

**City of Marianna
Marianna, Florida**

**BASIC
FINANCIAL STATEMENTS**

September 30, 2019



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**City of Marianna
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September 30, 2019**

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REPORT





Carr, Riggs & Ingram, LLC
4267 Lafayette Street
Marianna, FL 32446

Mailing Address:
P.O. Box 1606
Marianna, FL 32447

(850) 526-3207
(850) 526-5322 (fax)
www.cricpa.com

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, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Redevelopment Agency 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 4.11 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.

Honorable Mayor-Commissioner
and City Commissioners
City of Marianna
Page Three

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2020 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.

Carr, Riggs & Ingram, L.L.C.

Marianna, Florida
June 28, 2020



**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 \$89,111,710. Of this amount, \$4,913,501 (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 \$9,030,420 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 \$6,319,124, a small increase of \$37,229 in comparison with the prior year. Approximately 78% of this amount, or \$4,927,593 is available for spending at the City's discretion (unassigned fund balance).

Governmental funds' revenue increased \$1,725,926 or (18.3%) from the prior year including insurance proceeds of approximately \$2.4 million. Current expenditures increased \$2,202,154 from the prior year. Other financing sources were the same from the prior year.

The City's Enterprise Funds ended the year with a net position in the amount of \$62,326,466 an increase of \$7,055,837 over last year. Operating revenues increased from last year by \$511,625. Non-operating revenues increased by \$5,453,913 primarily due to the insurance proceeds totaling \$5,351,110.

The MH&R experienced increased revenues from the prior year of \$979,531, mainly due to the 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.

City of Marianna Management's Discussion and Analysis

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.

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.

City of Marianna Management's Discussion and Analysis

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.

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.

City of Marianna Management's Discussion and Analysis

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 \$89.11 million at the close of the most recent fiscal year.

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

City of Marianna
Management's Discussion and Analysis

STATEMENT OF NET POSITION

	Governmental Activities		Business - Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 10,464,392	\$ 10,612,534	\$ 12,378,350	\$ 9,948,085	\$ 22,842,742	\$ 20,560,619
Non-current assets	24,005,631	22,091,316	68,083,033	59,883,464	92,088,664	81,974,780
Total assets	34,470,023	32,703,850	80,461,383	69,831,549	114,931,406	102,535,399
Deferred outflows of resources	1,050,986	895,613	2,781,283	2,993,939	3,832,269	3,889,552
Current and other liabilities	2,130,748	1,556,997	4,855,833	1,775,016	6,986,581	3,332,013
Non-current liabilities	5,935,505	6,160,773	15,319,703	14,869,133	21,255,208	21,029,906
Total liabilities	8,066,253	7,717,770	20,175,536	16,644,149	28,241,789	24,361,919
Deferred inflows of resources	669,512	1,071,032	740,664	910,710	1,410,176	1,981,742
Net position:						
Net investment in capital assets	19,978,249	17,870,851	61,649,454	53,850,659	81,627,703	71,721,510
Restricted	1,198,866	1,944,433	1,371,640	915,019	2,570,506	2,859,452
Unrestricted	5,608,129	4,995,377	(694,628)	504,951	4,913,501	5,500,328
Total net position	\$ 26,785,244	\$ 24,810,661	\$ 62,326,466	\$ 55,270,629	\$ 89,111,710	\$ 80,081,290

**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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
REVENUES						
Program Revenues:						
Charges for Services	\$ 1,034,012	\$ 1,155,058	\$ 23,046,446	\$ 22,534,821	\$ 24,080,458	\$ 23,689,879
Grants and Contributions	1,350,423	1,914,020	5,111,155	1,078,870	6,461,578	2,992,890
General Revenues:						
Property Taxes	675,752	675,667	-	-	675,752	675,667
Other Taxes	3,367,700	3,353,135	-	-	3,367,700	3,353,135
Investment Earnings	92,845	44,151	112,414	43,092	205,259	87,243
Other	2,240,011	610,586	5,437,410	68,995	7,677,421	679,581
<i>Total Revenues</i>	<u>8,760,743</u>	<u>7,752,617</u>	<u>33,707,425</u>	<u>23,725,778</u>	<u>42,468,168</u>	<u>31,478,395</u>
EXPENSES						
Program Activities						
General Government	3,732,068	2,274,803	-	-	3,732,068	2,274,803
Public Safety	2,419,137	2,545,613	-	-	2,419,137	2,545,613
Highways and Streets	1,038,636	1,363,987	-	-	1,038,636	1,363,987
Culture and Recreation	562,027	449,628	-	-	562,027	449,628
Interest on long-term debt	120,687	126,244	-	-	120,687	126,244
Business-type Activities	-	-	25,565,193	23,456,435	25,565,193	23,456,435
<i>Total Expenses</i>	<u>7,872,555</u>	<u>6,760,275</u>	<u>25,565,193</u>	<u>23,456,435</u>	<u>33,437,748</u>	<u>30,216,710</u>
Increase (decrease) in Net Position before transfers	888,188	992,342	8,142,232	269,343	9,030,420	1,261,685
Transfers	1,086,395	1,086,384	(1,086,395)	(1,086,384)	-	-
Increase in Net Position	1,974,583	2,078,726	7,055,837	(817,041)	9,030,420	1,261,685
Net Position - Beginning	24,810,661	22,731,935	55,270,629	56,087,670	80,081,290	78,819,605
Net Position - Ending	<u>\$ 26,785,244</u>	<u>\$ 24,810,661</u>	<u>\$ 62,326,466</u>	<u>\$ 55,270,629</u>	<u>\$ 89,111,710</u>	<u>\$ 80,081,290</u>

City of Marianna Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

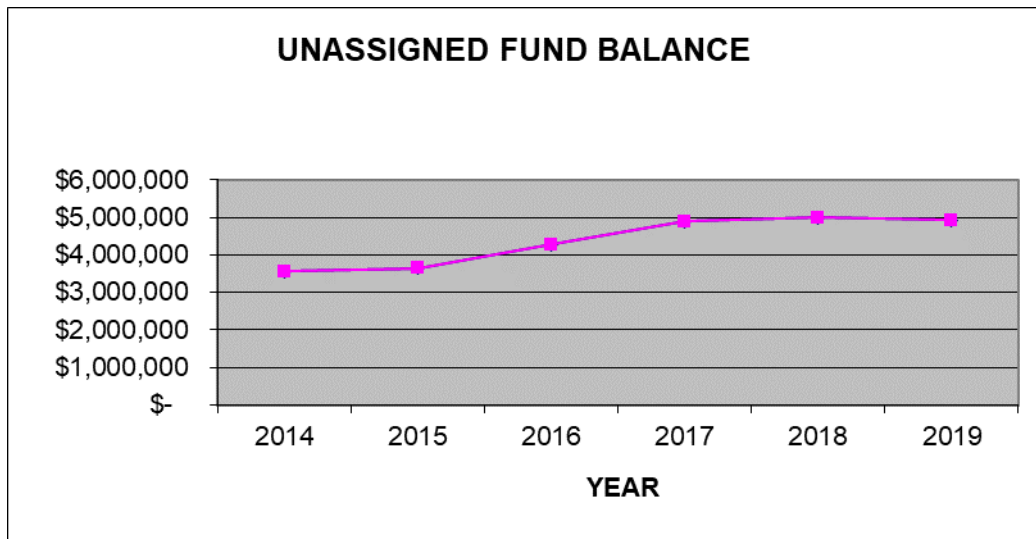
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 \$6,319,124. Of this amount, unassigned fund balance is \$4,927,593, which is available for spending (depending on fund restrictions) at the City's discretion. The assigned fund balance is \$986,096, the restricted fund balance is \$376,162, and nonspendable fund balance is \$29,273.

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 2014, with the exception of the 2019 year declined slightly.



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 \$186,000 from the original budget and the final budgeted expenditures resulted in an increase of \$3,404,878 from the original budget. With these budget adjustments, the resources available for appropriation were \$2,435,746 below the final budgeted amount. The actual expenditures were \$474,087 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 \$11,459,209 in bonds payable, notes payable and compensated absences, an increase of around 2.1% 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, \$1,116,289 for improvements to the sewer system, \$453,290 for improvements to the Sunland water system and \$863,377 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.

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.

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 \$92.1 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 increase (including additions and deletions) of \$10,113,741, or 11%, over last year. More detailed information about the City's capital assets is presented in Note 7 to the financial statements.

City of Marianna Management's Discussion and Analysis

The City's investment in capital assets such as land, buildings, machinery and equipment amounts to 91.6% of net position for the current fiscal year, a 1.6% increase 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.

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

- Completion of Caverns Road Lighting Project-\$251,055
- Completion of Chipola River Stormwater at Chipola-\$1,649,879
- Completion of MERE FRDAP-\$84,829
- Purchase of Knuckleboom Loader-\$220,426
- Completion of Utility Upgrade to Buildings-\$186,050
- Completion of Manhole Relining Project-\$99,998
- Various equipment/building purchases at MH&R-\$452,947
- Construction in Progress on Solar Farm (WWTP)-\$4,024,986
- Construction in Progress on Solar Farm (Catalyst)-\$135,536
- Construction in Progress of Extending Runway at Airport-\$1,212,631
- Construction in Progress of Fuel Farm at Airport-\$221,835

SIGNIFICANT ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's total budget for the 2019-2020 fiscal year totals \$36,854,814. Of this, \$7,726,355 is for the General fund, \$9,267,000 is for the Utility fund, \$2,202,244 is for the Airport, and \$17,659,215 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.

The City experienced a Category 5 Hurricane (Michael) in October 2018 and as a result sustained damages to property, equipment and infrastructure. The City did receive most of the insurance monies in FY 2018/2019 but is still receiving FEMA monies. While the City is insured there may still be some uninsured losses.

The City lost several major utility customers because of damages to their facility from the Hurricane and those businesses are still not back 100%. The Federal Prison, the City's largest Utility customer, still is not back operational. Prisoners have still have not been brought back into the facility.

