

CITY OF ANNA MARIA, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

**CITY OF ANNA MARIA, FLORIDA
FINANCIAL STATEMENTS**

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FINANCIAL STATEMENTS**

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INDEPENDENT AUDITOR'S REPORT

**To the Honorable City Commission
City of Anna Maria, Florida**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Anna Maria, Florida, (the "City"), as of and for the year ended September 30, 2021, 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*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City as of September 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

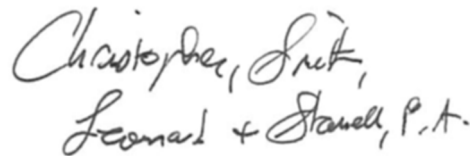
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 8, budgetary comparison information on page 29 and the schedule of the City's proportionate share of net pension liability, contributions and notes on pages 30 – 34 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.



**CHRISTOPHER, SMITH,
LEONARD & STANELL, P. A.**

April 5, 2022
Bradenton, Florida



City of Anna Maria

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Anna Maria, Florida (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2021. Readers should consider the information presented here in conjunction with the basic financial statements.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$14,935,846 (*net position*). A portion of the City's net position in the amount of \$387,777 represents resources from transportation taxes, and \$150,332 from impact fees that are subject to restrictions on how they may be used. *Unrestricted net position* of \$1,432,835 may be used to meet the City's ongoing obligation to citizens and creditors in accordance with the City's fiscal policies.
- The City's total net position increased by \$1,578,875.
- As of the end of the current fiscal year, the City's governmental fund reported ending fund balance of \$2,580,950 an increase of \$867,427 in comparison with the prior year. The General Fund has restricted fund balance in the amount of \$538,109, for transportation taxes and impact fees. The amount of fund balance available for spending at the City's discretion (unassigned fund balance) is \$1,934,693.

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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by ad valorem taxes, impact fees 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 City is engaged in only governmental activities.

The government-wide financial statements can be found on pages 9 and 10 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City has only governmental funds.

Governmental funds. Governmental funds focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. These funds are reported using the modified accrual method of accounting and the current financial resources focus. As a result long-term assets and liabilities are not included. The City uses a General fund. The General Fund is the general operating fund. All general tax revenues are accounted for in this fund. From this fund all general operating expenditures, capital and debt services expenditures are paid.

A reconciliation to facilitate the comparison between the governmental fund financial statements and the government-wide financial statements is presented.

The City adopts an annual budget for its general fund. A budgetary comparison schedule has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 11 to 14 of this report.

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

The notes to the financial statements begin on page 15 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows exceeded liabilities and deferred inflows by \$14,935,846 at the close of the most recent fiscal year.

A large portion of the City's net position \$12,964,902 reflects its net investment in capital assets (e.g., land, buildings, infrastructure, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens within the boundaries of the City; consequently, these assets are *not* available for future spending. The City also had significant assets in cash and investments at year-end. Investments are held in Qualified Public Depositories, or the State Local Government Surplus Trust Fund as allowed by Florida Statutes.

The following table presents a condensed statement of net position as of September 30, 2021, with comparative totals for September 30, 2020.

	Net Position	
	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 2,948,406	\$ 2,148,842
Capital assets	14,062,247	13,533,881
Total Assets	<u>17,010,653</u>	<u>15,682,723</u>
Deferred outflows of pension resources	<u>362,462</u>	<u>361,598</u>
Long-term liabilities outstanding	1,563,316	2,189,080
Other liabilities	367,456	435,319
Total Liabilities	<u>1,930,772</u>	<u>2,624,399</u>
Deferred inflows of pension earnings	<u>506,497</u>	<u>62,951</u>
Net investment of capital assets	12,964,902	12,266,759
Restricted	538,109	287,999
Unrestricted	1,432,835	802,213
Total Net Position	<u>\$ 14,935,846</u>	<u>\$ 13,356,971</u>

The City's net position increased \$1,578,875 during the current fiscal year. Revenues increased by \$403,046 mainly due to charges for services, taxes, and impact fees, net of other revenue decreases. The City's grant revenue decreased by \$380,246 due to completion of construction on the City Pier during the prior year. Expenses increased \$219,422 mainly due to public works and code enforcement.

The following table provides a summary of the City's operations for the year ended September 30, 2021 with comparative totals for the year ended September 30, 2020.

Changes in Net Position – Governmental Activities

	<u>2021</u>	<u>2020</u>
Revenues:		
Program revenues:		
Charges for services	\$ 1,646,916	\$ 1,288,989
Capital grants and contributions	310,637	690,883
	<u>1,957,553</u>	<u>1,979,872</u>
General revenues:		
Ad valorem taxes	2,523,427	2,383,084
Franchise fees	252,444	220,526
Impact Fees	150,332	-
Communication service tax	108,239	108,598
Stormwater utility fee	154,922	151,707
State revenue sharing	47,329	45,473
Discretionary tax	150,624	125,244
Sales tax	147,496	122,609
Other taxes	242,336	227,771
Interest income	3,542	22,354
Rents	44,815	-
Miscellaneous	80,975	73,750
	<u>3,906,481</u>	<u>3,481,116</u>
Total general revenues	<u>3,906,481</u>	<u>3,481,116</u>
Total revenues	<u>5,864,034</u>	<u>5,460,988</u>
Expenses:		
General government	810,941	738,443
Public works/building department	1,862,905	1,780,320
Code enforcement	534,311	439,575
Public safety	1,054,435	1,080,023
Interest	22,567	27,376
Total expenses	<u>4,285,159</u>	<u>4,065,737</u>
Increase (decrease) in net position	1,578,875	1,395,251
Net position – Beginning	<u>13,356,971</u>	<u>11,961,720</u>
Net position – Ending	<u>\$ 14,935,846</u>	<u>\$ 13,356,971</u>

Financial Analysis of the City's Funds

The City utilizes only one Governmental Fund which is the General Fund.

