

**City of Marianna
Marianna, Florida**

**Basic
Financial Statements**

For the year ended September 30, 2018



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City of Marianna
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September 30, 2018

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REPORT





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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members
of the City Council
City of Marianna, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marianna, Florida (the City), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marianna, Florida, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Community Redevelopment Agency, and the Debt Service Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4.1 through 4.10 and other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming 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 as required by the 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, and is not a required part of the basic financial statements.

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

Change in Accounting Principle

As described in Note 21 to the financial statements, in 2018, the City adopted new accounting guidance, GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2019 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Carly Riggs & Ingram, L.L.C.

Marianna, Florida
April 19, 2019



**MANAGEMENT'S DISCUSSION AND
ANALYSIS**

City of Marianna Management's Discussion and Analysis

The City of Marianna (the "City") has prepared the following discussion and analysis to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the City's financial activities, (c) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (d) identify material deviations from the financial plan (approved budget), and (e) highlight significant issues in individual funds.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of resources of the City of Marianna exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$80,081,290. Of this amount, \$5,500,328 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.

The City's total net position increased by \$1,261,685 from the prior year.

As of the close of the current fiscal year, the City of Marianna governmental funds reported combined ending fund balances of \$6,281,895, an increase of \$513,446 in comparison with the prior year. A majority of the increase is due to unexpected additional revenues along with expenditures lower than budgeted. Approximately 80% of this amount, or \$5,005,256, is available for spending at the City's discretion (unassigned fund balance).

Governmental funds' revenue increased \$712,280 or (10.2%) from the prior year. Current expenditures increased \$950,578 from the prior year. Other financing sources decreased \$36,750 from the prior year.

The City's Enterprise Funds ended the year with a net position in the amount of \$55,270,629, a decrease of \$817,041 over last year. Operating revenues increased from last year by \$2,118,150.

The MH&R experienced increased revenues from the prior year of \$1,820,046, mainly due to the new rehabilitation facility that was constructed and is now at full capacity.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements have 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 provide both short-term and long-term information about the City's overall financial condition in a manner similar to those of a private-sector business. This statement combines and consolidates governmental fund's current financial resources (short-term expendable resources) with capital assets and long-term obligations. The statements include a *statement of net position* and a *statement of activities* that are designed to provide consolidated financial information about the governmental activities of the City presented on the accrual basis of accounting.

City of Marianna Management's Discussion and Analysis

The *Statement of Net Position* provides information about the government's financial position, its assets, deferred outflows of resources, deferred inflows of resources, and liabilities, using an economic resources measurement focus. The difference between the assets, deferred outflows, deferred inflows, and liabilities, the net position, is a measure of the financial health of the City.

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This statement is intended to summarize and simplify the user's analysis of cost of various governmental services. An increase or decrease in net position is an indication of whether the City's financial health is improving or deteriorating.

Both of these government-wide financial statements present the 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, planning, public safety, streets, mainstreet, and parks and recreation. Property taxes and state and federal revenues finance most of the governmental activities. In addition, in 1993 the City created a Community Redevelopment Agency (CRA) which is a blended component unit in the City's financial statements. The CRA area is 0.3993 square miles and is governed by the City Commission.

The *business-type activities* of the City consist of the natural gas, water, and sewer utilities, the health and rehabilitation center and the airport. The City charges fees to customers and residents to help cover the costs of services it provides.

Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the City, you need to consider additional nonfinancial factors such as changes in the City's property tax base and the condition of the City's capital assets including infrastructure assets.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the City's most significant funds-not the City as a whole. Funds are accounting devices that the City uses to keep track of specific resources of funding and spending for particular purposes. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. Certain funds are established by law while others are created by legal agreements, such as bond covenants. Fund financial statements provide more detailed information about the City's financial activities, focusing on its most significant or "major" funds rather than fund types. All City's funds may be classified in the broad category of *Governmental Funds and Proprietary Funds* as discussed below.

City of Marianna Management's Discussion and Analysis

Governmental Funds - these funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. This financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund statements provide a detailed short-term view that may be used to evaluate the City's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental funds to governmental activities.

Governmental fund 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 and the Debt Service fund. The Community Redevelopment Agency (CRA) is reported as a blended component unit in the City's general fund financial statements.

Proprietary Funds – these funds provide the same type of information as the business-type activities in the government-wide financial statements, only in more detail.

The City maintains one type of proprietary fund, which is the Enterprise Funds. The City uses enterprise funds to account for the fiscal activities relating to the natural gas, water, and sewer systems, the airport and the health and rehabilitation center.

Fiduciary Funds-these funds provide information about financial relationships-like the retirement plan for the City's employees-in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The City has the municipal fireman's and police officers' pension trust fund and a deferred compensation plan. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in net position. These activities are excluded from the government-wide financial statements because the assets cannot be used to support or finance the City's programs or operations.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

This section is used to present condensed financial information from the government-wide statements.

STATEMENT OF NET POSITION

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflow of resources exceeded liabilities and deferred inflows of resources (governmental and business-type activities) by approximately \$80.08 million at the close of the most recent fiscal year.

City of Marianna Management's Discussion and Analysis

STATEMENT OF NET POSITION

	Governmental Activities		Business - Type Activities		Totals	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 10,612,534	\$ 8,699,017	\$ 9,948,085	\$ 9,378,972	\$ 20,560,619	\$ 18,077,989
Non-current assets	22,091,316	20,757,578	59,883,464	61,615,475	81,974,780	82,373,053
Total assets	32,703,850	29,456,595	69,831,549	70,994,447	102,535,399	100,451,042
Deferred outflows of resources	895,613	755,512	2,993,939	2,955,630	3,889,552	3,711,142
Current and other liabilities	1,556,997	638,258	1,775,016	2,956,639	3,332,013	3,594,897
Non-current liabilities	6,160,773	6,057,699	14,869,133	14,296,149	21,029,906	20,353,848
Total liabilities	7,717,770	6,695,957	16,644,149	17,252,788	24,361,919	23,948,745
Deferred inflows of resources	1,071,032	784,215	910,710	609,619	1,981,742	1,393,834
Net position:						
Net investment in capital assets	17,870,851	16,344,870	53,850,659	55,032,704	71,721,510	71,377,574
Restricted	1,944,433	946,771	915,019	828,539	2,859,452	1,775,310
Unrestricted	4,995,377	5,440,294	504,951	226,427	5,500,328	5,666,721
Total net position	\$ 24,810,661	\$ 22,731,935	\$ 55,270,629	\$ 56,087,670	\$ 80,081,290	\$ 78,819,605

At the end of the current fiscal year, the City is able to report positive balances in all categories of net position. In the prior fiscal year all categories reported positive balances.

City of Marianna Management's Discussion and Analysis

STATEMENT OF ACTIVITIES

The following schedule summarizes revenues and expenses for the past two fiscal years:

	Governmental Activities		Business - Type Activities		Totals	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
REVENUES						
Program Revenues:						
Charges for Services	\$ 1,155,058	\$ 1,058,804	\$ 22,534,821	\$ 20,416,671	\$ 23,689,879	\$ 21,475,475
Grants and Contributions	1,914,020	1,163,490	1,078,870	1,739,876	2,992,890	2,903,366
General Revenues:						
Property Taxes	675,667	679,023	-	-	675,667	679,023
Other Taxes	3,353,135	3,367,271	-	-	3,353,135	3,367,271
Investment Earnings	44,151	16,451	43,092	11,893	87,243	28,344
Other	610,586	728,886	68,995	55,117	679,581	784,003
<i>Total Revenues</i>	<u>7,752,617</u>	<u>7,013,925</u>	<u>23,725,778</u>	<u>22,223,557</u>	<u>31,478,395</u>	<u>29,237,482</u>
EXPENSES						
Program Activities						
General Government	2,274,803	2,251,601	-	-	2,274,803	2,251,601
Public Safety	2,545,613	2,434,946	-	-	2,545,613	2,434,946
Highways and Streets	1,363,987	2,027,277	-	-	1,363,987	2,027,277
Culture and Recreation	449,628	524,390	-	-	449,628	524,390
Interest on long-term debt	126,244	131,923	-	-	126,244	131,923
Business-type Activities	-	-	23,456,435	22,194,753	23,456,435	22,194,753
<i>Total Expenses</i>	<u>6,760,275</u>	<u>7,370,137</u>	<u>23,456,435</u>	<u>22,194,753</u>	<u>30,216,710</u>	<u>29,564,890</u>
Increase (decrease) in Net Position before transfers	992,342	(356,212)	269,343	28,804	1,261,685	(327,408)
Transfers	1,086,384	1,123,134	(1,086,384)	(1,123,134)	-	-
Increase in Net Position	2,078,726	766,922	(817,041)	(1,094,330)	1,261,685	(327,408)
Net Position - Beginning	22,731,935	21,965,013	56,087,670	57,182,000	78,819,605	79,147,013
Net Position - Ending	<u>\$ 24,810,661</u>	<u>\$ 22,731,935</u>	<u>\$ 55,270,629</u>	<u>\$ 56,087,670</u>	<u>\$ 80,081,290</u>	<u>\$ 78,819,605</u>

City of Marianna Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

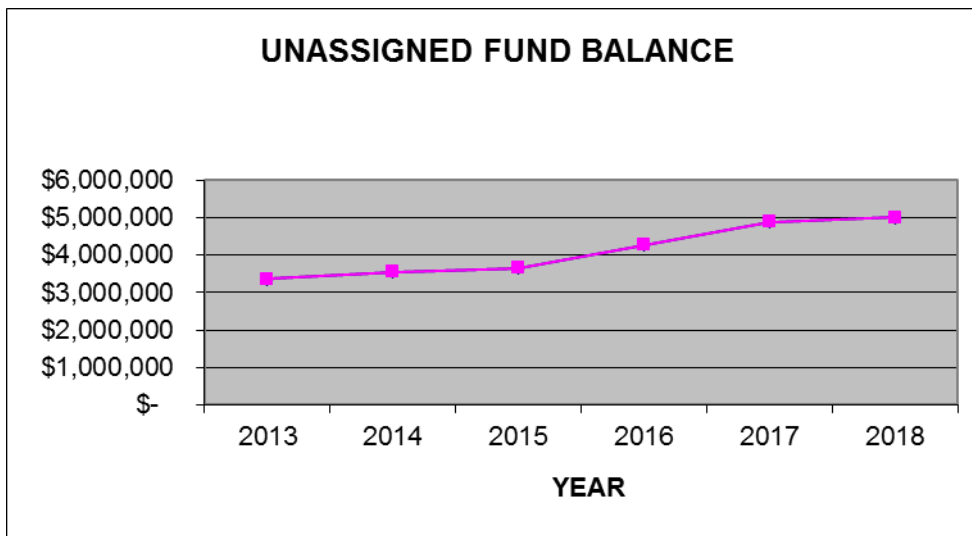
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

GOVERNMENTAL FUNDS

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6,281,895. Of this amount, *unassigned fund balance* is \$5,005,256, which is available for spending (depending on fund restrictions) at the City's discretion. The *assigned fund balance* is \$701,216, the *restricted fund balance* is \$544,922, and *nonspendable fund balance* is \$30,501.

General Fund Unassigned/Undesignated Fund Balance. As depicted in the following graph, the unassigned/undesignated fund balances of the City's General Fund (the general operating fund of the City) has steadily been increasing since 2013.





City of Marianna Management's Discussion and Analysis

MAJOR FUNDS

GOVERNMENTAL FUNDS

The General Fund, Community Redevelopment Agency, and the Debt Service Fund are reported as the major governmental funds.

The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not required either legally or by generally accepted accounting principles to be accounted for in other funds are accounted for in the General Fund. The General Fund consists of Administration Departments, Police Department, Fire Department, Street Department, Planning Department and Recreation Department.

In addition, the Community Redevelopment Agency (CRA) is reported as a blended component unit in the governmental fund financial statements. The CRA accounts for the resources of the City's Community Redevelopment Plan.

The Debt Service Fund accounts for the resources for and the accumulation of the payments of the interest and principal on debt instruments.

PROPRIETARY FUNDS

There are three major proprietary (business-type) funds:

Utility Department (Gas, Water and Sewer)
Health and Rehabilitation Center (MHR)
Airport

GENERAL FUND BUDGETARY HIGHLIGHTS

Budgetary control is established within each department at the line item. Budget amendments are presented to and approved by the City Commission. Over the course of the year, the City Council approved one budget amendment. The final budgeted revenues included an increase of \$1,731,101 from the original budget and the final budgeted expenditures resulted in an increase of \$1,337,100 from the original budget. With these budget adjustments, the resources available for appropriation were \$15,533 below the final budgeted amount. The actual expenditures were \$121,106 below the final budget amounts.

City of Marianna Management's Discussion and Analysis

CAPITAL ASSET AND DEBT ADMINISTRATION

LONG-TERM DEBT

At year-end, the City had \$11,218,261 in bonds payable, notes payable and compensated absences, a decrease of around 6.3% from last year. More detailed information about the City's long-term liabilities is presented in Note 8 to the financial statements.

Included in the City's long-term debt is \$1,628,012 in notes payable to the State of Florida under their State Revolving Fund (SRF) for improvements to the wastewater treatment facility, \$1,007,611 for improvements to the water system, \$1,144,248 for improvements to the sewer system, \$464,012 for improvements to the Sunland water system and \$97,922 for the Solar farm. The City was designated by the State as a Disadvantaged Small Community, making it eligible for grant funds from FDEP. These funds are to be received by the City towards the debt repayment, at \$750,000 per year.

CAPITAL ASSETS

Generally, a government's largest group of assets (infrastructure – roads, bridges, traffic signals, and underground pipes not associated with a utility, etc.) are neither reported nor depreciated in governmental fund financial statements. GASB-34 requires that these assets now be valued and reported within the governmental column of the government-wide statements. Additionally, the government must elect to either (a) depreciate these assets over their estimated useful life or (b) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. If the government elects the asset management system (the modified approach), which periodically (at least every third year), by category, measures and demonstrates its maintenance of locally established levels of service standards, the government may record its cost of maintenance in lieu of depreciation. The City has elected to depreciate its infrastructure assets.

At the end of current fiscal year, the City had invested \$81.98 million in a broad range of capital assets, including buildings, equipment, park and recreation facilities, and water, gas and sewer utilities. This amount represents a net decrease (including additions and deletions) of \$398,273, or .5%, over last year. More detailed information about the City's capital assets is presented in Note 7 to the financial statements.