City of Marianna Management's Discussion and Analysis

Subsequent to year end:

A loan from FEMA was approved on December 17, 2019. It is a promissory note in the principle sum of \$5 million at 1.75% interest. The P&I is due on 12/16/2024, unless any amount is cancelled pursuant to Stafford Disaster Relief and Emergency Assistance Act. The loan shall be paid in increments as requested by the City and approved by FEMA. Interest shall be charged on each loan withdrawal from the date of the actual date of payment by FEMA. The City drew down \$2 million on 3/26/2020.

A SRF Grant /Loan on the WWTP Upgrade Project was approved 12/5/2019. This is the design only at an amount of \$375,455, with 0% interest. It is an 80% grant and 20% loan. This part will be rolled into the construction loan once it is bid.

Subsequent to year end the City has approved purchases in excess of \$800,000 for budgeted and unbudgeted capital items and we continue to approve grant agreements and contracts relating to work performed as a result of the grant awards.

The City continues to perform debris removal services in the City as a result of damage from the Hurricane. The City has approved payments in excess of \$3.3 million since the beginning of the fiscal year on debris removal and these costs are supposed to be reimbursed by FEMA.

The City was awarded \$1 million under the FDEM Hurricane Michael Recovery Grant program for loss of revenue from major customer's closure and loss of residential customers.

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



BASIC FINANCIAL STATEMENTS

City of Marianna
Statement of Net Position

September 30, 2019	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
Assets			
Cash and cash equivalents	\$ 3,497,603	\$ 4,764,479	\$ 8,262,082
Restricted assets			
Cash and cash equivalents	1,529,767	1,546,347	3,076,114
Receivables, net	1,793,305	5,133,888	6,927,193
Due (to) from other funds	980,579	(980,579)	-
Due from other governments	375,703	1,529,030	1,904,733
Inventories	29,273	272,161	301,434
Prepaid expenses	-	28,762	28,762
Deposits	-	84,262	84,262
Net pension asset - police and firefighters' pension	2,258,162	-	2,258,162
Capital assets			
Nondepreciable capital assets	1,832,708	13,698,747	15,531,455
Depreciable capital assets, net	22,172,923	54,384,286	76,557,209
Total assets	34,470,023	80,461,383	114,931,406
Deferred outflows of resources			
Pension - police and firefighters	486,114	-	486,114
Other post employment benefits	5,244	15,732	20,976
Pension - FRS	559,628	2,765,551	3,325,179
Total deferred outflows of resources	1,050,986	2,781,283	3,832,269
Liabilities			
Accounts payable	1,826,742	3,326,229	5,152,971
Liabilities payable from restricted assets	-	388,709	388,709
Accrued expenses	60,364	107,930	168,294
Long-term liabilities			
Portion due or payable within one year			
Bonds payable	200,750	331,000	531,750
Notes payable	-	552,874	552,874
Compensated absences payable	50,559	149,091	199,650
Portion due or payable after one year			
Bonds payable	3,826,632	1,034,000	4,860,632
Notes payable	-	4,515,705	4,515,705
Compensated absences payable	202,237	596,362	798,599
Net pension liability - Florida Retirement System	1,793,446	8,862,801	10,656,247
Other post-employment benefits	105,523	310,835	416,358
Total liabilities	8,066,253	20,175,536	28,241,789
Deferred inflows of resources			
Other post-employment benefit	3,652	10,676	14,328
Pension - police and firefighters	518,142	-	518,142
Pension - FRS	147,718	729,988	877,706
Total deferred inflows of resources	669,512	740,664	1,410,176
Net position			
Net investment in capital assets	19,978,249	61,649,454	81,627,703
Restricted for:			
Capital projects	752,983	306,274	1,059,257
Debt service	263,953	1,054,303	1,318,256
Community development projects	62,039	-	62,039
Other purposes	119,891	11,063	130,954
Unrestricted	5,608,129	(694,628)	4,913,501
Total net position	\$ 26,785,244	\$ 62,326,466	\$ 89,111,710

The accompanying notes are an integral part of this financial statement.

City of Marianna Statement of Activities

For the year ended September 30, 2019

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	\$ 3,732,068	\$ 373,173	\$ 1,228,077	\$ -	\$ (2,130,818)	\$ -	\$ (2,130,818)
Public Safety	2,419,137	466,763	3,917	1,248	(1,947,209)	-	(1,947,209)
Highways and streets	1,038,636	117,653	-	100,534	(820,449)	-	(820,449)
Culture and recreation	562,027	76,423	-	16,647	(468,957)	-	(468,957)
Interest on long-term debt	120,687	-	-	-	(120,687)	-	(120,687)
Total governmental activities	7,872,555	1,034,012	1,231,994	118,429	(5,488,120)	-	(5,488,120)
Business Type Activities:							
Water	1,918,956	1,180,144	-	3,517,737	-	2,778,925	2,778,925
Gas	1,728,819	2,217,038	-	-	-	488,219	488,219
Sewer	3,148,233	2,416,457	-	-	-	(731,776)	(731,776)
Airport	740,794	185,169	-	1,593,418	-	1,037,793	1,037,793
MHR	18,028,391	17,047,638	-	-	-	(980,753)	(980,753)
Total business-type activities	25,565,193	23,046,446	-	5,111,155	-	2,592,408	2,592,408
Total primary government	\$ 33,437,748	\$ 24,080,458	\$ 1,231,994	\$ 5,229,584	(5,488,120)	2,592,408	(2,895,712)
General Revenues							
Taxes:							
Property taxes, levied for general purposes					675,752	-	675,752
Franchise and public service taxes					3,367,700	-	3,367,700
Interest and investment earnings					92,845	112,414	205,259
Miscellaneous					2,240,011	5,437,410	7,677,421
Transfers					1,086,395	(1,086,395)	-
Total general revenues and transfers					7,462,703	4,463,429	11,926,132
Change in net position					1,974,583	7,055,837	9,030,420
Net position - beginning					24,810,661	55,270,629	80,081,290
Net position - ending					\$ 26,785,244	\$ 62,326,466	\$ 89,111,710

The accompanying notes are an integral part of this financial statement.

**City of Marianna
Balance Sheet
Governmental Funds**

September 30, 2019

	GENERAL	COMMUNITY REDEVELOPMENT AGENCY	DEBT SERVICE FUND	Total
Assets				
Cash and cash equivalents	\$ 3,497,603	\$ -	\$ -	\$ 3,497,603
Accounts receivable, net	1,793,305	-	-	1,793,305
Due from other governments	206,664	169,039	-	375,703
Due from other funds	1,225,575	-	-	1,225,575
Inventory	29,273	-	-	29,273
Restricted assets				
Cash and cash equivalents	1,205,450	-	324,317	1,529,767
Total assets	\$ 7,957,870	\$ 169,039	\$ 324,317	\$ 8,451,226
Liabilities				
Accounts payable	\$ 1,826,742	\$ -	\$ -	\$ 1,826,742
Accrued expenses	-	-	60,364	60,364
Payable to other funds	137,996	107,000	-	244,996
Total liabilities	1,964,738	107,000	60,364	2,132,102
Fund balances				
Nonspendable	29,273	-	-	29,273
Restricted for:				
Law Enforcement	50,170	-	-	50,170
Debt service	-	-	263,953	263,953
Community development projects	-	62,039	-	62,039
Assigned to:				
Recreation	40,448	-	-	40,448
Road resurfacing	684,849	-	-	684,849
Fire Department	68,134	-	-	68,134
Debris Removal for Hurrican Michael	192,665	-	-	192,665
Unassigned	4,927,593	-	-	4,927,593
Total fund balances	5,993,132	62,039	263,953	6,319,124
Total liabilities and fund balances	\$ 7,957,870	\$ 169,039	\$ 324,317	\$ 8,451,226

The accompanying notes are an integral part of this financial statement.

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

September 30, 2019

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

Total fund balances – governmental funds	\$ 6,319,124
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Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the governmental funds.	24,005,631
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Net pension assets are not financial resources in the current period and, therefore, are not reported in the governmental funds.	2,258,162
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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, 2019 were:

Bonds payable	\$ 4,027,382	
Other post-employment benefits	105,523	
Net pension liability	1,793,446	
Compensated absences	252,796	

Total long-term liabilities	(6,179,147)
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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 outflow of resources - other post-employment benefits	5,244
Deferred inflow of resources - other post-employment benefits	(3,652)
Deferred outflows of resources - pensions	1,045,742
Deferred inflows of resources - pensions	(665,860)

Net position of governmental activities	\$ 26,785,244
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The accompanying notes are an integral part of this financial statement.

City of Marianna
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the year ended September 30, 2019

	GENERAL	COMMUNITY REDEVELOPMENT AGENCY	DEBT SERVICE FUND	TOTAL
Revenues				
Property taxes, levied for general purposes	\$ 675,752	\$ -	\$ -	\$ 675,752
Other taxes	3,169,028	157,015	-	3,326,043
Intergovernmental	244,318	-	-	244,318
Licenses and permits	74,378	-	-	74,378
Charges for services	1,041,012	-	-	1,041,012
Fines and forfeitures	12,776	-	-	12,776
Grants	1,350,423	-	-	1,350,423
Interest	92,749	96	-	92,845
Other fees and miscellaneous	200,457	-	-	200,457
Total revenues	6,860,893	157,111	-	7,018,004
Expenditures				
Current				
General government	2,712,952	379,731	-	3,092,683
Public safety	2,289,371	-	-	2,289,371
Highways and streets	834,429	-	-	834,429
Culture and recreation	379,048	-	-	379,048
Capital outlay				
General government	726,450	-	-	726,450
Public safety	95,191	-	-	95,191
Highways and streets	1,385,600	-	-	1,385,600
Culture and recreation	1,358,585	-	-	1,358,585
Debt Service				
Principal	-	-	193,083	193,083
Interest and other charges	-	-	120,688	120,688
Total expenditures	9,781,626	379,731	313,771	10,475,128
Excess of revenues over (under) expenditures	(2,920,733)	(222,620)	(313,771)	(3,457,124)
Other financing sources (uses)				
Transfers in	1,097,395	41,657	336,156	1,475,208
Transfers out	(377,813)	(11,000)	-	(388,813)
Insurance proceeds due to disposition of fixed assets	2,407,958	-	-	2,407,958
Net other financing sources (uses)	3,127,540	30,657	336,156	3,494,353
Net change in fund balances	206,807	(191,963)	22,385	37,229
Fund balances - beginning	5,786,325	254,002	241,568	6,281,895
Fund balances - ending	\$ 5,993,132	\$ 62,039	\$ 263,953	\$ 6,319,124

The accompanying notes are an integral part of this financial statement.