Governmental fund. The focus of the City's *governmental fund* 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 general fund reported an ending fund balance of \$2,580,950, an increase of \$867,427 in comparison with the prior year. Of this total \$538,109 is restricted for transportation taxes and impact fees. \$1,934,693 is *unassigned fund balance*, which is available for spending at the City's discretion.

As a measure of the general fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Unassigned fund balance represents 39% of general fund expenditures.

The fund balance of the City's general fund increased by \$867,427 during the current fiscal year. The significant reasons for the increase are as follows:

- Total revenues increased \$320,537 from the prior year. This was due primarily due to an increase in ad valorem taxes and licenses and permits received, net of a decrease in grants.
- Total expenditures decreased \$1,193,600, due mainly to a decrease in funds expended for capital outlay, as the City pier project was largely completed in the prior year.

General Fund Budgetary Highlights

The City's general fund budget was not amended during the year. Original and final budgeted revenues, excluding the use of reserves were \$6,006,144. Original and final budgeted expenditures were \$6,855,788. Actual revenues were less than budgeted revenues by \$142,110, mainly due to grants. Actual expenditures were \$1,859,181 less than final budgeted expenditures due mainly to less personnel services, operating and capital outlay costs than anticipated.

The General Fund budget is presented as required supplementary information on page 29.

Capital Assets

The City's investment in capital assets amounts to \$14,062,247 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, infrastructure, machinery and equipment. The City's investment in capital assets for the current fiscal year increased by \$528,366; this was comprised of \$957,477 of capital additions, and \$429,111 of depreciation expense.

The following is a condensed schedule of capital assets.

	Governmental Activities	Governmental Activities
	2021	2020
Land	\$ 2,836,020	\$ 2,836,020
Buildings and improvements	7,494,984	6,711,163
Infrastructure	3,542,629	3,852,291
Machinery and equipment	188,614	134,407
Total (net of depreciation)	<u>\$ 14,062,247</u>	<u>\$ 13,533,881</u>

See Note 3 of this report for additional information on the City's capital assets.

Long-Term Obligations

The City has existing debt of \$1,097,345. The City paid down principal on debt in the amount of \$169,777.

See Note 6 for additional information on the City's long-term debt.

Economic Factors and Next Year's Budgets and Rates

The millage rate in the 2022 budget is 2.05 mills, which is the same as the 2021 budget. The original 2022 budget includes \$11,024,921 of revenues and expenditures.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City at, City of Anna Maria, Florida, P.O. Box 779, 10005 Gulf Drive, Anna Maria, Florida 34216.

CITY OF ANNA MARIA, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and cash equivalents	\$ 966,313
Investments	1,143,438
Due from other governments	87,324
Prepaid expense	108,148
Other receivables	105,074
Restricted assets:	
Temporarily restricted:	
Cash and cash equivalents	529,560
Investments	8,549
Capital assets:	
Land	2,836,020
Other capital assets, net of depreciation	11,226,227
Total Assets	17,010,653
Deferred outflows of pension resources	362,462
LIABILITIES	
Accounts payable	112,063
Accrued expenses	98,589
Unearned revenue	156,804
Non current liabilities:	
Due within one year	162,779
Due in more than one year	1,400,537
Total Liabilities	1,930,772
Deferred inflows of pension earnings	506,497
NET POSITION	
Net investment in capital assets	12,964,902
Restricted for:	
Streets and roads	387,777
Impact Fees	150,332
Unrestricted	1,432,835
TOTAL NET POSITION	\$ 14,935,846

The accompanying notes are an integral part of these financial statements.

**CITY OF ANNA MARIA, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

<u>Functions / Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change In Net Position Total</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:				
General government	\$ 810,941	\$ -	\$ -	\$ -
Public works/building department	1,862,905	1,230,571	-	310,637
Code enforcement	534,311	6,875	-	-
Public safety	1,054,435	409,470	-	-
Interest	22,567	-	-	-
Total Governmental Activities	<u>4,285,159</u>	<u>1,646,916</u>	<u>-</u>	<u>310,637</u>
General Revenues:				
Ad Valorem taxes				2,523,427
Franchise fees				252,444
Impact fees				150,332
Communication service tax				108,239
Stormwater utility fee				154,922
Revenue sharing – State				47,329
Discretionary tax				150,624
Sales tax				147,496
Other taxes				242,336
Interest income				3,542
Rents				44,815
Miscellaneous				80,975
Total general revenues				<u>3,906,481</u>
Change in Net Position				1,578,875
Net Position – Beginning				<u>13,356,971</u>
Net Position – Ending				<u>\$ 14,935,846</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF ANNA MARIA, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUND
SEPTEMBER 30, 2021**

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 966,313
Investments	1,143,438
Cash – restricted	529,560
Investments–restricted	8,549
Due from other governments	87,324
Prepaid expense	108,148
Other receivables	<u>105,074</u>
TOTAL ASSETS	<u>\$ 2,948,406</u>
 LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 112,063
Accrued expenses	31,228
Accrued wages	67,361
Unearned revenue	<u>156,804</u>
TOTAL LIABILITIES	<u>367,456</u>
Fund Balances:	
Nonspendable	108,148
Spendable:	
Restricted	538,109
Unassigned	<u>1,934,693</u>
TOTAL FUND BALANCE	<u>2,580,950</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,948,406</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF ANNA MARIA, FLORIDA
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

Fund Balance – Governmental Fund

Amounts reported for governmental activities in the statement of net position	\$ 2,580,950
are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the general fund.	14,062,247
Deferred outflows of pension resources are not recognized in the governmental funds, however, they are recorded in the statement of net position under full accrual accounting.	362,462
Deferred inflows of pension earnings are not recognized in the governmental funds, however, they are recorded in the statement of net position under full accrual accounting.	(506,497)
Long-term liabilities, which includes notes payable and net pension liabilities are not due and payable in the current period and therefore are not reported in the general fund.	
Long-term Debt	(1,097,345)
Net Pension Liability	(465,971)
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 14,935,846

The accompanying notes are an integral part of these financial statements.