The City's investment in capital assets such as land, buildings, machinery and equipment amounts to 90% of net position for the current fiscal year, a 1% decrease from the prior fiscal year. This amount is presented less any outstanding debt related to the acquisition and accumulated depreciation of those assets. The City uses these capital assets to provide services to the citizens and consequently these assets are not available for future spending. Although our investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Marianna Management's Discussion and Analysis

This year's major capital asset additions included the following:

Completion of 6th Street Road Project-\$133,087
Completion of 4th Street Parking Lot-\$98,701
Completion of DEO 4 Hills Study-\$177,288
Completion of Sunland Water Project-\$156,084
Purchase of Fire Truck-\$883,079
Purchase of a modular home at Airport-\$82,400
Various equipment/building purchases at MH&R-\$138,269
Construction in Progress on Solar Farm-\$588,373
Construction in Progress of Access Road at Airport-\$106,232
Construction in Progress of Chipola River Stormwater-\$510,514

SIGNIFICANT ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's total budget for the 2018-2019 fiscal year totals \$40,191,391. Of this, \$8,860,222 is for the General Fund, \$11,440,500 is for the Utility Fund, \$3,151,694 is for the Airport, and \$16,738,975 is for the Health and Rehabilitation Center. The General Fund consists of governmental services such as general administration, public safety, street, mainstreet, planning and zoning, and parks and recreation. The Enterprise Funds consist of the City's sewer, water and gas utilities, the airport and the health and rehabilitation center.

Subsequent to year end:

The City experienced a Category 5 Hurricane (Michael) in October 2018 and as a result sustained damages to property, equipment and infrastructure. The total loss sustained is still unknown. While the City is insured there will be uninsured losses. The City is currently seeking assistance from FEMA and related agencies.

Since the Hurricane, the City has already spent or obligated to spend in excess of \$1,500,000 to make repairs to damages from the Hurricane and much more is expected to be spent or obligated in the next few months. The City has received some initial insurance proceeds related to the damages from the Hurricane and more is expected, along with FEMA proceeds.

As a result of the Hurricane, the City executed an amendment to the State Revolving Fund (SRF) agreements with the Florida Department of Environmental Protection to suspend payments and capitalized interest on all SRF loans for a period of two years in order to assist the City in the recovery of Hurricane Michael.

The City has lost several major utility customers because of damages to their facility from the Hurricane but the City expects they will be back in business within a year.

The City is carrying on business and activities as best we can with also dealing with the recovery of Hurricane Michael.

Subsequent to year end the City has approved purchases in excess of \$350,000 for budgeted capital items and we continue to approve grant agreements and contracts relating to work performed as a result of the grant awards.



City of Marianna Management's Discussion and Analysis

REQUESTS FOR INFORMATION

This report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances and to demonstrate compliance and accountability for its resources. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

KIMBERLY J. APPLEWHITE, CPA, CITY CLERK/FINANCE DIRECTOR
P.O. BOX 936
MARIANNA, FL 32447



FINANCIAL STATEMENTS

City of Marianna Statement of Net Position

September 30, 2018

	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
Assets			
Cash and cash equivalents	\$ 3,293,896	\$ 5,526,765	\$ 8,820,661
Restricted assets			
Cash and cash equivalents	1,341,579	1,249,157	2,590,736
Receivables, net	419,806	3,446,099	3,865,905
Due (to) from other funds	989,731	(989,731)	-
Due from other governments	1,763,379	242,636	2,006,015
Inventories	30,501	257,488	287,989
Prepaid expenses	-	122,310	122,310
Deposits	-	93,361	93,361
Net pension asset - police and firefighters' pension	2,773,642	-	2,773,642
Capital assets, net			
Nondepreciable capital assets	2,624,662	5,177,004	7,801,666
Depreciable capital assets, net	19,466,654	54,706,460	74,173,114
Total assets	32,703,850	69,831,549	102,535,399
Deferred outflows of resources			
Pension - police and firefighters	289,770	-	289,770
Pension - FRS	605,843	2,993,939	3,599,782
Total deferred outflows of resources	895,613	2,993,939	3,889,552
Liabilities			
Accounts payable	1,493,720	1,391,598	2,885,318
Liabilities payable from restricted assets	-	334,138	334,138
Accrued interest payable	63,277	42,947	106,224
Unearned revenue	-	6,333	6,333
Long-term liabilities			
Portion due or payable within one year			
Bonds payable	195,083	326,000	521,083
Notes payable	-	511,356	511,356
Compensated absences payable	51,730	141,268	192,998
Portion due or payable after one year			
Bonds payable	4,025,382	1,365,000	5,390,382
Notes payable	-	3,830,449	3,830,449
Compensated absences payable	206,921	565,072	771,993
Net pension liability - Florida Retirement System	1,591,715	7,865,892	9,457,607
Other post-employment benefits	89,942	264,096	354,038
Total liabilities	7,717,770	16,644,149	24,361,919
Deferred inflows of resources			
Other post-employment benefit	4,368	12,825	17,193
Pension - police and firefighters	884,971	-	884,971
Pension - FRS	181,693	897,885	1,079,578
Total deferred inflows of resources	1,071,032	910,710	1,981,742
Net position			
Net investment in capital assets	17,870,851	53,850,659	71,721,510
Restricted for:			
Capital projects	667,794	-	667,794
Debt service	241,568	598,237	839,805
Community development projects	254,002	-	254,002
Other purposes	781,069	316,782	1,097,851
Unrestricted	4,995,377	504,951	5,500,328
Total net position	\$ 24,810,661	\$ 55,270,629	\$ 80,081,290

The accompanying notes are an integral part of these financial statements

City of Marianna
Statement of Activities

For the year ended September 30, 2018

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	PRIMARY GOVERNMENT		
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
Primary Government							
Governmental Activities:							
General government	\$ 2,274,803	\$ 455,107	\$ 14,074	\$ 660,435	\$ (1,145,187)	\$ -	\$ (1,145,187)
Public Safety	2,545,613	473,272	-	1,014,990	(1,057,351)	-	(1,057,351)
Highways and streets	1,363,987	109,207	163,569	30,974	(1,060,237)	-	(1,060,237)
Culture and recreation	449,628	117,472	-	29,978	(302,178)	-	(302,178)
Interest on long-term debt	126,244	-	-	-	(126,244)	-	(126,244)
Total governmental activities	6,760,275	1,155,058	177,643	1,736,377	(3,691,197)	-	(3,691,197)
Business Type Activities:							
Water	1,490,658	1,419,352	-	856,398	-	785,092	785,092
Gas	1,853,725	2,354,398	-	-	-	500,673	500,673
Sewer	3,179,752	2,498,930	-	-	-	(680,822)	(680,822)
Airport	669,283	194,034	-	222,472	-	(252,777)	(252,777)
MHR	16,263,017	16,068,107	-	-	-	(194,910)	(194,910)
Total business-type activities	23,456,435	22,534,821	-	1,078,870	-	157,256	157,256
Total primary government	\$ 30,216,710	\$ 23,689,879	\$ 177,643	\$ 2,815,247	(3,691,197)	157,256	(3,533,941)
General Revenues							
Taxes:							
					675,667	-	675,667
					3,353,135	-	3,353,135
					44,151	43,092	87,243
					610,586	68,995	679,581
					1,086,384	(1,086,384)	-
Transfers							
					5,769,923	(974,297)	4,795,626
Total general revenues and transfers							
					2,078,726	(817,041)	1,261,685
Change in net position							
					22,216,475	56,338,840	78,555,315
Net position - beginning as previously reported							
					515,460	(251,170)	264,290
Change in accounting principle, Note 21							
					22,731,935	56,087,670	78,819,605
Net position - beginning as restated							
					\$ 24,810,661	\$ 55,270,629	\$ 80,081,290
Net position - ending							

The accompanying notes are an integral part of these financial statements

**City of Marianna
Balance Sheet
Governmental Funds**

September 30, 2018

	General	Community Redevelopment Agency	Debt Service Fund	Total
Assets				
Cash and cash equivalents	\$ 3,293,896	\$ -	\$ -	\$ 3,293,896
Accounts receivable, net	419,806	-	-	419,806
Due from other governments	1,477,213	286,166	-	1,763,379
Due from other funds	1,035,132	-	-	1,035,132
Inventory	30,501	-	-	30,501
Restricted assets				
Cash and cash equivalents	1,036,734	-	304,845	1,341,579
Total assets	\$ 7,293,282	\$ 286,166	\$ 304,845	\$ 7,884,293
Liabilities				
Accounts payable	\$ 1,487,420	\$ 6,300	\$ -	\$ 1,493,720
Accrued expenses	-	-	63,277	63,277
Payable to other funds	19,537	25,864	-	45,401
Total liabilities	1,506,957	32,164	63,277	1,602,398
Fund balances				
Nonspendable	30,501	-	-	30,501
Restricted for:				
Law Enforcement	49,352	-	-	49,352
Debt service	-	-	241,568	241,568
Community development projects	-	254,002	-	254,002
Assigned to:				
Recreation	33,422	-	-	33,422
Road resurfacing	490,680	-	-	490,680
Fire Department Capital Assets	177,114	-	-	177,114
Unassigned	5,005,256	-	-	5,005,256
Total fund balances	5,786,325	254,002	241,568	6,281,895
Total liabilities and fund balances	\$ 7,293,282	\$ 286,166	\$ 304,845	\$ 7,884,293

The accompanying notes are an integral part of these financial statements

City of Marianna
**Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position**

September 30, 2018

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

Total fund balances – governmental funds	\$	6,281,895
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the governmental funds.		22,091,316
Net pension assets are not financial resources in the current period and, therefore, are not reported in the governmental funds.		2,773,642
Long-term liabilities, including notes payable, are not due and payable in the current period, and, therefore, are not reported in the governmental funds. Balances at September 30, 2018 were:		
Bonds payable	\$	4,220,465
Other post-employment benefits		89,942
Net pension liability		1,591,715
Compensated absences		258,651
Total long-term liabilities		(6,160,773)
Deferred outflows and inflows of resources related to pensions and other post-employment benefits are applicable to future periods and, therefore, are not reported in the funds.		
Deferred inflow of resources - other post-employment benefits		(4,368)
Deferred outflows of resources - pensions		895,613
Deferred inflows of resources - pensions		(1,066,664)
Net position of governmental activities		\$ 24,810,661

The accompanying notes are an integral part of these financial statements

City of Marianna

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the year ended September 30, 2018

	GENERAL	COMMUNITY REDEVELOPMENT AGENCY	DEBT SERVICE FUND	TOTAL
Revenues				
Property taxes, levied for general purposes	\$ 675,667	\$ -	\$ -	\$ 675,667
Other taxes	3,196,048	115,506	-	3,311,554
Intergovernmental	230,417	-	-	230,417
Licenses and permits	90,646	-	-	90,646
Charges for services	1,152,059	-	-	1,152,059
Fines and forfeitures	20,084	-	-	20,084
Grants	1,914,020	-	-	1,914,020
Interest	43,994	157	-	44,151
Other fees and miscellaneous	261,438	-	-	261,438
Total revenues	7,584,373	115,663	-	7,700,036
Expenditures				
Current				
General government	1,842,780	36,907	-	1,879,687
Public safety	2,311,827	-	-	2,311,827
Highways and streets	1,136,840	-	-	1,136,840
Culture and recreation	378,780	-	-	378,780
Capital outlay				
General government	454,139	80,507	-	534,646
Public safety	988,667	-	-	988,667
Highways and streets	564,849	-	-	564,849
Culture and recreation	159,191	-	-	159,191
Debt Service				
Principal	-	-	192,243	192,243
Interest and other charges	-	-	126,244	126,244
Total expenditures	7,837,073	117,414	318,487	8,272,974
Excess of revenues over (under) expenditures	(252,700)	(1,751)	(318,487)	(572,938)
Other financing sources (uses)				
Transfers in	1,097,384	41,581	334,840	1,473,805
Transfers out	(376,421)	(11,000)	-	(387,421)
Net other financing sources (uses)	720,963	30,581	334,840	1,086,384
Net change in fund balances	468,263	28,830	16,353	513,446
Fund balances - beginning	5,318,062	225,172	225,215	5,768,449
Fund balances - ending	\$ 5,786,325	\$ 254,002	\$ 241,568	\$ 6,281,895

The accompanying notes are an integral part of these financial statements

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the year ended September 30, 2018

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

Net change in fund balances - total governmental funds	\$ 513,446
Capital outlay, reported as expenditures in governmental funds, is shown as capital assets in the Statement of Net Position.	2,247,353
Depreciation expense on governmental capital assets is included in the governmental activities in the Statement of Activities.	(913,614)
Repayment of long-term debt is reported as an expenditure in governmental funds, but as a reduction in long-term liabilities in the Statement of Net Position.	192,243
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These expenses included:	
Other post-employment benefits	(8,770)
Compensated absences	(2,473)
Government funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.	50,541
Change in net assets of governmental activities	\$ 2,078,726

City of Marianna

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – General Fund

For the year ended September 30, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET
Revenues				
Taxes	\$ 3,752,072	\$ 3,880,173	\$ 3,871,715	\$ (8,458)
Licenses and permits	80,650	89,650	90,646	996
Intergovernmental	227,500	227,500	230,417	2,917
Charges for services	1,054,583	1,155,583	1,152,059	(3,524)
Fine and forfeitures	18,500	18,500	20,084	1,584
Grants	552,000	1,917,000	1,914,020	(2,980)
Miscellaneous revenue	183,500	311,500	305,432	(6,068)
Total revenues	5,868,805	7,599,906	7,584,373	(15,533)
Expenditures				
General government	2,110,629	2,455,429	2,296,919	158,510
Public safety	2,472,332	3,307,832	3,300,494	7,338
Highways and streets	1,545,333	1,728,733	1,701,689	27,044
Culture and recreation	492,785	466,185	537,971	(71,786)
Total expenditures	6,621,079	7,958,179	7,837,073	121,106
Excess of revenues over (under) expenditures	(752,274)	(358,273)	(252,700)	105,573
Other financing sources (uses)				
Transfers in	1,086,383	1,086,383	1,097,384	11,001
Transfers out	(375,109)	(375,109)	(376,421)	(1,312)
Total other financing sources	711,274	711,274	720,963	9,689
Net change in fund balances	(41,000)	353,001	468,263	115,262
Fund balances - beginning	5,318,062	5,318,062	5,318,062	-
Fund balances - ending	\$ 5,277,062	\$ 5,671,063	\$ 5,786,325	\$ 115,262

The accompanying notes are an integral part of these financial statements

City of Marianna

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Community Redevelopment Agency

For the year ended September 30, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET
Revenues				
Taxes	\$ 115,000	\$ 115,000	\$ 115,506	\$ 506
Interest	-	-	157	157
Total revenues	115,000	115,000	115,663	663
Expenditures				
General government	103,000	117,500	117,414	86
Total expenditures	103,000	117,500	117,414	86
Excess of revenues over (under) expenditures	12,000	(2,500)	(1,751)	749
Other financing sources (uses)				
Transfers in	40,000	40,000	41,581	1,581
Transfers out	(11,000)	(11,000)	(11,000)	-
Total other financing sources	29,000	29,000	30,581	1,581
Net change in fund balance	41,000	26,500	28,830	2,330
Fund balance - beginning	225,172	225,172	225,172	-
Fund balance - ending	\$ 266,172	\$ 251,672	\$ 254,002	\$ 2,330