City of Marianna

**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, 2019

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

Net change in fund balances - total governmental funds	\$	37,229
Capital outlay, reported as expenditures in governmental funds, is shown as capital assets in the Statement of Net Position.		3,565,826
Depreciation expense on governmental capital assets is included in the governmental activities in the Statement of Activities.		(975,293)
Loan proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Position		-
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.		193,083
On the Statement of Activities, only the gain on the disposition of capital assets is reported. Whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the carrying value of the capital assets sold.		(676,325)
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		(9,621)
Compensated absences		5,962
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.		(166,278)
Change in net position of governmental activities	\$	1,974,583

The accompanying notes are an integral part of this financial statement.

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

For the year ended September 30, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET
Revenues				
Property taxes	\$ 670,000	\$ 670,000	\$ 675,752	\$ 5,752
Other taxes	3,250,572	3,207,672	3,169,028	(38,644)
Licenses and permits	81,900	81,900	74,378	(7,522)
Intergovernmental	227,500	242,300	244,318	2,018
Charges for services	1,114,667	1,036,867	1,041,012	4,145
Fine and forfeitures	19,000	19,000	12,776	(6,224)
Grants	2,257,000	1,340,200	1,350,423	10,223
Interest Income	50,000	92,000	92,749	749
Miscellaneous revenue	1,440,000	2,606,700	200,457	(2,406,243)
Total revenues	9,110,639	9,296,639	6,860,893	(2,435,746)
Expenditures				
General government	2,332,781	3,765,687	3,439,402	326,285
Public safety	2,465,900	2,468,700	2,384,562	84,138
Highways and streets	1,574,508	2,256,780	2,220,029	36,751
Culture and recreation	477,646	1,764,546	1,737,633	26,913
Total expenditures	6,850,835	10,255,713	9,781,626	474,087
Excess of revenues over (under) expenditures	2,259,804	(959,074)	(2,920,733)	(1,961,659)
Other financing sources (uses)				
Transfers in	1,086,383	1,086,383	1,097,395	11,012
Transfers out	(490,109)	(375,109)	(377,813)	(2,704)
Insurance proceeds due to disposition of fixed assets	-	-	2,407,958	2,407,958
Total other financing sources	596,274	711,274	3,127,540	2,416,266
Net change in fund balances	2,856,078	(247,800)	206,807	454,607
Fund balances - beginning	5,786,325	5,786,325	5,786,325	-
Fund balances - ending	\$ 8,642,403	\$ 5,538,525	\$ 5,993,132	\$ 454,607

The accompanying notes are an integral part of this financial statement.

City of Marianna

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

For the year ended September 30, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET
Revenues				
Taxes	\$ 115,000	\$ 115,000	\$ 157,015	\$ 42,015
Interest	-	-	96	96
Total revenues	115,000	115,000	157,111	42,111
Expenditures				
General government	115,000	115,000	379,731	(264,731)
Total expenditures	115,000	115,000	379,731	(264,731)
Excess of revenues over (under) expenditures	-	-	(222,620)	(222,620)
Other financing sources (uses)				
Transfers in	40,000	40,000	41,657	1,657
Transfers out	(11,000)	(11,000)	(11,000)	-
Total other financing sources	29,000	29,000	30,657	1,657
Net change in fund balance	29,000	29,000	(191,963)	(220,963)
Fund balance - beginning	254,002	254,002	254,002	-
Fund balance - ending	\$ 283,002	\$ 283,002	\$ 62,039	\$ (220,963)

The accompanying notes are an integral part of this financial statement.

City of Marianna
Statement of Net Position
Proprietary Funds

September 30, 2019

	BUSINESS-TYPE ACTIVITIES/ENTERPRISE FUNDS			
	UTILITY	MHR	AIRPORT	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 4,216,645	\$ 509,107	\$ 38,727	\$ 4,764,479
Accounts receivable, net	783,313	2,739,284	1,611,291	5,133,888
Due from other funds	1,000,584	-	-	1,000,584
Due from other governments	354,357	-	1,174,673	1,529,030
Inventories	182,945	89,216	-	272,161
Prepaid expenses	12,540	16,222	-	28,762
Total current assets	6,550,384	3,353,829	2,824,691	12,728,904
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	1,511,057	35,290	-	1,546,347
Deposits	84,262	-	-	84,262
Capital assets				
Nondepreciable	8,623,609	50,000	5,025,138	13,698,747
Depreciable, net	35,836,407	5,846,722	12,701,157	54,384,286
Total noncurrent assets	46,055,335	5,932,012	17,726,295	69,713,642
Total assets	52,605,719	9,285,841	20,550,986	82,442,546
Deferred outflows of resources				
Pension	396,255	2,385,028	-	2,781,283
Total deferred outflows of resources	396,255	2,385,028	-	2,781,283
Liabilities				
Current liabilities				
Accounts payable	841,698	1,156,891	1,327,640	3,326,229
Due to other funds	-	822,779	1,158,384	1,981,163
Accrued compensated absences	25,878	123,213	-	149,091
Notes payable	552,874	-	-	552,874
Accrued interest payable	107,930	-	-	107,930
Liabilities payable from restricted assets	353,419	35,290	-	388,709
Bonds payable - current	331,000	-	-	331,000
Total current liabilities	2,212,799	2,138,173	2,486,024	6,836,996
Noncurrent liabilities				
Accrued compensated absences	103,510	492,852	-	596,362
Net pension liability	1,263,831	7,598,970	-	8,862,801
Notes payable	4,515,705	-	-	4,515,705
Revenue bonds payable, net	1,034,000	-	-	1,034,000
Other post-employment benefits	37,182	273,653	-	310,835
Total noncurrent liabilities	6,954,228	8,365,475	-	15,319,703
Total liabilities	9,167,027	10,503,648	2,486,024	22,156,699
Deferred inflows of resources				
Other post-employment benefits	1,275	9,401	-	10,676
Pensions	104,096	625,892	-	729,988
Total deferred inflows of resources	105,371	635,293	-	740,664
Net position				
Net investment in capital assets	38,026,437	5,896,722	17,726,295	61,649,454
Restricted for:				
Capital projects	306,274	-	-	306,274
Debt service	1,054,303	-	-	1,054,303
Other purposes	11,063	-	-	11,063
Unrestricted	4,331,499	(5,364,794)	338,667	(694,628)
Total net position	\$ 43,729,576	\$ 531,928	\$ 18,064,962	\$ 62,326,466

The accompanying notes are an integral part of this financial statement.

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

For the year ended September 30, 2019

	BUSINESS -TYPE ACTIVITIES/ENTERPRISE FUNDS			
	UTILITY	MHR	AIRPORT	TOTAL
Operating revenues				
Water, sewer, and gas revenue pledged as security for revenue bonds	\$ 5,813,639	\$ -	\$ -	\$ 5,813,639
Charges for services	-	17,047,638	185,169	17,232,807
Total operating revenues	5,813,639	17,047,638	185,169	23,046,446
Operating expenses				
Personal services	1,478,770	11,116,983	-	12,595,753
Utilities	521,442	358,013	23,290	902,745
Services and supplies	1,615,722	3,349,398	15,369	4,980,489
Repairs and maintenance	124,298	178,585	15,482	318,365
Insurance premiums	135,637	285,308	32,355	453,300
Other operating expenses	214,441	2,384,847	19,238	2,618,526
Depreciation	2,595,532	355,257	635,060	3,585,849
Total operating expenses	6,685,842	18,028,391	740,794	25,455,027
Net operating income (loss)	(872,203)	(980,753)	(555,625)	(2,408,581)
Nonoperating revenues (expenses)				
Interest income	106,360	5,959	95	112,414
Miscellaneous revenue	660,953	563,456	4,297,551	5,521,960
Gain (loss) on sale of assets	(54,115)	(16,716)	(13,719)	(84,550)
Interest expense	(110,166)	-	-	(110,166)
Total nonoperating revenues (expenses)	603,032	552,699	4,283,927	5,439,658
Income (loss) before contributions and transfers	(269,171)	(428,054)	3,728,302	3,031,077
Capital contributions	3,517,737	-	1,593,418	5,111,155
Transfers, net	(491,503)	(567,622)	(27,270)	(1,086,395)
Change in net position	2,757,063	(995,676)	5,294,450	7,055,837
Total net position - beginning	40,972,513	1,527,604	12,770,512	55,270,629
Total net position - ending	\$ 43,729,576	\$ 531,928	\$ 18,064,962	\$ 62,326,466

The accompanying notes are an integral part of this financial statement.

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

For the year ended September 30, 2019

	BUSINESS-TYPE ACTIVITIES/ENTERPRISE FUNDS			
	UTILITY	MHR	AIRPORT	TOTAL
Operating activities				
Receipts from customers and users	\$ 5,522,176	\$ 17,078,426	\$ (2,528,339)	\$ 20,072,263
Payments to suppliers	(3,121,867)	(3,732,670)	2,252,230	(4,602,307)
Payments to employees	(1,317,011)	(10,153,371)	-	(11,470,382)
Other receipts (payments)	(205,342)	(2,384,847)	(19,238)	(2,609,427)
Net cash provided by (used in) operating activities	877,956	807,538	(295,347)	1,390,147
Noncapital financing activities				
Operating subsidies and transfers to other funds	(491,503)	(567,622)	(27,270)	(1,086,395)
Net cash provided by (used in) noncapital financing activities	(491,503)	(567,622)	(27,270)	(1,086,395)
Capital and related financing activities				
Proceeds from capital debt	764,799	-	-	764,799
Capital contributions	3,517,737	-	1,593,418	5,111,155
Purchase of capital assets	(5,096,754)	(971,571)	(5,801,645)	(11,869,970)
Principal payments on capital debt	(364,025)	-	-	(364,025)
Interest payments on capital debt	(45,183)	-	-	(45,183)
Other receipts (payments)	660,953	563,456	4,297,551	5,521,960
Net cash provided by (used in) capital and related financing activities	(562,473)	(408,115)	89,324	(881,264)
Investing activities				
Interest and dividends	106,360	5,959	95	112,414
Net cash provided by (used in) investing activities	106,360	5,959	95	112,414
Net increase (decrease) in cash and cash equivalents	(69,660)	(162,240)	(233,198)	(465,098)
Cash - beginning of the year	5,797,362	706,637	271,925	6,775,924
Cash - ending of the year	\$ 5,727,702	\$ 544,397	\$ 38,727	\$ 6,310,826
Classified on the Statement of Net Position as:				
Current assets - cash and cash equivalents	\$ 4,216,645	\$ 509,107	\$ 38,727	\$ 4,764,479
Noncurrent assets - restricted cash and cash equivalents	1,511,057	35,290	-	1,546,347
	\$ 5,727,702	\$ 544,397	\$ 38,727	\$ 6,310,826

The accompanying notes are an integral part of this financial statement.

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

For the year ended September 30, 2019

	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)	\$ (872,203)	\$ (980,753)	\$ (555,625)	\$ (2,408,581)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	2,595,532	355,257	635,060	3,585,849
(Increase) decrease in accounts receivable	(107,286)	30,788	(1,611,291)	(1,687,789)
(Increase) decrease in inventory	1,850	(16,523)	-	(14,673)
(Increase) decrease in deposits	9,099	-	-	9,099
(Increase) decrease in prepaid insurance	(12,540)	106,088	-	93,548
(Increase) decrease in due from other funds	(1,233,088)	46,015	1,177,921	(9,152)
Increase (decrease) in accounts payable and accrued expenses	680,769	1,266,666	1,160,805	3,108,240
Increase (decrease) in due from other governments	(184,177)	-	(1,102,217)	(1,286,394)
Net cash provided by (used in) operating activities	\$ 877,956	\$ 807,538	\$ (295,347)	\$ 1,390,147

The accompanying notes are an integral part of this financial statement.

City of Marianna
Statement of Fiduciary Net Position
Fiduciary Funds

September 30, 2019

	<u>PENSION TRUST</u>		<u>AGENCY</u>
	MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND	MUNICIPAL POLICE OFFICERS' RETIREMENT TRUST FUND	DEFERRED COMPENSATION
Assets			
Cash and cash equivalents	\$ 32,027	\$ 32,838	\$ -
Due from other funds	43,831	49,692	-
Investments, at fair value:			
Other investments, fixed income	1,331,821	1,692,572	-
Corporate stocks	2,515,540	3,210,837	-
Other equity investments	4,198	2,046	-
Other investments	-	-	2,692,629
Total investments, at fair value	3,851,559	4,905,455	2,692,629
Total assets	\$ 3,927,417	\$ 4,987,985	\$ 2,692,629
Liabilities			
Deferred compensation benefits payable	\$ -	\$ -	\$ 2,692,629
Total liabilities	-	-	2,692,629
Net position			
Held in trust for pension and other purposes	\$ 3,927,417	\$ 4,987,985	\$ -

The accompanying notes are an integral part of this financial statement.

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

For the year ended September 30, 2019

	PENSION TRUST	
	MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND	MUNICIPAL POLICE OFFICERS' RETIREMENT TRUST FUND
Additions		
Contributions		
State and City	\$ 62,705	\$ 49,692
Plan members	32,248	33,243
Total contributions	94,953	82,935
Investment earnings		
Net increase (decrease) in fair value of investments	(17,538)	(22,176)
Interest and dividends	195,732	248,667
Total investment earnings	178,194	226,491
Total additions	273,147	309,426
Deductions		
Benefits	152,022	140,804
Administrative expenses	12,186	24,652
Total deductions	164,208	165,456
Change in net position	108,939	143,970
Net position - beginning	3,818,478	4,844,015
Net position - ending	\$ 3,927,417	\$ 4,987,985

The accompanying notes are an integral part of this financial statement.

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

Management has evaluated events occurring subsequent to September 30, 2019 and through June 28, 2020, the date these financial statements were available for issue. See Note 15 for relevant disclosures.

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 2019, the City adopted two new statements of financial accounting standards issued by the GASB:

- Statement No. 83, Certain Asset Retirement Obligations (“GASB 83”)
- Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements (“GASB 88”)

GASB 83 establishes standards of accounting and financial reporting requirements for legally enforceable liabilities associated with the retirement of certain tangible capital assets. State and local governments that have legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the regulation of GASB 83. The requirements of GASB 83 are effective for reporting periods beginning after June 15, 2018. GASB 83 had no impact on the City’s financial statements.

GASB 88 defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. GASB 88 requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant subjective acceleration clauses. GASB 88 also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of GASB 88 are effective for reporting periods beginning after June 15, 2018. See Note 8 for the additional disclosures required by the City as a result of GASB 88.

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.

GASB Statement No.	GASB Accounting Standard	Effective Fiscal Year
84	<i>Fiduciary Activities</i>	2020
87	<i>Leases</i>	2021
89	<i>Accounting for Interest Cost Incurred before the End of a Construction Period</i>	2021
90	<i>Majority Equity Interest and amendment of GASB Statements No. 14 and No. 61</i>	2020
91	<i>Conduit Debt Obligations</i>	2022

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2019 was 2.8341

Note 3: PROPERTY TAXES (Continued)

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.

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 \$11,403,061 and the bank balance was \$11,887,539. 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 depositors are assessed additional amounts, they are assessed on a pro-rata basis.

Note 4: DEPOSITS AND INVESTMENTS (Continued)

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.

The City invested funds in the Florida State Board of Administration Local Governments Surplus Funds Investment Pool. At September 30, 2019, the market value and the carrying value of these funds was \$3,138,297. The funds are carried as a cash equivalent on the balance sheet at September 30, 2019 (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, 2019, the City did not hold any deposits or investments that were considered to have custodial credit risk.

Concentration of Credit Risk

At September 30, 2019, 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, 2019, the City's investment in the Florida PRIME is rated by Standard and Poors and the current rating is AAAM.

Note 4: DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk

The dollar weighted average days to maturity (WAM) of the Florida PRIME at September 30, 2019, is 37 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, 2019, is 85 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, 2019, plan funds totaling \$2,692,629 were invested in mutual funds. These funds are carried as an investment in the agency fund.

Foreign Currency Risk

At September 30, 2019, 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	\$ 127,775	\$ 481,172	\$ -	\$ 4,240,185	\$ 4,849,132
Insurance proceeds receivable related to Hurrican Michael	1,423,884	134,740	1,611,291	-	3,169,915
Interest receivable	20,967	-	-	-	20,967
Other receivables	272,654	189,762	-	-	462,416
Less allowance for doubtful accounts	(51,975)	(22,361)	-	(1,500,901)	(1,575,237)
Accounts Receivables, net	\$ 1,793,305	\$ 783,313	\$ 1,611,291	\$ 2,739,284	\$ 6,927,193

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, 2019 are as follows:

Receivable fund	Payable fund	
General	Proprietary funds	\$ 908,579

For Governmental Funds, the interfund balance is comprised of \$822,779 in due from other funds. For Proprietary Funds, the interfund balance is comprised of \$822,779 in payable to other funds.

TRANSFERS IN

Transfers Out	General	CRA	Debt Service	Utility	Airport	MHR	Total
General	\$ -	\$ 41,657	\$ 336,156	\$ -	\$ -	\$ -	\$ 377,813
Utility	491,503	-	-	-	-	-	491,503
CRA	11,000	-	-	-	-	-	11,000
Airport	27,270	-	-	-	-	-	27,270
MHR	567,622	-	-	-	-	-	567,622
	\$ 1,097,395	\$ 41,657	\$ 336,156	\$ -	\$ -	\$ -	\$ 1,475,208

City of Marianna
Notes to Financial Statements

Note 7: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019 was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 1,521,337	\$ -	\$ -	\$ 1,521,337
Construction in progress	1,103,325	23,215	(815,169)	311,371
Total capital assets, not being depreciated	2,624,662	23,215	(815,169)	1,832,708
Capital assets, being depreciated:				
Infrastructure	15,418,120	-	-	15,418,120
Buildings	1,864,107	1,720,055	(819,746.00)	2,764,416
Improvements other than buildings	5,631,946	2,098,109	(247,341.00)	7,482,714
Equipment	6,129,138	539,577	(1,143,488)	5,525,227
Total capital assets, being depreciated	29,043,311	4,357,741	(2,210,575)	31,190,477
Less: accumulated depreciation for:				
Infrastructure	2,508,120	329,683	-	2,837,803
Buildings	963,223	32,834	(255,887)	740,170
Improvements other than buildings	1,978,551	277,633	(240,203)	2,015,981
Equipment	4,126,763	335,143	(1,038,306)	3,423,600
Total accumulated depreciation	9,576,657	975,293	(1,534,396)	9,017,554
Total capital assets, being depreciated, net	19,466,654	3,382,448	(676,179)	22,172,923
Governmental activities capital assets, net	\$ 22,091,316	\$ 3,405,663	\$ (1,491,348)	\$ 24,005,631