CITY OF ANNA MARIA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	GENERAL FUND
REVENUES	
Ad valorem taxes	\$ 2,523,427
State revenue and other taxes	696,024
Impact fees	150,332
Franchise fees	252,444
Stormwater utility fees	154,922
Licenses and permits	1,230,571
Grants	310,637
Fines and forfeitures	416,345
Interest	3,542
Rents	44,815
Other sources	80,975
Total Revenues	5,864,034
EXPENDITURES	
General government:	
Personal services	292,532
Operating	476,545
Capital outlay	25,208
Total General Government	794,285
Public works/building department:	
Personal services	909,995
Operating	497,546
Capital outlay	992,782
Total Public Works	2,400,323
Code enforcement:	
Personal services	294,596
Operating	186,364
Capital outlay	74,640
Total Code Enforcement	555,600
Public safety	1,054,055
Debt service:	
Principal	169,777
Interest	22,567
Total Debt Service	192,344
Total Expenditures	4,996,607
NET CHANGE IN FUND BALANCE	867,427
FUND BALANCE, October 1, 2020	1,713,523
FUND BALANCE, September 30, 2021	\$ 2,580,950

The accompanying notes are an integral part of these financial statements.

**CITY OF ANNA MARIA, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Net change in fund balance – total governmental fund

Amounts reported for governmental activities in the statement of activities
are different because: \$ 867,427

Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the cost of those assets is allocated
over their estimated useful lives and reported as depreciation expense.
This is the amount by which current year additions exceed depreciation
expense. 528,366

Debt principal payments are reported as an expenditure in the
fund statements, but considered a reduction of a liability in the
government-wide statements, and, therefore, not included as an
expense item in the statement of activities. 169,777

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. This amount represents the change in:

Net pension liability	455,987
Deferred outflows of pension resources	864
Deferred inflows of pension earnings	(443,546)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 1,578,875

The accompanying notes are an integral part of these financial statements.

CITY OF ANNA MARIA, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies followed by the City of Anna Maria, Florida (the “City”):

- A. REPORTING ENTITY – The City was created with the power to exercise all necessary municipal services. The present charter has been revised periodically and currently provides for an elected Mayor and a five-member commission. The following services are authorized by the present charter: public safety, streets and roads, sanitation, health and social service, culture/recreation, public improvements, planning and zoning, and general administrative services. No potential component units exist.

The City’s official title is the City of Anna Maria. The City was established in 1923 under the Laws of Florida Chapter 9675 and operates under a charter, which was last revised in February of 1978 and amended in 1994 and 2003. The legal authority for the City is in Chapter 165 of the Florida Statutes.

- B. BASIS OF PRESENTATION – The City’s basic financial statements include government-wide (which reports the City as a whole) and fund financial statements (which report only on the General Fund). The basic financial statements present only governmental activities, as the City conducts no business type activities.

BASIS OF ACCOUNTING: BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS – The government-wide financial statements (Statement of Net Position and Statement of Activities) are prepared using the economic resources measurement focus and the accrual basis of accounting.

The City has no interfund activity. The City’s net position is reported in three parts (as applicable): net investment in capital assets; restricted net position, and unrestricted net position. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges for services including licenses and permits, fines and other related revenues and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS – The City’s accounts are organized on the basis of funds, which are self-balancing set of accounts that comprise its assets, liabilities, reserves, fund balance, revenues and expenditures. The City utilizes governmental funds, which follow the modified accrual basis of accounting. Under this method, revenues are recorded when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

CITY OF ANNA MARIA, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. BASIS OF PRESENTATION – CONTINUED

The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a fund liability is incurred. The City reports the following governmental fund, which is a major fund.

GOVERNMENTAL FUND

GENERAL FUND – The General Fund is the general operating fund of the City. All general tax revenues are accounted for in this Fund. From the Fund are paid the general operating expenditures, capital expenditures and debt service expenditures of the City. Impact fees collected on new construction are also accounted for in this fund. These revenues can only be used for acquisition, construction or purchase of assets required to provide services performed by the city.

- C. **CAPITAL ASSETS** – Capital assets, which include property, buildings, improvements, equipment and infrastructure assets are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of longer than one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal repair and maintenance that do not add to the value of the asset or extend the useful life of the asset are expensed as incurred. The City has elected to report general infrastructure assets on a prospective basis only.

Such assets of the City are depreciated on a straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Building	40
Infrastructure	15 – 40
Improvements	20
Vehicles	5
Furniture, fixtures and equipment	5 – 10

- D. **LONG-TERM OBLIGATIONS** – The City's long-term debt, is recorded in the government-wide financial statements. In the fund financial statements, long-term obligations are not reported as they are not due to be paid from current financial resources. Debt issuance costs are expensed as incurred in the government-wide financial statements.
- E. **BUDGETARY INFORMATION** – Annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Expenditures should not exceed total appropriations. All annual appropriations lapse at fiscal year end. Budget amendments are approved by the City Commission.