The accompanying notes are an integral part of these financial statements

City of Marianna

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Debt Service Fund

For the year ended September 30, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET
Revenues				
Interest	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Principal	201,673	201,673	192,243	9,430
Interest	132,436	132,436	126,244	6,192
Total expenditures	334,109	334,109	318,487	15,622
Other financing sources (uses)				
Transfers in	334,109	334,109	334,840	731
Total other financing sources	334,109	334,109	334,840	731
Net change in fund balance	-	-	16,353	16,353
Fund balance - beginning	225,215	225,215	225,215	-
Fund balance - ending	\$ 225,215	\$ 225,215	\$ 241,568	\$ 16,353

The accompanying notes are an integral part of these financial statements

City of Marianna
Statement of Net Position
Proprietary Funds

September 30, 2018

	BUSINESS-TYPE ACTIVITIES/ENTERPRISE FUNDS			
	UTILITY	MHR	AIRPORT	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 4,586,000	\$ 668,840	\$ 271,925	\$ 5,526,765
Accounts receivable, net	676,027	2,770,072	-	3,446,099
Due from other funds	-	-	19,537	19,537
Due from other governments	170,180	-	72,456	242,636
Inventories	184,795	72,693	-	257,488
Prepaid expenses	-	122,310	-	122,310
Total current assets	5,617,002	3,633,915	363,918	9,614,835
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	1,211,362	37,795	-	1,249,157
Deposits	93,361	-	-	93,361
Capital assets				
Nondepreciable	4,461,487	50,000	665,517	5,177,004
Depreciable, net	37,551,422	5,247,126	11,907,912	54,706,460
Total noncurrent assets	43,317,632	5,334,921	12,573,429	61,225,982
Total assets	48,934,634	8,968,836	12,937,347	70,840,817
Deferred outflows of resources				
Pension	426,934	2,567,005	-	2,993,939
Total deferred outflows of resources	426,934	2,567,005	-	2,993,939
Liabilities				
Current liabilities				
Accounts payable	379,764	851,332	160,502	1,391,598
Due to other funds	232,504	776,764	-	1,009,268
Unearned revenue	-	-	6,333	6,333
Accrued compensated absences	24,375	116,893	-	141,268
Notes payable	511,356	-	-	511,356
Accrued interest payable	42,947	-	-	42,947
Liabilities payable from restricted assets	296,343	37,795	-	334,138
Bonds payable - current	326,000	-	-	326,000
Total current liabilities	1,813,289	1,782,784	166,835	3,762,908
Noncurrent liabilities				
Accrued compensated absences	97,501	467,571	-	565,072
Net pension liability	1,121,672	6,744,220	-	7,865,892
Notes payable	3,830,449	-	-	3,830,449
Revenue bonds payable, net	1,365,000	-	-	1,365,000
Other post-employment benefits	31,573	232,523	-	264,096
Total noncurrent liabilities	6,446,195	7,444,314	-	13,890,509
Total liabilities	8,259,484	9,227,098	166,835	17,653,417
Deferred Inflows of resources				
Other post-employment benefits	1,533	11,292	-	12,825
Pensions	128,038	769,847	-	897,885
Total deferred inflows of resources	129,571	781,139	-	910,710
Net position				
Net investment in capital assets	35,980,104	5,297,126	12,573,429	53,850,659
Restricted for:				
Debt service	598,237	-	-	598,237
Other purposes	316,782	-	-	316,782
Unrestricted	4,077,390	(3,769,522)	197,083	504,951
Total net position	\$ 40,972,513	\$ 1,527,604	\$ 12,770,512	\$ 55,270,629

The accompanying notes are an integral part of these financial statements

City of Marianna
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds

For the year ended September 30, 2018

	BUSINESS -TYPE ACTIVITIES/ENTERPRISE FUNDS			
	UTILITY	MHR	AIRPORT	TOTAL
Operating revenues				
Water, sewer, and gas revenue pledged as security for revenue bonds	\$ 6,272,680	\$ -	\$ -	\$ 6,272,680
Charges for services	-	16,068,107	194,034	16,262,141
Total operating revenues	6,272,680	16,068,107	194,034	22,534,821
Operating expenses				
Personal services	1,372,573	9,721,530	-	11,094,103
Utilities	563,817	359,711	20,294	943,822
Services and supplies	1,637,583	3,381,064	24,651	5,043,298
Repairs and maintenance	208,284	153,735	26,476	388,495
Insurance premiums	132,380	292,131	27,417	451,928
Other operating expenses	564	1,968,487	8,623	1,977,674
Depreciation	2,482,592	386,359	561,822	3,430,773
Total operating expenses	6,397,793	16,263,017	669,283	23,330,093
Net operating income (loss)	(125,113)	(194,910)	(475,249)	(795,272)
Nonoperating revenues (expenses)				
Interest income	42,601	425	66	43,092
Miscellaneous revenue	26,787	18	42,190	68,995
Interest expense	(126,342)	-	-	(126,342)
Total nonoperating revenues (expenses)	(56,954)	443	42,256	(14,255)
Income (loss) before contributions and transfers	(182,067)	(194,467)	(432,993)	(809,527)
Capital contributions	856,398	-	222,472	1,078,870
Transfers, net	(491,502)	(567,612)	(27,270)	(1,086,384)
Change in net position	182,829	(762,079)	(237,791)	(817,041)
Total net position - beginning as previously reported	40,819,712	2,510,825	13,008,303	56,338,840
Change in accounting principle, Note 21	(30,028)	(221,142)	-	(251,170)
Total net position, beginning as restated	40,789,684	2,289,683	13,008,303	56,087,670
Total net position - ending	\$ 40,972,513	\$ 1,527,604	\$ 12,770,512	\$ 55,270,629

The accompanying notes are an integral part of these financial statements

City of Marianna
Statement of Cash Flows (Page 1 of 2)
Proprietary Funds

For the year ended September 30, 2018

	BUSINESS-TYPE ACTIVITIES/ENTERPRISE FUNDS			
	UTILITY	MHR	AIRPORT	TOTAL
Operating activities				
Receipts from customers and users	\$ 6,243,688	\$ 15,560,044	\$ 196,039	\$ 21,999,771
Payments to suppliers	(2,762,556)	(4,412,938)	42,351	(7,133,143)
Payments to employees	(1,301,493)	(9,262,407)	-	(10,563,900)
Other receipts (payments)	(729)	(1,968,487)	(8,623)	(1,977,839)
Net cash provided by (used in) operating activities	2,178,910	(83,788)	229,767	2,324,889
Noncapital financing activities				
Operating subsidies and transfers to other funds	(339,751)	(193,173)	(46,807)	(579,731)
Net cash provided by (used in) noncapital financing activities	(339,751)	(193,173)	(46,807)	(579,731)
Capital and related financing activities				
Proceeds from capital debt	161,844	-	-	161,844
Capital contributions	1,053,688	-	129,167	1,182,855
Purchase of capital assets	(1,254,805)	(138,269)	(305,687)	(1,698,761)
Principal payments on capital debt	(711,810)	-	-	(711,810)
Interest payments on capital debt	(131,967)	-	-	(131,967)
Other receipts (payments)	15,054	1,351	42,190	58,595
Net cash provided by (used in) capital and related financing activities	(867,996)	(136,918)	(134,330)	(1,139,244)
Investing activities				
Interest and dividends	42,601	425	66	43,092
Net cash provided by (used in) investing activities	42,601	425	66	43,092
Net increase (decrease) in cash and cash equivalents	1,013,764	(413,454)	48,696	649,006
Cash - beginning of the year	4,783,598	1,120,089	223,229	6,126,916
Cash - ending of the year	\$ 5,797,362	\$ 706,635	\$ 271,925	\$ 6,775,922
Classified on the Statement of Net Position as:				
Current assets - cash and cash equivalents	\$ 4,586,000	\$ 668,840	\$ 271,925	\$ 5,526,765
Noncurrent assets - restricted cash and cash equivalents	1,211,362	37,795	-	1,249,157
	\$ 5,797,362	\$ 706,635	\$ 271,925	\$ 6,775,922

The accompanying notes are an integral part of these financial statements

City of Marianna
Statement of Cash Flows (Page 2 of 2)
Proprietary Funds

For the year ended September 30, 2018

	BUSINESS-TYPE ACTIVITIES/ENTERPRISE FUNDS			
	UTILITY	MHR	AIRPORT	TOTAL
Reconciliation of net operating income to net cash provided by operating activities				
Net operating income (loss)	\$ (125,113)	\$ (194,910)	\$ (475,249)	\$ (795,272)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation	2,482,592	386,359	561,822	3,430,773
(Increase) decrease in accounts receivable	(28,992)	(508,063)	2,005	(535,050)
(Increase) decrease in inventory	(21,572)	1,111	-	(20,461)
(Increase) decrease in deposits	(165)	-	-	(165)
(Increase) decrease in prepaid insurance	-	(4,867)	-	(4,867)
Increase (decrease) in accounts payable	(126,582)	254,487	141,189	269,094
Increase (decrease) in unearned revenue	-	-	-	-
Increase (decrease) in other liabilities	(1,258)	(17,905)	-	(19,163)
Net cash provided by (used in) operating activities	\$ 2,178,910	\$ (83,788)	\$ 229,767	\$ 2,324,889

The accompanying notes are an integral part of these financial statements

City of Marianna
Statement of Fiduciary Net Position
Fiduciary Funds

September 30, 2018

	PENSION TRUST		AGENCY
	MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND	MUNICIPAL POLICE OFFICERS' RETIREMENT TRUST FUND	DEFERRED COMPENSATION
Assets			
Cash and cash equivalents	\$ 24,597	\$ 31,298	\$ -
Investments, at fair value:			
Other investments, fixed income	1,294,203	1,624,171	-
Corporate stocks	2,497,366	3,186,182	-
Other equity investments	2,312	2,364	-
Other investments	-	-	2,484,555
Total investments	3,793,881	4,812,717	2,484,555
Total assets	\$ 3,818,478	\$ 4,844,015	\$ 2,484,555
Liabilities			
Deferred compensation benefits payable	\$ -	\$ -	\$ 2,484,555
Total liabilities	-	-	2,484,555
Net position			
Held in trust for pension and other purposes	\$ 3,818,478	\$ 4,844,015	\$ -

The accompanying notes are an integral part of these financial statements

City of Marianna
Statement of Changes in Fiduciary Net Position
Fiduciary Funds

For the year ended September 30, 2018

	PENSION TRUST	
	MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND	MUNICIPAL POLICE OFFICERS' RETIREMENT TRUST FUND
Additions		
Contributions		
State and city contributions	\$ 67,280	\$ 46,083
Plan members	30,801	33,369
Total contributions	98,081	79,452
Investment earnings		
Net increase in fair value of investments	239,336	300,518
Interest and dividends	92,578	118,489
Total investment earnings	331,914	419,007
Total additions	429,995	498,459
Deductions		
Benefits	139,111	157,868
Administrative expenses	18,852	14,875
Total deductions	157,963	172,743
Change in net position	272,032	325,716
Net position - beginning	3,546,446	4,518,299
Net position - ending	\$ 3,818,478	\$ 4,844,015

The accompanying notes are an integral part of these financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Marianna was incorporated in 1911 under Section 1911-6371 of the Laws of Florida. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

The accounting policies of the City of Marianna conform to generally accepted accounting principles applicable to governments. The following is a summary of the more specific policies:

A. Reporting Entity

As required by generally accepted accounting principles, the accompanying financial statements present the City as a primary government and its component units, entities for which the City is considered financially accountable. The component units are included in the reporting entity because of the significance of their operational relationship with the primary government. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. The primary government may also be financially accountable for governmental organizations that are fiscally dependent on it. On this basis, the following entity is not a part of the City of Marianna and thus, is excluded from the accompanying financial statements:

Marianna Housing Authority - This authority was created by the City pursuant to State Statutes with commissioners of the Authority appointed by the City Commission. Operations are administered by the Authority and financed with Federal funds and rentals. Outstanding debt of the Authority is not an obligation of the City.

B. Government-Wide and Fund Financial Statements

The basic financial statements consist of the government-wide financial statements and fund financial statements. Both sets of statements distinguish between governmental and business-type activities. Government-wide financial statements comprised of the statement of net position and the statement of activities report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues are classified into three categories: charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to direct recovery from customers for services rendered. Grants and contributions refer to revenues restricted for specific programs whose use may be restricted further to operational or capital items. The general revenues section displays revenue collected that helps support all functions of government and contributes to the change in the net assets for the fiscal year.

The fund financial statements follow and report additional and detailed information about operations for major funds individually and non-major funds in the aggregate for governmental funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentations.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, considered to be sixty days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following are reported as major governmental funds:

General Fund – This is the City’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Community Redevelopment Agency (CRA) - On June 9, 1993, the City adopted a Community Redevelopment Plan and created a Community Redevelopment Agency (CRA) by Ordinance #822 and Resolution 93-8. The board consists of the Mayor and four City Commissioners. The total area of the CRA was 0.08581 square miles. The plan was amended by the City Commission on June 6, 1995 by Resolution 95-5, which expanded the area of the CRA to 0.3993 square miles. The City reports the blended presented component unit, Community Redevelopment Agency (CRA), as a major fund to comply with Florida Statutes.

Debt Service Fund – Accounts for the resources for and the accumulation of the payments of the interest and principal on debt instruments. The Debt Service Fund is not major for the current year. However, it is presented separately as the only governmental non-major fund.

The City reports the following major proprietary funds:

Utility – Accounts for the operations of the utilities (water, gas and wastewater).

Marianna Health and Rehabilitation Center (MHR) – Accounts for the activities at the City’s nursing home facility.

Airport – Accounts for activities at the municipal airport. It includes the Marianna Airport Authority.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following fiduciary funds:

Municipal Firefighter’s Pension and Police Officer’s Retirement Trust Funds - accounts for the pension funds for City firefighters and police officers. The funds were created by the State of Florida.

Deferred Compensation Agency Fund – accounts for the deferred compensation plan created by the City in accordance with Internal Revenue Code Section 457.

D. Cash and Cash Equivalents

Cash and Cash Equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

E. Investments

Investments are stated at cost or amortized cost, except in the Pension Trust Funds and Agency Fund where Investments are stated at fair value.

F. Inventory

Inventory is valued at the lower of cost (first-in, first-out) or net realizable value. Inventory consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Compensated Absences

Full time employees accrue annual leave based on years of service (section 4.2 of the Personal Policy Manual) and one 8 hour day of sick of leave per month. Any unused annual and sick leave at the end of the fiscal year may carry forward up to a maximum of 20 days annual leave and 75 days of sick leave respectively. Any annual leave in excess of 20 days of annual leave and 75 days of sick leave accruing to the benefit of any employee at the end of the fiscal year which is not taken will be forfeited. The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated annual and sick leave balances.

H. Bond Discounts and Issue Costs

In the proprietary funds, bond discounts and premiums are amortized over the term of the bonds using the straight-line method which, for the bond discounts and premiums, is not materially different than the effective interest method. Unamortized bond discounts and premiums are presented in the financial statements as reductions/additions in bonds payable.

I. Restricted Assets

Restricted assets consist of cash which is required by resolution or contractual obligation to be set aside for specific purposes and is therefore unavailable for general operating purposes. When both restricted and unrestricted (unassigned) net assets are available, restricted assets are applied first. When both assigned and unassigned net assets are available, assigned net assets are applied first.

