

CITY OF ANNA MARIA, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

CITY OF ANNA MARIA, FLORIDA
FINANCIAL STATEMENTS

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FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Commission
City of Anna Maria, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Anna Maria, Florida, (City), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City as of September 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2022, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

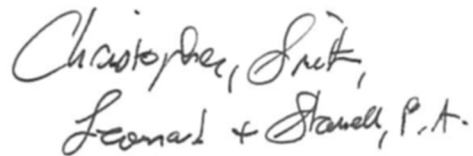
Other Information

Management is responsible for the other information included with the basic financial statements. The other information comprises the impact fee affidavit, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

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

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

May 22, 2023
Bradenton, Florida



City of Anna Maria

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Anna Maria, Florida (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2022. Readers should consider the information presented here in conjunction with the basic financial statements.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$17,328,631 (*net position*). A portion of the City's net position in the amount of \$264,855 represents resources from impact fees and pier contributions that are subject to restrictions on how they may be used. *Unrestricted net position* of \$1,771,495 may be used to meet the City's ongoing obligation to citizens and creditors in accordance with the City's fiscal policies.
- The City's total net position increased by \$2,392,785.
- As of the end of the current fiscal year, the City's governmental fund reported ending fund balance of \$2,674,939 an increase of \$93,989 in comparison with the prior year. The General Fund has restricted fund balance in the amount of \$264,855, mainly for impact fees and pier contributions. The amount of fund balance available for spending at the City's discretion (unassigned fund balance) is \$2,301,936.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by ad valorem taxes, impact fees and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The City is engaged in only governmental activities.

The government-wide financial statements can be found on pages 10 and 11 of this report.

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

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

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

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

The basic governmental fund financial statements can be found on pages 12 to 15 of this report.

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

The notes to the financial statements begin on page 16 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows exceeded liabilities and deferred inflows by \$17,328,631 at the close of the most recent fiscal year.

A large portion of the City's net position, \$15,292,281 reflects its net investment in capital assets (e.g., land, buildings, infrastructure, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens within the boundaries of the City; consequently, these assets are *not* available for future spending. The City also had significant assets in cash and investments at year-end. Investments are held in Qualified Public Depositories, or the State Local Government Surplus Trust Fund as allowed by Florida Statutes.

The following table presents a condensed statement of net position as of September 30, 2022, with comparative totals for September 30, 2021.

	Governmental Activities	
	2022	2021
Current and other assets	\$ 4,602,578	\$ 2,948,406
Capital assets	16,216,364	14,062,247
Total assets	<u>20,818,942</u>	<u>17,010,653</u>
Deferred outflows of pension resources	354,195	362,462
Long-term liabilities outstanding	2,072,027	1,563,316
Other liabilities	<u>1,092,815</u>	<u>367,456</u>
Total liabilities	3,164,842	1,930,772
Deferred inflows of pension earnings	74,195	506,497
Lease-related inflows of resources	605,469	-0-
Net investment in capital assets	15,292,281	12,964,902
Restricted	264,855	538,109
Unrestricted	<u>1,771,495</u>	<u>1,432,835</u>
Total net position	<u>\$ 17,328,631</u>	<u>\$ 14,935,846</u>

The City's net position increased \$2,392,785 during the current fiscal year. Revenues increased by \$1,507,058 mainly due to charges for services, capital grants, and taxes. Expenses increased \$693,148 mainly due to public works and general government related costs and services.

The following table provides a summary of the City's operations for the year ended September 30, 2022 with comparative totals for the year ended September 30, 2021.

Changes in Net Position – Governmental Activities

	2022	2021
Revenues:		
Program revenues:		
Charges for services	\$ 1,892,084	\$ 1,646,916
Capital grants and contributions	<u>897,182</u>	<u>310,637</u>
	2,789,266	1,957,553
General revenues:		
Ad valorem taxes	3,067,001	2,523,427
Franchise fees	299,412	252,444
Impact fees	105,901	150,332
Communication service tax	113,876	108,239
Stormwater fees	89,290	154,922
State revenue sharing	65,221	47,329
Discretionary tax	162,556	150,624
Sales tax	172,152	147,496
Other taxes	241,348	242,336
Interest income	12,992	3,542
Miscellaneous	<u>252,077</u>	<u>125,790</u>
Total general revenues	<u>4,581,826</u>	<u>3,906,481</u>
Total Revenues	<u>7,371,092</u>	<u>5,864,034</u>
Expenses:		
General government	1,058,987	810,941
Public works/building department	2,386,222	1,862,905
Code enforcement	471,630	534,311
Public safety	1,042,386	1,054,435
Interest	<u>19,082</u>	<u>22,567</u>
Total expenses	<u>4,978,307</u>	<u>4,285,159</u>
Increase in net position	2,392,785	1,578,875
Net position – Beginning	<u>14,935,846</u>	<u>13,356,971</u>
Net position – Ending	<u>\$ 17,328,631</u>	<u>\$ 14,935,846</u>

Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City's general fund reported an ending fund balance of \$2,674,939, an increase of \$93,989 in comparison with the prior year. Of this total \$264,855 is restricted for impact fees and the pier. \$2,301,936 is *unassigned fund balance*, which is available for spending at the City's discretion.