CITY OF ANNA MARIA, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

- F. PROPERTY TAXES – Property taxes become due and payable on November 1st of each year. The County tax collector remits the City’s portion as such revenues are received. The City collects nearly all of its tax revenue during the period from November 1 through April 1, at which time the property taxes become delinquent. The key dates in the property tax cycle are as follows:

Assessment roll validated	July 1
Millage resolution approved	September 30
Beginning of fiscal year for which taxes have been levied	October 1
Tax bills rendered and due	November 1
Property taxes payable:	
Maximum discount	November 30
Delinquent	April 1
Tax certificates sold	May 31

Property taxes are recognized as revenue in the fiscal year for which the taxes have been levied to the extent they result in current receivables. Under the system outlined above, no material amount of taxes is receivable after the end of the fiscal year.

- G. ESTIMATES – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows, deferred outflows, 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 period. Actual results could differ from those estimates.
- H. ACCRUED VACATION AND SICK PAY – The City records a liability for accrued vacation and sick leave in the general fund, as the amounts are considered current obligations.
- I. FUND BALANCE – The City follows Governmental Accounting Standards Board (GASB) Statement No. 54. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54, are Nonspendable and Spendable. Spendable is then further classified as Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund Balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance.

**CITY OF ANNA MARIA, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

I. FUND BALANCE – CONTINUED

In accordance with GASB Statement 54, the City classified governmental fund balances as follows:

Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Spendable Fund Balance:

Restricted – includes amounts that can be spent only for specific purposes because of State or Federal laws or enabling legislation, or which are externally restricted by providers, such as creditors or grantors.

Committed – includes amounts that can be spent only for specific purposes that are approved by a formal action of the City Commissioners through a resolution or the budget process.

Assigned – includes amounts designated for a specific purpose by the City Commissioners through a resolution or the budget process, which are neither restricted or committed.

Unassigned – includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The City uses restricted amounts first when both restricted and unrestricted fund balance is available, unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made. The City does not have a formal minimum fund balance policy.

	<u>General Fund</u>
<u>Nonspendable:</u>	
Prepaid expenses	\$ 108,148
<u>Spendable:</u>	
Restricted:	
Local gas tax and right of way fees for road maintenance	387,777
Impact fees	150,332
	538,109
Unassigned	1,934,693
Total Fund Balance	\$ 2,580,950

CITY OF ANNA MARIA, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

- J. INTERFUND RECEIVABLES/PAYABLES – The City has no interfund receivables or payables.
- K. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES – In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. One item qualifies for reporting in this category. A deferred outflow of pension resources is reflected in the government-wide statement of net position.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category. A deferred inflow of pension earnings is reported in the government-wide statement of net position.

NOTE 2 – CASH AND INVESTMENTS

The City's investment policies are governed by Florida Statutes in addition to its own investment policies. City monies are authorized to be invested in the following:

- Local Government Surplus Funds Trust Fund (LGSF) or any intergovernmental investment pool authorized through the Florida Interlocal Cooperation Act.
- S.E.C. registered money market funds with the highest credit quality rating from a certified qualified public depository.
- Direct obligations of the U.S. Treasury.
- Interest bearing time deposits or savings accounts in State Certified Qualified Public Depositories as defined in Section 280.02 Florida Statutes.

City bank accounts are with banking institutions that post collateral as required by state statutes (Qualified Public Depositories). The City's policy minimizes credit risk by limiting investments to the safest types. The City's policy minimizes interest rate risk by structuring investments to meet cash requirements for ongoing operations and investing operating funds in shorter term investments.

Local Government Surplus Trust Funds Investment Pool

The City has investments with the State Board of Administration Florida PRIME Fund (Florida PRIME), which are administered by the Florida State Board of Administration (SBA). The City's investments in the Pool are through shares owned in the fund and not the underlying investments. The Florida PRIME is considered a 2a7-like pool and recognized at amortized cost. The account balance in the Florida PRIME approximates its fair value. The Florida PRIME investments are subject to overnight withdrawal. There is a risk of loss of interest on the investments if there are changes in the underlying indexed base.

CITY OF ANNA MARIA, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – CASH AND INVESTMENTS – CONTINUED

Interest Rate Risks

The City does not have a specific policy concerning interest rate risk. The City primarily invests in certificates of deposit and other insured deposits and similar investment pools as a means of managing fair value losses arising from increasing interest rates. The Florida PRIME dollar weighted average days to maturity (WAM) is 49 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life of Florida PRIME at September 30, 2021 is 64 days.

Credit Risk and Foreign Currency Risk

Credit risk is the possibility that an issuer of a fixed income security held by the Florida PRIME will default on the security by failing to pay interest or principal when due. If an issuer defaults, the Florida PRIME will lose money.

Florida PRIME invests in top-tier, money market assets of the highest quality and has a Standard and Poors rating of AAAM.

Florida PRIME was not exposed to any foreign currency risk during the period from October 1, 2020 through September 30, 2021.

Limitations or Restrictions on Qualifying External Investments at Amortized Cost

With regards to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that “The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days.”

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. Through September 30, 2021, no such disclosure has been made.

CITY OF ANNA MARIA, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – CASH AND INVESTMENTS – CONTINUED

Limitations or Restrictions on Qualifying External Investments at Amortized Cost
– Continued

As of September 30, 2021, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100 percent of their account value.

At September 30, 2021, the City had investments in the Florida PRIME in the amount of \$1,151,987. For further information regarding the Local Government Surplus Trust Funds Investment Pool, readers should refer to the financial statements and disclosures of the Florida State Board of Administration Local Government Surplus Funds Trust Fund Investment Pool.

NOTE 3 – CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities					
Capital assets, not being depreciated:					
Land	\$ 2,836,020	\$ -	\$ -	\$ -	\$ 2,836,020
Total capital assets, not being depreciated	<u>2,836,020</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,836,020</u>
Capital assets being depreciated:					
Buildings and improvements	7,248,805	866,952	-	-	8,115,757
Infrastructure	4,955,003	-	-	-	4,955,003
Machinery and equipment	689,247	90,525	(10,282)	-	769,490
Total capital assets being depreciated	<u>12,893,055</u>	<u>957,477</u>	<u>(10,282)</u>	<u>-</u>	<u>13,840,250</u>
Less accumulated depreciation for:					
Buildings and improvements	537,642	83,131	-	-	620,773
Infrastructure	1,102,712	309,662	-	-	1,412,374
Machinery and equipment	554,840	36,318	(10,282)	-	580,876
Total accumulated depreciation	<u>2,195,194</u>	<u>429,111</u>	<u>(10,282)</u>	<u>-</u>	<u>2,614,023</u>
Total capital assets, being depreciated, net	<u>10,697,861</u>	<u>528,366</u>	<u>-</u>	<u>-</u>	<u>11,226,227</u>
Governmental activities capital assets, net	<u>\$ 13,533,881</u>	<u>\$ 528,366</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,062,247</u>

Depreciation expense was allocated \$20,603 to general government, \$408,128 to public works and \$380 to public safety.

CITY OF ANNA MARIA, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – RECONCILIATION OF GOVERNMENT – WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balance and the government-wide statement of activities.

The reconciliation between the net changes in fund balance – total governmental fund as reported in the statement of revenues, expenditures and changes in fund balances, and the changes in net position as reported in the statement of activities is included on page 14 of the basic financial statements. One line in that reconciliation explains that “Governmental Funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The detail is shown below:

Capital additions reported as expenditures	
in the General Fund	\$ 957,477
Depreciation expense	<u>(429,111)</u>
	<u>\$ 528,366</u>

NOTE 5 – RETIREMENT PLAN

Plan Description

Employees of the City are provided with pensions through the Florida Retirement System which is administered by the Florida Department of Management Services, Division of Retirement. The State of Florida issues a publicly available annual comprehensive financial report that can be obtained at <http://myfloridacfo.com/transparency/state-financial-reports/FL-ACFR>.

Under this system, there are two defined benefit pension plans: The Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program:

- The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple employer qualified 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.
- The Retiree Health Insurance Subsidy Program (HIS) is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes.

Benefits Provided

The FRS provides retirees a lifetime pension benefit with joint and survivor payment options. Benefits under FRS 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.

CITY OF ANNA MARIA, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – RETIREMENT PLAN – CONTINUED

If first employed prior to July 1, 2011: Normal retirement age for “regular” employees is 62 or 30 years of service and vesting occurs after 6 years of creditable service. Normal retirement age for “special risk” employees is 55 or 25 years of service and vesting occurs after 6 years of creditable service. The average final compensation is the average of the five highest fiscal years’ earnings.

If first employed on or after July 1, 2011: Normal retirement age for “regular” employees is 65 or 33 years of service and vesting occurs after 8 years of creditable service. Normal retirement age for “special risk” employees is 60 or 30 years of service and vesting occurs after 8 years of creditable service. 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.

Under the HIS Plan, the benefit is a monthly payment to assist retirees in paying their health insurance costs. 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. To be eligible to receive a HIS benefit, a retiree must provide proof of eligible health insurance coverage, which can include Medicare.

Contributions Required and Made

Per Chapter 121, Florida Statutes, contribution requirements of the active employees and the participating employers are established and may be amended by the Florida Department of Management Services, Division of Retirement. Effective July 1, 2011, both employee and employers of the FRS are required to make contributions to establish service credit for work performed in a regularly established position. The Florida Legislature established a uniform contribution rate system for the FRS. The uniform rates are based on the class an employee is placed into which requires employees to contribute 3% and employers to contribute a specified percentage based on class. The City’s contractually required contribution rate for the year ended September 30, 2021, ranged from 10.00% – 10.82% for regular employees and 49.18% – 51.42% for elected officials of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the City were \$107,877 for the year ended September 30, 2021.

The HIS Program is funded by required contributions of 1.66% and is included in the contribution rates noted above.

CITY OF ANNA MARIA, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – RETIREMENT PLAN – CONTINUED

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

At September 30, 2021, the City reported a liability of \$465,971 for its proportionate share of the net pension liability which includes both FRS and HIS. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The City’s proportion of the net pension liability was based on a long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the City’s proportion was .001735125% for FRS and .002730120% for HIS.

For the year ended September 30, 2021, the City recognized pension expense of \$71,904. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 22,466	\$ -	\$ 11,206	\$ (140)
Changes in assumptions	89,684	-	26,315	(13,798)
Net difference between projected and actual earnings on pension plan investments	-	(457,267)	349	-
Changes in proportion and differences between contributions and proportionate share of contributions	108,906	(24,606)	80,523	(10,686)
City contributions subsequent to the June 30, 2021 measurement date	18,908	-	4,105	-
	<u>\$ 239,964</u>	<u>\$ (481,873)</u>	<u>\$ 122,498</u>	<u>\$ (24,624)</u>

Total deferred outflows were \$362,462 and total deferred inflows were \$506,497. \$18,908 (FRS) and \$4,105 (HIS) were reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:	FRS	HIS
2022	\$ (56,989)	\$ 14,667
2023	(56,989)	14,667
2024	(56,989)	14,667
2025	(56,989)	14,667
2026	(56,989)	14,667
Thereafter	24,128	20,434
	<u>\$ (260,817)</u>	<u>\$ 93,769</u>

**CITY OF ANNA MARIA, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – RETIREMENT PLAN – CONTINUED

Actuarial Assumptions

The total pension liability in the July 1, 2021 actuarial valuation (June 30, 2021 measurement date) was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 %
Salary increases	3.25 %, including inflation
Investment rate of return	6.80 %, including inflation at 2.40%

Mortality rates for FRS were based on the PUB-2010 base table, projected generationally with Scale MP-2018, and mortality rates for HIS were based on the Generational RP-2010 with Projection Scale MP-2018.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study performed for the period July 1, 2013 – June 30, 2018. Because the HIS is funded on a pay-as-you-go basis, no experience study has been completed for that Plan, but were based on certain results of the most recent experience study for the FRS Plan.

The long-term expected rate of return on pension plan investments was determined in October 2021 by outside investment consultants to the Florida State Board of Administration. The table below shows the assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption, (2.40%). These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>
Cash	1.00%	2.10%
Fixed income	20.00%	3.80%
Global equity	54.20%	8.20%
Real estate	10.30%	7.10%
Private equity	10.80%	11.70%
Strategic investments	3.70%	5.70%

Discount Rate

The discount rate used for the total FRS pension liability remained at 6.80% and the HIS pension liability was 2.16%. The HIS rate decreased from 2.21% in the prior year, based on the most recent actuarial study. The HIS rate is based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index. The projection of cash flows used

CITY OF ANNA MARIA, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – RETIREMENT PLAN – CONTINUED

to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

The following changes in actuarial assumptions occurred in 2021:

- FRS: The maximum amortization period was decreased to 20 years for all current and future amortization bases.
- HIS: The municipal rate used to determine total pension liability decreased from 2.21% to 2.16%.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate for FRS and HIS

The following presents the City’s proportionate share of the FRS and HIS net pension liability calculated using the discount rate, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1–percentage–point lower or 1–percentage–point higher than the current rate:

	1% Decrease (5.80%)	Discount Rate (6.80%)	1% Increase (7.80%)
City’s proportionate share of the FRS net pension liability	\$ 586,149	\$ 131,081	\$ (249,327)
	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
City’s proportionate share of the HIS net pension liability	\$ 387,166	\$ 334,890	\$ 292,062

Pension Plan Fiduciary Net Position

The City’s proportion of net position has been determined on the same basis of each Plan. Detailed information about the pension plan’s fiduciary net position is available in the separately issued State of Florida comprehensive annual financial report.

NOTE 6 – LONG-TERM DEBT

Governmental Activities

On August 22, 2016, the City refinanced the remaining balance of the 2011 revenue bonds with a \$2,411,746 Public Improvement Revenue Note, Series 2016. The note bears interest of 1.90%, with monthly installments of principal and interest commencing on September 22, 2016. The note matures December 22, 2030. The note is secured by pledged revenues including certain franchise fees, half-cent sales taxes and communication services taxes.

**CITY OF ANNA MARIA, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 – LONG-TERM DEBT – CONTINUED

Governmental Activities – Continued

Future maturities of direct borrowing are as follows:

<u>Year ending September 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 162,779	\$ 29,565	\$ 192,344
2023	165,898	26,446	192,344
2024	169,078	23,266	192,344
2025	172,319	20,025	192,344
2026	175,621	16,723	192,344
2027–2031	251,650	23,283	274,933
Total	<u>\$ 1,097,345</u>	<u>\$ 139,308</u>	<u>\$ 1,236,653</u>

Long-term liabilities changed as follows for the year ended September 30, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities 2016 Refunding Note	<u>\$ 1,267,122</u>	<u>\$ -</u>	<u>\$ (169,777)</u>	<u>\$ 1,097,345</u>	<u>\$ 162,779</u>
Total Direct Borrowing	1,267,122	-	(169,777)	1,097,345	162,779
Net Pension Liability	921,958	307,966	(763,953)	465,971	-
	<u>\$ 2,189,080</u>	<u>\$ 307,966</u>	<u>\$ (933,730)</u>	<u>\$ 1,563,316</u>	<u>\$ 162,779</u>

Events of default may occur if the City fails to make scheduled payments under the terms of the note agreement. An event of default may subject the City to certain finance-related consequences such as:

Upon the occurrence and during the continuance of an Event of Default, the Note shall bear interest at the Default Rate and all payments made on the Note during any such period shall be applied first to interest and then to principal. Upon the occurrence and during the continuance of an Event of Default, the Noteholder may proceed to protect and enforce its rights under the laws of the State of Florida or under this Agreement by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as the Noteholder shall deem most effective to protect and enforce such rights. Without limiting the generality of the foregoing, the Noteholder shall have the right to bring a mandamus action to require the City to perform its obligations under this Agreement. Acceleration of the payments due on the Note shall not be a remedy hereunder. The City shall reimburse the Holder and its agents for all

CITY OF ANNA MARIA, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – LONG-TERM DEBT – CONTINUED

Governmental Activities – Continued

reasonable legal and collection costs to exercise its remedies or collect its payments in the case of an Event of Default. The Holder shall never have the right to compel the exercise of the ad valorem taxing power of the City to pay the Note or the interest thereon.

NOTE 7 – LEASES

The City leases a facility under an operating lease used for the City annex. The lease ends on May 31, 2026. Current year rent expense was \$44,348.

Future commitments under the lease agreement are \$53,036 for 2022, \$54,652 for 2023, \$55,716 for 2024, \$57,388 for 2025, and \$59,108 for 2026.

The City of Anna Maria (Lessor) leases the Anna Maria Pier to the Lessee under a 5-year operating lease (with one five-year option) which commenced March, 2021. Current year rental income was \$44,815. The cost of the pier at September 30, 2015 is \$6,294,121 and the accumulated depreciation is \$157,504. The future minimum rental payments to be received (including most recent COLA adjustments) on the non-cancelable portion of the operating lease is summarized below:

Year ending September 30:

2022	\$ 73,050
2023	79,475
2024	79,475
2025	79,475
2026	<u>33,114</u>
	<u>\$344,589</u>

NOTE 8 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. There has been no significant reduction in insurance coverage from the prior year, and there have been no settlements or claims in excess of coverage.