J. Estimates

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

K. Accounts Receivables

Accounts receivables are shown at their net realizable value. See Note 5 for allowance for doubtful accounts.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$3,000 and capital assets with an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Buildings	30 – 50 years
Electrical, sewer, water and wastewater system	30 – 50 years
Equipment	5 – 10 years
Infrastructure	50 years

M. Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditors' Report, which is the date the financial statements were available to be issued.

N. Fund Balance Reporting and Governmental Fund-Type Definitions

The City adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Type Definitions* (GASB Statement No. 54) effective October 1, 2010. This GASB Statement clarifies governmental fund balance classifications and fund-type definitions. Fund balances are classified either as non-spendable or spendable. See Note 19.

O. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that future time.

P. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that future time.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Impact of Recently Issued Accounting Pronouncements

New Accounting Standards Adopted

In fiscal year 2018, the County adopted four new statements of financial accounting standards issued by the GASB:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75)
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements* (GASB 81)
- GASB Statement No. 85, *Omnibus 2017* (GASB 85)
- GASB Statement No. 86, *Certain Debt Extinguishment Issues* (GASB 86)

GASB 75 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for OPEB that is provided to employees of state and local governmental employers through OPEB Plans that are administered through trusts or equivalent arrangements meeting certain criteria. GASB 75 also establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditure. It replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurement by Agent Employers and Agent Employers and Agent Multiple-Employer Plans*. For defined benefit OPEB plans, GASB 75 identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to period of employee service. Note disclosure and required supplementary information are addressed. The adoption of this statement resulted in a restatement of the City's 2017 government-wide financial statements net position in the amount of (\$264,290) to reflect the reporting of the net OPEB liability. Changes in this liability from year to year will largely be reflected on the statement of activities, though certain amounts will be deferred and amortized over varying periods.

GASB 81 requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources as the inception of the agreement. GASB 81 also provides expanded guidance for circumstances in which the government holds the assets. There was no material impact on the City's financial statements as a result of the implementation of GASB 81.

GASB 85 addresses practice issues that were identified during the implementation and application of certain GASB Statements. GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and other postemployment benefits [OPEB]). The adoption of GASB 85 had no impact on the City's current accounting practices nor its financial reporting.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Impact of Recently Issued Accounting Pronouncements (Continued)

GASB 86 establishes standards of accounting and financial reporting requirements, for in-substance defeasance of debt transactions in which cash and other monetary assets acquired with only existing resources – that is, resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of future repayment of outstanding debt. There was no material impact on the City’s financial statements as a result of the implementation of GASB 86.

Recently Issued But Not Yet Effective

GASB has issued the following pronouncements that may affect future financial position, results of operations, cash flows, or financial presentation of the City upon implementation. Management has not yet evaluated the effect of implementation of these standards.

Statement No.	GASB Accounting Standard	GASB Effective Fiscal Year
83	<i>Certain Asset Retirement Obligations</i>	2019
84	<i>Fiduciary Activities</i>	2020
87	<i>Leases</i>	2021
88	<i>Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements</i>	2019
89	<i>Accounting for Interest Cost Incurred before the End of a Construction Period</i>	2021
90	<i>Majority Equity Interest an amendment of GASB Statements No. 14 and No. 61</i>	2020

R. Pensions

For purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

1. City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. The budget is legally enacted through passage of an ordinance.
3. The budget of the General fund is prepared on the modified accrual basis of accounting the following exception:
The City includes a portion of the prior year's fund balance represented by unappropriated liquid assets remaining in the fund as a budgeted revenue in the succeeding year. The results of operation in accordance with generally accepted accounting principles do not recognize the fund balance allocation as revenue, as it is the result of the prior period's excess of revenues over expenditures.
4. Budgetary control is at the department level.

NOTE 3 – 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 the fiscal year ended September 30, 2018 was 2.8341

All property is assessed according to its fair market value on January 1 of each year. Each assessment roll is submitted to the Executive Director of the Department of Revenue for review to determine if the rolls meet all of the appropriate requirements.

The current year taxes for the fiscal year, beginning October 1, are billed in the month of November and are due no later than March 31. On April 1, all unpaid amounts become delinquent 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.

NOTE 3 – PROPERTY TAXES (Continued)

Delinquent taxes on real property bear interest at 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest at 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 twenty-two months.

Delinquent taxes on personal property bear interest at 18% per year until the tax is satisfied either by seizure and sale of property or by the seven year statute of limitations.

Since the Jackson County Tax Collector's Office acts quickly in selling tax certificates and in remitting such collections to the City, no delinquent or uncollected property taxes exist at year end. The City Tax Calendar is as follows:

Valuation Date:	January 1
Levy Date:	November 1
Due Date:	March 31, Succeeding Year
Lien Date:	April 1, Succeeding Year

NOTE 4 – DEPOSITS AND INVESTMENTS

At year end, the carrying amount of the City's deposits was \$11,467,292 and the bank balance was \$11,089,288. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

Florida Statutes authorize the City to invest in certificates of deposit, repurchase agreements and the State Treasurer's Investment Pool. In addition, the statutes allow the City to invest in bonds, notes or other obligations of the United States Government, certain bonds of any state or local government unit, and bonds issued by certain government agencies.

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

The City invested funds in the Florida State Board of Administration Local Governments Surplus Funds Investment Pool. At September 30, 2018, the market value and the carrying value of these funds was \$3,060,186. The funds are carried as a cash equivalent on the balance sheet at September 30, 2018 (See Note 1, Section D for definition of cash equivalents) and are included in carrying value and bank balance in the first paragraph of this note. Additional information and investment policies regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration at www.sbafla.com/prime.

The State of Florida's Local Government Investment Pool is administered by the Florida State Board of Administration (SBA), which provides regulatory oversight. The powers and duties of the SBA are defined in Florida Statute 218.409. In addition, Chapter 19-7 of the Florida Administrative Code identifies the rules and regulations governing the administration of the State Pool. These rules provide guidance and establish the general operating procedures for the administration of the pool. The SBA provides regulatory oversight for the Florida PRIME Fund. As a pool participant, the City owns a share of the respective pool, not the underlying securities.

The Florida PRIME Fund is an external investment pool that has adopted operating procedures consistent with the requirements of GASB Statement No. 79 to measure its investments at amortized cost. Therefore, the City's investment in PRIME is at amortized cost.

Custodial Credit Risk

At September 30, 2018, the City did not hold any deposits or investments that were considered to have custodial credit risk.

Concentration of Credit Risk

At September 30, 2018, the City did not hold any investments that were considered to have concentration of credit risk.

Credit Risk

The credit risk of certain investments, such as investment pools managed by other governments, cannot be categorized as to credit risk because the City investments are not evidenced by specific, identifiable investment securities.

As of September 30, 2018, the City's investment in the Florida PRIME is rated by Standard and Poors and the current rating is AAAM.

City of Marianna
Notes to Financial Statements

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk

The dollar weighted average days to maturity (WAM) of the Florida PRIME at September 30, 2018, is 33 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of Florida PRIME at September 30, 2018, is 72 days.

The City also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan allows the employees to designate where the plan funds are invested. At September 30, 2018, plan funds totaling \$2,484,555 were invested in mutual funds. These funds are carried as an investment in the agency fund.

Foreign Currency Risk

At September 30, 2018, the City did not hold any investments that were considered to have foreign currency risk.

NOTE 5 – ACCOUNTS RECEIVABLE

	GENERAL	UTILITY	AIRPORT	MHR	TOTAL
Trade receivable	\$ 138,940	\$ 774,133	\$ -	\$ 4,056,972	\$ 4,970,045
Other receivables	557,162	-	-	-	557,162
Interest receivable	20,967	-	-	-	20,967
Less allowance for doubtful accounts	(297,263)	(98,106)	-	(1,286,900)	(1,682,269)
Accounts Receivables, net	\$ 419,806	\$ 676,027	\$ -	\$ 2,770,072	\$ 3,865,905

Receivables arise primarily from utility services (sewer, gas and water) provided by the City of Marianna, Florida and nursing home services provided by the Marianna Health and Rehabilitation Center. The City grants credit to customers, substantially all of whom are local residents.

Other receivables for the General Fund include \$255,155 in property liens for the removal of dilapidated structures. This amount includes the lien, the associated recording costs and the interest to date. Because of the age of the liens and the likelihood of collection, the City has included the full amount in the allowance for doubtful accounts.

City of Marianna
Notes to Financial Statements

NOTE 6 – INTERFUND BALANCES

Interfund balances are generally used to meet cash demands necessary to pay operating expenses. Amounts are generally repaid during the next fiscal year. Balances due to/from other funds at September 30, 2018 are as follows:

Receivable fund	Payable fund		
General	Proprietary funds	\$	989,731

For Governmental Funds, the interfund balance is comprised of \$989,731 in due from other funds. For Proprietary Funds, the interfund balance is comprised of \$989,731 in payable to other funds.

TRANSFERS IN

Transfers							Total
Out	General	CRA	Debt Service	Utility	Airport	MHR	
General	\$ -	\$ 41,581	\$ 334,840	\$ -	\$ -	\$ -	\$ 376,421
CRA	11,000	-	-	-	-	-	11,000
Utility	491,502	-	-	-	-	-	491,502
Airport	27,270	-	-	-	-	-	27,270
MHR	567,612	-	-	-	-	-	567,612
	\$ 1,097,384	\$ 41,581	\$ 334,840	\$ -	\$ -	\$ -	\$ 1,473,805

City of Marianna
Notes to Financial Statements

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018 was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,484,947	\$ 36,390	\$ -	\$ 1,521,337
Construction in progress	374,270	859,622	(130,567)	1,103,325
<hr/>				
Total capital assets, not being depreciated	1,859,217	896,012	(130,567)	2,624,662
<hr/>				
Capital assets, being depreciated:				
Infrastructure	15,418,120	129,926	-	15,548,046
Buildings	1,734,181	241,768	-	1,975,949
Improvements other than buildings	5,390,178	-	-	5,390,178
Equipment	5,018,925	1,110,213	-	6,129,138
<hr/>				
Total capital assets, being depreciated	27,561,404	1,481,907	-	29,043,311
<hr/>				
Less: accumulated depreciation for:				
Infrastructure	2,178,437	329,683	-	2,508,120
Buildings	918,902	44,321	-	963,223
Improvements other than buildings	1,711,248	267,303	-	1,978,551
Equipment	3,854,456	272,307	-	4,126,763
<hr/>				
Total accumulated depreciation	8,663,043	913,614	-	9,576,657
<hr/>				
Total capital assets, being depreciated, net	18,898,361	568,293	-	19,466,654
<hr/>				
Governmental activities capital assets, net	\$ 20,757,578	\$ 1,464,305	\$ (130,567)	\$ 22,091,316

City of Marianna
Notes to Financial Statements

NOTE 7 – CAPITAL ASSETS (Continued)

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Business-type activities:				
Utility				
Capital assets, not being depreciated:				
Land	\$ 1,073,892	\$ -	\$ -	\$ 1,073,892
Construction in progress	3,192,413	348,895	(153,713)	3,387,595
Total capital assets, not being depreciated	4,266,305	348,895	(153,713)	4,461,487
Capital assets, being depreciated:				
Buildings	1,423,911	-	-	1,423,911
Improvements other than buildings	68,175,492	945,326	-	69,120,818
Equipment	2,682,308	114,297	-	2,796,605
Total capital assets, being depreciated	72,281,711	1,059,623	-	73,341,334
Less: accumulated depreciation for:				
Buildings	907,567	10,391	-	917,958
Improvements other than buildings	30,272,261	2,349,617	-	32,621,878
Equipment	2,127,493	122,583	-	2,250,076
Total accumulated depreciation	33,307,321	2,482,591	-	35,789,912
Total capital assets, being depreciated, net	38,974,390	(1,422,968)	-	37,551,422
Utility capital assets, net	\$ 43,240,695	\$ (1,074,073)	\$ (153,713)	\$ 42,012,909

City of Marianna
Notes to Financial Statements

NOTE 7 – CAPITAL ASSETS (Continued)

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Airport				
Capital Assets, not being depreciated:				
Land	\$ 75,509	\$ -	\$ -	\$ 75,509
Construction in progress	643,431	182,484	(235,907)	590,008
Total capital assets, not being depreciated	718,940	182,484	(235,907)	665,517
Capital assets, being depreciated:				
Buildings	6,057,578	82,400	-	6,139,978
Improvements other than buildings	10,005,697	276,710	-	10,282,407
Equipment	902,126	-	-	902,126
Total capital assets, being depreciated	16,965,401	359,110	-	17,324,511
Less: accumulated depreciation for:				
Buildings	1,887,545	158,251	-	2,045,796
Improvements other than buildings	2,162,978	366,419	-	2,529,397
Equipment	804,254	37,152	-	841,406
Total accumulated depreciation	4,854,777	561,822	-	5,416,599
Total capital assets, being depreciated, net	12,110,624	(202,712)	-	11,907,912
Airport capital assets, net	\$ 12,829,564	\$ (20,228)	\$ (235,907)	\$ 12,573,429

City of Marianna
Notes to Financial Statements

NOTE 7 – CAPITAL ASSETS (Continued)

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
MHR				
Capital assets, not being depreciated:				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Construction in progress	-	-	-	-
<hr/>				
Total capital assets, not being depreciated	50,000	-	-	50,000
<hr/>				
Capital assets, being depreciated:				
Buildings	9,139,539	86,031	-	9,225,570
Equipment	3,074,655	52,238	-	3,126,893
<hr/>				
Total capital assets, being depreciated	12,214,194	138,269	-	12,352,463
<hr/>				
Less: accumulated depreciation for:				
Buildings	4,245,212	227,288	-	4,472,500
Equipment	2,473,766	159,071	-	2,632,837
<hr/>				
Total accumulated depreciation	6,718,978	386,359	-	7,105,337
<hr/>				
Total capital assets, being depreciated, net	5,495,216	(248,090)	-	5,247,126
<hr/>				
MHR capital assets, net	\$ 5,545,216	\$ (248,090)	\$ -	\$ 5,297,126

City of Marianna
Notes to Financial Statements

NOTE 7 – CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions as follows:

Governmental activities

General government	\$ 289,869
Public safety	375,070
Highways and streets	196,042
Culture and recreation	52,633
<hr/>	
Total depreciation expense-governmental activities	<u><u>\$ 913,614</u></u>

Business-type activities

Gas	\$ 213,287
Water	556,076
Sewer	1,713,228
MHR	386,359
Airport	561,822
<hr/>	
Total depreciation expense-business-type activities	<u><u>\$ 3,430,772</u></u>

City of Marianna
Notes to Financial Statements

NOTE 8 – LONG-TERM DEBT

Long-term debt activity for the year ended September 30, 2018, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:					
General					
Revenue bonds	\$ 4,412,708	\$ -	\$ (192,243)	\$ 4,220,465	\$ 195,083
Compensated absences	256,178	244,711	(242,238)	258,651	51,730
	<u>4,668,886</u>	<u>244,711</u>	<u>(434,481)</u>	<u>4,479,116</u>	<u>246,813</u>
Business-type activities:					
General					
revenue bonds	2,010,000	-	(319,000)	1,691,000	326,000
Compensated absences	725,503	324,404	(343,567)	706,340	141,268
Notes payable and capital leases	4,572,771	161,844	(392,810)	4,341,805	511,356
	<u>7,308,274</u>	<u>486,248</u>	<u>(1,055,377)</u>	<u>6,739,145</u>	<u>978,624</u>
Total	<u>\$ 11,977,160</u>	<u>\$ 730,959</u>	<u>\$ (1,489,858)</u>	<u>\$ 11,218,261</u>	<u>\$ 1,225,437</u>

City of Marianna
Notes to Financial Statements

NOTE 8 – LONG-TERM DEBT (Continued)

Debt service requirements on long-term debt at September 30, 2018 are as follows:

FISCAL YEAR ENDING SEPTEMBER 30,	GOVERNMENTAL ACTIVITIES	
	REVENUE BONDS	
	PRINCIPAL	INTEREST
2019	\$ 195,083	\$ 121,984
2020	200,750	117,942
2021	206,466	111,864
2022	212,749	105,754
2023	1,683,415	79,025
2024-2028	508,300	238,269
2029-2033	593,000	153,719
2034-2038	620,702	55,094
Total	\$ 4,220,465	\$ 983,651

FISCAL YEAR ENDING SEPTEMBER 30,	BUSINESS-TYPE ACTIVITIES			
	REVENUE BONDS		NOTES PAYABLE	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2019	\$ 326,000	\$ 29,490	\$ 511,356	\$ 74,635
2020	331,000	23,150	438,826	65,071
2021	338,000	16,692	446,032	57,845
2022	345,000	10,101	453,368	50,488
2023	351,000	3,387	460,834	44,964
2024-2028	-	-	1,144,653	179,899
2029-2033	-	-	739,110	32,162
2034-2038	-	-	147,626	2,419
Total	\$ 1,691,000	\$ 82,820	\$ 4,341,805	\$ 507,483

City of Marianna
Notes to Financial Statements

NOTE 8 – LONG-TERM DEBT (Continued)

Governmental activities

Revenue Bonds

\$2,531,401 Capital Improvement Revenue Bonds - Series 2013 due in annual installments of \$70,200 to \$146,500 from March 2014 to March 2038, including interest at 3.125%, collateralized by tax revenue. \$ 2,157,702

\$2,600,000 Capital Improvement Revenue Bonds - Series 2012, due in annual installments of \$98,599 to \$122,890 from October 2012 to October 2022, including interest at 2.76%, collateralized by non-advalorem revenues. 2,062,763

Total revenue bonds 4,220,465

Total governmental activities \$ 4,220,465

City of Marianna
Notes to Financial Statements

NOTE 8 – LONG-TERM DEBT (Continued)

Business-type activities

Revenue Bonds

\$3,227,000 Utility System Refunding Revenue Bonds - Series 2012 due in annual installments of \$296,000 to \$351,000 from October 2013 to October 2022, including interest at 1.93%, net of \$50,897 deferred amount on refunding, collateralized by net revenue from system operations. \$ 1,691,000

Total - net of discounts, premiums and deferred amount on refunding 1,691,000

Notes Payable

State of Florida - State Revolving Fund, payable in semiannual installments of \$140,406, including interest at 1.10%, collateralized by equipment, due June 2035. 1,144,248

State of Florida - State Revolving Fund, payable in semiannual installments of \$48,621, including interest at 2.57%, due April 2030. 1,007,611

State of Florida - State Revolving Fund, payable in semiannual installments of \$530,847, including interest at .83%, due January 2029. 1,628,012

State of Florida - State Revolving Fund, payable in semiannual installments of \$13,192, including interest at 1.8%, due February 2036. 464,012

State of Florida - State Revolving Fund, payable in semiannual installments. Payment amount is undetermined, due May 2038. 82,870

State of Florida - State Revolving Fund, payable in semiannual installments of \$798, including interest at .36%, due February 2028. 15,052

Total notes payable 4,341,805

Total business-type activities \$ 6,032,805

Total interest expense for the year ended September 30, 2018 was \$252,586. Interest paid during the year ended September 30, 2018 was \$235,586.

NOTE 9 – MAJOR SUPPLIER

All natural gas sold by the City is purchased from a single supplier, Florida Gas Utility Company. Purchases totaled \$982,020 for the year ended September 30, 2018. The City has placed a deposit totaling \$93,361 with Florida Gas Utility Company to collateralize the credit needed with the company.

NOTE 10 – DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the government subject only to the claims of the government's general creditors. Participants' rights under the plan are equal to those of general creditors of the government in an amount equal to the fair market value of the deferred account for each participant.

Investments are managed by the plan's trustee under one of four investment options, or a combination thereof. The choice of the investment option(s) is made by the participants.

NOTE 11 – STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY

Defined Benefit Plans

The City participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

NOTE 11 – STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (Continued)

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

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

Benefits Provided

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

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

NOTE 11 – STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (Continued)

Contributions

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The employer’s contribution rates as of September 30, 2018, were as follows:

	FRS	HIS
Florida Retirement System:		
Regular	6.60%	1.66%
Senior Management Service Class	22.40%	1.66%
Special Risk	22.84%	1.66%
DROP	12.37%	1.66%

The employer’s contributions for the year ended September 30, 2018, were \$632,316 to the FRS and \$152,036 to the HIS.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2018, the City reported a liability for its proportionate share of the net pension liabilities of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2018. The City’s proportions of the net pension liabilities were based on the City’s share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net Pension Liability at June 30, 2018	\$ 6,527,353	\$ 2,930,254
Proportion at:		
Current measurement date	0.0002167	0.0002769
Prior measurement date	0.0002131	0.0002683
Pension expense (benefit)	\$ 1,131,896	\$ 234,276

City of Marianna
Notes to Financial Statements

NOTE 11 – STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (Continued)

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 552,965	\$ (20,070)	\$ 44,861	\$ (4,978)
Changes of assumptions	2,132,821	-	325,880	(309,811)
Net difference between projected and actual earnings on pension plan investments	-	(504,318)	1,769	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	185,735	(162,372)	169,033	(78,029)
City contributions subsequent to the measurement date	151,530	-	35,188	-
Total	\$ 3,023,051	\$ (686,760)	\$ 576,731	\$ (392,818)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2018. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<i>Fiscal Year Ending June 30,</i>	FRS	HIS
2019	\$ 833,785	\$ 56,071
2020	576,134	56,649
2021	81,446	49,298
2022	381,980	24,559
2023	264,218	(32,689)
Thereafter	47,198	(5,163)
Total	\$ 2,184,761	\$ 148,725

NOTE 11 – STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (Continued)

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2018, was determined by an actuarial valuation dated July 1, 2018, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	7.00%	N/A
Discount rate	7.00%	3.87%

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

For both plans, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The following changes in key actuarial assumptions occurred in 2018:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 7.10% to 7.00%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 3.58% to 3.87%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation.

City of Marianna
Notes to Financial Statements

NOTE 11 – STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (Continued)

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.9%	2.9%	1.8%
Fixed Income	18.0%	4.4%	4.3%	4.0%
Global Equity	54.0%	7.6%	6.3%	17.0%
Real Estate (Property)	11.0%	6.6%	6.0%	11.3%
Private Equity	10.0%	10.7%	7.8%	26.5%
Strategic Investments	6.0%	6.0%	5.7%	8.6%
Total	100.00%			

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.00%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.87% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS Net Pension Liability		
	Current		
	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Governmental Employer's proportionate share of the net pension liability	\$ 2,004,906	\$ 1,098,554	\$ 345,774
Business-Type Employer's proportionate share of the net pension liability	\$ 9,907,787	\$ 5,428,799	\$ 1,708,736

City of Marianna
Notes to Financial Statements

NOTE 11 – STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (Continued)

	HIS Net Pension Liability		
	Current		
	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
Governmental Employer's proportionate share of the net pension liability	\$ 561,682	\$ 493,162	\$ 436,046
Business-Type Employer's proportionate share of the net pension liability	\$ 2,775,706	\$ 2,437,092	\$ 2,154,839

Pension Plans' Fiduciary Net Position

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

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2018, totaled \$66,359.

NOTE 12 – POLICE AND FIREFIGHTERS’ PENSION PLAN

The City maintains two separate single employer defined benefit pension plans for firefighters and police. They are accounted for as pension trust funds and reported on herein as part of the City’s reporting entity. Each plan is administered through its own Board of Trustees.

Summary of significant accounting policies – The financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Investments are reported at fair value.

Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value.

The City recognized as revenues and expenditures on-behalf payments relating to pension contributions for its public safety employees that the State of Florida paid to the Police and Firefighter retirement plans in the amounts of \$46,083 and \$45,199, respectively. These contributions are funded by an excise tax upon certain casualty insurance companies on their gross receipts of premiums from policy holders.

Funding policy – The City uses the Aggregate Actuarial Cost Method (AACM) for the Firefighters’ Retirement System and the Police’s Retirement System to determine required contributions under its retirement systems because it provides for the systematic funding of the normal cost and any unfunded actuarial accrued liabilities. This is an acceptable method to the State of Florida. These liabilities are being funded over a 5 year period for the Police Retirement System and the Firefighters’ Retirement System.

The State of Florida has established guidelines for state and local pension plan funding and requires submission to and approval of the local government’s actuarial reports by a State Bureau, at least every third year. The City’s pension plans, by policy, require the following:

1. Bi-annual actuarial reports as of October 1 of each year to determine the next year’s required contributions.
2. Employee contributions at 5% of compensation for the Police Retirement System and the Firefighters’ Retirement System.
3. Employer contributions in accordance with the actuarially determined requirement using the AACM for the Police Retirement System and the Firefighters’ Retirement System.

**City of Marianna
Notes to Financial Statements**

NOTE 12 – POLICE AND FIREFIGHTERS’ PENSION PLAN (Continued)

Plan Description

Police Pension Plan	Firefighters' Pension Plan
<i>Plan Administration</i>	<i>Plan Administration</i>
The Plan is administered by a Board of Trustees comprised of:	The Plan is administered by a Board of Trustees comprised of:
a) Two City Council appointees,	a) Two City Council appointees,
b) Two Members of the System elected by a majority of the other covered Police Officers, and	b) Two Members of the System elected by a majority of the other covered Firefighters, and
c) A fifth Member elected by the other 4 and appointed by Council.	c) A fifth Member elected by the other 4 and appointed by Council.

Benefits Provided

Both plans provide retirement, termination, disability and death benefits.

Plan Membership as of October 1, 2018:	Police Pension Plan	Firefighters' Pension Plan
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	7	6
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	5	3
Active Plan Members	18	17
Total Plan Members	30	26

Police Officers Pension Plan:

Normal Retirement:

Date: Earlier of: 1) Age 55 and 10 years of Credited Service, or 2) age 52 and 25 years of Credited Service. Benefit: 3.50% of Average Monthly Earnings times Years of Credited Service.

Early Retirement:

Date: Age 50 and 10 Years of Credited Service.

Benefit: Accrued benefit reduced at 3% for each year that the early retirement date precedes the normal retirement date.

Vesting (Termination of Employment):

Less than 10 Years: Refund of member contributions, without interest.

10 Years or More: Accrued pension payable at normal or early retirement date.

NOTE 12 – POLICE AND FIREFIGHTERS’ PENSION PLAN (Continued)

Cost of Living Adjustment:

Up to 3% per year beginning at age 65.

Disability:

Eligibility: Total and permanent disability is determined by the Board. The officer must not be able to perform useful and efficient service as a police officer. The disabled officer is subject to periodic medical examinations as directed by the Board.

Benefit: Service Connected: If the disability is service incurred, benefit shall be the accrued benefit as of the date of termination, not be less than 42% of the officer’s average final compensation. If the disability is non-service incurred, the benefit shall be the accrued benefit as the date of termination, not less than 25% of average final compensation.

Pre-Retirement Death:

Vested or Eligible to Retire: Accrued benefits payable to beneficiary for 10 years, or in accordance with available options. If not vested or eligible for early or normal retirement: Refund of contributions, without interest.

Firefighters Pension Plan:

Normal Retirement:

Date: Earlier of: 1) Age 55 and 10 years of Credited Service, or 2) age 52 and 25 years of Credited Service.

Benefit: 3.00% of Average Monthly Earnings times Years of Credited Service.

Early Retirement:

Date: Age 50 and 10 Years of Credited Service.

Benefit: Accrued benefit reduced at 3% for each year that the early retirement date precedes the normal retirement date.

Cost of Living Adjustment for Retirees:

Up to 3% per year beginning at age 65.

Vesting (Termination of Employment):

Less than 10 Years: Refund of member contributions, without interest.

10 Years or More: Accrued pension payable at normal or early retirement date.

Disability:

Eligibility: Total and permanent disability is determined by the Board. The firefighter must not be able to perform useful and efficient service as a firefighter. The disabled firefighter is subject to periodic medical examinations as directed by the Board.

City of Marianna
Notes to Financial Statements

NOTE 12 – POLICE AND FIREFIGHTERS’ PENSION PLAN (Continued)

Benefit: Service Connected: If the disability is service incurred, benefit shall be the accrued benefit as of the date of termination, not be less than 42% of the firefighters’ average final compensation. If the disability is non-service incurred, the benefit shall be the accrued benefit as the date of termination, not less than 25% of average final compensation.

Pre-Retirement Death Benefits:

Vested or Eligible to Retire: Accrued benefits payable to beneficiary for 10 years, or in accordance with available options. If not vested or eligible for early or normal retirement: Refund of contributions, without interest.

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2018:

Asset Class	Target Allocation	
	Police Pension Plan	Firefighters' Pension Plan
Domestic Equity	55%	55%
International Equity	10%	10%
Broad Market Fixed Income	30%	30%
Global Fixed Income	5%	5%
Total	100%	100%

Concentrations:

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's fiduciary net position.

City of Marianna
Notes to Financial Statements

NOTE 12 – POLICE AND FIREFIGHTERS’ PENSION PLAN (Continued)

NET PENSION LIABILITY OF THE SPONSOR

The components of the net pension liability of the sponsor on September 30, 2018 were as follows:

	Police Pension Plan	Firefighters' Pension Plan
Total Pension Liability	\$ 3,041,961	\$ 2,843,640
Plan Fiduciary Net Position	(4,840,765)	(3,818,478)
Sponsor's Net Pension Liability	\$ (1,798,804)	\$ (974,838)

Plan Fiduciary Net Position as a percentage of Total Pension Liability	-159.13%	-134.28%
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Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2018 using the following actuarial assumptions applied to all measurement periods.

	Police Pension Plan	Firefighters' Pension Plan
Inflation	2.50%	2.50%
Salary Increases	5.5% -10%	5.5%-10%
Discount Rate	7.00%	7.00%
Investment Rate of Return	7.00%	7.00%

Police Pension Plan	Firefighters Pension Plan
RP-2000 Combined Healthy Mortality Table, Sex Distinct. Disabled lives are set forward five years.	RP-2000 Combined Healthy Mortality Table, Sex Distinct. Disabled lives are set forward five years.

The actuarial assumptions used in the October 1, 2017 valuation were based on the results of an actuarial experience study performed on May 28th, 2014 for the period 2011-2013.

The actuarial assumptions used in the October 1, 2017 valuation were based on the results of an actuarial experience study performed on May 28, 2014, for the period 2011-2013

NOTE 12 – POLICE AND FIREFIGHTERS’ PENSION PLAN (Continued)

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 returns, 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, 2018 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return	
	Police Pension Plan	Firefighters' Pension Plan
Domestic Equity	7.50%	7.50%
International Equity	8.50%	8.50%
Broad Market Fixed Income	2.50%	2.50%
Global Fixed Income	3.50%	3.50%

Discount Rate:

The discount rate used to measure the total pension liability for the Police and Fire Pension Plan investments was 7.00%.

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.

City of Marianna
Notes to Financial Statements

NOTE 12 – POLICE AND FIREFIGHTERS’ PENSION PLAN (Continued)

Service Cost	Police Pension Plan Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2017	\$ 2,855,167	\$ 4,518,299	\$ (1,663,132)
Changes for a Year:			
Service Cost	140,491	-	140,491
Interest	204,171	-	204,171
Differences between Expected and Actual Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions - State	-	46,083	(46,083)
Contributions - Employee	-	33,209	(33,209)
Net Investment Income	-	404,292	(404,292)
Benefit Payments, including Refunds of Employees Contributions	(157,868)	(157,868)	-
Administrative Expense	-	(3,250)	3,250
Net Changes	186,794	322,466	(135,672)
Balances at September 30, 2018	\$ 3,041,961	\$ 4,840,765	\$ (1,798,804)

City of Marianna
Notes to Financial Statements

NOTE 12 – POLICE AND FIREFIGHTERS’ PENSION PLAN (Continued)

	Firefighters' Pension Plan Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Service Cost			
Balances at September 30, 2017	\$ 2,676,530	\$ 3,546,446	\$ (869,916)
Changes for a Year:			
Service Cost	115,638	-	115,638
Interest	190,583	-	190,583
Differences between Expected and Actual Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions - Employer	-	22,081	(22,081)
Contributions - State	-	45,470	(45,470)
Contributions - Employee	-	30,663	(30,663)
Net Investment Income	-	316,906	(316,906)
Benefit Payments, including Refunds of Employees Contributions	(139,111)	(139,111)	-
Administrative Expense	-	(3,977)	3,977
Net Changes	167,110	272,032	(104,922)
Balances at September 30, 2018	\$ 2,843,640	\$ 3,818,478	\$ (974,838)

City of Marianna
Notes to Financial Statements

NOTE 12 – POLICE AND FIREFIGHTERS’ PENSION PLAN (Continued)

Sensitivity of the Net Pension Liability to changes in the Discount Rate.

Sponsor's Net Pension Liability

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Police Pension Plan	\$ (1,332,039)	\$ (1,798,804)	\$ (2,175,707)
Firefighters' Pension Plan	\$ (572,268)	\$ (974,838)	\$ (1,306,808)

For the year ended September 30, 2018, the pension expense (benefit) recognized on the Police and Fire Pension Plans was (\$15,076) and (\$19,667), respectively.

On September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Police Pension Plan		
Difference between Expected and Actual Experience	\$ -	\$ 119,060
Changes in Assumptions	68,689	-
Net difference between Projected and Actual Earnings on Pension Plan Investments	-	150,493
Total	\$ 68,689	\$ 269,553
Firefighters' Pension Plan		
Difference between Expected and Actual Experience	\$ -	\$ 356,015
Changes in Assumptions	62,080	-
Net difference between Projected and Actual Earnings on Pension Plan Investments	-	100,402
Total	\$ 62,080	\$ 456,417

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer and State Contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended September 30, 2018.

City of Marianna
Notes to Financial Statements

NOTE 12 – POLICE AND FIREFIGHTERS’ PENSION PLAN (Continued)

Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

Police Pension Plan		
<i>Years ending September 30:</i>		
2019	\$	(16,363)
2020	\$	(74,065)
2021	\$	(88,483)
2022	\$	(33,706)
2023	\$	11,753
Thereafter	\$	-
Firefighters' Pension Plan		
<i>Years ending September 30:</i>		
2019	\$	(52,522)
2020	\$	(98,469)
2021	\$	(111,727)
2022	\$	(72,832)
2023	\$	(58,787)
Thereafter	\$	-

NOTE 13 – FIDUCIARY FUND INVESTMENTS

Investments shall be made solely in the interest of providing for the needs and activities of the Municipal Firefighters’ Pension Trust Fund (Fire Pension Fund) and the Municipal Police Officers’ Retirement Trust Fund (Police Retirement Fund) and for the purpose of providing long-term total return at a reasonable level of risk (volatility). An important objective is attaining “real”, after inflation, growth in the Fund over a market cycle consistent with the level of risk assumed.

Investments shall be diversified so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances, it is clearly prudent not to do so.

NOTE 13 – FIDUCIARY FUND INVESTMENTS (Continued)

Investment manager(s) retained will be given full investment discretion consistent with the investment objectives and guidelines provided regarding the purchase and sale of individual securities. The Fire Pension Fund Board and the Police Retirement Fund Board acknowledge that while the investment manager(s) expects to meet these objectives, there is no guarantee they can be achieved. The value and related income of the investments held by the Fire Pension Fund and Police Retirement Fund are sensitive to changes in economic conditions. Accordingly, investment values may be subject to risks by shifts in the market's perception of the issuers and changes in interest rates.

Carrying values of investments at September 30, 2018 were \$3,793,881 for the Firefighters' Pension Fund and \$4,812,717 for the Policemen's' Pension Fund.

The net increase in fair value of the investments was \$239,336 and \$300,518 for the Fire Pension Fund and the Police Retirement Fund, respectively, for the year ended September 30, 2018.

The City categorizes its fair value measurements within the fair value hierarchy established by general accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of September 30, 2018:

- Other fixed income investments of \$1,294,203 and \$1,624,171 for the firefighters and police pension plans, respectively, using quoted market prices (Level 1 inputs).
- Corporate stocks totaling \$2,497,366 and \$3,186,182 for the firefighters and police pension plans, respectively, using quoted market prices (Level 1 inputs).
- Other equity investments totaling \$2,312 and \$2,364 for the firefighters and police pension plans, respectively, using quoted market prices (Level 1 inputs).

NOTE 13 – FIDUCIARY FUND INVESTMENTS (Continued)

Custodial Credit Risk

Custodial risk is the risk that in the event of bankruptcy of the custodial entity, the Fire Pension Fund Board and the Police Retirement Fund Board deposits may not be returned to them. Neither the Fire Pension Fund Board nor the Police Retirement Fund Board has a policy for custodial credit risk. As of September 30, 2018, none of the money market and short term investment accounts were exposed to uninsured and uncollateralized custodial credit risk. At September 30, 2018, all investments were registered in the custodian's nominee name for the benefit of the appropriate Fund and were held in the possession of the custodian.

Interest Rate Risk

The Fire Pension Fund and the Police Retirement Fund do not have a formal investment policy that limits investment maturities as a means of managing its exposures to a fair value losses arising from increasing interest rates.

Credit Risk

Neither the Fire Pension Fund nor the Police Retirement Fund has an investment policy that limits its investment choices as it relates to ratings.

Foreign Currency Risk

The Fire Pension Fund and the Police Retirement Fund hold no foreign bonds or equities as of September 30, 2018. Neither Fund has an investment policy that limits its investment choices as it relates to foreign equities.

City of Marianna
Notes to Financial Statements

NOTE 13 – INVESTMENTS (Continued)

Concentration of Credit Risk

Neither Fund Board places a limit on the amount the Fund may invest in any one issuer. At year end, more than 5% of the Fire Pension Fund and the Police Retirement Fund investments are held in six mutual funds, as listed below.

Investment	Market Value Percentage	
	Firefighter's	Police
	Pension Plan	Pension Plan
Dodge & Cox Income Fund	15%	15%
Metropolitan West total Return BD Fund	14%	14%
Templeton Global Total Return Fund	5%	5%
American Funds Europacific Growth Fund	10%	10%
JP Morgan Disciplined Equity Fund	28%	28%
Vanguard Total Stock Market Index	28%	28%
Total	100%	100%

NOTE 14 – CONTINGENCIES AND COMMITMENTS

Various claims and lawsuits are pending against the City. In the opinion of legal counsel, the potential unrecorded liability on all claims and lawsuits will not be significant to the City's financial position.

The City has various leases for airport buildings and hangars, for office equipment, etc. Most of these leases are for one year and coincide with the City's fiscal year.

NOTE 15 – SUBSEQUENT EVENTS

Subsequent to year end, the City sustained damages to property, equipment and infrastructure as a result of Hurricane Michael. The total loss sustained is still unknown. While the City is insured, there will be uninsured losses particularly related to infrastructure. The City is seeking assistance from disaster related federal and state agencies, including the Federal Emergency Management Agency (FEMA).

Subsequent to year end, the City purchased equipment or made improvements/repairs to buildings in the approximate amount of \$1,500,000. Some repairs and purchases made in response to Hurricane Michael will be reimbursed by either insurance or FEMA.

Subsequent to year end, the City executed an amendment to the State Revolving Fund agreements with the Florida Department of Environmental Protection to suspend payments and capitalized interest for a period of two years to assist in the recovery of Hurricane Michael.

NOTE 16 – RECLASSIFICATION

Certain 2017 amounts have been reclassified to conform to 2018 classifications. Such reclassifications had no effect on reported net income.

NOTE 17 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors or omissions; injuries to employees and/or the public; or damage to property of others; and natural disasters for which the City carries commercial insurance. Insurance against losses is 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
- Accidental death and dismemberment

NOTE 18 – GRANTS

The City participates in several state and federal grant programs. These programs are subject to program compliance audits by grantors or their representatives. The audits of these programs for, or including, the year ended September 30, 2018, have not yet been accepted/approved by the grantors. Accordingly, the final determination of the City's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by granting agencies cannot be determined, although the City expects such amounts, if any, to be immaterial.

NOTE 19 – FUND EQUITY

Governmental Funds

Non-spendable fund balances include amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. The City had \$30,501 in non-spendable net assets which represents the inventory balance at September 30, 2018.

NOTE 19 – FUND EQUITY (Continued)

Spendable fund balances are classified based on a hierarchy of the City’s ability to control the spending of these fund balances and are reported in the following categories: restricted, committed, assigned and unassigned. For the year ending September 30, 2018, the City reports net assets as restricted, assigned and unassigned. Restricted net assets have externally imposed constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Assigned net assets have constraints placed on the use of resources by the City’s intent to use the resources for a specific purpose. Unassigned fund balances have not been restricted, committed or assigned to specific purposes within the general fund. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned and unassigned.

Enterprise Funds

Reservations of equity show amounts that are not appropriated for expenditure or are legally restricted for specific uses. The purpose for each is indicated as follows:

Funds	Purpose	Amount
Utility fund	Debt service	\$ 598,237
Utility fund	Other purposes	316,782
Total restricted fund equity		\$ 915,019

NOTE 20 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION

Plan Description – The City has implemented Governmental Accounting Standards Board Statement 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* for retiree health insurance.

The City of Marianna Retiree Healthcare Plan (Plan) is a single-employer defined benefit healthcare plan which provides Other Postemployment Benefits (OPEB) to eligible retirees and their eligible dependents. Pursuant to the provisions of Section 112.0801, the Florida Statutes, employees who retire from the City and eligible dependents, may continue to participate in the group health insurance plan. Retirees and their eligible dependents shall be offered the same health insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. The Plan does not issue a publicly available financial report.

City of Marianna
Notes to Financial Statements

NOTE 20 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

Eligibility for participation in the Plan is limited to full-time employees of the City. For all employees participating in the Florida Retirement System, participants are eligible for normal retirement upon attaining the earlier of 1) age 62 or 2) 30 years of service regardless of age. For all employees participating in the Police or Firemen’s pension, participants are eligible for normal retirement upon attained both the age of 50 and 10 years of service.

Benefits Provided – The City provides post-employment healthcare to its retirees. Health benefits are provided through the City’s healthcare provider, Blue Cross Blue Shield. The benefit levels are the same as those afforded to active employees. Health benefits include inpatient and outpatient medical services and prescriptions. Dental Insurance is also provided by Standard Insurance Company.

Membership – At September 30, 2018, there were no terminated employees entitled to benefits but not yet receiving them. The membership of the Plan consisted of:

Active employees	291
Retirees and beneficiaries currently receiving benefits	1
Total membership	292
Participating employers	1

Contributions and Funding Policy – A qualifying trust or agency fund has not been authorized by the City. The City negotiates the premium rates with Blue Cross/Blue Shield and Standard Insurance. The required contribution is based on pay-as-you-go financing requirements. Retirees and beneficiaries currently receiving benefits are required to contribute 100% of their current premium costs, which for fiscal year 2018 was \$8,556. The chart below shows the cost of the monthly retiree premiums.

Coverage	3359 BC/BS	Dental Standard
Retiree	\$ 616.67	\$ 23.96
Retiree & Spouse	\$ 1,033.85	\$ 42.36
Retiree & Children	\$ 981.67	\$ 61.60
Family	\$ 1,294.59	\$ 80.00

City of Marianna
Notes to Financial Statements

NOTE 20 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Inflows of Resources Related to OPEB - At September 30, 2018, the City reported a liability of \$354,038 for the net OPEB liability. The net OPEB liability was measured as of September 30, 2018, and was determined by an actuarial valuation as of October 1, 2017. Standard actuarial update procedures were used to roll forward to the measurement date from the actuarial valuation date. For the year ended September 30, 2018, the City recognized OPEB expense of \$47,757. At September 30, 2018, the City reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -
Changes of assumptions or other inputs	17,193
Net difference between projected and actual investments	-
Total	\$ 17,193

Amounts reported as Deferred Inflows of Resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30,	
2019	\$ (2,865)
2020	(2,865)
2021	(2,865)
2022	(2,865)
2023	(2,865)
Thereafter	(2,868)
Total	\$ (17,193)

City of Marianna
Notes to Financial Statements

NOTE 20 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

The following shows the components of OPEB expense:

	Total OPEB Liability	Deferred Inflows	Deferred Outflows	OPEB Expense
Balance at October 1, 2017	\$ 336,710	\$ -	\$ -	\$ -
Service Cost	29,390	-	-	29,390
Interest Cost	13,232	-	-	13,232
Changes in Benefit Terms	-	-	-	-
Differences between Expected and Actual Experience with Regard to Economic or Demographic Assumptions	-	-	-	-
Current Year Amortization of Experience Difference	-	-	-	-
Change in Assumptions About Future Economic or Demographic Factors or Other Inputs	(20,058)	20,058	-	-
Current Year Amortization of Change in Assumptions	-	(2,865)	-	(2,865)
Benefit Payments	(5,236)	-	-	-
Net Change	\$ 17,328	\$ 17,193	\$ -	\$ 39,757
Pay-As-You Go Related Costs:				
Contributions - Employer	\$ 13,236	\$ -	\$ -	-
Benefit Payments	(5,236)	-	-	-
Administrative Expenses	(8,000)	-	-	8,000
Other	-	-	-	-
Net Change	-	-	-	8,000
Ending Balance	\$ 354,038	\$ 17,193	\$ -	\$ 47,757

Discount Rate - Given the City's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.18%. The high-quality municipal bond rate was based on the week closest but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rate of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rated and Standard & Poor's Corp.'s AA.