As a measure of the general fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Unassigned fund balance represents 32% of general fund expenditures.

The fund balance of the City's general fund increased by \$93,989 during the current fiscal year. The significant reasons for the increase are as follows:

- Total revenues increased \$1,441,115 from the prior year. This was due primarily due to an increase in ad valorem taxes, licenses and permits received and grants.
- Total expenditures increased \$2,214,553, due mainly to an increase in funds expended for capital outlay.

General Fund Budgetary Highlights

The City's general fund budget was not amended during the year. Original and final budgeted revenues, excluding the use of reserves were \$7,400,316. Original and final budgeted expenditures were \$8,810,102. Actual revenues were less than budgeted revenues by \$95,167, mainly due to grants. Actual expenditures were \$1,598,942 less than final budgeted expenditures due mainly to less personnel services and operating costs than anticipated.

The General Fund budget is presented as required supplementary information on page 32.

Capital Assets

The City's investment in capital assets amounts to \$16,216,364 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, infrastructure, machinery and equipment. The City's investment in capital assets for the current fiscal year increased by \$2,154,117; this was comprised of \$2,602,792 of capital additions, and \$448,675 of depreciation expense.

The following is a condensed schedule of capital assets.

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
Land	\$ 2,836,020	\$ 2,836,020
Building and improvements	7,541,294	7,494,984
Infrastructure	5,650,993	3,542,629
Machinery and equipment	188,057	188,614
Total (net of depreciation)	<u>\$ 16,216,364</u>	<u>\$ 14,062,247</u>

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

Long-Term Obligations

The City has existing debt of \$924,083. The City paid down principal on debt in the amount of \$173,262.

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

Economic Factors and Next Year's Budgets and Rates

The millage rate in the 2023 budget is 2.05 mills, which is the same as the 2022 budget. The original 2022 budget includes \$11,404,440 of revenues and expenditures.

Requests for Information

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

**CITY OF ANNA MARIA, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and cash equivalents	\$ 1,399,417
Investments	1,153,173
Due from other governments	150,538
Prepaid items	108,148
Other receivables	168,374
Restricted assets:	
Restricted:	
Cash and cash equivalents	779,482
Investments	8,622
Lease interest receivable	3,308
Lease receivable	640,189
Right-to-use asset	191,327
Capital assets:	
Land	2,836,020
Other capital assets, net of depreciation	13,380,344
Total Assets	20,818,942
 Deferred Outflows of Resources	
Deferred outflows of pension resources	354,195
 LIABILITIES	
Accounts payable	242,369
Accrued expenses	108,619
Unearned revenue	741,827
Non current liabilities	
Due within one year	213,142
Due in more than one year	1,858,885
Total Liabilities	3,164,842
 Deferred Inflows of Resources	
Deferred inflows of pension earnings	74,195
Lease-related inflows of resources	605,469
 NET POSITION	
Net investment in capital assets	15,292,281
Restricted for:	
Impact fees	264,855
Unrestricted	1,771,495
 TOTAL NET POSITION	\$ 17,328,631

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

**CITY OF ANNA MARIA, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change In Net Position Total</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
Governmental Activities:					
General Government	\$ 1,058,987	\$ 389,395	\$ -	\$ -	\$ (669,592)
Public Works/Building Department	2,386,222	1,089,085	-	897,182	(399,955)
Code Enforcement	471,630	413,604	-	-	(58,026)
Public Safety	1,042,386	-	-	-	(1,042,386)
Interest	19,082	-	-	-	(19,082)
Total Governmental Activities	<u>4,978,307</u>	<u>1,892,084</u>	-	<u>897,182</u>	<u>(2,189,041)</u>
General Revenues:					
Ad Valorem taxes					3,067,001
Franchise fees					299,412
Impact fees					105,901
Communication service tax					113,876
Stormwater utility fee					89,290
Revenue sharing – State					65,221
Discretionary tax					162,556
Sales tax					172,152
Other taxes					241,348
Interest income					12,992
Miscellaneous					252,077
Total general revenues					<u>4,581,826</u>
Change in Net Position					2,392,785
Net Position – Beginning					14,935,846
Net Position – Ending					<u><u>\$ 17,328,631</u></u>

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

CITY OF ANNA MARIA, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUND
SEPTEMBER 30, 2022

	General Fund
ASSETS	
Cash and cash equivalents	\$ 1,399,417
Investments	1,153,173
Cash – restricted	779,482
Investments–restricted	8,622
Due from other governments	150,538
Prepaid items	108,148
Other receivables	168,374
TOTAL ASSETS	\$ 3,767,754
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 242,369
Accrued expenses	45,766
Accrued wages	62,853
Unearned revenue	741,827
TOTAL LIABILITIES	1,092,815
Fund Balances:	
Nonspendable	108,148
Spendable:	
Restricted	264,855
Unassigned	2,301,936
TOTAL FUND BALANCE	2,674,939
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,767,754

