,915,138</u>
Operating income	<u>34,106</u>	<u>(226,365)</u>	<u>(86,944)</u>	<u>929,569</u>	<u>648,581</u>	<u>1,298,947</u>
NONOPERATING REVENUES (EXPENSES)						
State grants	-	-	-	2,502,252	623,274	3,125,526
Interest revenue	81	1	-	-	21,279	21,361
Interest expense	-	-	-	(6,525)	(135,727)	(142,252)
Interfund transfers	(122,420)	-	-	(537,791)	(157,121)	(817,332)
Total nonoperating revenues (expenses)	<u>(122,339)</u>	<u>1</u>	<u>-</u>	<u>1,957,936</u>	<u>351,705</u>	<u>2,187,303</u>
Change in net position	(88,233)	(226,364)	(86,944)	2,887,505	1,000,286	3,486,250
Net position, beginning of year	160,311	49,253	(27,780)	3,599,345	7,988,625	11,769,754
Net position, end of year	<u>\$ 72,078</u>	<u>\$ (177,111)</u>	<u>\$ (114,724)</u>	<u>\$ 6,486,850</u>	<u>\$ 8,988,911</u>	<u>\$ 15,256,004</u>

See notes to financial statements.

SINGLE AUDIT AND COMPLIANCE SECTION

CITY OF MADISON, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the Year Ended September 30, 2024

Grantor/Program Title	ALN/ CFSA #	Major Program	Contract Number	Award Amount	Expenditures
FEDERAL AWARDS					
US Department of Housing & Urban Development Passed through Florida Department of Economic Opportunity Florida Small Cities Community Development Block Grant	14.228		22DB-OP-03-50-02-N19	\$ 700,000	\$ 255,648
US Department of the Treasury Passed through the Florida Division of Emergency Management Coronavirus State and Local Fiscal Recovery Funds	21.027		Y5196	1,383,858	58,979
TOTAL FEDERAL AWARDS				2,083,858	314,627
STATE FINANCIAL ASSISTANCE					
State of Florida Department of Transportation Small County Outreach Program	55.009		G2064	1,064,454	217,732
Florida Department of Environmental Protection Wastewater Treatment and Stormwater Management TF - Grant	37.077		WW400402	4,627,138	920,655
Wastewater Treatment and Stormwater Management TF - Loan	37.077		WW400402	829,690	264,432
				5,456,828	1,185,087
Drinking Water Revolving Loan TF - Grant	37.076	*	DW400411	5,109,699	2,204,871
Drinking Water Revolving Loan TF - Loan	37.076	*	DW400411	451,592	297,381
				5,561,291	2,502,252
TOTAL STATE FINANCIAL ASSISTANCE				12,082,573	3,905,071
TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE				\$ 14,166,431	\$ 4,219,698

See notes to schedule.

CITY OF MADISON, FLORIDA
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended September 30, 2024

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") includes the federal and state grant activity of the City of Madison, Florida (the "City") and is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and Chapter 10.550, Rules of the Auditor General of the State of Florida. The information in this Schedule is not intended to be a complete presentation of the City's total expenditures.

Note 2. Basis of Accounting

Expenditures reported on the Schedule are reported using the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and Chapter 10.550, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The City has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4. Subrecipients

The City did not provide any federal or state awards to subrecipients during the fiscal year ended September 30, 2024.



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

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the business-type activities and the major fund of the City of Madison, Florida, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Madison, Florida's basic financial statements and have issued our report thereof dated April 30, 2025.

Internal Control Over Financial Reporting

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

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

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

2024-001**Financial Statement Preparation (Excess of second succeeding year)**

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

MANAGEMENT'S RESPONSE

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

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

Compliance and Other Matters

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

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

We also noted certain matters that we reported to management of the City of Madison, Florida, in a separate "Management Letter Required by Chapter 10.550, Rules of the State of Florida, Office of the Auditor General" dated April 30, 2025.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Powell & Jones".

Powell and Jones CPA
Lake City, Florida
April 30, 2025



Powell and Jones CPA

1359 S.W. Main Blvd.
Lake City, FL 32025
Phone 386.755.4200

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

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

Opinion on Each Major State Project

We have audited the City of Madison, Florida's (the City) compliance with the types of compliance requirements described in the Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's Major State Projects for the fiscal year ended September 30, 2024. The City's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state financial assistance projects for the year ended September 30, 2024.