City of Marianna
Notes to Financial Statements

NOTE 20 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

Actuarial Method and Assumptions – The total OPEB liability in the October 1, 2017, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation Rate	2.50%
Salary Increase Rate(s)	Varies by Service
Discount Rate	4.18%
Initial Trend Rate	8.50%
Ultimate Trend Rate	4.00%
Years to Ultimate	55

All mortality rates were based on the RP-2000 mortality tables. All mortality rates are those outlined in Milliman’s July 1, 2017 Florida Retirement System (FRS) valuation report.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the City’s proportionate share of the net OPEB liability using a discount rate that is 1 percent lower (3.18%) or 1 percent point higher (5.18%) than the current discount rate:

	1% Decrease (3.18%)	Current Discount Rate (4.18%)	1% increase (5.18%)
Net OPEB Liability	\$ 391,635	\$ 354,038	\$ 319,511

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following presents the City’s proportionate share of the net OPEB liability if it were calculated using healthcare cost trend rates that are 1 percent lower (3.00% - 7.50%) or 1 percent point higher (5.00% - 9.50%) than the current healthcare cost trend rates:

	1% Decrease (3.00% - 7.50%)	Current Discount Rate (4.00% - 8.50%)	1% increase (5.00% - 9.50%)
Net OPEB Liability	\$ 300,771	\$ 354,038	\$ 419,902

City of Marianna
Notes to Financial Statements

NOTE 21 – CHANGE IN ACCOUNTING PRINCIPLE

The City restated the beginning net position of the governmental and the proprietary activities as follows to implement provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

	Governmental Activities	Proprietary Activities	Total
Net position - beginning of the year, as previously reported	\$ 22,216,475	\$ 56,338,840	\$ 78,555,315
Restatement:			
Net OPEB liability	515,460	(251,170)	264,290
Net position - beginning of the year, as restated	\$ 22,731,935	\$ 56,087,670	\$ 78,819,605

Along with the implementation of GASB 75, a change in assumptions was also implemented as of October 1, 2017. The net position, beginning of the year, as previously reported assumed a participation rate of 50% with 60-80% electing spousal coverage. The net position, beginning of the year, as restated assumes a participation rate of 30% with 50% electing spousal coverage. This change in assumption is based on actual plan experience.



**REQUIRED SUPPLEMENTARY
INFORMATION**

City of Marianna
Schedule of Proportional Share of Net Pension Liability
Florida Retirement System (Last 6 fiscal years)

	2018	2017	2016	2015	2014	2013
City's proportion of the net pension liability (asset)	0.021671%	0.021315%	0.021838%	0.022328%	0.021179%	0.021269%
City's proportionate share of the net pension liability (asset)	\$ 6,527,353	\$ 6,304,734	\$ 5,514,182	\$ 2,884,014	\$ 1,292,259	\$ 3,661,379
City's covered payroll	\$ 9,061,323	\$ 8,571,166	\$ 8,253,153	\$ 8,247,667	\$ 7,781,509	\$ 7,898,166
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	72.04%	73.56%	66.81%	34.97%	16.61%	46.36%
FRS Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%	96.09%	N/A

Notes to schedules:

The amounts presented for each fiscal year for the FRS and HIS were determined as of the measurement date, which was June 30th of the current fiscal year.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

See Independent Auditors' Report

City of Marianna
Schedule of Contributions
Florida Retirement System (Last 6 fiscal years)

	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 617,600	\$ 558,353	\$ 532,561	\$ 544,386	\$ 463,921	\$ 286,219
Contributions in relation to the contractually required contribution	(617,600)	(558,353)	(532,561)	(544,386)	(463,921)	(286,219)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 9,066,565	\$ 8,571,166	\$ 8,253,153	\$ 8,247,667	\$ 7,781,509	\$ 7,898,166
Contributions as a percentage of covered payroll	6.81%	6.51%	6.45%	6.60%	5.96%	3.62%

Notes to schedules:

The amounts presented for each fiscal year for the FRS and HIS were determined as of the measurement date, which was June 30th of the current fiscal year.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

See Independent Auditors' Report

City of Marianna
Schedule of Proportional Share of Net Pension Liability
Health Insurance Subsidy (Last 6 fiscal years)

	2018	2017	2016	2015	2014	2013
City's proportion of the net pension liability (asset)	0.027685%	0.026836%	0.027428%	0.026404%	0.026005%	0.026498%
City's proportionate share of the net pension liability (asset)	\$ 2,930,254	\$ 2,869,426	\$ 3,196,245	\$ 2,692,816	\$ 2,431,532	\$ 2,307,016
City's covered payroll	\$ 9,061,323	\$ 8,571,166	\$ 8,253,153	\$ 8,247,667	\$ 7,781,509	\$ 7,898,166
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	32.34%	33.48%	38.73%	32.65%	31.25%	29.21%
HIS Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%	0.99%	N/A

Notes to schedules:

The amounts presented for each fiscal year for the FRS and HIS were determined as of the measurement date, which was June 30th of the current fiscal year.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

See Independent Auditors' Report

City of Marianna
Schedule of Contributions
Health Insurance Subsidy (Last 6 fiscal years)

	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 150,138	\$ 142,627	\$ 140,570	\$ 100,934	\$ 89,084	\$ 86,802
Contributions in relation to the contractually required contribution	(150,138)	(142,627)	(140,570)	(100,934)	(89,084)	(86,802)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	-
City's covered payroll	\$ 9,066,565	\$ 8,571,166	\$ 8,253,153	\$ 8,247,667	\$ 7,781,509	\$ 7,898,166
Contributions as a percentage of covered payroll	1.66%	1.66%	1.70%	1.22%	1.14%	1.10%

Notes to schedules:

The amounts presented for each fiscal year for the FRS and HIS were determined as of the measurement date, which was June 30th of the current fiscal year.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

See Independent Auditors' Report

City of Marianna

Schedule of Changes in the Net Pension Liability and Related Ratios

Police Pension Plan

Total Pension Liability	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Service Cost	\$ 140,491	\$ 131,300	\$ 138,753	\$ 128,773
Interest	204,171	201,977	181,444	167,598
Differences between Expected and Actual Experience	-	(178,589)	-	-
Changes of Assumptions	-	14,887	94,027	-
Benefit Payments, Including Refunds of Employee Contributions	(157,868)	(136,992)	(109,835)	(87,319)
Net Change in Total Pension Liability	186,794	32,583	304,389	209,052
Total Pension Liability -Beginning	2,855,167	2,822,584	2,518,195	2,309,143
Total Pension Liability- Ending (a)	\$ 3,041,961	\$ 2,855,167	\$ 2,822,584	\$ 2,518,195
Plan Fiduciary Net Position				
Contributions - Employer	\$ -	\$ -	\$ -	\$ 3,899
Contributions - State	46,083	45,421	43,746	42,981
Contributions - Employee	33,209	33,596	32,630	33,277
Net Investment Income	404,292	553,454	196,920	(16,855)
Benefit Payments, Including Refunds of Employee Contributions	(157,868)	(136,992)	(109,835)	(87,319)
Administrative Expense	(3,250)	-	(750)	(550)
Net Change in Plan Fiduciary Net Position	322,466	495,479	162,711	(24,567)
Plan Fiduciary Net Position- Beginning	4,518,299	4,022,820	3,860,109	3,884,676
Plan Fiduciary Net Position- Ending (b)	\$ 4,840,765	\$ 4,518,299	\$ 4,022,820	\$ 3,860,109
Net Pension Liability (Asset) - Ending (a) - (b)	\$ (1,798,804)	\$ (1,663,132)	\$ (1,200,236)	\$ (1,341,914)
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset				
	159.13%	158.25%	142.52%	153.29%
Covered Payroll	\$ 664,172	\$ 669,593	\$ 652,600	\$ 715,919
Net Pension Asset as a Percentage of Covered Payroll				
	-270.83%	-248.38%	-183.92%	-187.44%

Notes to schedules:

GASB Statements No. 67 and No. 68 were implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

City of Marianna

Schedule of Changes in the Net Pension Liability and Related Ratios
Firefighters' Pension Plan

Total Pension Liability	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Service Cost	\$ 115,638	\$ 108,073	\$ 120,359	\$ 111,702
Interest	190,583	212,305	195,642	184,479
Differences between Expected and Actual Experience	-	(498,423)	-	-
Changes of Assumptions	-	13,737	83,635	-
Benefit Payments, Including Refunds of Employee Contributions	(139,111)	(168,043)	(147,879)	(125,549)
Net Change in Total Pension Liability	167,110	(332,351)	251,757	170,632
Total Pension Liability -Beginning	2,676,530	3,008,881	2,757,124	2,586,492
Total Pension Liability- Ending (a)	\$ 2,843,640	\$ 2,676,530	\$ 3,008,881	\$ 2,757,124
Plan Fiduciary Net Position				
Contributions - Employer	\$ 22,081	\$ 22,377	\$ 25,613	\$ 27,094
Contributions - State	45,470	45,855	50,655	48,403
Contributions - Employee	30,663	28,433	27,586	30,199
Net Investment Income	316,906	416,110	149,012	(11,330)
Benefit Payments, Including Refunds of Employee Contributions	(139,111)	(168,043)	(147,879)	(125,549)
Administrative Expense	(3,977)	(342)	(1,339)	(811)
Net Change in Plan Fiduciary Net Position	272,032	344,390	103,648	(31,994)
Plan Fiduciary Net Position- Beginning	3,546,446	3,202,056	3,098,408	3,130,402
Plan Fiduciary Net Position- Ending (b)	\$ 3,818,478	\$ 3,546,446	\$ 3,202,056	\$ 3,098,408
Net Pension Liability (Asset) - Ending (a) - (b)	\$ (974,838)	\$ (869,916)	\$ (193,175)	\$ (341,284)
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset				
	134.28%	132.50%	106.42%	112.38%
Covered Payroll	\$ 613,263	\$ 568,447	\$ 551,720	\$ 583,468
Net Pension Liability as a Percentage of Covered Payroll				
	-158.96%	-153.03%	-35.01%	-58.49%

Notes to schedules:

GASB Statements No. 67 and No. 68 were implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

City of Marianna

Schedule of Contributions and Other Required Supplementary Information
Police and Firefighters' Pension Plan

SCHEDULE OF CONTRIBUTIONS – POLICE AND FIREFIGHTERS' PENSION PLANTS

Police Pension Plan	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Actuarially Determined Contribution	\$ 7,970	\$ 8,035	\$ 7,500	\$ 9,983
Contributions in relation to the Actuarially Determined Contributions	46,083	45,421	43,746	46,880
Contribution Deficiency (Excess)	\$ (38,113)	\$ (37,386)	\$ (36,246)	\$ (36,897)
Covered Payroll	\$ 664,172	\$ 669,593	\$ 652,600	\$ 715,919
Contributions as a Percentage of Covered Payroll	6.94%	6.78%	6.70%	6.55%

Firefighters' Pension Plan	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Actuarially Determined Contribution	\$ 65,006	\$ 60,255	\$ 71,067	\$ 75,497
Contributions in relation to the Actuarially Determined Contributions	67,551	68,232	76,268	85,010
Contribution Deficiency (Excess)	\$ (2,545)	\$ (7,977)	\$ (5,201)	\$ (9,513)
Covered Payroll	\$ 613,263	\$ 568,447	\$ 551,720	\$ 583,468
Contributions as a Percentage of Covered Payroll	11.02%	12.00%	13.82%	14.57%

Notes to schedules:

GASB Statements No. 67 and No. 68 were implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

DISABILITY RATE TABLE – POLICE AND FIREFIGHTERS' PENSION PLANS

Age	% Becoming Disabled During the Year	
	Police Pension	Firefighters' Pension
20	0.03%	0.03%
30	0.04%	0.04%
40	0.07%	0.07%
50	0.08%	0.18%

City of Marianna
Required Pension Supplementary Information
Police and Firefighters' Pension Plan

Annual money-weighted rate of return net of investment expense	2017	2016	2015
Police Pension Plan	13.91%	6.09%	-0.44%
Firefighters' Pension Plan	13.26%	6.02%	-0.37%

Notes to schedules:

GASB Statements No. 67 and No. 68 were implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

City of Marianna
Required Pension Supplementary Information
Police and Firefighters' Pension Plan

TERMINATION RATE TABLE – POLICE AND FIREFIGHTERS' PENSION PLANS

<u>Service</u>	<u>% Terminating During the Year</u>	
	<u>Police Pension</u>	<u>Firefighters' Pension</u>
0-2 Years	20.00%	15.00%
3-4 Years	15.00%	5.00%
5+ Years	5.00%	5.00%

SCHEDULE OF EMPLOYER AND OTHER CONTRIBUTING ENTITIES

Schedule of Contributions
Police Pension Plan:

<u>Year Ended September 30</u>	<u>Annual Required Contribution</u>	<u>City Contribution</u>	<u>State Contribution</u>	<u>Percentage Contributed</u>
2015	\$ 9,983	\$ 8,702	\$ 42,981	517.71%
2016	\$ 7,500	\$ -	\$ 43,746	583.28%
2017	\$ 8,035	\$ -	\$ 45,421	565.29%
2018	\$ 7,970	\$ -	\$ 46,083	578.21%

Schedule of Contributions
Firefighters' Pension Plan:

<u>Ended September 30</u>	<u>Required Contribution</u>	<u>City Contribution</u>	<u>State Contribution</u>	<u>Percentage Contributed</u>
2015	\$ 75,497	\$ 36,607	\$ 48,403	112.60%
2016	\$ 71,067	\$ 25,613	\$ 50,655	107.32%
2017	\$ 60,255	\$ 22,377	\$ 45,854	113.24%
2018	\$ 65,006	\$ 22,081	\$ 45,199	103.50%

Notes to schedules:

GASB Statements No. 67 and No. 68 were implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

Schedule of Changes in the Sponsor’s Total OPEB Liability and Related Ratios

Reporting Period	9/30/2018
Measurement Period	9/30/2018

Total OPEB Liability		
Service Cost	\$	29,390
Interest		13,232
Changes of Benefit Terms		-
Differences Between Expected and Actual Experience		-
Changes of Assumptions		(20,058)
Benefit Payments		(5,236)
Net Change in Total OPEB Liability		17,328
Total OPEB Liability - Beginning		336,710
Total OPEB Liability - Ending	\$	354,038

Covered Employee Payroll * \$ 10,119,893

Sponsor's Total OPEB Liability as a percentage of Covered Employee Payroll 3.50%

*FY 2018 covered Payroll, projected based on actual FY 2017 Covered Payroll

Notes to Schedule:

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

FY 2018	4.18%
FY 2017	3.64%



COMPLIANCE SECTION



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INDEPENDENT AUDITORS' MANAGEMENT LETTER

Honorable Mayor and City Council
City of Marianna
Marianna, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Marianna, Florida (the City), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated April 19, 2019.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance For Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Profession Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated April 19, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

Honorable Mayor and City Council
City of Marianna
Marianna, Florida

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Additional Matters

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

Honorable Mayor and City Council
City of Marianna
Marianna, Florida

Purpose of this Letter

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

Case, Riggs & Ingram, L.L.C.