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

**CITY OF ANNA MARIA, FLORIDA
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

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

Fund Balance – Governmental Fund	\$	2,674,939
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund.		16,216,364
Deferred outflows of pension resources are not recognized in the governmental fund, however, they are recorded in the statement of net position under full accrual accounting.		354,195
Deferred inflows of pension earnings are not recognized in the governmental fund, however, they are recorded in the statement of net position under full accrual accounting.		(74,195)
Lease assets used in governmental activities are not financial resources and therefore, and are not reported in the governmental fund.		
Lease interest receivable		3,308
Lease receivable		640,189
Right-to-use asset		191,327
Deferred inflows related to leasing transactions are not current financial resources, and are therefore not reported in the governmental fund.		(605,469)
Long-term liabilities, which includes notes payable and net pension liabilities are not due and payable in the current period, and therefore are not reported in the governmental fund.		
Note payable		(924,083)
Lease liability		(200,160)
Net pension liability		(947,784)

NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 17,328,631</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF ANNA MARIA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	GENERAL FUND
REVENUES	
Ad valorem taxes	\$ 3,067,001
State revenue and other taxes	755,153
Impact fees	105,901
Franchise fees	299,412
Stormwater utility fees	89,290
Licenses and permits	1,478,597
Grants	897,182
Fines	413,487
Interest	12,992
Other sources	186,134
Total Revenues	7,305,149
EXPENDITURES	
General government:	
Personal services	493,550
Operating	458,748
Capital outlay	36,685
Total General Government	988,983
Public works/building department:	
Personal services	894,348
Operating	929,080
Capital outlay	2,700,307
Total Public Works	4,523,735
Code Enforcement:	
Personal services	220,401
Operating	214,877
Capital outlay	28,434
Total Code Enforcement	463,712
Public safety	1,042,386
Debt service:	
Principal	173,262
Interest	19,082
Total Debt Service	192,344
Total Expenditures	7,211,160
NET CHANGE IN FUND BALANCE	93,989
FUND BALANCE, October 1, 2021	2,580,950
FUND BALANCE, September 30, 2022	\$ 2,674,939

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

**CITY OF ANNA MARIA, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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

Net change in fund balance – total governmental fund	\$ 93,989
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which additions exceed depreciation expense.	2,154,117
Amount of debt principal payments reported as an expenditure in the fund statements, but considered a reduction of a liability in the government-wide statements, and, therefore, not included as an expense item in the statement of activities.	173,262
Some revenues and expenses in the statement of activities that do not provide current financial resources as they do not meet the criteria and are not reported in the governmental fund. This amount represents the change in:	
Change in lease interest receivable	3,308
Change in lease receivable	(31,223)
Change in right-to-use asset	(52,180)
Change in lease-related inflows of resources	65,943
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 fund. This amount represents the change in:	
Lease liability	43,347
Net pension liability	(481,813)
Deferred outflows of pension resources	(8,267)
Deferred inflows of pension earnings	432,302
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 2,392,785</u>

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

CITY OF ANNA MARIA, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

CITY OF ANNA MARIA, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. BASIS OF PRESENTATION – CONTINUED

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

GOVERNMENTAL FUND

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

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

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

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

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

CITY OF ANNA MARIA, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

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

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

CITY OF ANNA MARIA, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

I. FUND BALANCE - CONTINUED

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

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

Spendable Fund Balance:

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

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

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

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

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

General

	Fund
Non Spendable - Prepaid items	\$ 108,148
<u>Spendable:</u>	
<u>Restricted:</u>	
City Pier	8,622
Impact Fees	256,233
	264,855
Unassigned	2,301,936
Total Fund Balances	\$2,674,939

CITY OF ANNA MARIA, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

L. CHANGE IN ACCOUNTING PRINCIPLE

Effective October 1, 2021, the City adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* (GASB No. 87), which requires lessees recognize certain lease assets and liabilities for leases that previously were classified as operating leases based on the foundational principle that leases are financings of the right to use an underlying asset. Similarly, GASB No. 87 also requires lessors to recognize certain lease assets and deferred inflows of resources for leases meeting the same recognition principles. Accordingly, the City recognized a lease interest receivable, lease receivable and lease-related deferred inflows of resources, as well as a right-to-use asset and lease liability in the statement of net position.

The implementation of this new standard required the initial recognition of a lease receivable of \$677,406 and lease-related deferred inflows of resources of \$677,406, and a right-to-use asset and lease liability of \$243,507 as of October 1, 2021. The adoption of GASB No. 87 had no effect on net position or fund balance, as initially reported.

NOTE 2 – CASH AND INVESTMENTS

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

- Local Government Surplus Funds Trust Fund (LGSF) or any intergovernmental investment pool authorized through the Florida Interlocal Cooperation Act.
- S.E.C. registered money market funds with the highest credit quality rating from a certified qualified public depository.
- Direct obligations of the U.S. Treasury.

CITY OF ANNA MARIA, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – CASH AND INVESTMENTS – CONTINUED

- Interest bearing time deposits or savings accounts in State Certified Qualified Public Depositories as defined in Section 280.02 Florida Statutes.

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

Local Government Surplus Trust Funds Investment Pool

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

Interest Rate Risks

The City does not have a specific policy concerning interest rate risk. The City primarily invests in certificates of deposit and other insured deposits and similar investment pools as a means of managing fair value losses arising from increasing interest rates. The Florida PRIME dollar weighted average days to maturity (WAM) is 49 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life of Florida PRIME at September 30, 2022 is 64 days.

Credit Risk and Foreign Currency Risk

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

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

Florida PRIME was not exposed to any foreign currency risk during the period from October 1, 2021 through September 30, 2022.

Limitations or Restrictions on Qualifying External Investments at Amortized Cost

With regards to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to

CITY OF ANNA MARIA, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – CASH AND INVESTMENTS – CONTINUED

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

or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the

Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days.”

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. Through September 30, 2022, no such disclosure has been made.

As of September 30, 2022, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100 percent of their account value.

At September 30, 2022, the City had investments in the Florida PRIME in the amount of \$1,161,795. For further information regarding the Local Government Surplus Trust Funds Investment Pool, readers should refer to the financial statements and disclosures of the Florida State Board of Administration Local Government Surplus Funds Trust Fund Investment Pool.

CITY OF ANNA MARIA, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022 was:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclass</u>	<u>Ending Balance</u>
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 2,836,020	\$ -0-	\$ -0-	\$ -0-	\$ 2,836,020
Total capital assets, not being depreciated	<u>2,836,020</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>2,836,020</u>
Capital assets being depreciated:					
Buildings and improvements	8,115,757	128,855	-0-	-0-	8,244,612
Infrastructure	4,955,003	2,431,293	-0-	-0-	7,386,296
Machinery and equipment	<u>769,490</u>	<u>42,644</u>	<u>-0-</u>	<u>-0-</u>	<u>812,134</u>
Total capital assets being depreciated	<u>13,840,250</u>	<u>2,602,792</u>	<u>-0-</u>	<u>-0-</u>	<u>16,443,042</u>
Less accumulated depreciation for:					
Buildings and improvements	620,773	82,545	-0-	-0-	703,318
Infrastructure	1,412,374	43,201	-0-	-0-	1,455,575
Machinery and equipment	<u>580,876</u>	<u>322,929</u>	<u>-0-</u>	<u>-0-</u>	<u>903,805</u>
Total accumulated depreciation	<u>2,614,023</u>	<u>448,675</u>	<u>-0-</u>	<u>-0-</u>	<u>3,062,698</u>
Total capital assets, being depreciated, net	<u>11,226,227</u>	<u>2,154,117</u>	<u>-0-</u>	<u>-0-</u>	<u>13,380,344</u>
Governmental activities capital assets, net	<u>\$14,062,247</u>	<u>\$ 2,154,117</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$16,216,364</u>

Depreciation expense was allocated \$15,525 to general government and \$433,150 to public works.

Lease activity for the governmental activities was as follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Modifications & Remeasurements</u>	<u>Subtractions</u>	<u>End of Year</u>
Lease Assets					
Building	\$ 243,507	\$ -0-	\$ -0-	\$ -0-	\$ 243,507
	243,507				243,507
Less: Accumulated Amortization					
Building	<u>-0-</u>	<u>(52,180)</u>	<u>-0-</u>	<u>-0-</u>	<u>(52,180)</u>
Right-to-use asset	<u>\$ 243,507</u>	<u>\$ (52,180)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 191,327</u>

CITY OF ANNA MARIA, FLORIDA
NOTES TO FINANCIAL STATEMENTS

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

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

The reconciliation between the net changes in fund balance – total governmental fund as reported in the statement of revenues, expenditures and changes in fund balances, and the changes in net position as reported in the statement of activities is included on page 15 of the basic financial statements. One line in that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The detail is shown below:

Capital outlay as additions	\$ 2,602,792
Depreciation expense	<u>(448,675)</u>
	<u>\$ 2,154,117</u>

NOTE 5 – RETIREMENT PLAN

Plan Description

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

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

- The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple employer qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes.
- The Retiree Health Insurance Subsidy Program (HIS) is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes.

Benefits Provided

The FRS provides retirees a lifetime pension benefit with joint and survivor payment options. Benefits under FRS are computed on the basis of age and/or years of service, average final compensation and service credit. Credit for each year of service is expressed as a percentage of the average final compensation.

CITY OF ANNA MARIA, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – RETIREMENT PLAN – CONTINUED

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

If first employed on or after July 1, 2011: Normal retirement age for “regular” employees is 65 or 33 years of service and vesting occurs after 8 years of creditable service. Normal retirement age for “special risk” employees is 60 or 30 years of service and vesting occurs after 8 years of creditable service. The average final compensation is the average of the eight highest fiscal years’ earnings.