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	3,387,595	4,162,122	-	7,549,717
Total capital assets, not being depreciated	4,461,487	4,162,122	-	8,623,609
Capital assets, being depreciated:				
Buildings	1,423,911	198,922	(284,047)	1,338,786
Improvements other than buildings	69,120,818	621,891	(46,274)	69,696,435
Equipment	2,796,605	113,819	(1,172,038)	1,738,386
Total capital assets, being depreciated	73,341,334	934,632	(1,502,359)	72,773,607
Less: accumulated depreciation for:				
Buildings	917,958	211,571	(170,751)	958,778
Improvements other than buildings	32,621,878	1,708,358	(1,034,095)	33,296,141
Equipment	2,250,076	675,603	(243,398)	2,682,281
Total accumulated depreciation	35,789,912	2,595,532	(1,448,244)	36,937,200
Total capital assets, being depreciated, net	37,551,422	(1,660,900)	(54,115)	35,836,407
Utility capital assets, net	\$ 42,012,909	\$ 2,501,222	\$ (54,115)	\$ 44,460,016

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	590,008	4,726,221	(366,600)	4,949,629
Total capital assets, not being depreciated	665,517	4,726,221	(366,600)	5,025,138
Capital assets, being depreciated:				
Buildings	6,139,978	1,075,425	(18,761)	7,196,642
Improvements other than buildings	10,282,407	366,599	-	10,649,006
Equipment	902,126	-	(76,167)	825,959
Total capital assets, being depreciated	17,324,511	1,442,024	(94,928)	18,671,607
Less: accumulated depreciation for:				
Buildings	2,045,796	177,191	(5,042)	2,217,945
Improvements other than buildings	2,529,397	421,795	-	2,951,192
Equipment	841,406	36,074	(76,167)	801,313
Total accumulated depreciation	5,416,599	635,060	(81,209)	5,970,450
Total capital assets, being depreciated, net	11,907,912	806,964	(13,719)	12,701,157
Airport capital assets, net	\$ 12,573,429	\$ 5,533,185	\$ (380,319)	\$ 17,726,295

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	-	834,276	(834,276)	-
Total capital assets, not being depreciated	50,000	834,276	(834,276)	50,000
Capital assets, being depreciated:				
Buildings	9,225,570	834,276	(518,624)	9,541,222
Equipment	3,126,893	137,295	-	3,264,188
Total capital assets, being depreciated	12,352,463	971,571	(518,624)	12,805,410
Less: accumulated depreciation for:				
Buildings	4,472,500	218,687	(501,906)	4,189,281
Equipment	2,632,837	136,570	-	2,769,407
Total accumulated depreciation	7,105,337	355,257	(501,906)	6,958,688
Total capital assets, being depreciated, net	5,247,126	616,314	(16,718)	5,846,722
MHR capital assets, net	\$ 5,297,126	\$ 1,450,590	\$ (850,994)	\$ 5,896,722

Note 7: CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions as follows:

Governmental activities	
General government	\$ 367,221
Public safety	228,624
Culture and recreation	166,599
Highways and streets	212,849
<hr/>	
Total depreciation expense-governmental activities	\$ 975,293
<hr/> <hr/>	

Business-type activities	
Gas	\$ 211,571
Water	675,603
Sewer	1,708,358
MHR	355,257
Airport	635,060
<hr/>	
Total depreciation expense-business-type activities	\$ 3,585,849
<hr/> <hr/>	

Note 8: LONG-TERM DEBT

Long-term debt activity for the year ended September 30, 2019, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:					
Bonds payable from direct placements	\$ 4,220,465	\$ -	\$ (193,083)	\$ 4,027,382	\$ 200,750
Compensated absences	258,651	245,816	(251,671)	252,796	50,559
	<u>4,479,116</u>	<u>245,816</u>	<u>(444,754)</u>	<u>4,280,178</u>	<u>251,309</u>
Business-type activities:					
Bonds payable from direct placements	1,691,000	-	(326,000)	1,365,000	331,000
Compensated absences	706,340	334,411	(295,298)	745,453	149,091
Notes payable from direct borrowings leases	4,341,805	765,455	(38,681)	5,068,579	552,874
	<u>6,739,145</u>	<u>1,099,866</u>	<u>(659,979)</u>	<u>7,179,032</u>	<u>1,032,965</u>
Total	<u>\$ 11,218,261</u>	<u>\$ 1,345,682</u>	<u>\$ (1,104,733)</u>	<u>\$ 11,459,210</u>	<u>\$ 1,284,274</u>

Payments on the notes, leases payable, and sales tax revenue bonds that pertain to the City's governmental activities are made by the debt service funds. The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund.

The City's outstanding notes from direct placements related to governmental activities of \$2,075,801 contain provisions that in an event of default, outstanding amounts become immediately due if the City is unable to make payment.

The City's outstanding notes from direct borrowings related to business-type activities of \$5,068,579 contain provisions that if the City meets any conditions of default, the repayment schedule may be accelerated and/or the interest rate increased.

Note 8: LONG-TERM DEBT (Continued)

Debt service requirements on long-term debt at September 30, 2019 are as follows:

FISCAL YEAR ENDING SEPTEMBER 30,	GOVERNMENTAL ACTIVITIES	
	REVENUE BONDS FROM DIRECT PLACEMENT	
	PRINCIPAL	INTEREST
2020	\$ 200,750	\$ 117,942
2021	206,466	111,864
2022	212,749	105,754
2023	1,685,415	79,025
2024	95,500	53,813
2025-2029	524,200	222,385
2030-2034	611,500	135,188
2035-2038	490,801	35,697
Total	\$ 4,027,381	\$ 861,668

FISCAL YEAR ENDING SEPTEMBER 30,	BUSINESS-TYPE ACTIVITIES			
	REVENUE BONDS FROM DIRECT PLACEMENT		NOTES PAYABLE FROM DIRECT BORROWING	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2020	\$ 331,000	\$ 23,150	\$ 552,874	\$ 84,170
2021	338,000	16,692	480,351	62,210
2022	345,000	10,101	487,562	54,921
2023	351,000	3,387	494,902	49,472
2024	-	-	502,373	39,637
2025-2029	-	-	1,353,196	163,806
2030-2034	-	-	944,690	50,129
2035-2039	-	-	252,631	3,938
Total	\$ 1,365,000	\$ 53,330	\$ 5,068,579	\$ 508,283

Note 8: LONG-TERM DEBT (Continued)

Governmental activities

Revenue Bonds from Direct Placement

\$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. \$ 2,075,801

\$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. 1,951,580

Total revenue bonds 4,027,381

Total governmental activities \$ 4,027,381

Note 8: LONG-TERM DEBT (Continued)

Business-type activities

Revenue Bonds from Direct Placement

\$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.	\$ 1,365,000
Total - net of discounts, premiums and deferred amount on refunding	1,365,000

Notes Payable from Direct Borrowing

State of Florida - State Revolving Fund original amount \$4,375,466 dated Aug 2011, payable in semiannual installments of \$140,406, including interest at 1.10%, collateralized by equipment, due 'June 2035.	1,116,289
State of Florida - State Revolving Fund original amount \$1,493,124 dated Dec 2009, payable in semiannual installments of \$48,621, including interest at 2.57%, due 'April 2030.	1,007,611
State of Florida - State Revolving Fund original amount \$18,395,733 dated Sep 2001, payable in semiannual installments of \$530,847, including interest at .83%, due January 2029.	1,628,012
State of Florida - State Revolving Fund original amount \$461,688 dated March 2014, payable in semiannual installments of \$13,192, including interest at 1.8%, due February 2036.	453,290
State of Florida - State Revolving Fund original amount \$376,693 dated Feb 2018, payable in semiannual installments. Payment amount is undetermined, due May 2038.	82,870
State of Florida - State Revolving Fund original amount \$932,404 dated Aug 2018, payable in semiannual installments of \$20,513, including interest at .0%, due March 2032.	764,799
State of Florida - State Revolving Fund original amount \$15,000 dated June 2017, payable in semiannual installments of \$798, including interest at .36%, due February 2028.	15,708
Total notes payable	5,068,579
Total business-type activities	\$ 6,433,579

Total interest expense for the year ended September 30, 2019 was \$230,853. Interest paid during the year ended September 30, 2019 was \$168,803.

Note 9: MAJOR SUPPLIER

All natural gas sold by the City is purchased from a single supplier, Florida Gas Utility Company. Purchases totaled \$847,262 for the year ended September 30, 2019. The City has placed a deposit totaling \$84,262 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

(https://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports).

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, 2019, were as follows:

	FRS	HIS
Florida Retirement System:		
Regular	8.47%	1.66%
Senior Management Service Class	25.41%	1.66%
Special Risk	25.48%	1.66%
DROP	14.60%	1.66%

The employer's contributions for the year ended September 30, 2019, were \$671,552 to the FRS and \$158,689 to the HIS.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2019, 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, 2019. 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, 2019	\$ 7,458,690	\$ 3,197,557
Proportion at:		
Current measurement date	0.0002166	0.0002858
Prior measurement date	0.0002167	0.0002769
Pension expense (benefit)	\$ 1,838,101	\$ 274,344

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

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2019, 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	\$ 442,396	\$ (4,629)	\$ 38,838	\$ (3,915)
Changes of assumptions	1,915,713	-	370,247	(261,342)
Net difference between projected and actual earnings on pension plan investments	-	(412,654)	2,063	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	141,619	(132,893)	216,755	(62,273)
City contributions subsequent to the measurement date	160,701	-	36,847	-
Total	\$ 2,660,429	\$ (550,176)	\$ 664,750	\$ (327,530)

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, 2019. 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
2020	\$ 712,463	\$ 91,835
2021	208,077	83,476
2022	497,138	58,787
2023	392,611	(1,005)
2024	100,605	26,117
Thereafter	38,658	41,163
Total	\$ 1,949,552	\$ 300,373

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, 2019, was determined by an actuarial valuation dated July 1, 2019, 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	6.90%	N/A
Discount rate	6.90%	3.50%

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, 2013, through June 30, 2018.

The following changes in key actuarial assumptions occurred in 2019:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 7.00% to 6.90%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 3.87% to 3.50%.

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.