NOTE 9 – CONTINGENCIES

Management of the City continues to evaluate the risks associated with the COVID-19 pandemic. Management of the City is in the process of implementing risk mitigation as to the risk of impact, if any, of COVID-19 related to all aspects of the City's business transactions with vendors and human interaction within and outside of the City. However, the City cannot at this time make a determination on the ultimate impacts of the COVID-19 pandemic.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ANNA MARIA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
REVENUES				
Ad valorem taxes	\$ 2,607,740	\$ 2,607,740	\$ 2,523,427	\$ (84,313)
State shared revenue and other taxes	665,568	665,568	696,024	30,456
Impact fees			150,332	150,332
Franchise fees	165,000	165,000	252,444	87,444
Stormwater utility fees	225,000	225,000	154,922	(70,078)
Licenses and permits	1,210,500	1,210,500	1,230,571	20,071
Grants	831,056	831,056	310,637	(520,419)
Fines and forfeitures	190,500	190,500	416,345	225,845
Interest	27,000	27,000	3,542	(23,458)
Rents	-	-	44,815	44,815
Other sources	83,780	83,780	80,975	(2,805)
Total Revenues	6,006,144	6,006,144	5,864,034	(142,110)
EXPENDITURES				
General government:				
Personal services	389,405	389,405	292,532	96,873
Operating	798,918	798,918	476,545	322,373
Capital outlay	35,000	35,000	25,208	9,792
Public works/building:				
Personal services	1,082,000	1,082,000	909,995	172,005
Operating	1,252,633	1,252,633	497,546	755,087
Capital outlay	1,597,347	1,597,347	992,782	604,565
Code enforcement:				
Personal services	250,500	250,500	294,596	(44,096)
Operating	196,600	196,600	186,364	10,236
Capital outlay	43,400	43,400	74,640	(31,240)
Public safety:				
Operating	1,017,641	1,017,641	1,054,055	(36,414)
Debt service	192,344	192,344	192,344	-
Total Expenditures	6,855,788	6,855,788	4,996,607	1,859,181
NET CHANGE IN FUND BALANCE	(849,644)	(849,644)	867,427	1,717,071
FUND BALANCE, October 1, 2020	1,713,523	1,713,523	1,713,523	-
FUND BALANCE, September 30, 2021	\$ 863,879	\$ 863,879	\$ 2,580,950	\$ 1,717,071

Note 1 - Budget Basis

The general fund budget is presented on a basis consistent with U.S. generally accepted accounting principles.

CITY OF ANNA MARIA, FLORIDA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY – FRS
AVAILABLE FISCAL YEARS*

FLORIDA RETIREMENT SYSTEM (FRS)								
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
City's proportion of the net pension liability	0.000757165%	0.001068746%	0.001258397%	0.001459582%	0.001579931%	0.001350031%	0.001427044%	0.001735125%
City's proportionate share of the net pension liability	\$ 46,198	\$ 138,043	\$ 317,746	\$ 431,735	\$ 475,883	\$ 464,932	\$ 618,515	\$ 131,081
City's covered-employee payroll	\$ 414,018	\$ 486,275	\$ 545,165	\$ 627,108	\$ 726,477	\$ 700,173	\$ 871,365	\$ 977,267
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	11.16%	28.39%	58.28%	68.85%	65.51%	66.40%	70.98%	13.41%
Plan fiduciary net position as a percentage of total pension liability	96.09%	92.00%	84.88%	83.89%	84.26%	82.61%	78.85%	96.40%

* – GASB No. 68 and 71 were adopted in fiscal year 2015. Ultimately, this schedule will contain information for the last ten years.

**CITY OF ANNA MARIA, FLORIDA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY – HIS
AVAILABLE FISCAL YEARS***

RETIREE HEALTH INSURANCE SUBSIDY PROGRAM (HIS)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
City's proportion of the net pension liability	0.001328868%	0.001455577%	0.001708915%	0.001954387%	0.002223888%	0.002047333%	0.002485238%	0.002730120%
City's proportionate share of the net pension liability	\$ 124,252	\$ 148,446	\$ 199,167	\$ 208,972	\$ 235,379	\$ 229,076	\$ 303,443	\$ 334,890
City's covered-employee payroll	\$ 414,018	\$ 486,275	\$ 545,165	\$ 627,108	\$ 726,477	\$ 700,173	\$ 871,365	\$ 977,267
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	30.01%	30.53%	36.53%	33.32%	32.40%	32.72%	34.82%	34.27%
Plan fiduciary net position as a percentage of total pension liability	99.00%	50.00%	97.00%	1.64%	2.15%	2.63%	3.00%	3.56%

* – GASB No. 68 and 71 were adopted in fiscal year 2015. Ultimately, this schedule will contain information for the last ten years.

**CITY OF ANNA MARIA, FLORIDA
SCHEDULE OF THE CITY'S CONTRIBUTIONS - FRS
AVAILABLE FISCAL YEARS***

FLORIDA RETIREMENT SYSTEM (FRS)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contribution	\$ 16,585	\$ 26,057	\$ 30,688	\$ 37,997	\$ 45,027	\$ 41,861	\$ 47,414	\$ 66,101
Contributions in relation to the contractually required contribution	16,585	26,057	30,688	37,997	45,027	41,861	47,414	66,101
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 414,018	\$ 486,275	\$ 545,165	\$ 627,108	\$ 726,477	\$ 700,173	\$ 871,365	\$ 977,267
Contributions as a percentage of covered employee payroll	4.01%	5.36%	5.63%	6.06%	6.20%	5.98%	5.44%	6.76%

* – GASB No. 68 and 71 were adopted in fiscal year 2015. Ultimately, this schedule will contain information for the last ten years.

**CITY OF ANNA MARIA, FLORIDA
SCHEDULE OF THE CITY'S CONTRIBUTIONS - HIS
AVAILABLE FISCAL YEARS***

RETIREE HEALTH INSURANCE SUBSIDY PROGRAM (HIS)

	2014	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 4,552	\$ 5,564	\$ 8,759	\$ 10,343	\$ 12,060	\$ 11,369	\$ 14,321	\$ 16,048
Contributions in relation to the contractually required contribution	4,552	5,564	8,759	10,343	12,060	11,369	14,321	16,048
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 414,018	\$ 486,275	\$ 545,165	\$ 627,108	\$ 726,477	\$ 700,173	\$ 871,365	\$ 977,267
Contributions as a percentage of covered employee payroll	1.10%	1.14%	1.61%	1.65%	1.66%	1.62%	1.64%	1.64%

* - GASB No. 68 and 71 were adopted in fiscal year 2015. Ultimately, this schedule will contain information for the last ten years.

CITY OF ANNA MARIA, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – FRS/HIS

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial assumptions for both defined benefit plans (FRS and HIS) are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. This HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2021 for the period July 1, 2013, through June 30, 2018. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for this program.

The total pension liability for each of the defined benefit plans was determined by the individual entry age normal actuarial cost method. Inflation decreases for both plans is assumed at 2.40%. Payroll growth for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.80%. The plan's 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 uses a pay-as-you-go funding structure, a municipal bond rate of 2.16% (based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index) was used to determine the total pension liability for the program. Mortality assumptions for FRS were based on the PUB-2010 base table, projected generationally with Scale MP-2018, and mortality assumptions for HIS were based on the Generational RP-2010 with Projection Scale MP-2018.

The following changes in actuarial assumptions occurred in 2021:

- FRS: The maximum amortization period was decreased to 20 years for all current and future amortization bases.
- HIS: The municipal rate used to determine total pension liability decreased from 2.21% to 2.16%.

OTHER AUDITOR'S REPORTS

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

MANAGEMENT LETTER

INDEPENDENT ACCOUNTANT'S REPORT ON INVESTMENT COMPLIANCE

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

To the Honorable City Commission
City of Anna Maria, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the City of Anna Maria, Florida (the "City"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 5, 2022.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City'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.

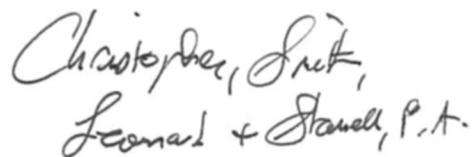
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature of Christopher Smith, Leonard & Stanell, P.A.

CHRISTOPHER, SMITH,
LEONARD & STANELL, P.A.

April 5, 2022
Bradenton, Florida

MANAGEMENT LETTER

To the Honorable City Commission
City of Anna Maria, Florida

Report on the Financial Statements

We have audited the financial statements of City of Anna Maria, Florida (the “City”) as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated April 5, 2022.

Auditor’s Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant’s Report on Investment Compliance on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated April 5, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)., 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 recommendations made in the preceding annual financial audit report.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and communicate the results of our determination as to whether or not the 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.

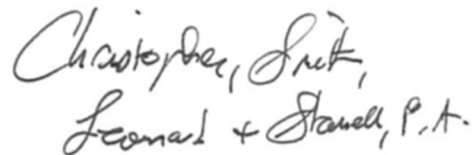
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not note any such findings.

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 charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

Handwritten signature in cursive script that reads "Christopher, Smith, Leonard & Stanell, P.A."

**CHRISTOPHER, SMITH,
LEONARD & STANELL, P.A.**

April 5, 2022
Bradenton, Florida

INDEPENDENT ACCOUNTANT'S REPORT ON INVESTMENT COMPLIANCE

To the Honorable City Commission
City of Anna Maria, Florida

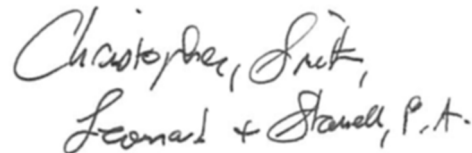
We have examined the City of Anna Maria's (the "City") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2021. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

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

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

In our opinion, the City complied in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds for the year ended September 30, 2021.

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

A handwritten signature in black ink that reads 'Christopher, Smith, Leonard & Stanell, P.A.'.

**CHRISTOPHER, SMITH,
LEONARD & STANELL, P.A.**

April 5, 2022
Bradenton, Florida

IMPACT FEE AFFIDVAIT



City of Anna Maria

IMPACT FEE AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared LeAnne Addy, who being duly sworn, deposes and says on oath that:

1. I am the Chief Financial Officer of the City of Anna Maria which is a local governmental entity of the State of Florida;
2. The governing body of the City of Anna Maria adopted Ordinance No. 20-871 implementing an impact fee or authorized the City of Anna Maria to receive and expend proceeds of an impact fee implemented by Raftelis; and
3. The City of Anna Maria has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.

LeAnne Addy, Chief Financial Officer

STATE OF FLORIDA
COUNTY OF MANATEE

SWORN TO AND SUBSCRIBED before me this 20th day of April, 2022.



NOTARY PUBLIC
Print Name Kristin S. Olsen

Personally known or produced identification _____

Type of identification produced: _____

My Commission Expires:
4-7-2026