The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Under the HIS Plan, the benefit is a monthly payment to assist retirees in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree must provide proof of eligible health insurance coverage, which can include Medicare.

Contributions Required and Made

Per Chapter 121, Florida Statutes, contribution requirements of the active employees and the participating employers are established and may be amended by the Florida Department of Management Services, Division of Retirement. Effective July 1, 2011, both employee and employers of the FRS are required to make contributions to establish service credit for work performed in a regularly established position. The Florida Legislature established a uniform contribution rate system for the FRS. The uniform rates are based on the class an employee is placed into which requires employees to contribute 3% and employers to contribute a specified percentage based on class. The City’s contractually required contribution rate for the year ended September 30, 2022, ranged from 10.82% – 11.91% for regular employees and 51.42% – 57.00% for elected officials of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the City were \$120,508 for the year ended September 30, 2022.

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

CITY OF ANNA MARIA, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – RETIREMENT PLAN – CONTINUED

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

At September 30, 2022, the City reported a liability of \$947,784 for its proportionate share of the net pension liability which includes both FRS and HIS. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The City's proportion of the net pension liability was based on a long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the City's proportion was .001779722% for FRS and .002696325% for HIS.

For the year ended September 30, 2022, the City recognized pension expense of \$151,234. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>FRS</u>		<u>HIS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 31,451	\$ -0-	\$ 8,668	\$ (1,257)
Changes in assumptions	81,553	-0-	16,370	(44,180)
Net difference between projected and actual earnings on pension plan investments	43,725	-0-	413	-0-
Changes in proportion and differences between contributions and proportionate share of contributions	88,806	(17,369)	59,009	(11,389)
City contributions subsequent to the June 30, 2022 measurement date	<u>19,750</u>	<u>-0-</u>	<u>4,450</u>	<u>-0-</u>
	<u>\$ 265,285</u>	<u>\$(17,369)</u>	<u>\$ 88,910</u>	<u>\$(56,826)</u>

Total deferred outflows were \$354,195 and total deferred inflows were \$74,195. \$19,750 (FRS) and \$4,450 (HIS) were reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending September 30:</u>	<u>FRS</u>	<u>HIS</u>
2023	\$ 42,280	\$ 4,337
2024	42,280	4,337
2025	42,280	4,337
2026	42,280	4,337
2027	42,280	4,337
Thereafter	<u>16,766</u>	<u>5,949</u>
	<u>\$ 228,166</u>	<u>\$ 27,634</u>

CITY OF ANNA MARIA, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – RETIREMENT PLAN – CONTINUED

Actuarial Assumptions

The total pension liability in the July 1, 2022 actuarial valuation (June 30, 2022 measurement date) was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 %
Salary increases	3.25 %, including inflation
Investment rate of return	6.70 %, including inflation at 2.40%

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

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study performed for the period July 1, 2013 – June 30, 2018. Because the HIS is funded on a pay-as-you-go basis, no experience study has been completed for that Plan, but were based on certain results of the most recent experience study for the FRS Plan.

The long-term expected rate of return on pension plan investments consists of two building block components: 1) an inferred real (in excess of inflation) return of 4.20%, consistent with the 4.38% real return from the capital market outlook model developed by the FRS consulting actuary, Milliman; and 2) a long-term average annual inflation assumption of 2.40% as adopted in October 2022 by the FRS Actuarial Assumptions Conference. The table below shows the assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>
Cash	1.00%	2.60%
Fixed income	19.80%	4.40%
Global equity	54.00%	8.80%
Real estate	10.30%	7.40%
Private equity	11.10%	12.00%
Strategic investments	3.80%	6.20%

Discount Rate

The discount rate used was 6.70% for the FRS pension liability, and 3.54% for the HIS pension liability. The HIS rate increased from 2.16% to 3.54%, based on the most recent actuarial study. The HIS rate is based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index. The projection of cash flows used to determine the discount rate assumed that employee contributions

CITY OF ANNA MARIA, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – RETIREMENT PLAN – CONTINUED

will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following changes in actuarial assumptions occurred in 2022:

- FRS: The discount rate and long-term expected rate of return, net of investment expense decreased from 6.80% to 6.70%.
- HIS: The municipal bond rate used to determine total pension liability increased from 2.16% to 3.54%; the demographic assumptions for the Special Risk class were updated to reflect plan changes due to HB5007, HB689, and SB838; and the election assumption for vested terminated members was updated from 20% to 50% to reflect recent experience.

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

The following presents the City’s proportionate share of the FRS net pension liability calculated using the discount rate of 6.70%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1–percentage–point lower (5.70 percent) or 1–percentage–point higher (7.70 percent) than the current rate:

	1% Decrease (5.70%)	Discount Rate (6.70%)	1% Increase (7.70%)
City’s proportionate share of the FRS net pension liability	\$ 1,145,229	\$ 662,200	\$ 258,339

The following presents the City’s proportionate share of the HIS net pension liability calculated using the discount rate of 3.54%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1–percent–point lower (2.54%) or 1–percentage– point higher (4.54%) than the current rate:

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
City’s proportionate share of the HIS net pension liability	\$ 326,731	\$ 285,584	\$ 251,535

Pension Plan Fiduciary Net Position

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

CITY OF ANNA MARIA, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – LONG-TERM DEBT

Governmental Activities

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

Future maturities of direct borrowing are as follows:

Year ending September 30:	Principal	Interest	Total
2023	\$ 165,898	\$ 26,446	\$ 192,344
2024	169,078	23,266	192,344
2025	172,319	20,025	192,344
2026	175,621	16,723	192,344
2027	178,988	13,356	192,344
2028 – 2029	<u>62,179</u>	<u>9,926</u>	<u>72,105</u>
Total	<u>\$ 924,083</u>	<u>\$ 109,742</u>	<u>\$ 1,033,825</u>

Long-term liabilities changed as follows for the year ended September 30, 2022:

	<u>Beginning Balance</u>	<u>Reclass</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
2016 Refunding Note	<u>\$ 1,097,345</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (173,262)</u>	<u>\$ 924,083</u>	<u>\$ 165,898</u>
Total Direct Borrowing	1,097,345	-0-	-0-	(173,262)	924,083	165,898
Lease Liability	243,507	-0-	-0-	(43,347)	200,160	47,244
Net Pension Liability	<u>465,971</u>	<u>-0-</u>	<u>632,797</u>	<u>(150,984)</u>	<u>947,784</u>	<u>-0-</u>
	<u>\$ 1,806,823</u>	<u>\$ -0-</u>	<u>\$ 632,797</u>	<u>\$ (367,593)</u>	<u>\$ 2,072,027</u>	<u>\$ 213,142</u>

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

Upon the occurrence and during the continuance of an Event of Default, the Note shall bear interest at the Default Rate and all payments made on the Note during any such period shall be applied first to interest and then to principal. Upon the occurrence and during the continuance of an Event of Default, the Noteholder may proceed to protect and enforce its rights under the laws of the State of Florida or under this Agreement by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as the Noteholder shall deem most effective to protect and enforce such rights. Without limiting the generality of the foregoing, the Noteholder shall have the right to bring a mandamus action to require the City to perform its obligations under this Agreement. Acceleration of the payments due on the Note shall

CITY OF ANNA MARIA, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – LONG-TERM DEBT – CONTINUED

Governmental Activities – Continued

not be a remedy hereunder. The City shall reimburse the Holder and its agents for all reasonable legal and collection costs to exercise its remedies or collect its payments in the case of an Event of Default. The Holder shall never have the right to compel the exercise of the ad valorem taxing power of the City to pay the Note or the interest thereon.

NOTE 7 – LEASES

Leases-Lessor

The City entered into a lease agreement with a tenant for the Anna Maria Pier. The agreement commenced in March of 2021 for a term of five years, and has one five year renewal option. During the year ended September 30, 2022, the City received minimum monthly rental revenue including CPI increases in the amount of \$6,000 per month.

Lease-related revenue recognized in the governmental activities for the year ended September 30, 2022 was as follows:

Lease revenue – Anna Maria Pier	\$ 71,937
Interest revenue – Anna Maria Pier	<u>40,695</u>
Total lease-related revenue	<u>\$ 112,632</u>

Expected future minimum reductions of the lease receivable are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 40,644	\$ 38,585	\$ 79,229
2024	48,291	35,853	84,144
2025	56,742	32,624	89,366
2026	66,061	28,846	94,907
2027	76,328	24,465	100,793
2028 – 2031	<u>352,123</u>	<u>40,902</u>	<u>393,025</u>
	<u>\$ 640,189</u>	<u>\$ 201,275</u>	<u>\$ 841,464</u>

Leases-Lessee

The City leases a facility under an operating lease used for the City annex. The City used an implicit rate (discount rate) of 5% to determine the lease liability. The lease required monthly payments of \$4,550 during 2022, which increase annually. Rent paid under the operating lease agreement totaled \$53,036 during the year ended September 30, 2022. The right-to-use asset was \$191,327 and the lease liability was \$200,160 at year-end.

CITY OF ANNA MARIA, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – LEASES – CONTINUED

Leases-Lessee – Continued

The lease expense for the year ended September 30, 2022 was as follows:

Amortization expense by underlying asset:

Building	<u>\$52,180</u>
Total amortization expense	\$52,180
Interest on lease liability	<u>\$11,003</u>
Total	<u><u>\$63,183</u></u>

Future minimum lease payments for this lease are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 47,244	\$ 8,952	\$ 56,196
2024	52,539	6,470	59,009
2025	58,247	3,714	61,961
2026	<u>42,130</u>	<u>802</u>	<u>42,932</u>
	<u>\$ 200,160</u>	<u>\$19,938</u>	<u>\$ 220,098</u>

NOTE 8 – RISK MANAGEMENT

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ANNA MARIA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
REVENUES				
Ad valorem taxes	\$ 2,966,322	\$ 2,966,322	\$ 3,067,001	\$ 100,679
State shared revenue and other taxes	750,050	750,050	755,153	5,103
Impact fees	110,000	110,000	105,901	(4,099)
Franchise fees	165,000	165,000	299,412	134,412
Stormwater utility fee	388,000	388,000	89,290	(298,710)
Licenses and permits	1,135,500	1,135,500	1,478,597	343,097
Grants	1,410,384	1,410,384	897,182	(513,202)
Fines and forfeitures	290,500	290,500	413,487	122,987
Interest	4,000	4,000	12,992	8,992
Other sources	180,560	180,560	186,134	5,574
Total Revenues	7,400,316	7,400,316	7,305,149	(95,167)
EXPENDITURES				
General government				
Personal services	401,827	401,827	493,550	(91,723)
Operating	1,027,300	1,027,300	458,748	568,552
Capital outlay	39,000	39,000	36,685	2,315
Public Works/Building				
Personal services	1,028,640	1,028,640	894,348	134,292
Operating	2,261,810	2,261,810	929,080	1,332,730
Capital outlay	2,292,223	2,292,223	2,700,307	(408,084)
Code Enforcement				
Personal services	259,400	259,400	220,401	38,999
Operating	197,100	197,100	214,877	(17,777)
Capital outlay	60,000	60,000	28,434	31,566
Public Safety				
Operating	1,050,458	1,050,458	1,042,386	8,072
Debt Service	192,344	192,344	192,344	-
Total Expenditures	8,810,102	8,810,102	7,211,160	1,598,942
NET CHANGE IN FUND BALANCE	(1,409,786)	(1,409,786)	93,989	1,503,775
FUND BALANCE, Beginning	2,580,950	2,580,950	2,580,950	-
FUND BALANCE, Ending	\$ 1,171,164	\$ 1,171,164	\$ 2,674,939	\$ 1,503,775

Note 1 – Budget Basis

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

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

FLORIDA RETIREMENT SYSTEM (FRS)

	2014	2015	2016	2017	2018	2019	2020	2021	2022
City's proportion of the net pension liability	0.000757165%	0.001068746%	0.001258397%	0.001459582%	0.001579931%	0.001350031%	0.001427044%	0.001735125%	0.001779722%
City's proportionate share of the net pension liability	\$ 46,198	\$ 138,043	\$ 317,746	\$ 431,735	\$ 475,883	\$ 464,932	\$ 618,515	\$ 131,081	\$ 662,200
City's covered-employee payroll	\$ 414,018	\$ 486,275	\$ 545,165	\$ 627,108	\$ 726,477	\$ 700,173	\$ 871,365	\$ 977,267	\$ 1,021,207
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	11.16%	28.39%	58.28%	68.85%	65.51%	66.40%	70.98%	13.41%	64.84%
Plan fiduciary net position as a percentage of total pension liability	96.09%	92.00%	84.88%	83.89%	84.26%	82.61%	78.85%	96.40%	82.89%

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

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

RETIREE HEALTH INSURANCE SUBSIDY PROGRAM (HIS)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
City's proportion of the net pension liability	0.001328868%	0.001455577%	0.001708915%	0.001954387%	0.002223888%	0.002047333%	0.002485238%	0.002730120%	0.002696325%
City's proportionate share of the net pension liability	\$ 124,252	\$ 148,446	\$ 199,167	\$ 208,972	\$ 235,379	\$ 229,076	\$ 303,443	\$ 334,890	\$ 285,584
City's covered-employee payroll	\$ 414,018	\$ 486,275	\$ 545,165	\$ 627,108	\$ 726,477	\$ 700,173	\$ 871,365	\$ 977,267	\$ 1,021,207
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	30.01%	30.53%	36.53%	33.32%	32.40%	32.72%	34.82%	34.27%	27.97%
Plan fiduciary net position as a percentage of total pension liability	99.00%	50.00%	97.00%	1.64%	2.15%	2.63%	3.00%	3.56%	4.81%

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

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

FLORIDA RETIREMENT SYSTEM (FRS)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Contractually required contribution	\$ 16,585	\$ 26,057	\$ 30,688	\$ 37,997	\$ 45,027	\$ 41,861	\$ 47,414	\$ 66,101	\$ 75,944
Contributions in relation to the contractually required contribution	<u>16,585</u>	<u>26,057</u>	<u>30,688</u>	<u>37,997</u>	<u>45,027</u>	<u>41,861</u>	<u>47,414</u>	<u>66,101</u>	<u>75,944</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 414,018	\$ 486,275	\$ 545,165	\$ 627,108	\$ 726,477	\$ 700,173	\$ 871,365	\$ 977,267	\$ 1,021,207
Contributions as a percentage of covered employee payroll	4.01%	5.36%	5.63%	6.06%	6.20%	5.98%	5.44%	6.76%	7.44%

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

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

RETIREE HEALTH INSURANCE SUBSIDY PROGRAM (HIS)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Contractually required contribution	\$ 4,552	\$ 5,564	\$ 8,759	\$ 10,343	\$ 12,060	\$ 11,369	\$ 14,321	\$ 16,048	\$ 16,315
Contributions in relation to the contractually required contribution	<u>4,552</u>	<u>5,564</u>	<u>8,759</u>	<u>10,343</u>	<u>12,060</u>	<u>11,369</u>	<u>14,321</u>	<u>16,048</u>	<u>16,315</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 414,018	\$ 486,275	\$ 545,165	\$ 627,108	\$ 726,477	\$ 700,173	\$ 871,365	\$ 977,267	\$ 1,021,207
Contributions as a percentage of covered employee payroll	1.10%	1.14%	1.61%	1.65%	1.66%	1.62%	1.64%	1.64%	1.60%

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

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

ACTUARIAL METHODS AND ASSUMPTIONS

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

The total pension liability for the FRS and HIS plan was determined by an actuarial valuation as of July 1, 2022. Both plans used the individual entry age normal actuarial cost method. Inflation increases for both plans and is assumed at 2.40%. Payroll growth for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.70%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.54% was used to determine the total pension liability for the program. Mortality assumptions for the FRS plan was based on the PUB-2010 base table, projected generationally with Scale MP-2018, and mortality assumptions for the HIS program were based on the Generational PUB-2010 with Projection Scale MP-2018.

The following changes in actuarial assumptions occurred in 2022:

- FRS: The discount rate and long-term expected rate of return, net of investment expense decreased from 6.80% to 6.70%.
- HIS: The municipal bond rate used to determine total pension liability increased from 2.16% to 3.54%; the demographic assumptions for the Special Risk class were updated to reflect plan changes due to HB5007, HB689, and SB838; and the election assumption for vested terminated members was updated from 20% to 50% to reflect recent experience.

OTHER REPORTS

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

MANAGEMENT LETTER

INDEPENDENT ACCOUNTANT'S REPORT ON INVESTMENT COMPLIANCE

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

To the Honorable Mayor and City Commission
City of Anna Maria, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the City of Anna Maria, Florida (the "City"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 22, 2023.

Report on Internal Control over Financial Reporting

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

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

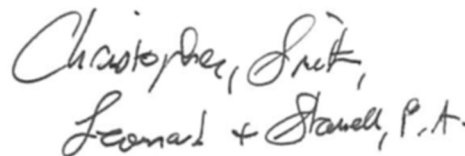
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

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

May 22, 2023
Bradenton, Florida

MANAGEMENT LETTER

To the Honorable Mayor and City Commission
City of Anna Maria, Florida

Report on the Financial Statements

We have audited the financial statements of City of Anna Maria, Florida (the “City”) as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated May 22, 2023.

Auditor’s Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant’s Report on Investment Compliance on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated May 22, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(k)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 this 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

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

- 40 -

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

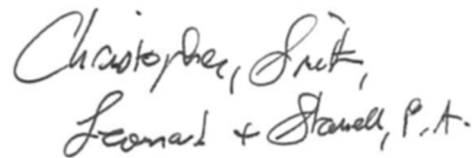
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not note any such findings.

Additional Matters

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

Purpose of this Letter

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



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

May 22, 2023
Bradenton, Florida

INDEPENDENT ACCOUNTANT'S REPORT ON INVESTMENT COMPLIANCE

To the Honorable Mayor and City Commission
City of Anna Maria, Florida

We have examined the City of Anna Maria's (the "City") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2022. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

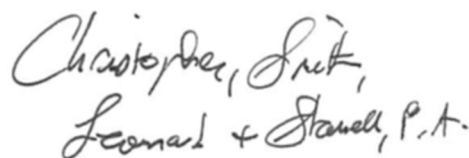
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with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

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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

In our opinion, the City complied in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds for the year ended September 30, 2022.

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

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

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

May 22, 2023
Bradenton, Florida

IMPACT FEE AFFIDAVIT



City of Anna Maria

IMPACT FEE AFFIDAVIT

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

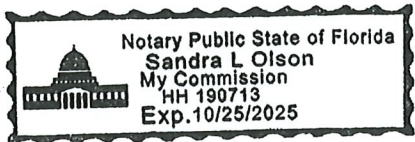
1. I am the Chief Financial Officer of the City of Anna Maria which is a local governmental entity of the State of Florida;
2. The governing body of the City of Anna Maria adopted Ordinance No. 20-871 implementing an impact fee or authorized the City of Anna Maria to receive and expend proceeds of an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


FURTHER AFFIANT SAYETH NAUGHT.


 LeAnne Addy, Chief Financial Officer

STATE OF FLORIDA
COUNTY OF MANATEE

SWORN TO AND SUBSCRIBED before me this 24th day of May, 2023.




 NOTARY PUBLIC
 Print Name Sandra L. Olson

Personally known or produced identification _____

Type of identification produced: _____

My Commission Expires:
10/25/2025