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%	3.3%	3.3%	1.2%
Fixed Income	18.0%	4.1%	4.1%	3.5%
Global Equity	54.0%	8.0%	6.8%	16.5%
Real Estate (Property)	10.0%	6.7%	6.1%	11.7%
Private Equity	11.0%	11.2%	8.4%	25.8%
Strategic Investments	6.0%	5.9%	5.7%	6.7%
Total	100.00%			

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.90%. 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 3.50% 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 (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Governmental Employer's proportionate share of the net pension liability	\$ 2,169,992	\$ 1,255,297	\$ 491,373
Business-Type Employer's proportionate share of the net pension liability	\$ 10,723,601	\$ 6,203,393	\$ 2,428,255

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

	HIS Net Pension Liability		
	Current		
	1% Decrease	Discount Rate	1% Increase
	(2.50%)	(3.50%)	(4.50%)
Governmental Employer's proportionate share of the net pension liability	\$ 614,324	\$ 538,149	\$ 474,703
Business-Type Employer's proportionate share of the net pension liability	\$ 3,035,851	\$ 2,659,408	\$ 2,345,874

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, 2019, totaled \$14,351.

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 \$49,692 and \$43,831, 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.

Note 12: POLICE AND FIREFIGHTERS' PENSION PLAN (Continued)

Plan Description

Police Pension Plan <i>Plan Administration</i>	Firefighters' Pension Plan <i>Plan Administration</i>
<p>The Plan is administered by a Board of Trustees comprised of:</p> <ul style="list-style-type: none"> a) Two City Council appointees, b) Two Members of the System elected by a majority of the other covered Police Officers, and c) A fifth Member elected by the other 4 and appointed by Council. 	<p>The Plan is administered by a Board of Trustees comprised of:</p> <ul style="list-style-type: none"> a) Two City Council appointees, 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.

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.

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, 2019:

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.

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, 2019 were as follows:

	Police Pension Plan	Firefighters' Pension Plan
Total Pension Liability	\$ 3,504,031	\$ 3,150,847
Plan Fiduciary Net Position	(4,985,622)	(3,927,418)
Sponsor's Net Pension Asset	\$ (1,481,591)	\$ (776,571)

Plan Fiduciary Net Position as a percentage of Total Pension Liability	-142.28%	-124.65%
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Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2017 using the following actuarial assumptions applied to all measurement periods.

	Police Pension Plan	Firefighters' Pension Plan
Inflation	2.50%	2.50%
Salary Increases	5.00%	5.00%
Discount Rate	6.50%	6.50%
Investment Rate of Return	6.50%	6.50%

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 for the five years ending September 30, 2017.

The actuarial assumptions used in the October 1, 2017 valuation were based on the results of an actuarial experience study for the five years ending September 30, 2017.

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, 2019 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 6.50%.

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)

	Police Pension Plan Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Service Cost			
Balances at September 30, 2018	\$ 3,041,961	\$ 4,840,765	\$ (1,798,804)
Changes for a Year:			
Service Cost	120,494	-	120,494
Interest	218,230	-	218,230
Differences between Expected and Actual Experience	138,927	-	138,927
Changes of Assumptions	127,587	-	127,587
Contributions - State	-	49,692	(49,692)
Contributions - Employee	-	33,243	(33,243)
Net Investment Income	-	226,493	(226,493)
Benefit Payments, including Refunds of Employees Contributions	(143,168)	(143,168)	-
Administrative Expense	-	(21,403)	21,403
Net Changes	462,070	144,857	317,213
Balances at September 30, 2019	\$ 3,504,031	\$ 4,985,622	\$ (1,481,591)

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 (Asset) (a) - (b)
Service Cost			
Balances at September 30, 2018	\$ 2,843,640	\$ 3,818,478	\$ (974,838)
Changes for a Year:			
Service Cost	101,425	-	101,425
Interest	196,944	-	196,944
Differences between Expected and Actual Experience	(11,974)	-	(11,974)
Changes of Assumptions	172,834	-	172,834
Contributions - Employer	-	32,248	(32,248)
Contributions - State	-	62,705	(62,705)
Contributions - Employee	-	-	-
Net Investment Income	-	178,195	(178,195)
Benefit Payments, including Refunds of Employees Contributions	(152,022)	(152,022)	-
Administrative Expense	-	(12,186)	12,186
Net Changes	307,207	108,940	198,267
Balances at September 30, 2019	\$ 3,150,847	\$ 3,927,418	\$ (776,571)

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 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Police Pension Plan	\$ (911,887)	\$ (1,481,591)	\$ (1,939,117)
Firefighters' Pension Plan	\$ (296,012)	\$ (776,571)	\$ (1,169,731)

For the year ended September 30, 2019, the pension expense (benefit) recognized on the Police and Fire Pension Plans was \$56,653 and \$14,551, respectively.

On September 30, 2019, 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	\$ 120,885	\$ 89,295
Changes in Assumptions	165,472	-
Net difference between Projected and Actual Earnings on Pension Plan Investments	-	81,174
Total	\$ 286,357	\$ 170,469

	Deferred Outflows of Resources	Deferred Inflows of Resources
Firefighters' Pension Plan		
Difference between Expected and Actual Experience	\$ -	\$ 295,210
Changes in Assumptions	199,757	-
Net difference between Projected and Actual Earnings on Pension Plan Investments	-	52,463
Total	\$ 199,757	\$ 347,673

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, 2019.

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>	
2020	\$ (22,331)
2021	\$ (36,749)
2022	\$ 18,028
2023	\$ 63,486
2024	\$ 34,612
Thereafter	\$ 58,842

Firefighters' Pension Plan	
<i>Years ending September 30:</i>	
2020	\$ (63,753)
2021	\$ (77,011)
2022	\$ (38,116)
2023	\$ (24,071)
2024	\$ 21,165
Thereafter	\$ 33,870

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, 2019 were \$3,769,284 for the Firefighters' Pension Fund and \$4,781,419 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, 2019.

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, 2019:

- Other fixed income investments of \$1,331,821 and \$1,692,572 for the firefighters and police pension plans, respectively, using quoted market prices (Level 1 inputs).
- Corporate stocks totaling \$2,515,540 and \$3,210,837 for the firefighters and police pension plans, respectively, using quoted market prices (Level 1 inputs).
- Other equity investments totaling \$4,198 and \$2,046 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, 2019, none of the money market and short term investment accounts were exposed to uninsured and uncollateralized custodial credit risk. At September 30, 2019, 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, 2019. Neither Fund has an investment policy that limits its investment choices as it relates to foreign equities.

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 five mutual funds, as listed below.

Investment	Market Value Percentage	
	Firefighter's Pension Plan	Police Pension Plan
Dodge & Cox Income Fund	15%	15%
Templeton Global Total Return Fund	3%	3%
Metropolitan West total Return BD Fund	15%	15%
American Funds Europacific Growth Fund	9%	9%
Pacific Funds Floating Rate Income Fund	3%	3%
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

Management has evaluated events occurring subsequent to September 30, 2019 and through June 28, 2020, the date these financial statements were available for issue. The following events occurred:

Subsequent to year end, the City secured a loan from FEMA in the amount of \$5 million at 1.75% interest due in December 2024. Of this amount, the City has drawn \$2 million through the current date.

Subsequent to year end, the City approved payment to two contractors totaling hurricane debris removal in excess of \$3.3 million and has received payments from FEMA totaling \$439,569 in addition to what was recorded as receivable for 2019.

Note 15: SUBSEQUENT EVENTS (Continued)

Subsequent to year end, the City entered into agreements for paving, repairs or construction totaling approximately \$2.4 million.

Subsequent to year end, the City was approved for a grant totaling \$1,550,000 related to Project Blue Sky for road and utility extensions.

Subsequent to year end, the city was awarded \$1,000,000 under the FDEM Hurricane Michael State Recovery Grant for loss of revenue from closure of FCI and Ice River Springs as well as loss of over 100 utility customers.

Subsequent to year end, the City was approved for an additional State Revolving Fund project with the Florida Department of Environmental Protection in the amount of \$375,455 which is 80% grant and 20% loan.

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

Note 16: RECLASSIFICATION

Certain 2018 amounts have been reclassified to conform to 2019 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, 2019, 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 \$29,273 in non-spendable net assets which represents the inventory balance at September 30, 2019.

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, 2019, 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	\$ 1,054,303
Utility fund	Other purposes	11,063
Utility fund	Capital Projects	306,274
Total restricted fund equity		\$ • 1,371,640

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.

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, 2019, 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
<hr/>	
Participating employers	1
<hr/>	

Note 20: POST EMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

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 2019 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

OPEB Liabilities, OPEB Expense, and Deferred Inflows of Resources Related to OPEB - At September 30, 2019, the City reported a liability of \$416,358 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, 2019, the City recognized OPEB expense of \$46,581.

At September 30, 2019, 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		14,328
Net difference between projected and actual investments		-
Total	\$	14,328

City of Marianna
Notes to Financial Statements

Note 20: POST EMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

At September 30, 2019, the City reported deferred outflows of resources related to OPEB from the following sources:

		Deferred Outflows of Resources
Difference between expected and actual experience	\$	-
Changes of assumptions or other inputs		20,976
Net difference between projected and actual investments		-
Total	\$	20,976

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

For the years ended September 30,

2020	\$	631
2021		631
2022		631
2023		631
2024		628
Thereafter		5,929
Total	\$	9,081

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, 2018	\$ 354,038	\$ 17,193	\$ -	\$ -
Service Cost	27,613	-	-	27,613
Interest Cost	15,838	-	-	15,838
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	24,472	-	24,472	-
Current Year Amortization of Change in Assumptions	-	(2,865)	-	631
Benefit Payments	(5,603)	-	-	-
Net Change	\$ 62,320	\$ (2,865)	\$ 24,472	\$ 44,082
Pay-As-You Go Related Costs:				
Contributions - Employer	\$ 8,103	\$ -	\$ -	\$ -
Benefit Payments	(5,603)	-	-	-
Administrative Expenses	(2,500)	-	-	2,500
Other	-	-	-	-
Net Change	-	-	-	2,500
Ending Balance	\$ 416,358	\$ 14,328	\$ 24,472	\$ 46,582

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 3.58%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as polished by S&P Dow Jones indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Rating Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

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	3.58%
Initial Trend Rate	7.75%
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 (2.58%) or 1 percent point higher (4.58%) than the current discount rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% increase (4.58%)
Net OPEB Liability	\$ 459,310	\$ 416,358	\$ 376,649

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% - 6.75%) or 1 percent point higher (5.00% - 8.75%) than the current healthcare cost trend rates:

	1% Decrease (3.00% - 6.75%)	Healthcare Cost Trend Rate (4.00% - 7.75%)	1% increase (5.00% - 8.75%)
Net OPEB Liability	\$ 349,927	\$ 416,358	\$ 499,210

Note 21: BUDGETARY INFORMATION

The CRA had expenditures that were in excess of the budget as follows:

Fund	Amount
CRA	\$(264,731)

This is a technical violation of Florida Statutes, Chapter 129.