Basis for Opinion on Each Major State Project

We conducted our audit of compliance in accordance with the 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 State of Florida, Office of the Auditor General. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with the 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 State of Florida, Office of the Auditor General, we:

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

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of the Chapter 10.550 Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Powell & Jones".

Powell and Jones CPA
Lake City, Florida
April 30, 2025

CITY OF MADISON, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR STATE PROJECTS
For the Fiscal Year Ended September 30, 2024

Summary of Auditor's Results

Financial statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiencies identified that are not
considered to be material weaknesses? Yes

Noncompliance material to financial
statements noted? No

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiencies identified that are not
considered to be material weaknesses? None reported

Type of auditor's report issued on compliance
for major programs: Unmodified

Any audit findings disclosed that are required
to be reported in accordance with Rule 10.550,
Rules of the Auditor General? No

Identification of major programs:

<u>CSFA Number/Grant Numbers:</u>	<u>Name of Program or Cluster</u>
37.076	Florida Department of Environmental Protection Drinking Water Program

Dollar threshold used to distinguish between
Type A and Type B programs: \$750,000

**State Financial Assistance Findings and
Questioned Costs** None

Other Issues:

No Summary Schedule of Prior Audit Findings is
required because there were no prior audit findings
related to the Federal programs or State projects



Powell and Jones CPA

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MANAGEMENT LETTER

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

In planning and performing our audit of the financial statements of the City of Madison, Florida, for the year ended September 30, 2024, we considered the City's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

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

PRIOR YEAR FINDINGS

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 financial audit report. Uncorrected findings are summarized in the following table.

Tabulation of Uncorrected Audit Findings		
Current Year Finding No.	2022-23 FY Finding No.	2021-22 FY Finding No.
2024-001	2012-1	2012-1

AUDITOR GENERAL COMPLIANCE MATTERS

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

Property Assessed Clean Energy Programs (PACE) - As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the City did not have a property assessed clean energy (PACE) program that finances qualifying improvements authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, operated within the City's geographical boundaries during the fiscal year under audit.

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

Dependent Special District – As required by Section 218.39(3)(c), Florida Statutes and Section 10.554(1)(i)7 Rules of the Auditor General, the Madison Community Redevelopment Agency reported:

<u>Data Element</u>	<u>Comment</u>
The total number of CRA employees compensated in the last pay period of the CRA's fiscal year being reported.	The CRA has no employees
The total number of independent contractors to whom nonemployee compensation was paid in the last month of the CRA's fiscal year being reported.	The CRA had no independent contracts
All compensation earned by or awarded to the CRA employees, whether paid or accrued, regardless of contingency.	N/A
All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency.	N/A
Budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the CRA amended a final adopted budget under Section 189.016(6), Florida Statutes.	The original budget was not amended
Each construction project with a total cost of at least \$65,000 approved by the CRA that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project.	None

CONCLUSION

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



Powell and Jones CPA
Lake City, Florida
April 30, 2025



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INDEPENDENT ACCOUNTANT'S ATTESTATION REPORT

Honorable Mayor and City Commission
City of Madison, Florida

We have examined the City of Madison, Florida's compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2022. We also examined the City's compliance with Sections 163.387(6) and (7), *Florida Statutes* regarding the Madison Community Redevelopment Agency during the year ended September 30, 2024. Management is responsible for the City of Madison, Florida's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

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

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

Powell and Jones CPA
Lake City, Florida
April 30, 2025



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Communication with Those Charged with Governance

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

We have audited the financial statements of the City of Madison, Florida for the year ended September 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

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

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 30, 2025.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Information in Documents Containing Audited Financial Statements

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

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

Very truly yours,



Powell and Jones CPA
Lake City, Florida
April 30, 2025

IMPACT FEE AFFIDAVIT

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

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

FUTHER AFFIANT SAYETH NAUGHT.


Lee Anne Hall, City of Madison City Clerk

STATE OF FLORIDA
COUNTY OF MADISON

SWORN TO AND SUBSCRIBED before me this 13th day of May, 2024.


NOTARY PUBLIC
Lanee Pike

Personally Known X or produced identification _____
Type of identification produced: _____

My Commission Expires:

