City of Marianna
Marianna, Florida

Basic
Financial Statements

For the year ended September 30, 2025

City of Marianna
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September 30, 2025

REQUIRED SUPPLEMENTARY INFORMATION

COMPLIANCE SECTION

GRIMSLEY & ASSOCIATES
Professional Association

Certified Public Accountants

MEMBER
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

Opinions

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, 2025, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marianna, Florida, as of September 30, 2025, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 of Marianna, Florida, 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.

Disposal of Operations

As described in Note 22 to the financial statements, the City sold Marianna Health and Rehabilitation Center (the "Center). The Center represents a major proprietary fund of the City.

Responsibility of Management 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 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 of Marianna, Florida'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.

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Auditor's Responsibility 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 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, 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 of Marianna, Florida'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 of Marianna, Florida'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 on pages 4.1 through 4.11 and other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, Rules of the Auditor General, and is not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2026 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.

Grimsley & Associates

Marianna, Florida
June 16, 2026

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 $150,239,632. Of this amount, $36,705,055 (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 $40,065,099 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 $29,520,430, an increase of $19,216,953 in comparison with the prior year. The increase was mainly due to grant activity and the transfer of funds from the sale of Marianna Health and Rehabilitation Center's sale. Approximately 90% of this amount, or $26,249,916 is available for spending at the City's discretion (unassigned fund balance).

Governmental funds' revenue increased $7,736,454 or (70.68%) from the prior year. Current expenditures increased $8,707,702 from the prior year. Other financing sources increased $17,907,059 from the prior year. The increase in other financing sources was due mainly to the sale of Marianna Health and Rehabilitation Center.

The City's Enterprise Funds ended the year with a net position in the amount of $84,944,808 an increase of $16,707,874 over last year. Operating revenues decreased from last year by $10,265,690, mainly due to the sale of Marianna Health and Rehabilitation.

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 positon* and a *statement of activities* that are designed to provide consolidated financial information about the governmental activities of the City presented on the accrual basis of accounting.

The S*tatement 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.

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 $150 million at the close of the most recent fiscal year.

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

STATEMENT OF NET POSITION

	Governmental Activities		Business - Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 32,021,602	$ 11,887,675	$ 17,972,187	$ 14,860,564	$ 49,993,789	$ 26,748,239
Non-current assets	49,669,924	38,804,473	79,376,870	71,907,537	129,046,794	110,712,010
Total assets	81,691,526	50,692,148	97,349,057	86,768,101	179,040,583	137,460,249
Deferred outflows of resources	1,322,838	616,065	379,252	2,268,918	1,702,090	2,884,983
Current and other Liabilities	4,313,387	1,924,378	5,049,225	4,547,747	9,362,612	6,472,125
Non-current liabilities	8,075,332	5,077,869	5,858,086	13,934,196	13,933,418	19,012,065
Total liabilities	12,388,719	7,002,247	10,907,311	18,481,943	23,296,030	25,484,190
Deferred inflows of resources	5,330,821	2,368,367	1,876,190	2,318,142	7,207,011	4,686,509
Net position:						
Net investment in capital assets	38,670,784	29,737,140	71,211,864	66,893,986	109,882,648	96,631,126
Restricted	3,270,514	2,679,015	381,415	435,172	3,651,929	3,114,187
Unrestricted	23,353,526	9,521,444	13,351,529	907,776	36,705,055	10,429,220
Total net position	$ 65,294,824	$ 41,937,599	$ 84,944,808	$ 68,236,934	$ 150,239,632	$ 110,174,533

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	
	2025	2024	2025	2024	2025	2024
REVENUES						
Program Revenues:						
Charges for Services	$ 1,524,555	$ 1,454,023	$ 14,097,473	$ 24,356,988	$ 15,622,028	$ 25,811,011
Grants and Contributions	10,515,791	3,487,152	15,736,680	4,609,351	26,252,471	8,096,503
General Revenues:						
Property Taxes	1,280,893	996,546	-	-	1,280,893	996,546
Other Taxes	4,243,572	3,898,302	-	-	4,243,572	3,898,302
Investment Earnings	768,279	290,398	442,535	482,416	1,210,814	772,814
Other	848,191	823,398	23,524,620	1,705,758	24,372,811	2,529,156
Total Revenues	19,181,281	10,949,819	53,801,308	31,154,513	72,982,589	42,104,332
EXPENSES						
Program Activities						
General Government	5,248,655	3,271,368	-	-	5,248,655	3,271,368
Public Safety	2,793,587	2,614,735	-	-	2,793,587	2,614,735
Human Services	3,144,113	-	-	-	3,144,113	-
Highways and Streets	2,130,399	1,327,338	-	-	2,130,399	1,327,338
Culture and Recreation	804,060	694,833	-	-	804,060	694,833
Interest on long-term debt	70,600	66,368	-	-	70,600	66,368
Business-type Activities	-	-	18,726,076	28,271,739	18,726,076	28,271,739
Total Expenses	14,191,414	7,974,642	18,726,076	28,271,739	32,917,490	36,246,381
Increase (decrease) in Net Position before transfers	4,989,867	2,975,177	35,075,232	2,882,774	40,065,099	5,857,951
Transfers	18,367,358	1,920,831	(18,367,358)	(1,920,831)	-	-
Increase in Net Position	23,357,225	4,896,008	16,707,874	961,943	40,065,099	5,857,951
Net Position - Beginning	41,937,599	37,041,591	68,236,934	67,274,991	110,174,533	104,316,582
Net Position - Ending	$ 65,294,824	$ 41,937,599	$ 84,944,808	$ 68,236,934	$ 150,239,632	$ 110,174,533

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 $29,520,430. Of this amount, *unassigned fund balance* is $26,249,916, which is available for spending (depending on fund restrictions) at the City's discretion. The *assigned fund balance* is $2,516,063, the *restricted fund balance* is $726,916, and *nonspendable fund balance* is $27,535.

General Fund Unassigned/Undesignated Fund Balance. The unassigned/undesignated fund balances of the City's General Fund (the general operating fund of the City) started having larger increases in 2020 and held steady in 2021. The fund balance started to decline in 2022 because of a write-off from MH&R. The year 2023 brought back an upswing in fund balance with grant contributions and in 2024 an even larger increase due to a large increase in excesses of revenues over expenditures. In 2025, the City sold Marianna Health and Rehabilitation Center and now the unassigned/undesignated fund balance is over $26 million dollars.

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 Agencies (CRA's) are reported as discretely presented component units in the general fund financial statements.

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 a decrease of $3,971,800 from the original budget and the final budgeted expenditures resulted in a decrease of $4,003,600 from the original budget. These decreases in budget numbers were mainly due to grants not being spent in 24/25. With these budget adjustments, the resources available for appropriation were $4,632 above the final budgeted amount. The actual expenditures were $117,200 below the final budget amounts

CAPITAL ASSET AND DEBT ADMINISTRATION

LONG-TERM DEBT

At year-end, the City had $9,618,107 in bonds payable, notes payable and compensated absences, an increase of around 1.2% from last year. More detailed information about the City's long-term liabilities is presented in Note 8 to the financial statements.

Included in the City's long-term debt is $213,805 in notes payable to the State of Florida under their State Revolving Fund (SRF) for improvements to the wastewater treatment facility, $643,287 for improvements to the water system, $850,468 for improvements to the sewer system, $354,159 for improvements to the Sunland water system, $834,733 for the Solar farm, $1,358,112 for wastewater system upgrades, $221,870 for the water meter replacement project and $61,856 for the Wastewater I&I study. The City was designated by the State as a Disadvantaged Small Community, making it eligible for grant funds from FDEP. These funds are to be received by the City towards the debt repayment, at $750,000 per year.

CAPITAL ASSETS

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

At the end of current fiscal year, the City had invested $121.8 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 $16,844,418 or 16%, 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 amount to 73.1% of net position for the current fiscal year, a little down from the prior year. This amount is presented less any outstanding debt related to the acquisition and accumulated depreciation of those assets. The City uses these capital assets to provide services to the citizens and consequently these assets are not available for future spending. Although our investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

Purchase of Fire Equipment/Major Repairs-$128,154
CDBG-Hospital Hardening Project CIP-$2,300,967
South Street Sidewalk Project CIP-$99,106
Construction in Progress-MERE Resiliency HUB-$369,035
Construction in Progress-Project LAVA-$1,534,781
Construction in Progress-PW Building Hardening-$1,912,008
Stormwater Projects within the City-$1,265,117
Construction in Progress Hometown Recovery-$109,671
Construction in Progress-St. Luke's-$235,700
Water Improvement Projects-$1,875,882
Wastewater Improvement Projects-$8,149,025
Construction in Progress -Public Safety Complex (Adm. Building)-$2,973,840
Construction in Progress FDOT-Hangar Development-$3,036,615
Purchase of Tractor & Mower for Trails/Parks-$125,122
Natural Gas Extension to Endeavor-$150,910
Construction in Progress-Project Ray-Airport-$732,574
Purchase of Jet Truck-Utility-$524,297
Construction in Progress Tara Estates Project-$1,019,763

SIGNIFICANT ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's total budget for the 2025-2026 fiscal year totals $73,167,247. Of this, $41,205,507 is for the General fund, $323,269 is for the CRA, $25,062,019 is for the Utility fund, and $6,576,452 is for the Airport. 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, and the airport.

Subsequent to year end:

1. The Commission approved using $49,220 in FRDAP grants fund for playground equipment at McLane.
2. Approved to purchase a Ford F-150 for $57,289.32 for Police Department, along with natural gas conversion kit.
3. Approved to increase the Project LAVA grant to $2,239,950.
4. Awarded Water Meter Replacement project bid for materials to Empire Pipe for $1,145,115.50 and installation of meters to Utilities One for $832,895.
5. Approved Grimsley & Assoc. contract for audit for FY 9/30/25, 9/30/26 and 9/30/27.
6. Approved purchase of a drone for $25,000 with grants funds for the Police Department.
7. Approved amendment to the Defined Contribution Plan that will amend the current agreement and allow the City to make deferred contributions on behalf of the employees whose retirement class went from Senior Management to Regular Class with FRS.
8. Approved change order for Project LAVA for signalization and road improvements for $872,856.40, with increased grant funding and contribution by the County.

Subsequent to year end (continued):

9. Approved purchase of Christmas lights for $21,945 out of Mainstreet Fundraising monies.
10. Approved FY 24/25 Budget Amendments.
11. Approved a one-time COLA for Fire and Police Pension current retirees and permanent COLA for future retirees.
12. Approved legislative appropriation for $995,000 for the PS Complex.
13. Approved task order with AVCON for $217,018 for Taxiway A and $2,050,000 for Taxiway B, using grant funds.
14. Approved award to United Systems for $1,387,631 for the rebid for Schedule 1 on water meter project.
15. Approved award to Southland Contracting for MERE Resiliency Hub in the amount of $8,615,566.35.
16. Accepted a grant for $53,657 for breathing apparatuses for Fire Dept.
17. Approved bid on St. Luke project to J&P Fence for $4,472 and Delta Beau in the amount of $82,850.
18. Approved task order for 281,920 for Runway 8-26 project to AVCON.
19. Approved a change order for $264,590.22 for Part A of CW WW project and change order for $48,292.10 for this same project.
20. Approved to enter into contact with JC Chamber for one year for $55,000 for the Chamber to run the Mainstreet Program.
21. Approved a rate increase for City garbage fees.
22. Approved CO# 4 on CW WW project.
23. Approved contract with Mott MacDonald for $250,000 for engineering services on the water meter project.
24. Approved additional engineering and grant adm fees to David Melvin for the Public Works Hardening grant in the amount of $41,895.48 and approve the total grant by $52,014.48.
25. Approved additional engineering and inspection fees on Project LAVA due to increased grant funding.
26. Approved change order to increase budget of the Regions wall project by $203,159.55, out of grant funds.
27. Approved purchase of truck for Water/WW for $39,510, budgeted monies.
28. Approved bid to Rally Point Construction for $80,150 for renovations at MERE bathrooms.
29. Approved extension of contract for Legal Services through September 2026.
30. Approved an amendment of the Financing Agreement on the Regions LOC, extending to September 2026.
31. Approved awarding (4) different contractors for the CW Stormwater Project.
32. Approved total of $1,127,201.96 out of Discretionary Road Tax funds for resurfacing projects.
33. Approved a grant in amount of $1,500,000 for PackEx Building.
34. Approved additional funding for the MERE Res HUB in the amount of $2,755,465 and to increase engineering fees inspection fees,
35. Awarded low bid to Holley Development for $668,551.10 for booster station upgrades.

Subsequent to year end (continued):

36. Approved writing off $27,081.39 in Bad Debt.
37. Approved purchase of vehicle for Street Dept for $48,800, budgeted monies.

38. Approved grant for $95,000 for Industrial Park Planning and Design Project.
39. Approved additional funds of $56,420 out of Disc. Rd. Tax monies for road repairs.
40. Approved using $226,500 out of MH&R monies to cover cost of a new communications tower. This will cover what insurance did not pay for.
41. Approved updates to Purchasing Policy, with increased threshold limits.
42. Approved to use $32,565 out of Legislative Appropriation for audio-visual system in new PS Complex.
43. Approved David Melvin to provide grant admin. And engineering services to PackEx Project.
44. Approved Emerald Coast Furniture in amount of $170,406.04 for new furniture for PS Complex.
45. Approved to use budgeted monies to purchase a new generator for Utility Dept, in amount of $120,235.
46. Approved David Melvin to provide engineering and construction inspection services for the RIF grant for Air-Prop Building and also for the PackEx Building.
47. Approved purchase of additional Christmas lights for $12,908.60 out of Mainstreet Fundraising monies.
48. Commission expressed interest in a Consent Agenda that would help streamline meetings.
49. Approved various change orders on the following projects that moved or reallocated monies:
    a. CW Stormwater
    b. CW Water
    c. Regions Wall Repairs
    d. Lift Stations
    e. Project PULSE
50. Approved bid on Project Iralena to low bidder Ducky Johnson House Movers in the amount of $2,911,530.
51. Awarded Gas Meter Project to Precision Meter in amount not to exceed $800,000. This is coming out of restricted monies set aside for this project.
52. Approved purchase of 12” effluent pump in the amount of $271,196.10, budgeted monies.

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

September 30, 2025

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	$ 3,030,229	$ 7,934,789	$ 10,965,018
Restricted assets			
Cash and cash equivalents	24,640,693	2,855,989	27,496,682
Receivables, net	345,940	828,026	1,173,966
Due (to) from other funds	(1,667,198)	1,667,198	-
Due from other governments	5,643,632	4,126,458	9,770,090
Accrued interest receivable	771	3,264	4,035
Inventories	27,535	314,649	342,184
Prepaid expenses	-	241,814	241,814
Leases receivable	248,026	756,982	1,005,008
Net pension asset - police and firefighters' pension	6,237,947	-	6,237,947
Capital assets, net			
Nondepreciable capital assets	18,427,714	23,053,218	41,480,932
Depreciable capital assets, net	24,756,237	55,566,670	80,322,907
Total assets	81,691,526	97,349,057	179,040,583
Deferred outflows of resources			
Other post employment benefits	33,209	13,999	47,208
Pension - police and firefighters	206,472	-	206,472
Pension - FRS	1,083,157	365,253	1,448,410
Total deferred outflows of resources	1,322,838	379,252	1,702,090

