

**City of Marianna
Marianna, Florida**

**Basic
Financial Statements**

For the year ended September 30, 2021

City of Marianna
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September 30, 2021

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GRIMSLEY & ASSOCIATES

Professional Association

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FLORIDA INSTITUTE AND
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

OWEN W. GRIMSLEY, C.P.A.

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, 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*, 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Community Redevelopment Agency, Community Redevelopment Agency West End, and the Debt Service Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, Rules of the Auditor General, and is not a required part of the basic financial statements.

Honorable Mayor and Members
of the City Council
City of Marianna
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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 7, 2022 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.

Marianna, Florida
June 7, 2022

Grimsley & Associates

Grimsley & Associates, P.A.
Certified Public Accountants

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 \$96,928,971. Of this amount, \$7,713,751 (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 \$3,469,668 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 \$7,137,463, a decrease of \$7,261 in comparison with the prior year. Approximately 80% of this amount, or \$5,693,814 is available for spending at the City's discretion (unassigned fund balance).

Governmental funds' revenue decreased \$1,175,782 or (11.93%) from the prior year. Current expenditures increased \$3,222,475 from the prior year. Other financing sources increased \$3,565,398 from the prior year. The increase in expenditures and other financing sources was due to refinancing of debt.

The City's Enterprise Funds ended the year with a net position in the amount of \$65,829,552 an increase of \$855,986 over last year. Operating revenues decreased from last year by \$2,099,983, mainly due to the pandemic.

The MH&R experienced decreased revenues from the prior year of \$2,997,481, due to the continued effects of the pandemic on occupancy.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

CITY OF MARIANNA MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

Both of these government-wide financial statements present the functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The *governmental activities* of the City include general government, planning, public safety, streets, mainstreet, and parks and recreation. Property taxes and state and federal revenues finance most of the governmental activities. In addition, in 1993 the City created a Community Redevelopment Agency (CRA) which is a blended component unit in the City's financial statements. The CRA area is 0.3993 square miles and is governed by the City Commission. A second CRA was created in December 2020, the West End CRA. This is also governed by the City Commission.

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

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

FUND FINANCIAL STATEMENTS

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

CITY OF MARIANNA MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Governmental fund information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund and the Debt Service fund. The Community Redevelopment Agency (CRA) is reported as a blended component unit in the City's general fund financial statements.

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

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

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

The City has the municipal fireman's and police officers' pension trust fund. 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 \$93.5 million at the close of the most recent fiscal year.

CITY OF MARIANNA MANAGEMENT'S DISCUSSION AND ANALYSIS

STATEMENT OF NET POSITION

	Governmental Activities		Business - Type Activities		Totals	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 9,531,555	\$ 10,444,484	\$ 11,998,388	\$ 14,024,354	\$ 21,529,943	\$ 24,468,838
Non-current assets	31,796,580	24,999,327	69,744,135	69,512,298	101,540,715	94,511,625
Total assets	41,328,135	35,443,811	81,742,523	83,536,652	123,070,658	118,980,463
Deferred outflows of resources	808,555	1,136,149	1,761,606	2,866,767	2,570,161	4,002,916
Current and other liabilities	2,701,072	911,804	3,340,535	2,805,808	6,041,607	3,717,612
Non-current liabilities	4,918,754	6,241,000	9,100,208	17,961,050	14,018,962	24,202,050
Total liabilities	7,619,826	7,152,804	12,440,743	20,766,858	20,060,569	27,919,662
Deferred inflows of resources	3,417,445	941,419	5,233,834	662,995	8,651,279	1,604,414
Net position:						
Net investment in capital assets	22,648,340	20,863,639	64,743,910	62,175,099	87,392,250	83,038,738
Restricted	1,443,649	1,347,984	379,321	227,688	1,822,970	1,575,672
Unrestricted	7,007,430	6,274,114	706,321	2,570,779	7,713,751	8,844,893
Total net position	\$ 31,099,419	\$ 28,485,737	\$ 65,829,552	\$ 64,973,566	\$ 96,928,971	\$ 93,459,303

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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
REVENUES						
Program Revenues:						
Charges for Services	\$ 1,186,757	\$ 1,122,200	\$ 18,880,770	\$ 20,980,490	\$ 20,067,527	\$ 22,102,690
Grants and Contributions	2,176,600	4,033,904	4,896,672	9,129,868	7,073,272	13,163,772
General Revenues:						
Property Taxes	722,931	654,259	-	-	722,931	654,259
Other Taxes	3,453,922	3,392,886	-	-	3,453,922	3,392,886
Investment Earnings	6,998	47,028	17,089	33,530	24,087	80,558
Other	1,134,019	606,732	203,736	604,144	1,337,755	1,210,876
Total Revenues	8,681,227	9,857,009	23,998,267	30,748,032	32,679,494	40,605,041
EXPENSES						
Program Activities						
General Government	3,380,305	4,970,164	-	-	3,380,305	4,970,164
Public Safety	1,803,005	2,241,862	-	-	1,803,005	2,241,862
Highways and Streets	1,472,840	1,360,991	-	-	1,472,840	1,360,991
Culture and Recreation	429,476	486,959	-	-	429,476	486,959
Interest on long-term debt	82,092	114,972	-	-	82,092	114,972
Business-type Activities	-	-	22,042,107	27,082,156	22,042,107	27,082,156
Total Expenses	7,167,718	9,174,948	22,042,107	27,082,156	29,209,825	36,257,104
Increase (decrease) in Net Position before transfers	1,513,509	682,061	1,956,160	3,665,876	3,469,669	4,347,937
Transfers	1,100,174	1,018,776	(1,100,174)	(1,018,776)	-	-
Increase in Net Position	2,613,683	1,700,837	855,986	2,647,100	3,469,669	4,347,937
Net Position - Beginning	28,485,736	26,784,900	64,973,566	62,326,466	93,459,302	89,111,366
Net Position - Ending	\$ 31,099,419	\$ 28,485,737	\$ 65,829,552	\$ 64,973,566	\$ 96,928,971	\$ 93,459,303

CITY OF MARIANNA MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

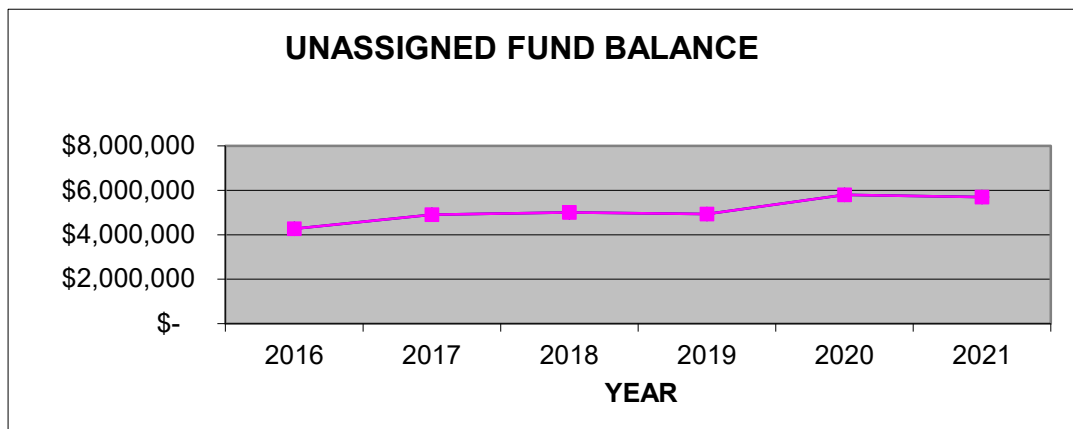
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 \$7,137,463. Of this amount, *unassigned fund balance* is \$5,693,814, which is available for spending (depending on fund restrictions) at the City's discretion. The *assigned fund balance* is \$1,016,345, the *restricted fund balance* is \$402,440, and *nonspendable fund balance* is \$24,864.

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 2016, with the exception of a slight decline in 2019 and 2021.



CITY OF MARIANNA MANAGEMENT'S DISCUSSION AND ANALYSIS

MAJOR FUNDS

GOVERNMENTAL FUNDS

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

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

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

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

PROPRIETARY FUNDS

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

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

GENERAL FUND BUDGETARY HIGHLIGHTS

Budgetary control is established within each department at the line item. Budget amendments are presented to and approved by the City Commission. Over the course of the year, the City Council approved one budget amendment. The final budgeted revenues included an increase of \$1,723,300 from the original budget and the final budgeted expenditures resulted in an increase of \$2,357,800 from the original budget. With these budget adjustments, the resources available for appropriation were \$441,804 above the final budgeted amount. The actual expenditures were \$4,739 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 \$10,101,451 in bonds payable, notes payable and compensated absences, a decrease of around 20% from last year. A FEMA-Hurricane Michael loan of \$2 million was paid off during the 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 \$1,354,444 in notes payable to the State of Florida under their State Revolving Fund (SRF) for improvements to the wastewater treatment facility, \$938,478 for improvements to the water system, \$1,088,023 for improvements to the sewer system, \$442,511 for improvements to the Sunland water system, \$1,019,082 for the Solar farm and \$157,870 for wastewater system upgrades. The City was designated by the State as a Disadvantaged Small Community, making it eligible for grant funds from FDEP. These funds are to be received by the City towards the debt repayment, at \$750,000 per year.

CAPITAL ASSETS

At the end of current fiscal year, the City had invested \$96.5 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 \$1,965,301 or 2.1%, over last year. More detailed information about the City's capital assets is presented in Note 7 to the financial statements.

The City's investment in capital assets such as land, buildings, machinery and equipment amounts to 90.2% of net position for the current fiscal year, a 1.3% 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.

CITY OF MARIANNA MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Purchase of a Ro-Tech Building-\$299,676
Completion of Extending Runway 18/36-Airport-\$76,760
Completion of FAA-Rehab Airport Access Road-Airport-\$501,216
Completion of Backup Generator Fuel Farm-Airport-\$109,239
Completion of Access Road-Hangar Phase 1-Airport-\$299,769
Completion of Access Road Phase II-Airport-\$176,384
Completion of CDBG-NR project-\$507,551
Purchase of Equipment-MH&R-\$204,907
Construction in Progress on Public Safety Complex (Adm. Building)-\$1,661,891
Construction in Progress on WWTP Upgrade Project-\$1,558,645
Construction in Progress on FDOT-Apron Rehab-\$169,689
Construction in Progress Water Improvements-Study-\$258,360
Construction in Progress Blue Sky-\$101,698
Construction in Progress-Old Cottondale Rd SCOP-\$158,101

SIGNIFICANT ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's total budget for the 2021-2022 fiscal year totals \$64,423,728. Of this, \$30,837,162 is for the General fund, \$15,483,500 is for the Utility fund, \$1,264,328 is for the Airport, and \$14,838,738 is for the Health and Rehabilitation Center. The General Fund consists of governmental services such as general administration, public safety, street, mainstreet, planning and zoning, and parks and recreation. The Enterprise Funds consist of the City's sewer, water and gas utilities, the airport and the health and rehabilitation center.

Subsequent to year end:

1. Subsequent to year end, the Commission approved a \$400,000 SCOP grant for the resurfacing of 4th St to Kelson Ave to the City limits at 9th Avenue.
2. Approved a MOA with CAHFH for funding in the amount of \$200,000 to assist with housing and to use American Rescue monies for the commitment.
3. Awarded bid to Southeast Construction in the amount of \$2,086,006 for project on Mashburn Road.
4. Approved grant award for \$1,125,500 to extend sewer to Tara Estates.
5. Approved DEO grant award for \$7,368,343 to revitalize the downtown area.
6. Approved award to ESS for nurse call station at MH&R in the amount of \$200,225.
7. Approved purchase of loader in the amount of \$89,926, mini-excavator for \$41,414 and backhoe for \$107,425.

CITY OF MARIANNA MANAGEMENT'S DISCUSSION AND ANALYSIS

8. Approved purchase of hot water system at MH&R in the amount of \$126,987.
9. Approved spending \$150,000 from Road Tax monies on paving roads.
10. Approved purchase of new HVAC units at Marianna Middle School property in the amount of \$80,000.
11. Approved HM grant agreement for \$96,289.90 for MH&R generator.
12. Approved MOA with Project VIVA to use CRA funds in the amount of \$25,000 and provide a \$55,000 low interest loan among other incentives.
13. Approved the write-off of uncollectible accounts in the amount of \$76,259.32.
14. Approved change order on the Old Cottdale Road project in the amount of \$154,890.57

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

City of Marianna Statement of Net Position

September 30, 2021

	Governmental Activities	Business- Type Activities	Total
Assets			
Cash and cash equivalents	\$ 4,429,982	\$ 7,377,352	\$ 11,807,334
Restricted assets			
Cash and cash equivalents	1,835,548	810,838	2,646,386
Receivables, net	263,724	1,937,986	2,201,710
Due (to) from other funds	1,132,370	(1,132,370)	-
Due from other governments	1,845,067	2,426,413	4,271,480
Inventories	24,864	334,862	359,726
Prepaid expenses	-	73,673	73,673
Deposits	-	88,847	88,847
Note receivable	-	80,787	80,787
Net pension asset - police and firefighters' pension	5,063,789	-	5,063,789
Capital assets, net			
Nondepreciable capital assets	4,876,099	6,768,081	11,644,180
Depreciable capital assets, net	21,856,692	62,976,054	84,832,746
Total assets	41,328,135	81,742,523	123,070,658
Deferred outflows of resources			
Other post employment benefits	9,963	28,341	38,304
Pension - police and firefighters	440,420	-	440,420
Pension - FRS	358,172	1,733,265	2,091,437
Total deferred outflows of resources	808,555	1,761,606	2,570,161
Liabilities			
Accounts payable	903,365	2,076,927	2,980,292
Liabilities payable from restricted assets	-	427,140	427,140
Accrued interest payable	37,500	179,219	216,719
Unearned revenue	1,453,227	15,690	1,468,917
Long-term liabilities			
Portion due or payable within one year			
Bonds payable	253,830	-	253,830
Notes payable	-	491,354	491,354
Compensated absences payable	53,150	150,205	203,355
Portion due or payable after one year			
Bonds payable	3,830,621	-	3,830,621
Notes payable	-	4,508,871	4,508,871
Compensated absences payable	212,600	600,820	813,420
Net pension liability - Florida Retirement System	756,453	3,651,782	4,408,235
Other post-employment benefits	119,080	338,735	457,815
Total liabilities	7,619,826	12,440,743	20,060,569
Deferred inflows of resources			
Other post-employment benefit	13,520	38,458	51,978
Pension - police and firefighters	2,327,722	-	2,327,722
Pension - FRS	1,076,203	5,195,376	6,271,579
Total deferred inflows of resources	3,417,445	5,233,834	8,651,279
Net position			
Net investment in capital assets	22,648,340	64,743,910	87,392,250
Restricted for:			
Capital projects	972,829	-	972,829
Debt service	236,364	194,694	431,058
Community development projects	117,467	-	117,467
Other purposes	116,989	184,627	301,616
Unrestricted	7,007,430	706,321	7,713,751
Total net position	\$ 31,099,419	\$ 65,829,552	\$ 96,928,971

The accompanying notes are an integral part of these financial statements

City of Marianna Statement of Activities

For the year ended September 30, 2021

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-ACTIVITIES	TOTALS
Primary Government							
Governmental Activities:							
General government	\$ 3,380,305	\$ 490,795	\$ 1,188,520	\$ 199,175	\$ (1,501,815)	\$ -	\$ (1,501,815)
Public Safety	1,803,005	476,236	6,508	136,273	(1,183,988)	-	(1,183,988)
Highways and streets	1,472,840	137,411	62,504	414,815	(858,110)	-	(858,110)
Culture and recreation	429,476	82,315	-	168,805	(178,356)	-	(178,356)
Interest on long-term debt	82,092	-	-	-	(82,092)	-	(82,092)
Total governmental activities	7,167,718	1,186,757	1,257,532	919,068	(3,804,361)	-	(3,804,361)
Business Type Activities:							
Water	2,177,882	1,290,964	935,250	579,472	-	627,804	627,804
Gas	1,908,090	2,213,114	-	-	-	305,024	305,024
Sewer	3,572,832	2,539,608	-	1,267,440	-	234,216	234,216
Airport	1,250,822	475,979	-	1,419,401	-	644,558	644,558
MHR	13,132,481	12,361,105	400,784	294,325	-	(76,267)	(76,267)
Total business-type activities	22,042,107	18,880,770	1,336,034	3,560,638	-	1,735,335	1,735,335
Total primary government	\$ 29,209,825	\$ 20,067,527	\$ 2,593,566	\$ 4,479,706	(3,804,361)	1,735,335	(2,069,026)
General Revenues							
Taxes:							
Property taxes, levied for general purposes					722,931	-	722,931
Franchise and public service taxes					3,453,922	-	3,453,922
Interest and investment earnings					6,998	17,089	24,087
Miscellaneous					1,134,019	203,736	1,337,755
Transfers					1,100,174	(1,100,174)	-
Total general revenues and transfers					6,418,044	(879,349)	5,538,695
Change in net position					2,613,683	855,986	3,469,669
Net position - beginning					28,485,736	64,973,566	93,459,302
Net position - ending					\$ 31,099,419	\$ 65,829,552	\$ 96,928,971

The accompanying notes are an integral part of these financial statements

City of Marianna
Balance Sheet
Governmental Funds

September 30, 2021

	General	Community Redevelopment Agency	Community Redevelopment Agency - West End	Debt Service Fund	Total
Assets					
Cash and cash equivalents	\$ 4,429,982	-	-	-	\$ 4,429,982
Accounts receivable, net	263,724	-	-	-	263,724
Due from other governments	1,845,067	-	-	-	1,845,067
Due from other funds	3,716,169	-	-	-	3,716,169
Inventory	24,864	-	-	-	24,864
Restricted assets					
Cash and cash equivalents	1,371,564	190,120	-	273,864	1,835,548
Total assets	\$ 11,651,370	\$ 190,120	\$ -	\$ 273,864	\$ 12,115,354
Liabilities					
Accounts payable	\$ 2,311,075	46,153	-	-	\$ 2,357,228
Accrued expenses	-	-	-	37,500	37,500
Payable to other funds	2,556,663	-	26,500	-	2,583,163
Total liabilities	4,867,738	46,153	26,500	37,500	4,977,891
Fund balances					
Nonspendable	24,864	-	-	-	24,864
Restricted for:					
Law Enforcement	48,609	-	-	-	48,609
Debt service	-	-	-	236,364	236,364
Community development projects	-	143,967	(26,500)	-	117,467
Assigned to:					
Recreation	43,516	-	-	-	43,516
Road resurfacing	858,096	-	-	-	858,096
Fire Department Capital Assets	114,733	-	-	-	114,733
Unassigned	5,693,814	-	-	-	5,693,814
Total fund balances	6,783,632	143,967	(26,500)	236,364	7,137,463
Total liabilities and fund balances	\$ 11,651,370	\$ 190,120	\$ -	\$ 273,864	\$ 12,115,354

The accompanying notes are an integral part of these financial statements

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

September 30, 2021

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

Total fund balances – governmental funds	\$ 7,137,463
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Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the governmental funds.	26,732,791
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Net pension assets are not financial resources in the current period and, therefore, are not reported in the governmental funds.	5,063,789
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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, 2021 were:

Bonds payable	\$ 4,084,451	
Other post-employment benefits	119,080	
Net pension liability	756,453	
Compensated absences	265,750	

Total long-term liabilities	(5,225,734)
-----------------------------	-------------

Deferred outflows and inflows of resources related to
 pensions and other post-employment benefits are applicable to
 future periods and, therefore, are not reported in the funds.

Deferred inflow of resources - other post-employment benefits	(13,520)
Deferred outflows of resources - other post-employment benefits	9,963
Deferred outflows of resources - pensions	798,592
Deferred inflows of resources - pensions	(3,403,925)

Net position of governmental activities	\$ 31,099,419
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The accompanying notes are an integral part of these financial statements

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

For the year ended September 30, 2021

	General	Community Redevelopment Agency	Community Redevelopment Agency - West End	Debt Service Fund	Total
Revenues					
Property taxes, levied for general purposes	\$ 722,931	-	-	-	\$ 722,931
Other taxes	3,359,739	94,183	-	-	3,453,922
Intergovernmental	266,236	-	-	-	266,236
Licenses and permits	112,209	-	-	-	112,209
Charges for services	1,186,757	-	-	-	1,186,757
Fines and forfeitures	18,551	-	-	-	18,551
Grants	2,176,600	-	-	-	2,176,600
Interest	6,919	79	-	-	6,998
Other fees and miscellaneous	737,023	-	-	-	737,023
Total revenues	8,586,965	94,262	-	-	8,681,227
Expenditures					
Current					
General government	2,695,100	675	26,500	38,000	2,760,275
Public safety	2,232,476	-	-	-	2,232,476
Highways and streets	1,285,511	-	-	-	1,285,511
Culture and recreation	392,334	-	-	-	392,334
Capital outlay					
General government	2,368,853	-	-	-	2,368,853
Public safety	336,174	-	-	-	336,174
Highways and streets	279,711	-	-	-	279,711
Culture and recreation	-	-	-	-	-
Debt Service					
Principal	-	-	-	3,844,236	3,844,236
Interest and other charges	-	-	-	82,092	82,092
Total expenditures	9,590,159	675	26,500	3,964,328	13,581,662
Excess of revenues over (under) expenditures	(1,003,194)	93,587	(26,500)	(3,964,328)	(4,900,435)
Other financing sources (uses)					
Proceeds from long-term debt	-	-	-	3,793,000	3,793,000
Transfers in	1,441,348	37,933	-	325,901	1,805,182
Transfers out	(363,834)	(137,837)	-	(203,337)	(705,008)
Net other financing sources (uses)	1,077,514	(99,904)	-	3,915,564	4,893,174
Net change in fund balances	74,320	(6,317)	(26,500)	(48,764)	(7,261)
Fund balances - beginning	6,709,312	150,284	-	285,128	7,144,724
Fund balances - ending	\$ 6,783,632	143,967	(26,500)	\$ 236,364	\$ 7,137,463

The accompanying notes are an integral part of these financial statements

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, 2021

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

Net change in fund balances - total governmental funds	\$	(7,261)
Capital outlay, reported as expenditures in governmental funds, is shown as capital assets in the Statement of Net Position.		2,984,738
Depreciation expense on governmental capital assets is included in the governmental activities in the Statement of Activities.		(1,251,272)
Loan proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Position		(3,793,000)
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.		3,844,236
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		(14,730)
Compensated absences		(34,530)
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.		885,502
Change in net assets of governmental activities	\$	2,613,683

The accompanying notes are an integral part of these financial statements

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

For the year ended September 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS (BUDGETAR BASIS)	VARIANCE WITH FINAL BUDGET
Revenues				
Taxes	\$ 4,030,200	\$ 4,093,400	\$ 4,082,670	\$ (10,730)
Licenses and permits	79,900	113,100	112,209	(891)
Intergovernmental	232,500	267,300	266,236	(1,064)
Charges for services	1,115,411	1,173,911	1,186,757	12,846
Fine and forfeitures	12,000	12,000	18,551	6,551
Grants	801,250	1,778,250	2,176,600	398,350
Miscellaneous revenue	150,600	707,200	743,942	36,742
Total revenues	6,421,861	8,145,161	8,586,965	441,804
Expenditures				
General government	2,399,181	5,084,581	5,063,953	20,628
Public safety	2,399,183	2,567,883	2,568,650	(767)
Highways and streets	2,033,015	1,551,315	1,565,222	(13,907)
Culture and recreation	405,719	391,119	392,334	(1,215)
Total expenditures	7,237,098	9,594,898	9,590,159	4,739
Excess of revenues over (under) expenditures	(815,237)	(1,449,737)	(1,003,194)	446,543
Other financing sources (uses)				
Proceeds from long-term debt	-	-	-	-
Transfers in	1,194,946	1,399,946	1,441,348	41,402
Transfers out	(379,709)	(367,909)	(363,834)	4,075
Total other financing sources	815,237	1,032,037	1,077,514	45,477
Net change in fund balances	-	(417,700)	74,320	492,020
Fund balances - beginning	6,709,312	6,709,312	6,709,312	-
Fund balances - ending	\$ 6,709,312	\$ 6,291,612	\$ 6,783,632	\$ 492,020

The accompanying notes are an integral part of these financial statements

City of Marianna

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

For the year ended September 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET
Revenues				
Taxes	\$ 110,000	\$ 94,000	\$ 94,183	\$ 183
Interest	-	-	79	79
Total revenues	110,000	94,000	94,262	262
Expenditures				
General government	-	-	675	(675)
Total expenditures	-	-	675	(675)
Excess of revenues over (under) expenditures	110,000	94,000	93,587	(413)
Other financing sources (uses)				
Transfers in	42,000	38,000	37,933	(67)
Transfers out	(121,000)	(141,000)	(137,837)	3,163
Total other financing sources	(79,000)	(103,000)	(99,904)	3,096
Net change in fund balance	31,000	(9,000)	(6,317)	2,683
Fund balance - beginning	62,039	62,039	150,284	-
Fund balance - ending	\$ 93,039	\$ 53,039	\$ 143,967	\$ 2,683

The accompanying notes are an integral part of these financial statements

City of Marianna

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

For the year ended September 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-
<hr/>				
Total revenues	-	-	-	-
<hr/>				
Expenditures				
General government	-	27,000	26,500	500
<hr/>				
Total expenditures	-	27,000	26,500	500
<hr/>				
Excess of revenues over (under) expenditures	-	(27,000)	(26,500)	500
<hr/>				
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<hr/>				
Total other financing sources	-	-	-	-
<hr/>				
Net change in fund balance	-	(27,000)	(26,500)	500
<hr/>				
Fund balance - beginning	-	-	-	-
<hr/>				
Fund balance - ending	\$ -	\$ (27,000)	\$ (26,500)	\$ 500

The accompanying notes are an integral part of these financial statements

City of Marianna

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

For the year ended September 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS (BUDGETAR BASIS)	VARIANCE WITH FINAL BUDGET
Revenues				
Interest	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
General government	-	38,000	38,000	-
Principal	209,890	3,847,490	3,844,236	3,254
Interest	112,616	81,816	82,092	(276)
Total expenditures	322,506	3,967,306	3,964,328	2,978
Other financing sources (uses)				
Proceeds from long-term debt	-	3,793,000	3,793,000	-
Transfers in	337,709	325,909	325,901	(8)
Transfers out	(203,000)	(203,000)	(203,337)	(337)
Total other financing sources	134,709	3,915,909	3,915,564	(345)
Net change in fund balance	(187,797)	(51,397)	(48,764)	2,633
Fund balance - beginning	285,128	285,128	285,128	-
Fund balance - ending	\$ 97,331	\$ 233,731	\$ 236,364	\$ 2,633

The accompanying notes are an integral part of these financial statements

City of Marianna
Statement of Net Position
Proprietary Funds

September 30, 2021

	BUSINESS-TYPE ACTIVITIES/ENTERPRISE FUNDS			
	UTILITY	MHR	AIRPORT	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 5,324,472	\$ 1,446,238	\$ 611,019	\$ 7,381,729
Accounts receivable, net	756,232	1,158,621	23,133	1,937,986
Due from other funds	103,191	-	-	103,191
Due from other governments	2,116,338	-	310,075	2,426,413
Inventories	181,734	108,953	44,175	334,862
Prepaid expenses	-	73,673	-	73,673
Total current assets	8,481,967	2,787,485	988,402	12,257,854
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	763,545	42,916	-	806,461
Deposits	88,079	768	-	88,847
Note Receivable	-	-	80,787	80,787
Capital assets				
Nondepreciable	6,286,478	50,000	431,603	6,768,081
Depreciable, net	38,426,488	5,344,661	19,204,905	62,976,054
Total noncurrent assets	45,564,590	5,438,345	19,717,295	70,720,230
Total assets	54,046,557	8,225,830	20,705,697	82,978,084
Deferred outflows of resources				
Other post-employment benefits	4,158	24,077	106	28,341
Pension	280,317	1,448,147	4,801	1,733,265
Total deferred outflows of resources	284,475	1,472,224	4,907	1,761,606
Liabilities				
Current liabilities				
Accounts payable	862,678	926,975	287,274	2,076,927
Due to other funds	-	821,427	414,134	1,235,561
Unearned revenue	15,690	-	-	15,690
Accrued compensated absences	23,932	126,273	-	150,205
Notes payable	491,354	-	-	491,354
Accrued interest payable	179,219	-	-	179,219
Liabilities payable from restricted assets	384,224	42,916	-	427,140
Total current liabilities	1,957,097	1,917,591	701,408	4,576,096
Noncurrent liabilities				
Accrued compensated absences	95,727	505,093	-	600,820
Net pension liability	592,026	3,049,617	10,139	3,651,782
Notes payable	4,508,871	-	-	4,508,871
Other post-employment benefits	49,701	287,763	1,271	338,735
Total noncurrent liabilities	5,246,325	3,842,473	11,410	9,100,208
Total liabilities	7,203,422	5,760,064	712,818	13,676,304
Deferred inflows of resources				
Other post-employment benefits	5,643	32,671	144	38,458
Pensions	842,273	4,338,678	14,425	5,195,376
Total deferred inflows of resources	847,916	4,371,349	14,569	5,233,834
Net position				
Net investment in capital assets	39,712,741	5,394,661	19,636,508	64,743,910
Restricted for:				
Debt service	194,694	-	-	194,694
Other purposes	184,627	-	-	184,627
Unrestricted	6,187,632	(5,828,020)	346,709	706,321
Total net position	\$ 46,279,694	\$ (433,359)	\$ 19,983,217	\$ 65,829,552

The accompanying notes are an integral part of these financial statements

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

For the year ended September 30, 2021

	BUSINESS -TYPE ACTIVITIES/ENTERPRISE FUNDS			
	UTILITY	MHR	AIRPORT	TOTAL
Operating revenues				
Water, sewer, and gas revenue pledged as security for revenue bonds	\$ 6,043,686	\$ -	\$ -	\$ 6,043,686
Charges for services	-	12,368,915	476,207	12,845,122
Total operating revenues	6,043,686	12,368,915	476,207	18,888,808
Operating expenses				
Personal services	1,547,940	7,728,745	52,646	9,329,331
Utilities	281,681	309,526	28,324	619,531
Services and supplies	1,637,060	2,772,209	234,214	4,643,483
Repairs and maintenance	143,981	176,797	28,772	349,550
Insurance premiums	170,755	347,090	87,050	604,895
Other operating expenses	845,315	1,440,362	14,114	2,299,791
Depreciation	2,972,732	357,752	805,702	4,136,186
Total operating expenses	7,599,464	13,132,481	1,250,822	21,982,767
Net operating income (loss)	(1,555,778)	(763,566)	(774,615)	(3,093,959)
Nonoperating revenues (expenses)				
Interest income	9,716	41	7,332	17,089
Miscellaneous revenue	50,088	-	145,610	195,698
Interest expense	(59,340)	-	-	(59,340)
Total nonoperating revenues (expenses)	464	41	152,942	153,447
Income (loss) before contributions and transfers	(1,555,314)	(763,525)	(621,673)	(2,940,512)
Capital contributions	2,782,162	695,109	1,419,401	4,896,672
Transfers, net	(505,904)	(567,000)	(27,270)	(1,100,174)
Change in net position	720,944	(635,416)	770,458	855,986
Total net position - beginning	45,558,750	202,057	19,212,759	64,973,566
Total net position - ending	\$ 46,279,694	\$ (433,359)	\$ 19,983,217	\$ 65,829,552

The accompanying notes are an integral part of these financial statements

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

For the year ended September 30, 2021

	BUSINESS-TYPE ACTIVITIES/ENTERPRISE FUNDS			
	UTILITY	MHR	AIRPORT	TOTAL
Operating activities				
Receipts from customers and users	\$ 5,911,225	\$ 13,128,908	\$ 607,705	\$ 19,647,838
Payments to suppliers	(1,819,138)	(3,524,529)	(453,687)	(5,797,354)
Payments to employees	(1,527,167)	(8,554,656)	(31,574)	(10,113,397)
Other receipts (payments)	(854,600)	(1,440,362)	(6,201)	(2,301,163)
Net cash provided by (used in) operating activities	1,710,320	(390,639)	116,243	1,435,924
Noncapital financing activities				
Operating subsidies and transfers to other funds	1,830,685	(888,789)	(71,303)	870,593
Net cash provided by (used in) noncapital financing activities	1,830,685	(888,789)	(71,303)	870,593
Capital and related financing activities				
Proceeds from capital debt	90,187	-	-	90,187
Capital contributions	1,769,696	695,109	1,370,488	3,835,293
Purchase of capital assets	(2,866,564)	(105,880)	(1,395,581)	(4,368,025)
Principal payments on capital debt	(2,427,161)	-	-	(2,427,161)
Interest payments on capital debt	(77,463)	-	-	(77,463)
Other receipts (payments)	63,035	(20,692)	145,610	187,953
Net cash provided by (used in) capital and related financing activities	(3,448,270)	568,537	120,517	(2,759,216)
Investing activities				
Interest and dividends	9,716	41	7,332	17,089
Net cash provided by (used in) investing activities	9,716	41	7,332	17,089
Net increase (decrease) in cash and cash equivalents	102,451	(710,850)	172,789	(435,610)
Cash - beginning of the year	5,985,566	2,200,004	438,230	8,623,800
Cash - ending of the year	\$ 6,088,017	\$ 1,489,154	\$ 611,019	\$ 8,188,190
Classified on the Statement of Net Position as:				
Current assets - cash and cash equivalents	\$ 5,324,472	\$ 1,446,238	\$ 611,019	\$ 7,381,729
Noncurrent assets - restricted cash and cash equivalents	763,545	42,916	-	806,461
	\$ 6,088,017	\$ 1,489,154	\$ 611,019	\$ 8,188,190

The accompanying notes are an integral part of these financial statements

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

For the year ended September 30, 2021

	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)	\$ (1,555,778)	\$ (763,566)	\$ (774,615)	\$ (3,093,959)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation	2,972,732	357,752	805,702	4,136,186
(Increase) decrease in accounts receivable	(132,461)	759,993	139,411	766,943
(Increase) decrease in inventory	4,468	(3,995)	(13,898)	(13,425)
(Increase) decrease in deposits	(14,053)	-	-	(14,053)
(Increase) decrease in prepaid insurance	-	(58,497)	-	(58,497)
Increase (decrease) in accounts payable	469,439	(645,057)	(40,357)	(215,975)
Increase (decrease) in unearned revenue	2,551	-	-	2,551
Increase (decrease) in other liabilities	(36,578)	(37,269)	-	(73,847)
Net cash provided by (used in) operating activities	\$ 1,710,320	\$ (390,639)	\$ 116,243	\$ 1,435,924

The accompanying notes are an integral part of these financial statements

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

September 30, 2021

	PENSION TRUST	
	MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND	MUNICIPAL POLICE OFFICERS' RETIREMENT TRUST FUND
Assets		
Cash and cash equivalents	\$ 53,252	\$ 51,865
Due from the State of Florida	-	-
Investments, at fair value:		
Other investments, fixed income	1,738,769	2,264,584
Other equity investments	3,264,057	4,267,670
Other investments	-	-
Total investments	5,002,826	6,532,254
Total assets	\$ 5,056,078	\$ 6,584,119
Liabilities		
Deferred compensation benefits payable	\$ -	\$ -
Total liabilities	-	-
Net position		
Held in trust for pension and other purposes	\$ 5,056,078	\$ 6,584,119

The accompanying notes are an integral part of these financial statements

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

For the year ended September 30, 2021

	PENSION TRUST	
	MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND	MUNICIPAL POLICE OFFICERS' RETIREMENT TRUST FUND
Additions		
Contributions		
State and city contributions	\$ 39,672	\$ 53,618
Plan members	29,788	33,057
Total contributions	69,460	86,675
Investment earnings		
Net increase in fair value of investments	721,070	941,615
Interest and dividends	155,878	198,452
Total investment earnings	876,948	1,140,067
Total additions	946,408	1,226,742
Deductions		
Benefits	144,902	144,042
Administrative expenses	23,677	29,511
Total deductions	168,579	173,553
Change in net position	777,829	1,053,189
Net position - beginning	4,278,249	5,530,930
Net position - ending	\$ 5,056,078	\$ 6,584,119

The accompanying notes are an integral part of these financial statements

City of Marianna
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Marianna (the “City”) 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 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.

City of Marianna
Notes to Financial Statements

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.

City of Marianna
Notes to Financial Statements

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.

Community Redevelopment Agency – West End Redevelopment Area (West End Trust Fund)- On December 1, 2020, the City adopted a Community Redevelopment Plan and created a Community Redevelopment Agency West End Trust Fund by Ordinance #1099 and Resolution 2020-11. The board consists of the Mayor and four City Commissioners. The area of the CRA is the West End “blighted area” within the meaning of Chapter 163, Part III, Florida Statutes. The City reports the blended presented component unit, Community Redevelopment Agency – West End, 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.

City of Marianna
Notes to Financial Statements

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.

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.

G. Compensated Absences

Full time employees accrue annual leave based on years of service (section 4.2 of the Personnel 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.

City of Marianna
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 \$5,000 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.

City of Marianna
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Capital Assets (Continued)

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

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

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

M. Subsequent Events

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

N. Fund Balance Reporting and Governmental Fund-Type Definitions

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

O. Deferred Outflows of Resources

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

P. Deferred Inflows of Resources

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Impact of Recently Issued Accounting Pronouncements

New Accounting Standards Adopted

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities. This Statement seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The implementation of this statement had no impact on the financial statements.

In June 2017, the GASB issued Statement No. 90, Majority Equity Interests – An Amendment of GASB Statement No. 14 and No. 61. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The implementation of this statement had not impact on the financial statements.

Recently Issued But Not Yet Effective

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

Statement No.	GASB Accounting Standard	GASB Effective Fiscal Year
87	<i>Leases</i>	2022
89	<i>Accounting for Interest Cost Incurred before the End of a Construction Period</i>	2022
91	<i>Conduit Debt Obligations</i>	2023
92	<i>Omnibus 2020</i>	2023
93	<i>Replacement of Interbank Offered Rates</i>	2022
94	<i>Public-Private and Public-Public Partnerships and Availability Payment Arrangements</i>	2024
96	<i>Subscription-Based Information Technology Arrangements</i>	2024
97	<i>Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans</i>	2023
98	<i>The Annual Comprehensive Financial Report</i>	2023

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.

City of Marianna

Notes to Financial Statements

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, 2021 was 2.9985.

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 \$14,558,837 and the bank balance was \$15,677,190. 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.

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, 2021, the market value and the carrying value of these funds was \$5,661,595. The funds are carried as a cash equivalent on the balance sheet at September 30, 2021 (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, 2021, the City did not hold any deposits or investments that were considered to have custodial credit risk.

City of Marianna
Notes to Financial Statements

NOTE 4: DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk

At September 30, 2021, 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, 2021, the City's investment in the Florida PRIME is rated by Standard and Poors and the current rating is AAAM.

Interest Rate Risk

The dollar weighted average days to maturity (WAM) of the Florida PRIME at September 30, 2021, is 49 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, 2021, is 64 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, 2021, plan funds totaling \$3,207,454 were invested in mutual funds. These funds are carried as an investment in the agency fund.

Foreign Currency Risk

At September 30, 2021, the City did not hold any investments that were considered to have foreign currency risk.

NOTE 5: ACCOUNTS RECEIVABLE AND NOTE RECEIVABLE

	GENERAL	UTILITY	AIRPORT	MHR	TOTAL
Trade receivable	\$ 124,816	\$ 789,174	\$ -	\$ 2,787,226	\$ 3,701,216
Other receivables	177,772	4,306	23,133	-	205,211
Interest receivable	20,967	-	-	-	20,967
Less allowance for doubtful accounts	(59,831)	(37,248)	-	(1,628,605)	(1,725,684)
Accounts Receivables, net	\$ 263,724	756,232	\$ 23,133	\$ 1,158,621	\$ 2,201,710

City of Marianna
Notes to Financial Statements

NOTE 5: ACCOUNTS RECEIVABLE AND NOTE RECEIVABLE (continued)

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 \$42,068 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.

The note receivable for the Airport fund had an original balance of \$100,000. The note is receivable in monthly installments of \$1,266.76, including 9% interest. The note matures December 31, 2021 with a balloon payment of \$80,000.

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, 2021 are as follows:

Receivable fund	Payable fund		
General	Proprietary Funds	\$	1,132,370

For Governmental Funds, the interfund balance is comprised of \$838,397 in due to other funds. For Proprietary Funds, the interfund balance is comprised of \$838,397 in due from other funds.

TRANSFERS IN

Transfers Out	General	CRA	Debt Service	Utility	Airport	MHR	Total
General	\$ -	\$ 37,933	\$ 325,901	\$ -	\$ -	\$ -	\$ 363,834
CRA	137,837	-	-	-	-	-	137,837
Debt Service	203,337	-	-	-	-	-	203,337
Utility	505,904	-	-	-	-	-	505,904
Airport	27,270	-	-	-	-	-	27,270
MHR	567,000	-	-	-	-	-	567,000
	\$ 1,441,348	\$ 37,933	\$ 325,901	\$ -	\$ -	\$ -	\$ 1,805,182

City of Marianna
Notes to Financial Statements

NOTE 7: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021 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	1,334,197	2,020,565	-	3,354,762
<hr/>				
Total capital assets, not being depreciated	2,855,534	2,020,565	-	4,876,099
<hr/>				
Capital assets, being depreciated:				
Infrastructure	2,773,593	299,675	-	3,073,268
Buildings	7,971,930	82,163	-	8,054,093
Improvements other than buildings	15,501,848	504,273	-	16,006,121
Equipment	6,082,800	78,060	-	6,160,860
<hr/>				
Total capital assets, being depreciated	32,330,171	964,171	-	33,294,342
<hr/>				
Less: accumulated depreciation for:				
Infrastructure	806,308	68,494	-	874,802
Buildings	2,390,076	383,439	-	2,773,515
Improvements other than buildings	3,168,417	334,620	-	3,503,037
Equipment	3,821,577	464,719	-	4,286,296
<hr/>				
Total accumulated depreciation	10,186,378	1,251,272	-	11,437,650
<hr/>				
Total capital assets, being depreciated, net	22,143,793	(287,101)	-	21,856,692
<hr/>				
Governmental activities capital assets, net	\$ 24,999,327	\$ 1,733,464	\$ -	\$ 26,732,791

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	3,910,466	2,466,910	(1,164,790)	5,212,586
<hr/>				
Total capital assets, not being depreciated	4,984,358	2,466,910	(1,164,790)	6,286,478
<hr/>				
Capital assets, being depreciated:				
Buildings	1,377,244	-	-	1,377,244
Improvements other than buildings	75,978,811	1,393,161	-	77,371,972
Equipment	2,220,288	171,283	-	2,391,571
<hr/>				
Total capital assets, being depreciated	79,576,343	1,564,444	-	81,140,787
<hr/>				
Less: accumulated depreciation for:				
Buildings	1,160,783	9,761	-	1,170,544
Improvements other than buildings	37,030,375	2,791,997	-	39,822,372
Equipment	1,550,409	170,974	-	1,721,383
<hr/>				
Total accumulated depreciation	39,741,567	2,972,732	-	42,714,299
<hr/>				
Total capital assets, being depreciated, net	39,834,776	(1,408,288)	-	38,426,488
<hr/>				
Utility capital assets, net	\$ 44,819,134	\$ 1,058,622	\$ (1,164,790)	\$ 44,712,966

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	784,051	803,214	(1,231,171)	356,094
<hr/>				
Total capital assets, not being depreciated	859,560	803,214	(1,231,171)	431,603
<hr/>				
Capital assets, being depreciated:				
Buildings	11,030,774	-	-	11,030,774
Improvements other than buildings	12,977,777	1,687,475	-	14,665,252
Equipment	825,959	136,063	-	962,022
<hr/>				
Total capital assets, being depreciated	24,834,510	1,823,538	-	26,658,048
<hr/>				
Less: accumulated depreciation for:				
Buildings	2,384,291	245,009	-	2,629,300
Improvements other than buildings	3,438,229	528,955	-	3,967,184
Equipment	824,921	31,738	-	856,659
<hr/>				
Total accumulated depreciation	6,647,441	805,702	-	7,453,143
<hr/>				
Total capital assets, being depreciated, net	18,187,069	1,017,836	-	19,204,905
<hr/>				
Airport capital assets, net	\$ 19,046,629	\$ 1,821,050	\$ (1,231,171)	\$ 19,636,508

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	99,027	-	(99,027)	-
Total capital assets, not being depreciated	149,027	-	(99,027)	50,000
Capital assets, being depreciated:				
Buildings	9,541,222	-	-	9,541,222
Equipment	3,284,804	204,907	-	3,489,711
Total capital assets, being depreciated	12,826,026	204,907	-	13,030,933
Less: accumulated depreciation for:				
Buildings	4,434,151	233,966	-	4,668,117
Equipment	2,894,369	123,786	-	3,018,155
Total accumulated depreciation	7,328,520	357,752	-	7,686,272
Total capital assets, being depreciated, net	5,497,506	(152,845)	-	5,344,661
MHR capital assets, net	\$ 5,646,533	\$ (152,845)	\$ (99,027)	\$ 5,394,661

City of Marianna
Notes to Financial Statements

NOTE 7: CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions as follows:

Governmental activities

General government	\$ 657,693
Public safety	335,670
Highways and streets	206,033
Culture and recreation	51,876
<hr/>	
Total depreciation expense-governmental activities	<u>\$ 1,251,272</u>

Business-type activities

Gas	\$ 215,731
Water	684,285
Sewer	2,072,716
MHR	357,752
Airport	805,702
<hr/>	
Total depreciation expense-business-type activities	<u>\$ 4,136,186</u>

City of Marianna
Notes to Financial Statements

NOTE 8: LONG-TERM DEBT

Long-term debt activity for the year ended September 30, 2021, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:					
General					
Bonds payable from direct placement	\$ 4,135,688	\$ 3,793,000	\$ (3,844,237)	\$ 4,084,451	\$ 253,830
Compensated absences	231,220	236,501	(201,971)	265,750	53,150
	<u>4,366,908</u>	<u>4,029,501</u>	<u>(4,046,208)</u>	<u>4,350,201</u>	<u>306,980</u>
Business-type activities:					
Compensated absences	824,872	286,899	(360,746)	751,025	150,205
Notes payable from direct borrowings	7,337,199	90,187	(2,427,161)	5,000,225	491,354
	<u>8,162,071</u>	<u>377,086</u>	<u>(2,787,907)</u>	<u>5,751,250</u>	<u>641,559</u>
Total	<u>\$ 12,528,979</u>	<u>\$ 4,406,587</u>	<u>\$ (6,834,115)</u>	<u>\$ 10,101,451</u>	<u>\$ 948,539</u>

City of Marianna
Notes to Financial Statements

NOTE 8: LONG-TERM DEBT (Continued)

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 bonds from direct placements related to governmental activities of \$4,084,451 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 \$5,000,225 contain provisions that if the City meets any conditions of default, the repayment schedule may be accelerated and/or the interest rate increased.

Total interest expense for the year ended September 30, 2021 was \$141,432. Interest paid during the year ended September 30, 2021 was \$103,472.

Debt service requirements on long-term debt at September 30, 2021 are as follows:

FISCAL YEAR ENDING	GOVERNMENTAL ACTIVITIES	
	REVENUE BONDS FROM DIRECT PLACEMENT	
	PRINCIPAL	INTEREST
2022	\$ 253,830	\$ 78,957
2023	256,557	73,883
2034	259,317	68,754
2035	262,108	63,570
2036	347,900	73,365
2037-2031	1,377,961	201,245
2032-2036	1,326,778	65,856
Total	\$ 4,084,451	\$ 625,630

City of Marianna
Notes to Financial Statements

NOTE 8: LONG-TERM DEBT (Continued)

FISCAL YEAR ENDING SEPTEMBER 30,	NOTES PAYABLE FROM DIRECT BORROWING	
	PRINCIPAL	INTEREST
2022	\$ 491,354	\$ 60,981
2023	500,505	53,710
2024	509,782	46,305
2025	517,316	38,775
2026	438,623	53,231
2027-2031	1,153,620	101,251
2032-2036	751,928	52,518
2037-2041	415,592	5,658
2042-2046	221,505	-
Total	\$ 5,000,225	\$ 412,429

Governmental activities

Revenue Bonds from Direct Placement

\$3,793,000 Capital Improvement Revenue Bonds - Series 2020 due in annual installments of \$273,248 to \$308,286 from October 2021 to April 2036, including interest at 1.97%, collateralized by tax revenue. \$ 3,793,000

\$309,000 Capital Improvement Revenue Bonds - Series 2020 due in annual installments of \$24,501 from September 2021 to September 2035, including interest at 2.25%, collateralized by equipment. \$ 291,451

Total revenue bonds 4,084,451

Total governmental activities \$ 4,084,451

City of Marianna
Notes to Financial Statements

NOTE 8: LONG-TERM DEBT (Continued)

Business-type activities

Notes Payable from Direct Borrowing

State of Florida - State Revolving Fund original amount of \$75,087 dated September 2021, payable in semiannual installments of \$3,754, including interest at 0%, collateralized by equipment, due October 2042	\$ 75,087
State of Florida - State Revolving Fund original amount of \$82,600 dated September 2020, payable in semiannual installments of \$2,065, including interest at 0%, collateralized by equipment, due April 2041.	82,600
State of Florida - State Revolving Fund original amount \$4,375,466 dated August 2011, payable in semiannual installments of \$40,489, including interest at 1.095%, collateralized by equipment, due June 2035.	1,088,023
State of Florida - State Revolving Fund original amount \$1,493,124 dated December 2009, payable in semiannual installments of \$47,503, including interest at 2.57%, due April 2030.	938,478
State of Florida - State Revolving Fund original amount \$18,395,733 dated September 2001, payable in semiannual installments of \$149,731, including interest at .83%, due January 2029.	1,354,444
State of Florida - State Revolving Fund original amount \$461,688 dated March 2014, payable in semiannual installments of \$13,226, including interest at 1.08%, due February 2036.	442,511
State of Florida - State Revolving Fund original amount \$376,693 dated February 2018, payable in semiannual installments of \$2,072, including interest of 0%, due May 2038.	74,574
State of Florida - State Revolving Fund, original amount \$932,404 dated August 2018, payable in semiannual installments of \$20,209, including interest at 0%, due March 2032	929,599
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.	14,909
Total notes payable	5,000,225
Total business-type activities	\$ 5,000,225

City of Marianna Notes to Financial Statements

NOTE 9: MAJOR SUPPLIER

All natural gas sold by the City is purchased from a single supplier, Florida Gas Utility Company. Purchases totaled \$956,175 for the year ended September 30, 2021. The City has placed a deposit totaling \$88,079 with Florida Gas Utility Company to collateralize the credit needed with the company.

NOTE 10: DEFERRED COMPENSATION PLAN

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

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

NOTE 11: STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY

Defined Benefit Plans

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

City of Marianna
Notes to Financial Statements

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, 2021, were as follows:

	FRS	HIS
Florida Retirement System:		
Regular	9.16%	1.66%
Senior Management Service Class	27.35%	1.66%
Special Risk	24.23%	1.66%
DROP	16.68%	1.66%

The employer's contributions for the year ended September 30, 2021, were \$802,327 to the FRS and \$186,063 to the HIS.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2021, 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, 2021. 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, 2021	\$ 1,469,692	\$ 2,938,543
Proportion at:		
Current measurement date	0.0001946	0.0002396
Prior measurement date	0.0002029	0.0002713
Pension expense (benefit)	\$ (110,686)	\$ 165,878

City of Marianna
Notes to Financial Statements

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

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2021, 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	\$ 251,908	\$ -	\$ 98,331	\$ (1,230)
Changes of assumptions	1,005,636	-	230,903	(121,075)
Net difference between projected and actual earnings on pension plan investments	-	(5,127,387)	3,063	-
Changes in proportion and differences between employer contributions and proportionate share of contributions City contributions subsequent to the measurement date	122,805	(567,745)	136,514	(454,141)
the measurement date	205,693	-	36,584	-
Total	\$1,586,042	\$(5,695,132)	\$ 505,395	\$ (576,446)

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, 2021. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	FRS	HIS
2022	\$ (776,660)	\$ (29,061)
2023	(906,104)	(9,687)
2024	(1,164,992)	(19,375)
2025	(1,510,174)	(25,832)
2026	-	(19,375)
Thereafter	-	(4,305)
Total	\$ (4,357,930)	\$ (107,635)

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, 2021, was determined by an actuarial valuation dated July 1, 2021, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary increases	3.25%	3.25%
Investment rate of return	6.80%	2.16%
Discount rate	6.80%	2.16%

Mortality assumptions for both plans were based on the PUB-2010 base table.

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 2021:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability remained at 6.8%. The maximum amortization period decreased to 20 years for all current and future amortization bases.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 2.21% to 2.16%.

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

City of Marianna
Notes to Financial Statements

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

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.1%	2.1%	1.1%
Fixed Income	20.0%	3.8%	3.7%	3.3%
Global Equity	54.2%	8.2%	6.7%	17.8%
Real Estate (Property)	10.3%	7.1%	6.2%	13.8%
Private Equity	10.8%	11.7%	8.5%	26.4%
Strategic Investments	3.7%	5.7%	5.4%	8.4%
Total	100.00%			

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.8%. 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 2.16% 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 (5.80%)	Discount Rate (6.80%)	1% Increase (7.80%)
Governmental Employer's proportionate share of the net pension liability	\$ 1,127,851	\$ 252,199	\$ (479,748)
Business-Type Employer's proportionate share of the net pension liability	\$ 5,444,710	\$ 1,217,493	\$ (2,315,986)

City of Marianna
Notes to Financial Statements

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

	HIS Net Pension Liability		
	Current		
	1% Decrease	Discount Rate	1% Increase
	(1.16%)	(2.16%)	(3.16%)
Governmental Employer's proportionate share of the net pension liability	\$ 582,966	\$ 504,254	\$ 439,767
Business-Type Employer's proportionate share of the net pension liability	\$ 2,814,274	\$ 2,434,289	\$ 2,122,976

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, 2021, totaled \$253,497.

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 \$53,618 and \$39,672, respectively. These contributions are funded by an excise tax upon certain casualty insurance companies on their gross receipts of premiums from policy holders.

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

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

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

City of Marianna
Notes to Financial Statements

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

Plan Description

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

Benefits Provided

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

Plan Membership as of October 1, 2021:	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	1	1
Active Plan Members	17	16
Total Plan Members	25	23

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 by 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 of the date of termination, not less than 25% of average final compensation.

Pre-Retirement Death:

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

Firefighters Pension Plan:

Normal Retirement:

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

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

Early Retirement:

Date: Age 50 and 10 Years of Credited Service.

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

Cost of Living Adjustment for Retirees:

Up to 3% per year beginning at age 65.

Vesting (Termination of Employment):

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

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

Disability:

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

City of Marianna
Notes to Financial Statements

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

Benefit: Service Connected: If the disability is service incurred, benefit shall be the accrued benefit as of the date of termination, not be less than 42% of the firefighters' average final compensation. If the disability is non-service incurred, the benefit shall be the accrued benefit as of 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, 2021:

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:

Each plan held several investments that represent five percent or more of the Pension Plan's fiduciary net position. Each plan held 15% in the Dodge & Cox Income Fund, 15% in the Metropolitan West Total Return Bond, 10% in the American Fund Europacific GR Fund, 28% in the JP Morgan US Research Enhanced Equity Fund, and 27% in the Fidelity Total Market Index Fund.

City of Marianna
Notes to Financial Statements

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

NET PENSION LIABILITY OF THE SPONSOR

The components of the net pension liability of the sponsor on September 30, 2021 were as follows:

	Police Pension Plan	Firefighters' Pension Plan
Total Pension Liability	\$ 3,583,789	\$ 2,992,621
Plan Fiduciary Net Position	(6,584,120)	(5,056,079)
Sponsor's Net Pension Liability	\$ (3,000,331)	\$ (2,063,458)

Plan Fiduciary Net Position as a percentage of		
Total Pension Liability	-183.72%	-168.95%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2021 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

PUB-2010 Headcount Weighted Safety Employee Table, Sex Distinct. For disabled participants, 80% PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table is used.

Firefighters Pension Plan

PUB-2010 Headcount Weighted Safety Employee Table, Sex Distinct. For disabled participants, 80% PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table is used.

The actuarial assumptions used in the October 1, 2020 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, 2020 valuation were based on the results of an actuarial experience study for the five years ending September 30, 2017.

City of Marianna
Notes to Financial Statements

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, 2021 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)

Service Cost	Police Pension Plan Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2020	\$ 3,689,548	\$ 5,530,931	\$ (1,841,383)
Changes for a Year:			
Service Cost	107,497	-	107,497
Interest	223,125	-	223,125
Differences between Expected and Actual Experience	(205,008)	-	(205,008)
Changes of Assumptions	(87,331)	-	(87,331)
Contributions - City & State	-	53,618	(53,618)
Contributions - Employee	-	33,057	(33,057)
Net Investment Income	-	1,140,067	(1,140,067)
Benefit Payments, including Refunds of Employees Contributions	(144,042)	(144,042)	-
Administrative Expense	-	(29,511)	29,511
Net Changes	(105,759)	1,053,189	(1,158,948)
Balances at September 30, 2021	\$ 3,583,789	\$ 6,584,120	\$ (3,000,331)

City of Marianna
Notes to Financial Statements

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

Service Cost	Firefighters' Pension Plan Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2020	\$ 3,461,418	\$ 4,278,250	\$ (816,832)
Changes for a Year:			
Service Cost	91,026	-	91,026
Interest	187,070	-	187,070
Differences between Expected and Actual Experience	(533,366)	-	(533,366)
Changes of Assumptions	(68,624)	-	(68,624)
Contributions - City & State	-	39,672	(39,672)
Contributions - Employee	-	29,788	(29,788)
Net Investment Income	-	876,928	(876,928)
Benefit Payments, including Refunds of Employees Contributions	(144,903)	(144,903)	-
Administrative Expense	-	(23,656)	23,656
Net Changes	(468,797)	777,829	(1,246,626)
Balances at September 30, 2021	\$ 2,992,621	\$ 5,056,079	\$ (2,063,458)

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

	Current Discount		
	1% Decrease 5.50%	Rate 6.50%	1% Increase 7.50%
Police Pension Plan	\$ (2,450,361)	\$ (3,000,331)	\$ (3,443,966)
Firefighters' Pension Plan	\$ (1,653,266)	\$ (2,063,458)	\$ (2,398,414)

For the year ended September 30, 2021, the pension expense (benefit) recognized on the Police and Fire Pension Plans was (\$347,772) and (\$327,997), respectively.

On September 30, 2021, 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	\$ 88,906	\$ 191,154
Changes in Assumptions	103,864	68,750
Net difference between Projected and Actual Earnings on Pension Plan Investments	-	802,644
Total	\$ 192,770	\$ 1,062,548

	Deferred Outflows of Resources	Deferred Inflows of Resources
Firefighters' Pension Plan		
Difference between Expected and Actual Experience	\$ 118,207	\$ 591,058
Changes in Assumptions	129,443	56,792
Net difference between Projected and Actual Earnings on Pension Plan Investments	-	617,324
Total	\$ 247,650	\$ 1,265,174

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, 2021.

City of Marianna
Notes to Financial Statements

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

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

Police Pension Plan	
<i>Years ending September 30:</i>	
2022	\$ (263,384)
2023	\$ (217,926)
2024	\$ (247,095)
2025	\$ (165,603)
2026	\$ 24,230
Thereafter	\$ -

Firefighters' Pension Plan	
<i>Years ending September 30:</i>	
2022	\$ (286,200)
2023	\$ (272,155)
2024	\$ (226,919)
2025	\$ (177,344)
2026	\$ (54,906)
Thereafter	\$ -

NOTE 13: FIDUCIARY FUND INVESTMENTS

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

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

City of Marianna
Notes to Financial Statements

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, 2021 were \$4,232,587 for the Firefighters' Pension Fund and \$5,475,336 for the Policemen's' Pension Fund.

The net increase in fair value of the investments was \$280,278 and \$367,652 for the Fire Pension Fund and the Police Retirement Fund, respectively, for the year ended September 30, 2021.

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, 2021:

- Other fixed income investments of \$1,738,769 and \$2,264,584 for the firefighters and police pension plans, respectively, using quoted market prices (Level 1 inputs).
- Other equity investments totaling \$3,264,057 and \$4,267,670 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, 2021, none of the money market and short term investment accounts were exposed to uninsured and uncollateralized custodial credit risk. At September 30, 2021, 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, 2021. Neither Fund has an investment policy that limits its investment choices as it relates to foreign equities.

City of Marianna
Notes to Financial Statements

NOTE 13: INVESTMENTS (Continued)

Concentration of Credit Risk

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

Investment	Market Value Percentage	
	Firefighter's Pension Plan	Police Pension Plan
Dodge & Cox Income Fund	15%	15%
Metropolitan West total Return BD Fund	15%	15%
American Funds Europacific Growth Fund	10%	10%
JP Morgan US Research Enhanced	28%	28%
Fidelity Total Market Index Fund	27%	27%
Total	95%	95%

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 hangers, for office equipment, etc. Most of these leases are for one year and coincide with the City's fiscal year.

NOTE 15: SUBSEQUENT EVENTS

Subsequent to year end, the City entered into various grant agreements totaling approximately \$9,000,000 and approved several change orders on existing grants and projects. The City also approved capital projects and capital purchases totaling approximately \$2,890,000.

NOTE 16: RECLASSIFICATION

Certain 2020 amounts have been reclassified to conform to 2021 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, 2021, 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 \$24,864 in non-spendable net assets which represents the inventory balance at September 30, 2021.

City of Marianna
Notes to Financial Statements

NOTE 19: FUND EQUITY (Continued)

Spendable fund balances are classified based on a hierarchy of the City's ability to control the spending of these fund balances and are reported in the following categories: restricted, committed, assigned and unassigned. For the year ending September 30, 2021, 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	\$ 194,694
Utility fund	Other purposes	184,627
Total restricted fund equity		\$ 379,321

For the year ended September 30, 2021, Marianna Health and Rehabilitation Center has a negative retained earnings of \$511,594. This is due to the liabilities and related deferred inflows and outflows related to pensions and other post-employment benefits. The Center has also experiences a lower census due to the Covid-19 pandemic. For the year ended September 30, 2021, Community Redevelopment Agency West End has a negative fund balance. This fund was established in the current year. Expenses related to Community Redevelopment Agency West End were paid from the General Fund. These funds are due back to the General Fund.

NOTE 20: POST EMPLOYMENT BENEFITS OTHER THAN PENSION

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

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

City of Marianna
Notes to Financial Statements

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

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

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

Membership – At September 30, 2021, there were no terminated employees entitled to benefits but not yet receiving them. The membership of the Plan consisted of:

Active employees	268
Retirees and beneficiaries currently receiving benefits	2
Total membership	270

Participating employers	1
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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 2021 was \$20,656. The chart below shows the cost of the monthly retiree premiums.

Coverage	3359 BC/BS	Dental Standard
Retiree	\$ 682.46	\$ 23.96
Retiree & Spouse	\$ 1,144.15	\$ 42.36
Retiree & Children	\$ 1,086.40	\$ 61.60
Family	\$ 1,432.71	\$ 80.00

City of Marianna
Notes to Financial Statements

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

OPEB Liabilities, OPEB Expense, and Deferred Inflows of Resources Related to OPEB -

At September 30, 2021, the City reported a liability of \$457,815 for the net OPEB liability. The net OPEB liability was measured as of September 30, 2021, and was determined by an actuarial valuation as of October 1, 2019. Standard actuarial update procedures were used to roll forward to the measurement date from the actuarial valuation date. For the year ended September 30, 2021, the City recognized OPEB expense of \$49,372. At September 30, 2021, the City reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 32,844
Changes of assumptions or other inputs	38,305	19,134
Net difference between projected and actual investments	-	-
Total	\$ 38,305	\$ 51,978

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

Year ended September 30,	
2022	\$ (3,606)
2023	(3,606)
2024	(3,609)
2025	(744)
2026	(2,108)
Thereafter	-
Total	\$ (13,673)

City of Marianna
Notes to Financial Statements

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

The following shows the components of OPEB expense:

	Total OPEB Liability	Deferred Inflows	Deferred Outflows	OPEB Expense
Balance at October 1, 2020	\$ 434,643	\$ 52,518	\$ 47,882	\$ -
Service Cost	40,393	-	-	40,393
Interest Cost	10,010	-	-	10,010
Changes in Benefit Terms	-	-	-	-
Differences between Expected and Actual Experience with Regard to Economic or Demographic Assumptions	-	-	-	-
Current Year Amortization of Experience Difference	-	(8,211)	-	(8,211)
Change in Assumptions About Future Economic or Demographic Factors or Other Inputs	(12,643)	12,643	-	-
Current Year Amortization of Change in Assumptions	-	(4,972)	(9,577)	4,605
Benefit Payments	(14,588)	-	-	-
Net Change	\$ 23,172	\$ (540)	\$ (9,577)	\$ 46,797
Pay-As-You Go Related Costs:				
Contributions - Employer	\$ 17,164	\$ -	\$ -	\$ -
Benefit Payments	(14,589)	-	-	-
Administrative Expenses	(2,575)	-	-	2,575
Other	-	-	-	-
Net Change	-	-	-	2,575
Ending Balance, September 30, 2021	\$ 457,815	\$ 51,978	\$ 38,305	\$ 49,372

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 2.43%. The high-quality municipal bond rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index published by S&P Dow Indices as of the measurement date. 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 Ratings Services, Aa2 by Moody's, or AA by Fitch. If there are multiple ratings, the lowest rating is used.

City of Marianna
Notes to Financial Statements

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

Actuarial Method and Assumptions – The total OPEB liability in the October 1, 2019, 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	2.43%
Initial Trend Rate	7.50%
Ultimate Trend Rate	4.00%
Years to Ultimate	55

All mortality rates were based on the Headcount-weighted PubG-2010 mortality tables.

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 (1.14%) or 1 percent point higher (3.14%) than the current discount rate:

	1% Decrease (1.43%)	Current Discount Rate (2.43%)	1% increase (3.43%)
Net OPEB Liability	\$ 502,274	\$ 457,815	\$ 416,000

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% - 6.50%) or 1 percent point higher (5.00% - 8.50%) than the current healthcare cost trend rates:

	1% Decrease (3.00% - 6.50%)	Current Discount Rate (4.00% - 7.50%)	1% increase (5.00% - 8.50%)
Net OPEB Liability	\$ 380,352	\$ 457,815	\$ 555,454

NOTE 21: UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of the 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 ongoing operating activities and the future results of the City. The occurrence and extent of such an impact will depend on future developments, including (i) the 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 as of June 7, 2022.

Required Supplementary Information

City of Marianna
 Schedule of Proportional Share of Net Pension Liability
 Florida Retirement System (Last 9 fiscal years)

	2021	2020	2019	2018	2017	2016	2015	2014	2013
City's proportion of the net pension liability (asset)	0.019456%	0.020291%	0.021658%	0.021671%	0.021315%	0.021838%	0.022328%	0.021179%	0.021269%
City's proportionate share of the net pension liability (asset)	\$ 1,469,692	\$ 8,794,214	\$ 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	\$ 8,765,136	\$ 9,151,356	\$ 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	16.77%	96.10%	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	96.40%	78.85%	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 9 fiscal years)

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 741,196	\$ 674,164	\$ 680,723	\$ 617,600	\$ 558,353	\$ 532,561	\$ 544,386	\$ 463,921	\$ 286,219
Contributions in relation to the contractually required contribution	(741,196)	(674,164)	(680,723)	(617,600)	(558,353)	(532,561)	(544,386)	(463,921)	(286,219)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 8,765,136	\$ 9,151,356	\$ 9,396,288	\$ 9,061,323	\$ 8,571,166	\$ 8,253,153	\$ 8,247,667	\$ 7,781,509	\$ 7,898,166
Contributions as a percentage of covered payroll	8.46%	7.37%	7.24%	6.82%	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 9 fiscal years)

	2021	2020	2019	2018	2017	2016	2015	2014	2013
City's proportion of the net pension liability (asset)	0.023955%	0.027131%	0.028578%	0.027685%	0.026836%	0.027428%	0.026404%	0.026005%	0.026498%
City's proportionate share of the net pension liability (asset)	\$ 2,938,543	\$ 3,312,642	\$ 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	\$ 8,765,136	\$ 9,151,356	\$ 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	33.53%	36.20%	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	3.56%	3.00%	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 9 fiscal years)

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 140,812	\$ 156,342	\$ 160,348	\$ 150,138	\$ 142,627	\$ 140,570	\$ 100,934	\$ 89,084	\$ 86,802
Contributions in relation to the contractually required contribution	(140,812)	(156,342)	(160,348)	(150,138)	(142,627)	(140,570)	(100,934)	(89,084)	(86,802)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 8,765,136	\$ 9,151,356	\$ 9,396,288	\$ 9,061,323	\$ 8,571,166	\$ 8,253,153	\$ 8,247,667	\$ 7,781,509	\$ 7,898,166

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	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Service Cost	\$ 107,497	\$ 99,218	\$ 120,494	\$ 140,491	\$ 131,300	\$ 138,753	\$ 128,773
Interest	223,125	229,777	218,230	204,171	201,977	181,444	167,598
Differences between Expected and Actual Experience	(205,008)	7,037	138,927	-	(178,589)	-	-
Changes of Assumptions	(87,331)	-	127,587	-	14,887	94,027	-
Benefit Payments, Including Refunds of Employee Contributions	(144,042)	(150,515)	(143,168)	(157,868)	(136,992)	(109,835)	(87,319)
Net Change in Total Pension Liability	(105,759)	185,517	462,070	186,794	32,583	304,389	209,052
Total Pension Liability -Beginning	3,689,548	3,504,031	3,041,961	2,855,167	2,822,584	2,518,195	2,309,143
Total Pension Liability- Ending (a)	\$ 3,583,789	\$ 3,689,548	\$ 3,504,031	\$ 3,041,961	\$ 2,855,167	\$ 2,822,584	\$ 2,518,195
Plan Fiduciary Net Position							
Contributions - City & State	53,618	53,237	49,692	46,083	45,421	43,746	46,880
Contributions - Employee	33,057	31,268	33,243	33,209	33,596	32,630	33,277
Net Investment Income	1,140,067	641,043	226,493	404,292	553,454	196,920	(16,855)
Benefit Payments, Including Refunds of Employee Contributions	(144,042)	(150,515)	(143,168)	(157,868)	(136,992)	(109,835)	(87,319)
Administrative Expense	(29,511)	(29,724)	(21,403)	(3,250)	-	(750)	(550)
Net Change in Plan Fiduciary Net Position	1,053,189	545,309	144,857	322,466	495,479	162,711	(24,567)
Plan Fiduciary Net Position- Beginning	5,530,931	4,985,622	4,840,765	4,518,299	4,022,820	3,860,109	3,884,676
Plan Fiduciary Net Position- Ending (b)	\$ 6,584,120	\$ 5,530,931	\$ 4,985,622	\$ 4,840,765	\$ 4,518,299	\$ 4,022,820	\$ 3,860,109
Net Pension Liability (Asset) - Ending (a) - (b)	\$ (3,000,331)	\$ (1,841,383)	\$ (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							
	183.72%	149.91%	142.28%	159.13%	158.25%	142.52%	153.29%
Covered Payroll	\$ 661,134	\$ 637,059	\$ 664,860	\$ 664,172	\$ 669,593	\$ 652,600	\$ 715,919
Net Pension Asset as a Percentage of Covered Payroll	-453.82%	-289.04%	-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.

See Independent Auditors' Report

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

Total Pension Liability	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Service Cost	\$ 91,026	\$ 103,579	\$ 101,425	\$ 115,638	\$ 108,073	\$ 120,359	\$ 111,702
Interest	187,070	216,733	196,944	190,583	212,305	195,642	184,479
Differences between Expected and Actual Experience	(533,366)	169,601	(11,974)	-	(498,423)	-	-
Changes of Assumptions	(68,624)	-	172,834	-	13,737	83,635	-
Benefit Payments, Including Refunds of Employee Contributions	(144,903)	(179,342)	(152,022)	(139,111)	(168,043)	(147,879)	(125,549)
Net Change in Total Pension Liability	(468,797)	310,571	307,207	167,110	(332,351)	251,757	170,632
Total Pension Liability -Beginning	3,461,418	3,150,847	2,843,640	2,676,530	3,008,881	2,757,124	2,586,492
Total Pension Liability- Ending (a)	\$ 2,992,621	\$ 3,461,418	\$ 3,150,847	\$ 2,843,640	\$ 2,676,530	\$ 3,008,881	\$ 2,757,124
Plan Fiduciary Net Position							
Contributions - City & State	39,672	43,109	62,705	67,551	68,232	76,268	75,497
Contributions - Employee	29,788	26,578	32,248	30,663	28,433	27,586	30,199
Net Investment Income	876,928	498,372	178,195	316,906	416,110	149,012	(11,330)
Benefit Payments, Including Refunds of Employee Contributions	(144,903)	(179,342)	(152,022)	(139,111)	(168,043)	(147,879)	(125,549)
Administrative Expense	(23,656)	(37,885)	(12,186)	(3,977)	(342)	(1,339)	(811)
Net Change in Plan Fiduciary Net Position	777,829	350,832	108,940	272,032	344,390	103,648	(31,994)
Plan Fiduciary Net Position- Beginning	4,278,250	3,927,418	3,818,478	3,546,446	3,202,056	3,098,408	3,130,402
Plan Fiduciary Net Position- Ending (b)	\$ 5,056,079	\$ 4,278,250	\$ 3,927,418	\$ 3,818,478	\$ 3,546,446	\$ 3,202,056	\$ 3,098,408
Net Pension Liability (Asset) - Ending (a) - (b)	\$ (2,063,458)	\$ (816,832)	\$ (776,571)	\$ (974,838)	\$ (869,916)	\$ (193,175)	\$ (341,284)
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset							
	168.95%	123.60%	124.65%	134.28%	132.50%	106.42%	112.38%
Covered Payroll	\$ 595,762	\$ 531,560	\$ 644,960	\$ 613,263	\$ 568,447	\$ 551,720	\$ 583,468
Net Pension Liability as a Percentage of Covered Payroll	-346.36%	-153.67%	-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.

See Independent Auditors' Report

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	9/30/2021	9/30/2020	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	53,618	53,237	49,692	46,083	45,421	43,746	46,880
Contribution Deficiency (Excess)	\$ (53,618)	\$ (53,237)	\$ (49,692)	\$ (38,113)	\$ (37,386)	\$ (36,246)	\$ (36,897)
Covered Payroll	\$ 661,134	\$ 637,059	\$ 664,860	\$ 664,172	\$ 669,593	\$ 652,600	\$ 715,919
Contributions as a Percentage of Covered Payroll	8.11%	8.36%	7.47%	6.94%	6.78%	6.70%	6.55%

Firefighters' Pension Plan	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Actuarially Determined Contribution	\$ 39,672	\$ 43,109	\$ -	\$ 65,006	\$ 60,255	\$ 71,067	\$ 75,497
Contributions in relation to the Actuarially Determined Contributions	39,672	43,109	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	\$ 595,762	\$ 531,560	\$ 644,960	\$ 613,263	\$ 568,447	\$ 551,720	\$ 583,468
Contributions as a Percentage of Covered Payroll	6.66%	8.11%	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

% Becoming Disabled During the Year

Age	Police Pension	Firefighters' Pension
20	0.03%	0.03%
30	0.04%	0.04%
40	0.07%	0.07%
50	0.18%	0.18%

ANNUAL MONEY-WEGHTED RATE OF RETURN NET OF INVESTMENT EXPENSE

Annual money-weighted rate of return net of investment expense	2021	2020	2019	2018	2017	2016	2015
Police Pension Plan	19.94%	11.72%	9.06%	13.91%	13.91%	6.09%	-0.44%
Firefighters' Pension Plan	20.07%	12.21%	8.91%	13.26%	13.26%	6.02%	-0.37%

This schedule is presented to illustrate the requirements of GASB 68. Currently, only data for fiscal years ended September 30, 2015 through 2021 are available.

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>
0-2 Years	25.00%	20.00%
3 Years	25.00%	15.00%
4 Years	15.00%	15.00%
5-10 Years	7.50%	7.50%
11+ Years	7.50%	5.00%

SCHEDULE OF EMPLOYER AND OTHER CONTRIBUTING ENTITIES

**Schedule of Contributions
 Police Pension Plan:**

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	N/A
2020	\$ -	\$ -	\$ 53,237	N/A
2021	\$ -	\$ -	\$ 53,618	N/A

**Schedule of Contributions
 Firefighters' Pension Plan:**

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	\$ -	\$ -	\$ 62,705	N/A
2020	\$ -	\$ -	\$ 43,109	N/A

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	9/30/2021	9/30/2020	9/30/2019
Measurement Period	9/30/2021	9/30/2020	9/30/2019
Total OPEB Liability			
Service Cost	\$ 40,393	\$ 29,900	\$ 27,613
Interest	10,010	13,985	15,838
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	(49,266)	-
Changes of Assumptions	(12,643)	36,483	24,470
Benefit Payments	(14,589)	(12,815)	(5,603)
Net Change in Total OPEB Liability	23,171	18,287	62,318
Total OPEB Liability - Beginning	434,644	416,356	354,038
Total OPEB Liability - Ending	\$ 457,815	\$ 434,643	\$ 416,356
Covered Employee Payroll *	\$ 11,205,475	\$ 10,663,756	\$ 10,655,235
Sponsor's Total OPEB Liability as a percentage of Covered Payroll	4.09%	4.08%	3.91%

*FY 2021 covered Payroll, projected based on actual FY 2020 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 2021	2.43%
FY 2020	2.14%
FY 2019	3.58%

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OWEN W. GRIMSLEY, C.P.A.

INDEPENDENT AUDITORS' MANAGEMENT LETTER

Honorable Mayor and Members
of the City Council
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, 2021, and have issued our report thereon dated June 7, 2022.

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 Major 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 7, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No such findings and recommendations were made in the preceding annual financial audit report.

Honorable Mayor and Members
of the City Council
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 Members
of the City Council
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, the City Council Members, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Marianna, Florida
June 7, 2022

Grimsley & Associates

Grimsley & Associates, P.A.
Certified Public Accountants

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OWEN W. GRIMSLEY, C.P.A.

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

Honorable Mayor and Members
of the City Council
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, 2021. Management of the City 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, 2021.

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.

Grimsley & Associates

Marianna, Florida
June 7, 2022

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OWEN W. GRIMSLEY, C.P.A.

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 Members
of the City Council
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, 2021, and the related notes to the financial statements, which collectively comprise the City of Marianna's basic financial statements and have issued our report thereon dated June 7, 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 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 Members
of the City Council
Marianna, Florida

Compliance and Other Matters

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

Grimsley & Associates

Marianna, Florida
June 7, 2022

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OWEN W. GRIMSLEY, C.P.A.

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

Honorable Mayor and Members
of the City Council
Marianna, Florida

Report on Compliance for Each Major Federal Program and Major 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 Department of Financial Services' State Project Compliance Supplement that could have a direct and material effect on each of the City's major federal programs and major state projects for the year ended September 30, 2021. The City's major federal programs and major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and major 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 Auditor General. Those standards, the Uniform Guidance and Chapter 10.550 Rules of the 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.

Honorable Mayor and Members
of the City Council
Marianna, Florida

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

Opinion on Each Major Federal Program and Major State Project

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and major state projects for the year ended September 30, 2021.

Report on Internal Control Over Compliance

Management of the City, 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 major 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 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 Members
of the City Council
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 Auditor General. Accordingly, this report is not suitable for any other purpose.

Marianna, Florida
June 7, 2022

Grimsley & Associates

Grimsley & Associates, P.A.
Certified Public Accountants

City of Marianna

Schedule of Expenditures of Federal Awards and State Financial Assistance

For year ended September 30, 2021

Federal Agency Pass through Entity Name of Cluster Federal Program	CFDA/ CFSA No.	Contract / Grant No.	Expenditures	Payments to Subrecipients
U.S. Department of Health and Human Services				
Provider Relief fund and American Rescue Plan Rural Distribution	93.498	N/A	840,938	-
Total U.S. Department of Energy			840,938	-
U.S. Department of Homeland Security, Federal Emergency Management Agency				
Pass through the Florida Division of Emergency Management				
Public Assistance (Presidentially Declared Disasters) - Hurricane Michael	97.036	ZO845/FEMA-4399-DR-FL	2,374,385	-
Public Assistance (Presidentially Declared Disasters) - Hurricane Sally	97.036	Z2587/FEMA-4564-DR-FL	72,921	-
Public Assistance (Presidentially Declared Disasters) - Covid-19	97.036	Z2045/FEMA-4486-DR-FL	51,069	-
Total Public Assistance (Presidentially Declared Disasters)			2,498,375	-
Total U.S. Department of Homeland Security, Federal Emergency Management Agency			2,498,375	-
U.S. Department of Transportation				
Federal Aviation Administration				
Airport Improvement Program - Rehabilitate Airport Access Road	20.106	3-12-0045-019-2020	501,216	-
Airport Improvement Program (AIP) - CARES Act Airport Program	20.106	COVID-19 3-12-0045-020-2020	16,688	-
Total U.S. Department of Transportation, Federal Aviation Administration			517,904	-
Pass through the State of Florida Department of Transportation				
State and Community Highway Safety - Operation Safe Speed	20.600	G1R53 SC-2021-00009	18,287	-
Total U.S. Department of Transportation			536,191	-
U.S. Department of Agriculture				
Community Facilities Technical Assistance & Training Grant - Fire/Police Vehicles	10.776	09-032-0596000370	136,273	-
Rural Business Enterprise Grant (RBEG) - Southern Craft Products	10.769	09-032-0596000370	256,714	-
Emergency Watershed Protection Program	10.923	N1221EWP0010048	56,431	-
Total U.S. Department of Agriculture			449,418	-
U.S. Department of Justice				
Pass through the State of Florida Department of Law Enforcement				
Coronavirus Emergency Supplemental Funding (CESF)	16.034	COVID-19 2020-VD-BX-0174	5,425	-
Coronavirus Emergency Supplemental Funding (CESF)	16.034	COVID-19 2020-CESF-JACK-1-C9-025	5,026	-
Total Coronavirus Emergency Supplemental Funds (CESF)			10,451	-
Bulletproof Vest Partnership Program	16.607	2019-BUBX-19099515	1,083	-
Total U.S. Department of Justice			11,534	-
U.S. Department of the Treasury				
Pass through the State of Florida Executive Office of the Governor				
Pass through Jackson County, Florida				
Coronavirus Relief Fund	21.019	COVID-19 Y2294	943,803	-
Total U.S. Department of the Treasury			943,803	-
U.S. Department of Housing and Urban Development				
Pass through the State of Florida Department of Economic Security				
Community Development Block Grants - NR Grant	14.228	20DB-OO-02-41-02-N04	462,774	-
Total U.S. Department of Housing and Urban Development			462,774	-
Total Federal Awards			5,743,033	-

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)**

For the year ended September 30, 2021

State Agency State Project	CFDA/ CFSA No.	Contract / Grant No.	Expenditures	Payments to Subrecipients
Florida Department of Transportation				
Aviation Grant Program - Backup Generator Fuel Farm	55.004	G1920/423820-6-94-01	109,752	-
Aviation Grant Program- Access Road/Security Improvements Phase I	55.004	G0S57/425629-9-94-01	299,770	-
Aviation Grant Program- Access Road Phase II	55.004	G1596/423820-5-94-01	176,384	-
Aviation Grant Program- Apron Rehabilitation	55.004	G181/425628-2-94-01	169,689	-
Total Aviation Grant Program			755,595	-
Small County Outreach Program (SCOP) - Old Cottondale Road	55.009	G1B87/44094-0-54-01	158,101	-
Total Florida Department of Transportation			913,696	-
Florida Department of Economic Opportunity				
Regional Rural Development and Infrastructure - Blue Sky	40.042	D0131	101,698	-
Regional Rural Development and Infrastructure - Recertify Airport/Distribution Park	40.042	D0184	120,938	-
Regional Rural Development and Infrastructure - Connectivity	40.042	D0159	111,000	-
Total Regional Rural Development and Infrastructure			333,636	-
Economic Development Tax Refund, Tax Credit, and Grant Program	40.043	G0008	76,760	-
Total Florida Department of Economic Opportunity			410,396	-
Florida Department of Law Enforcement				
Florida Incident Based Reporting System - Implementation Assistance Program	71.043	2020-FBSFA-F2-023	12,495	-
Total Florida Department of Law Enforcement			12,495	-
Florida Department of Environmental Protection				
Wastewater Treatment Upgrade Project Design - Loan	37.077	WW-320243	5,131	-
Wastewater Treatment Upgrade Project Construction - Loan	37.077	WW-320252	311,730	-
Total Wastewater Treatment Facility Construction Program			316,861	-
Small Community Wastewater Facility Grant - SRF - Upgrade Project Design	37.075	WW-320250	20,524	-
Small Community Wastewater Facility Grant - SRF - Upgrade Project Construction	37.075	SG-320253	1,246,916	-
Total Small Community Wastewater Facility Grant Program			1,267,440	-
Total Florida Department of Environmental Protection			1,584,301	-
Total State Financial Assistance			2,920,888	-
Total Federal Awards and State Financial Assistance			\$ 8,663,921	\$ -

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, 2021

NOTE 1: BASIS OF PRESENTATION

The supplementary Schedule of Expenditures of Federal Awards and State Financial Assistance include the grant activities of the City of Marianna, Florida (the City). Federal and state expenditures are presented on the accrual basis of accounting. The information in these schedules is presented in accordance with the requirement of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, Rules of the Auditor General. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2: PASS-THROUGH AWARDS

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

NOTE 3: LOAN PROGRAMS

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance does not include certain loan programs under which no expenditures were made during the year ended September 30, 2021, in accordance with the Uniform Guidance. Certain information related to these programs is disclosed here for transparency purposes. Additional information related to this debt is reported in the Notes to the Financial Statements.

The City of Marianna was awarded a loan of \$4,043,124 as amended in February 2010, by the Environmental Protection Agency. This award is identified under CFDA 66.458, ARRA - Drinking Water State Revolving Fund, which includes Principal forgiveness of \$2,550,000 with the City obligated to repay \$1,493,124 in principal and \$14,200 in capitalized interest. The principal and capitalized interest payable by the City at September 30, 2021 is \$949,762.

The City of Marianna was also awarded a loan of \$18,395,733 as amended in April 2010, by the Environmental Protection Agency. This award is identified under CFDA 66.458, Drinking Water State Revolving Fund. The City received a grant award from the Florida Department of Environmental Protection under CSFA 37.039 – Disadvantaged Small Community Grant (DSCG) Projects to assist in the repayment of this loan balance. The Florida Department of Environmental Protection remits \$375,000 on the City's behalf and the City remits the balance due on each semi-annual payment. The DSCG made additional principal payments of \$5,000,000 and \$5,503,625 during the years ending September 30, 2014 and 2015, respectively. This completed their obligation under the loan guarantee grant as of September 30, 2015. The principal and capitalized interest payable by the City at September 30, 2021 is \$1,359,187.

City of Marianna, Florida
Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance
For the year ended September 30, 2021

NOTE 3: LOAN PROGRAMS (continued)

The City was awarded a loan of \$1,256,196 identified by CSFA 37.077, Waste Water State Revolving Fund, as well as, \$3,119,270 identified by CSFA 37.075 Federal Grants Trust Fund under the same agreement, by the State of Florida Department of Environmental Protection Agency in August 2011 for a total award of \$4,375,466. The City received a final proceed on this loan in the amount of \$627,639 during the fiscal year ended September 30, 2016 for expenditures made during the fiscal year ended September 30, 2015. Semi-annual payments of \$140,406 payable by Florida Department of Environmental Protection Agency grant of \$100,095 and City share of \$40,311, beginning December 15, 2015 as amended. A grant principal payment of \$3,268,751 was made on December 15, 2015 through a Small Community Wastewater Facility Grant awarded by the Department of Environmental Protection Agency, which fulfilled their obligation of payment of grant award. The principal and capitalized interest due by the City as of September 30, 2021 is \$1,095,008 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 as of September 30, 2018. The principal and capitalized interest due at September 30, 2021 is \$443,912.

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, 2021 is \$74,574.

The City was awarded a loan in 2017 of \$30,000 that includes principal forgiveness of \$15,000 and loan payable of \$15,000. The award is identified under CFDA 66.458. The City expended and received proceeds for the entire loan amount through September 30, 2018. The principal and capitalized interest due at September 30, 2021 is \$14,909.

The City was awarded a loan in 2018, as amended in April 2020, in the amount of \$4,594,268, including principal forgiveness of \$3,675,409. The award is identified under CSFA 37.077, Wastewater Treatment Facility Construction. The City has expended and received proceeds for a total of \$4,594,268. The principal and capitalized interest due at September 30, 2021 is \$929,599.

City of Marianna, Florida
Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance
For the year ended September 30, 2021

NOTE 3: LOAN PROGRAMS (continued)

The City was awarded a loan of \$6,531,545, including principal forgiveness of \$5,225,236. The award is identified under CSFA 37.077 and 37.075, Small Community Wastewater Facility Construction Program. The City has expended a total of \$300,349 in grant funds and an additional \$75,087 in cost attributable to the loan as of September 30, 2021. The principal due at September 30, 2021 is \$375,436.

The City was awarded a loan of \$375,455, including principal forgiveness of \$300,364. The award is identified under CSFA 37.077 and 37.075, Small Community Wastewater Facility Construction Program. The City has expended a total of \$300,364 in grant funds and an additional \$82,600 in cost attributable to the loan as of September 30, 2021. The principal and capitalized interest due at September 30, 2021 is \$382,964.

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.

NOTE 6: SUBRECIPIENTS

During the year ended September 30, 2021, the City had no subrecipients.

NOTE 7: CONTINGENCIES

Grant monies received and disbursed by the City are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the City does not believe that such disallowances, if any, would have a material effect on the financial position of the City.

NOTE 8: PROVIDER RELIEF FUNDS

Included in the Schedule of Expenditures of Federal Awards and State Financial Assistance are Provider Relief Funds received by Marianna Health and Rehabilitation Center. These funds are Period 1 funds received between April 10, 2020 and June 30, 2020 reported during the July 1, 2021 through September 30, 2021 reporting time period. The amount included on the schedule are funds related to loss of revenue due to the Coronavirus Pandemic.

City of Marianna, Florida
 Schedule of Findings and Questioned Costs
 Year ended September 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditor's 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 auditor's 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 | |

CFDA Number	Federal Program
97.036	Public Assistance (Presidentially Declared Disasters)
21.019	CARES Act Grant
93.498	Provider Relief Fund and American Rescue Plan Rural Distribution

- | | |
|--|------------|
| 5. Dollar threshold used to distinguish between type A and type B programs | \$ 750,000 |
| 6. Auditee qualified as low-risk under 2CFR 200.520 | Yes |

State Projects

- | | |
|--|------------|
| 1. Type of auditor's 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 | |

CSFA Number	State Project
40.042	Regional Community Development Infrastructure
37.077	Wastewater Treatment Facility Construction
37.075	Small Community Wastewater Facility Grant

- | | |
|--|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs | \$750,000 |
|--|-----------|

City of Marianna, Florida
Schedule of Findings and Questioned Costs
Year ended September 30, 2021

Section II – Financial Statement Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

None noted.

Section IV – State Project Findings and Questioned Costs

None noted.

Section V – Summary of Prior Year Audit

None noted.