Marianna, Florida
April 19, 2019

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH
SECTION 218.415, FLORIDA STATUTES, *LOCAL GOVERNMENT
INVESTMENT POLICIES***

Honorable Mayor and City Council
City of Marianna
Marianna, Florida

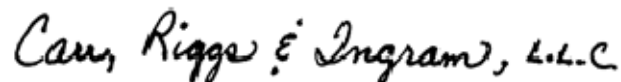
We have examined City of Marianna, Florida's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2018. Management is responsible for the City of Marianna, Florida's compliance with those requirements. Our responsibility is to express an opinion on the City of Marianna, Florida's compliance based on our examination.

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

Our examination does not provide a legal determination on the City of Marianna, Florida's compliance with specified requirements.

In our opinion, the City of Marianna, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

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

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." in a cursive script.

Marianna, Florida
April 19, 2019

**INDEPENDENT AUDITORS' 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***

Honorable Mayor and City Council
City of Marianna
Marianna, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marianna, Florida (the "City") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Marianna, Florida's basic financial statements and have issued our report thereon dated April 19, 2019.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

Honorable Mayor and City Council
City of Marianna
Marianna, Florida

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Marianna, 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*.

Purpose of this Report

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

Carly Riggs & Ingram, L.L.C.

Marianna, Florida
April 19, 2019

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

Honorable Mayor and City Council
City of Marianna
Marianna, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited the City of Marianna, Florida's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and Chapter 10.550 Rules of the Florida Auditor General that could have a direct and material effect on each of the City of Marianna, Florida's major federal programs and state projects for the year ended September 30, 2018. The City of Marianna's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Marianna, Florida's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550 Rules of the Florida Auditor General. Those standards, the Uniform Guidance and Chapter 10.550 Rules of the Florida Auditor General require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the City of Marianna, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Honorable Mayor and City Council
City of Marianna
Marianna, Florida

Opinion on Each Major Federal Program and State Project

In our opinion, the City of Marianna, Florida, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2018.

Report on Internal Control Over Compliance

Management of the City of Marianna, Florida, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Marianna, Florida's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550 Rules of the Florida Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Marianna, Florida's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or 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 federal program or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Honorable Mayor and City Council
City of Marianna
Marianna, Florida

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

Carly Riggs & Ingram, L.L.C.

Marianna, Florida
April 19, 2019

City of Marianna Schedule of Expenditures of Federal Awards and State Financial Assistance

For year ended September 30, 2018

Federal Agency			
Pass through Entity	CFDA/	Contract /	
Name of Cluster	CFSA	Grant	
Federal Program	No.	No.	Expenditures
U.S. Department of Agriculture			
Rural Business Enterprise Grant (RBEG) - 4th Street Parking Lot	10.769	680588852	98,422
Rural Business Enterprise Grant (RBEG) - Orange Street Parking Lot	10.769	09-032	1,500
Total Rural Business Enterprise			99,922
Total U.S. Department of Agriculture			99,922
Federal Emergency Management Agency			
Pass through the State of Florida Department of Emergency Management			
Assistance to Firefighters Grant - Fire Truck	97.044	EMW-2016-FV-02190	690,477
Assistance to Firefighters Grant - Equipment	97.044	2017-FG-C111-P4310000-4101-D	37,858
Total Assistance to Firefighters Grant			728,335
Hazard Mitigation Grant - Chipola Stormwater	97.039	18HM-H4-02-41-02-291	414,314
Public Assistance (Presidentially Declared Disasters) - Hurricane Irma	97.036	Z0054	13,116
Total Federal Emergency Management Agency			1,155,765
U.S. Department of Transportation, Federal Aviation Administration			
Pass through the State of Florida Department of Transportation			
Airport Improvement Program (AIP) - Airport Master Plan Study/Layout Plan Update	20.106	3-12-0045-018-2016	40,803
Total U.S. Department of Transportation, Federal Aviation Administration			40,803
Environmental Protection Agency, Office of Water			
Pass through the State of Florida Department of Environmental Protection			
Drinking Water State Revolving Fund Cluster			
Recovery - Capitalization Grants for Drinking Water - SRF (Sunland) (Loan)	66.468	FS984522-014	5,615
Recovery - Capitalization Grants for Drinking Water - SRF (Sunland) (Grant)	66.468	FS984522-014	91,609
Total Drinking Water State Revolving Fund Cluster			97,224
Total Environmental Protection Agency			97,224
Total Federal Awards			1,393,714

See Independent Auditors' Report and Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance

City of Marianna

**Schedule of Expenditures of Federal Awards and State Financial Assistance
(Continued)**

State Agency State Project	CFDA/ CFSA No.	Contract / Grant No.	Expenditures
Florida Department of Transportation			
Aviation Grant Program - Fuel Farm	55.004	G0106/425629-8-94-01	28,129
Aviation Grant Program- Access Road/Security Improvements	55.004	G0S57/425629-9-94-01	106,232
Aviation Grant Program- Runway Overlay 18/36 and EA	55.004	ARL51/425629-2-94-01	37,075
Aviation Grant Program- Caverns Road Lighting	55.004	439594-1-58-01	30,974
Total Aviation Grant Program			202,410
Small County Outreach Program (SCOP) - 6th Street Resurfacing	55.009	G0G98/440327-1-54-01	163,569
Total Florida Department of Transportation			365,979
Florida Department of Economic Opportunity			
Economic Development Tax Refund, Tax Credit & Grant Program - Job Growth	40.043	G0008	10,233
Local Economic Development Initiative - Feasibility Study- Four Hills Mega Site	40.012	D0085	177,288
Total Florida Department of Economic Opportunity			187,521
Executive Office of the Governor			
Emergency Management Programs - Hurricane Irma	31.xxx	Z0054-1	958
Total Executive Office of the Governor			958
Florida Department of State and Secretary of State			
Historic Preservation Grant - 1st National Bank Building	45.031	18-HSM-100017	50,000
Total Florida Department of State and Secretary of State			50,000
Florida Department of Law Enforcement			
Public Safety Administration Building Complex	71.030	G1620	286,657
Total Florida Department of Law Enforcement			286,657
Florida Department of Environmental Protection			
Wastewater Treatment Facility Construction/Solar Design - Loan	37.077	WW-320241	82,870
Wastewater Treatment Facility Construction/Solar Construction - Grant	37.077	WW-320243	169,169
Total Wastewater Treatment Facility Construction Program			252,039
Small Community Wastewater Facility Grant - SRF - Solar Design - Grant	37.075	SG-320242	301,344
Florida Recreation Development Assistance Program (FRDAP) - MERE	37.017	A17131	29,978
Delineated Area Well Subsidy Reimbursement	37.xxx	WQ047	109,987
Total Florida Department of Environmental Protection			693,348
Total State Financial Assistance			1,584,463
Total Federal Awards and State Financial Assistance			\$ 2,978,177

NOTE: There were no Federal Awards or State Financial Assistance passed through to subrecipients

See Independent Auditors' Report and Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance

City of Marianna, Florida
Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance
For the year ended September 30, 2018

NOTE 1 – BASIS OF PRESENTATION

The supplementary Schedule of Expenditures of Federal Awards and State Financial Assistance include the grant activities of the City of Marianna, Florida (the City). Federal and state expenditures are presented on the accrual basis of accounting. The information in these schedules is presented in accordance with the requirement 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. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 – PASS-THROUGH AWARDS

The City receives certain federal awards from pass-through awards of the State. The total amount of such pass-through awards is included on the supplementary schedule of expenditures of federal award programs.

NOTE 3 – LOAN PROGRAMS

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance does not include certain loan programs under which no expenditures were made during the year ended September 30, 2018, in accordance with the Uniform Guidance. Certain information related to these programs is disclosed here for transparency purposes. Additional information related to this debt is reported in the Notes to the Financial Statements.

The City of Marianna was awarded a loan of \$4,043,124 as amended in February 2010, by the Environmental Protection Agency. This award is identified under CFDA 66.458, ARRA - Drinking Water State Revolving Fund, which includes Principal forgiveness of \$2,550,000 with the City obligated to repay \$1,493,124 in principal and \$14,200 in capitalized interest. The principal and capitalized interest payable by the City at September 30, 2018 is \$1,019,726.

The City of Marianna was also awarded a loan of \$18,395,733 as amended in April 2010, by the Environmental Protection Agency. This award is identified under CFDA 66.458, Drinking Water State Revolving Fund. The City received a grant award from the Florida Department of Environmental Protection under CSFA 37.039 – Disadvantaged Small Community Grant (DSCG) Projects to assist in the repayment of this loan balance. The Florida Department of Environmental Protection remits \$375,000 on the City's behalf and the City remits the balance due on each semi-annual payment. The DSCG made additional principal payments of \$5,000,000 and \$5,503,625 during the years ending September 30, 2014 and 2015, respectively. This completed their obligation under the loan guarantee grant as of September 30, 2015. The principal and capitalized interest payable by the City at September 30, 2018 is \$1,633,713.

City of Marianna, Florida
Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance
For the year ended September 30, 2018

NOTE 3 – LOAN PROGRAMS (continued)


The City was awarded a loan of \$1,256,196 identified by CSFA 37.077, Waste Water State Revolving Fund, as well as, \$3,119,270 identified by CSFA 37.075 Federal Grants Trust Fund under the same agreement, by the State of Florida Department of Environmental Protection Agency in August 2011 for a total award of \$4,375,466. The City received a final proceed on this loan in the amount of \$627,639 during the fiscal year ended September 30, 2016 for expenditures made during the fiscal year ended September 30, 2015. Semi-annual payments of \$140,406 payable by Florida Department of Environmental Protection Agency grant of \$100,095 and City share of \$40,311, beginning December 15, 2015 as amended. A grant principal payment of \$3,268,751 was made on December 15, 2015 through a Small Community Wastewater Facility Grant awarded by the Department of Environmental Protection Agency, which fulfilled their obligation of payment of grant award. The principal and capitalized interest due by the City as of September 30, 2018 is \$1,151,594 payable in semi-annual payments of \$40,489.

The City received a loan and grant from the Environmental Protection Agency identified by CFDA 66.468, Drinking Water State Revolving Loan Fund which consists of a grant of \$190,472 for preconstruction which was expended as of September 30, 2015. An additional \$461,688 in loan proceeds and \$2,475,816 in grant funds was awarded under this agreement. The City has expended a total of \$2,666,288 in grant funds and an additional \$461,688 in costs attributable to the loan as of September 30, 2018. The amount included in the SEFA as loan expenditures at September 30, 2018 is the current year loan proceeds to extent expended in current year, \$5,615, as required under the Uniform Guidance, 2 CFR Part 200, Subpart F 200.502(a) for subawards, with the remainder of proceeds received, \$66,778, expended in the prior year. The principal and capitalized interest due at September 30, 2018 is \$465,480.

The City was awarded a loan in the amount of \$376,693 that includes principal forgiveness of \$301,354 and loan payable of \$75,339, plus capitalized interest and fees of \$7,544. The award is identified under CSFA 37.077, Wastewater Treatment Facility Construction. The amount expended at September 30, 2018 is \$376,680. The principal and capitalized interest due at September 30, 2018 is \$82,870.

The City was awarded a loan in 2017 of \$30,000 that includes principal forgiveness of \$15,000 and loan payable of \$15,000. The award is identified under CFDA 66.458. The amount expended at September 30, 2017 was \$30,000. The funds were received during the current fiscal year ended September 30, 2018. The principal and capitalized interest due at September 30, 2018 is \$15,052.

The City was awarded a loan in the amount of \$4,662,018. The award is identified under CSFA 37.077, Wastewater Treatment Facility Construction. The amount expended at September 30, 2018 is \$169,169. At year end, the City had not requested a draw for additional expensed of \$41,442. There is no principal or capitalized interest due at September 30, 2018.



City of Marianna, Florida
Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance
For the year ended September 30, 2018

NOTE 4 – INDIRECT COST

The City has not elected to use the 10% de Minimis indirect cost rate.

NOTE 5 – OTHER TYPES OF FINANCIAL ASSISTANCE

There were no other types of financial assistance to include endowments, insurance in effect, non-cash assistance, donated property or free rent received or included in the Schedule of Expenditures of Federal Awards and State Financial Assistance.

City of Marianna
Schedule of Findings and Questioned Costs
For the year ended September 30, 2018

A. SUMMARY OF AUDIT RESULTS

1. The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the City of Marianna.
2. No material weaknesses or significant deficiencies in internal control over financial reporting were reported during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the City of Marianna were disclosed during the audit.
4. No material weaknesses or significant deficiencies relating to the audit of the major federal award program and state projects are reported in the Independent Auditors' Report on Compliance and Internal Control Over Compliance Applicable to Each Major Program and State Project.
5. The Independent Auditors' Report on Compliance and Internal Control over Compliance Applicable to Each Major Federal Program and State Project of the City of Marianna expresses an unmodified opinion.
6. No audit findings relative to the major federal award programs and state projects for the City of Marianna are reported in this schedule.
7. The programs/projects tested as major programs and projects includes:

Federal Awards	Federal CFDA No.
Federal Emergency Management Agency Assistance to Firefighters Grant	97.044
State Project	State CFSA No.
Florida Department of Law Enforcement Public Safety Administration	
Building Construction	71.030
Florida Department of Environmental Protection Small Community	
Wastewater Facility Grant	37.075
Florida Department of Environmental Protection Wastewater	
Treatment Facility Construction	37.077

8. The threshold for distinguishing Type A and B programs was \$750,000 for major federal programs and \$300,000 for major state projects.
9. The City of Marianna does qualify as a low-risk auditee as that term is defined in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).



City of Marianna
Schedule of Findings and Questioned Costs
For the year ended September 30, 2018

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

There were no current year audit findings.

C. FINDINGS - MAJOR FEDERAL PROGRAMS

There were no current year audit findings.

D. FINDINGS - MAJOR STATE PROJECTS

There were no current year audit findings.



**City of Marianna, Florida
Summary Schedule of Prior Audit Findings
Year ended September 30, 2018**

PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS

MAJOR FEDERAL PROGRAMS AND STATE PROJECTS

There were no prior year audit findings.

FINANCIAL STATEMENTS

There were no prior year audit findings.