Note 22 – INSURANCE RECOVERIES AND ASSET IMPAIRMENT RELATED TO HURRICANE MICHAEL

Hurricane Michael caused significant damage in the Florida Panhandle on October 10, 2018. The City has filed insurance claims for reimbursement of damages and additional costs related to the hurricane totaling \$7,759,068 for the current year. Insurance proceeds of \$2,407,958 allocated to governmental activities have been included in "Other Financing Sources" and \$5,351,110 has been allocated to business activities and included in "Non-operating revenues". Assets were reviewed and evaluated by management for potential impairment as a result of the hurricane. Impairments related to governmental activities were evaluated on an individual asset group basis, and Impairments related to business activities were offset with insurance proceeds with the gain (loss) reported as "Other Financing Sources". The amount of impairment recorded for governmental activities was \$676,325 and the amount for business activities was \$84,550. Additional costs including but not limited to debris removal, repairs and overtime have been reported under operating expenses and personnel expenses respectively that were directly related to the effects of the hurricane.



**REQUIRED SUPPLEMENTARY
INFORMATION**

City of Marianna
Schedule of Proportional Share of Net Pension Liability
Florida Retirement System (Last 7 fiscal years)

	2019	2018	2017	2016	2015	2014	2013
City's proportion of the net pension liability (asset)	0.021658%	0.021671%	0.021315%	0.021838%	0.022328%	0.021179%	0.021269%
City's proportionate share of the net pension liability (asset)	\$ 7,458,691	\$ 6,527,353	\$ 6,304,734	\$ 5,514,182	\$ 2,884,014	\$ 1,292,259	\$ 3,661,379
City's covered payroll	\$ 9,396,288	\$ 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	79.38%	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	82.61%	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 7 fiscal years)**

	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 680,723	\$ 617,600	\$ 558,353	\$ 532,561	\$ 544,386	\$ 463,921	\$ 286,219
Contributions in relation to the contractually required contribution	\$ (680,723)	(617,600)	(558,353)	(532,561)	(544,386)	(463,921)	(286,219)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
City's covered payroll	\$ 9,714,934	\$ 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	7.01%	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 7 fiscal years)

	2019	2018	2017	2016	2015	2014	2013
City's proportion of the net pension liability (asset)	0.028578%	0.027685%	0.026836%	0.027428%	0.026404%	0.026005%	0.026498%
City's proportionate share of the net pension liability (asset)	\$ 3,197,557	\$ 2,930,254	\$ 2,869,426	\$ 3,196,245	\$ 2,692,816	\$ 2,431,532	\$ 2,307,016
City's covered payroll	\$ 9,396,288	\$ 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	34.03%	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	2.63%	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 7 fiscal years)

	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 160,348	\$ 150,138	\$ 142,627	\$ 140,570	\$ 100,934	\$ 89,084	\$ 86,802
Contributions in relation to the contractually required contribution	(160,348)	(150,138)	(142,627)	(140,570)	(100,934)	(89,084)	(86,802)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 9,714,934	\$ 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%	1.66%	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	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Service Cost	\$ 120,494	\$ 140,491	\$ 131,300	\$ 138,753	\$ 128,773
Interest	218,230	204,171	201,977	181,444	167,598
Differences between Expected and Actual Experience	138,927	-	(178,589)	-	-
Changes of Assumptions	127,587	-	14,887	94,027	-
Benefit Payments, Including Refunds of Employee Contributions	(143,168)	(157,868)	(136,992)	(109,835)	(87,319)
Net Change in Total Pension Liability	462,070	186,794	32,583	304,389	209,052
Total Pension Liability -Beginning	3,041,961	2,855,167	2,822,584	2,518,195	2,309,143
Total Pension Liability- Ending (a)	\$ 3,504,031	\$ 3,041,961	\$ 2,855,167	\$ 2,822,584	\$ 2,518,195
Plan Fiduciary Net Position					
Contributions - Employer	\$ -	\$ -	\$ -	\$ -	\$ 3,899
Contributions - State	49,692	46,083	45,421	43,746	42,981
Contributions - Employee	33,243	33,209	33,596	32,630	33,277
Net Investment Income	226,493	404,292	553,454	196,920	(16,855)
Benefit Payments, Including Refunds of Employee Contributions	(143,168)	(157,868)	(136,992)	(109,835)	(87,319)
Administrative Expense	(21,403)	(3,250)	-	(750)	(550)
Net Change in Plan Fiduciary Net Position	144,857	322,466	495,479	162,711	(24,567)
Plan Fiduciary Net Position- Beginning	4,840,765	4,518,299	4,022,820	3,860,109	3,884,676
Plan Fiduciary Net Position- Ending (b)	\$ 4,985,622	\$ 4,840,765	\$ 4,518,299	\$ 4,022,820	\$ 3,860,109
Net Pension Liability (Asset) - Ending (a) - (b)	\$ (1,481,591)	\$ (1,798,804)	\$ (1,663,132)	\$ (1,200,236)	\$ (1,341,914)
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset					
	142.28%	159.13%	158.25%	142.52%	153.29%
Covered Payroll	\$ 664,860	\$ 664,172	\$ 669,593	\$ 652,600	\$ 715,919
Net Pension Asset as a Percentage of Covered Payroll					
	-222.84%	-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	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Service Cost	\$ 101,425	\$ 115,638	\$ 108,073	\$ 120,359	\$ 111,702
Interest	196,944	190,583	212,305	195,642	184,479
Differences between Expected and Actual Experience	(11,974)	-	(498,423)	-	-
Changes of Assumptions	172,834	-	13,737	83,635	-
Benefit Payments, Including Refunds of Employee Contributions	(152,022)	(139,111)	(168,043)	(147,879)	(125,549)
Net Change in Total Pension Liability	307,207	167,110	(332,351)	251,757	170,632
Total Pension Liability -Beginning	2,843,640	2,676,530	3,008,881	2,757,124	2,586,492
Total Pension Liability- Ending (a)	\$ 3,150,847	\$ 2,843,640	\$ 2,676,530	\$ 3,008,881	\$ 2,757,124
Plan Fiduciary Net Position					
Contributions - Employer	\$ 32,248	\$ 22,081	\$ 22,377	\$ 25,613	\$ 27,094
Contributions - State	62,705	45,470	45,855	50,655	48,403
Contributions - Employee		30,663	28,433	27,586	30,199
Net Investment Income	178,195	316,906	416,110	149,012	(11,330)
Benefit Payments, Including Refunds of Employee Contributions	(152,022)	(139,111)	(168,043)	(147,879)	(125,549)
Administrative Expense	(12,186)	(3,977)	(342)	(1,339)	(811)
Net Change in Plan Fiduciary Net Position	108,940	272,032	344,390	103,648	(31,994)
Plan Fiduciary Net Position- Beginning	3,818,478	3,546,446	3,202,056	3,098,408	3,130,402
Plan Fiduciary Net Position- Ending (b)	\$ 3,927,418	\$ 3,818,478	\$ 3,546,446	\$ 3,202,056	\$ 3,098,408
Net Pension Liability (Asset) - Ending (a) - (b)	\$ (776,571)	\$ (974,838)	\$ (869,916)	\$ (193,175)	\$ (341,284)
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset					
	124.65%	134.28%	132.50%	106.42%	112.38%
Covered Payroll	\$ 644,960	\$ 613,263	\$ 568,447	\$ 551,720	\$ 583,468
Net Pension Liability as a Percentage of Covered Payroll	-120.41%	-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	9/30/2019	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	49,692	46,083	45,421	43,746	46,880
Contribution Deficiency (Excess)	\$ (49,692)	\$ (38,113)	\$ (37,386)	\$ (36,246)	\$ (36,897)
Covered Payroll	\$ 664,860	\$ 664,172	\$ 669,593	\$ 652,600	\$ 715,919
Contributions as a Percentage of Covered Payroll	7.47%	6.94%	6.78%	6.70%	6.55%
Firefighters' Pension Plan	9/30/2019	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	62,705	67,551	68,232	76,268	85,010
Contribution Deficiency (Excess)	\$ (62,705)	\$ (2,545)	\$ (7,977)	\$ (5,201)	\$ (9,513)
Covered Payroll	\$ 644,960	\$ 613,263	\$ 568,447	\$ 551,720	\$ 583,468
Contributions as a Percentage of Covered Payroll	9.72%	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

<u>Age</u>	<u>% Becoming Disabled During the Year</u>	
	<u>Police Pension</u>	<u>Firefighters' Pension</u>
20	0.03%	0.03%
30	0.04%	0.04%
40	0.07%	0.07%
50	0.18%	0.18%

See Independent Auditors' Report

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

TERMINATION RATE TABLE – POLICE AND FIREFIGHTERS' PENSION PLANS

% Terminating During the Year		
<u>Service</u>	<u>Police Pension</u>	<u>Firefighters' Pension</u>
0-3 Years	25.00%	25.00%
4 Years	15.00%	15.00%
5-10 Years	7.50%	7.50%
11+	7.50%	5.00%

SCHEDULE OF EMPLOYER AND OTHER CONTRIBUTING ENTITIES

Year Ended September 30	Annual Required Contribution	City Contribution	State Contribution	Percentage Contributed
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%
2019	\$ -	\$ -	\$ 49,692	NA

Ended September 30	Required Contribution	City Contribution	State Contribution	Percentage Contributed
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%
2019	-	\$ 18,874	43,831	NA

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 Sponsor's Total OPEB Liability and Related Ratios

Reporting Period	9/30/2019
Measurement Period	9/30/2019

Total OPEB Liability	
Service Cost	\$ 27,613
Interest	15,838
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	24,472
Benefit Payments	(5,603)
Net Change in Total OPEB Liability	62,320
Total OPEB Liability - Beginning	354,038
Total OPEB Liability - Ending	\$ 416,358

Covered Employee Payroll *	\$ 10,655,235
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Sponsor's Total OPEB Liability as a percentage of Covered Employee Payroll	3.91%
--	-------

*FY 2019 covered Payroll, projected based on actual FY 2018 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 2019	3.58%
FY 2018	4.18%

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>
0-3 Years	25.00%	25.00%
4 Years	15.00%	15.00%
5-10 Years	7.50%	7.50%
11+	7.50%	5.00%

SCHEDULE OF EMPLOYER AND OTHER CONTRIBUTING ENTITIES

<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%
2019	\$ -	\$ -	\$ 49,692	NA

<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%
2019	-	\$ 18,874	43,831	NA

ANNUAL MONEY-WEIGHTED RATE OF RETURN NET OF INVESTMENT EXPENSE

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Police Pension Plan	4.21%	9.06%	13.91%	6.09%	-0.44%
Firefighters' Pension Plan	4.39%	8.91%	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.

See Independent Auditors' Report



COMPLIANCE SECTION



Carr, Riggs & Ingram, LLC
4267 Lafayette Street
Marianna, FL 32446

Mailing Address:
P.O. Box 1606
Marianna, FL 32447

(850) 526-3207
(850) 526-5322 (fax)
www.cricpa.com

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, 2019, and have issued our report thereon dated June 28, 2020.

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 June 28, 2020, 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. There were no 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.

Carly Riggs & Ingram, L.L.C.

Marianna, Florida
June 28, 2020



Carr, Riggs & Ingram, LLC
4267 Lafayette Street
Marianna, FL 32446

Mailing Address:
P.O. Box 1606
Marianna, FL 32447

(850) 526-3207
(850) 526-5322 (fax)
www.cricpa.com

**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, 2019. 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 judgement, 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, 2019.

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.

Carr, Riggs & Ingram, L.L.C.

Marianna, Florida
June 28, 2020

**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, 2019, 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 June 28, 2020.

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
June 28, 2020

**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 (the "City") 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's major federal programs and state projects for the year ended September 30, 2019. The City's major federal programs and state projects are identified in the summary of auditors' 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 financial assistance applicable to its federal programs and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City'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'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'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, 2019.

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'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'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.

Caru, Riggs & Ingram, L.L.C.

Marianna, Florida
June 28, 2020

City of Marianna

Schedule of Expenditures of Federal Awards and State Financial Assistance

For year ended September 30, 2019

Federal Agency				
Pass through Entity	CFDA/	Contract /		
Name of Cluster	CFSA	Grant		
Federal Program	No.	No.		Expenditures
U.S. Department of Agriculture				
Cooperative Forestry Assistance - Volunteer Fire Assistance	10.664	N/A	\$	3,917
Rural Business Enterprise Grant (RBEG) - Orange Street Parking Lot	10.769	09-032		11,445
Total U.S. Department of Agriculture				15,362
U.S. Department of Justice				
Bulletproof Vest Partnership Program	16.607	2017BUBX17086618		1,114
Bulletproof Vest Partnership Program	16.607	2018BUBX18019832		133
Total Bulletproof Vest Partnership Program				1,247
Total U.S. Department of Justice				1,247
U.S. Department of Homeland Security, Federal Emergency Management Agency				
Pass through the Florida Division of Emergency Management				
Hazard Mitigation Grant - Chipola Stormwater	97.039	18HM-H4-02-41-02-291		378,268
Public Assistance (Presidentially Declared Disasters) - Hurricane Michael	97.036	ZO845		459,529
Total U.S. Department of Homeland Security, Federal Emergency Management Agency				837,797
U.S. Department of Transportation				
Pass through the Florida Department of Transportation				
Highway Safety Cluster				
National Priority Safety Program	20.616	M5HVE-19-06-06 G1226		15,605
Total U.S. Department of Transportation				15,605
U.S. Department of Housing and Urban Development				
Pass through the Florida Department of Economic Security				
Community Development Block Grants - Solar Catalyst Project	14.228	18DB-OK-02-41-02-E03		135,536
Total U.S. Department of Housing and Urban Development				135,536
Total Federal Awards				1,005,547

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 Programs - Fuel Farm	55.004	G0106/425629-8-94-01	221,835
Aviation Grant Programs- Access Road/Security Improvements	55.004	G0557/425629-9-94-01	33,524
Aviation Grant Programs- Runway Overlay 18/36 and EA	55.004	ARL51/425629-2-94-01	2,070
Aviation Grant Programs- Rehab Runway 8/26 Design	55.004	ARL52/425629-3-94-01	70,465
Aviation Grant Programs- Caverns Road Lighting	55.004	439594-1-58-01	100,534
Total Aviation Grant Programs			428,428
Small County Outreach Program (SCOP) - Old Cottondale Road	55.009	G1B87/444094-0-54-01	11,770
Total Florida Department of Transportation			440,198
Florida Department of Economic Opportunity			
Economic Development Tax Refund, Tax Credit and Grant Program - Job Growth	40.043	G0008	1,212,631
Growth Management Implementation	40.024	P0312	32,000
Total Florida Department of Economic Opportunity			1,244,631
Florida Department of Environmental Protection			
Wastewater Treatment Facility Construction/Solar Construction - Loan	37.077	WW320243	764,799
Wastewater Treatment Facility Construction/Solar Construction - Grant	37.077	WW320243	3,219,989
Total Wastewater Treatment Facility Construction Program			3,984,788
Florida Recreation Development Assistance Program (FRDAP) - MERE	37.017	A17131	16,647
Total Florida Department of Environmental Protection			4,001,435
Total State Financial Assistance			5,686,264
Total Federal Awards and State Financial Assistance			\$ 6,691,811

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, 2019

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 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*. 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 Awards.

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, 2019, 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 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, 2019 is \$1,046,364.

The City was 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, 2019 is \$1,660,785.

City of Marianna, Florida
Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance
For the year ended September 30, 2019

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 Florida Department of Environmental Protection 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 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 Florida Department of Environmental Protection, which fulfilled their obligation of payment of grant award. The principal and capitalized interest due by the City as of September 30, 2019 is \$1,135,645 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 expended and received proceeds for a total of \$2,666,288 in grant funds and an additional \$461,688 in costs attributable to the loan through September 30, 2018. The principal and capitalized interest due at September 30, 2019 is \$457,166.

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 City expended and received proceeds for a total of \$376,680 through September 30, 2018. The principal and capitalized interest due at September 30, 2019 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, Drinking Water State Revolving Loan Fund. The City expended and received proceeds for the entire loan amount through September 30, 2018. The principal and capitalized interest due at September 30, 2019 is \$15,708.

The City was awarded a loan in 2018, as amended in April 2020, in the amount of \$4,594,262, including principal forgiveness of \$3,675,409. The award is identified under CSFA 37.077, Wastewater Treatment Facility Construction. The City has expended a total of \$3,389,158 in grant funds and an additional \$847,289 in costs attributable to the loan as of September 30, 2019. The amount included in the SEFASFA as loan expenditures at September 30, 2019 is the current year loan proceeds. There is no principal or capitalized interest due at September 30, 2019 as loan payments do not begin until March 2020.

City of Marianna, Florida
Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance
For the year ended September 30, 2019

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, 2019

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors’ report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted? | No |

Federal Awards:

- | | | | | | |
|---|-------------------------|------------------------|--------|-------------------------|--|
| 1. Type of auditors’ report issued on compliance for major programs | Unmodified | | | | |
| 2. Internal control over major programs: | | | | | |
| a. Material weaknesses identified? | No | | | | |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted | | | | |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | None noted | | | | |
| 4. Identification of major programs: | | | | | |
| <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;"><u>CFDA Number</u></td> <td style="width: 50%; text-align: center;"><u>Federal Program</u></td> </tr> <tr> <td style="text-align: center;">97.039</td> <td style="text-align: center;">Hazard Mitigation Grant</td> </tr> </table> | <u>CFDA Number</u> | <u>Federal Program</u> | 97.039 | Hazard Mitigation Grant | |
| <u>CFDA Number</u> | <u>Federal Program</u> | | | | |
| 97.039 | Hazard Mitigation Grant | | | | |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 | | | | |
| 6. Auditee qualified as low-risk auditee under 2 CFR 200.520? | Yes | | | | |

State Financial Assistance:

- | | |
|--|------------|
| 1. Type of auditors’ report issued on compliance for major projects | Unmodified |
| 2. Internal control over major projects: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |

City of Marianna
Schedule of Findings and Questioned Costs
For the year ended September 30, 2019

SECTION I – SUMMARY OF AUDITORS’ RESULTS (Continued)

3. Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, *Rules of the Auditor General*? None noted

4. Identification of major projects:

<u>CSFA Number</u> 37.077	<u>State Project</u> Wastewater Treatment Facility Construction
<u>CSFA Number</u> 40.043	<u>State Project</u> Economic Development Tax Refund, Tax Credit and Grant Program – Job Growth

5. Dollar threshold used to distinguish between type A and type B projects: \$750,000

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted

SECTION III – FEDERAL AWARD AND STATE FINANCIAL ASSISTANCE FINDINGS

None noted

SECTION IV – SUMMARY OF PRIOR YEAR AUDIT FINDINGS

None noted