Liabilities			
Accounts payable	$ 2,467,976	$ 4,059,408	$ 6,527,384
Liabilities payable from restricted assets	-	423,601	423,601
Accrued interest payable	33,575	18,610	52,185
Unearned revenue	-	15,718	15,718
Long-term liabilities			
Portion due or payable within one year			
Bonds payable	264,933	-	264,933
Notes payable	1,460,532	499,754	1,960,286
Leases payable	13,616	-	13,616
Compensated absences payable	72,755	32,134	104,889
Portion due or payable after one year			
Bonds payable	2,787,702	-	2,787,702
Notes payable	-	4,038,536	4,038,536
Leases payable	28,587	-	28,587
Compensated absences payable	291,021	128,537	419,558
Net pension liability - Florida Retirement System	4,781,371	1,612,335	6,393,706
Other post-employment benefits	186,651	78,678	265,329
Total liabilities	12,388,719	10,907,311	23,296,030
Deferred inflows of resources			
Other post-employment benefit	57,053	24,049	81,102
Leases	237,616	762,328	999,944
Pension - police and firefighters	1,804,318	-	1,804,318
Pension - FRS	3,231,834	1,089,813	4,321,647
Total deferred inflows of resources	5,330,821	1,876,190	7,207,011
Net position			
Net investment in capital assets	38,670,784	71,211,864	109,882,648
Restricted for:			
Capital projects	2,457,239	-	2,457,239
Debt service	256,067	201,854	457,921
Community development projects	395,477	-	395,477
Other purposes	161,731	179,561	341,292
Unrestricted	23,353,526	13,351,529	36,705,055
Total net position	$ 65,294,824	$ 84,944,808	$ 150,239,632

City of Marianna
Statement of Activities

For the year ended September 30, 2025

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION — PRIMARY GOVERNMENT		
FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-ACTIVITIES	TOTALS
Primary Government							
Governmental Activities:							
General government	$ 5,248,655	$ 649,369	$ 203,000	$ 8,551,193	$ 4,154,907	$ -	$ 4,154,907
Public Safety	2,793,587	595,676	5,981	194,332	(1,997,598)	-	(1,997,598)
Human Services	3,144,113	-	-	-	(3,144,113)	-	(3,144,113)
Highways and streets	2,130,399	155,074	13,691	750,000	(1,211,634)	-	(1,211,634)
Culture and recreation	804,060	124,436	-	797,594	117,970	-	117,970
Interest on long-term debt	70,600	-	-	-	(70,600)	-	(70,600)
Total governmental activities	14,191,414	1,524,555	222,672	10,293,119	(2,151,068)	-	(2,151,068)
Business Type Activities:							
Water	2,636,547	1,909,116	-	2,645,953	-	1,918,522	1,918,522
Gas	2,533,961	2,717,767	-	-	-	183,806	183,806
Sewer	4,673,532	3,232,809	-	9,321,538	-	7,880,815	7,880,815
Airport	1,746,090	654,310	-	3,769,189	-	2,677,409	2,677,409
MHR	7,135,946	5,583,471	-	-	-	(1,552,475)	(1,552,475)
Total business-type activities	18,726,076	14,097,473	-	15,736,680	-	11,108,077	11,108,077
Total primary government	$ 32,917,490	$ 15,622,028	$ 222,672	$ 26,029,799	(2,151,068)	11,108,077	8,957,009
		General Revenues					
		Taxes:					
		Property taxes, levied for general purposes			1,280,893	-	1,280,893
		Franchise and public service taxes			4,243,572	-	4,243,572
		Interest and investment earnings			768,279	442,535	1,210,814
		Miscellaneous			848,191	296,936	1,145,127
		Gain on disposition of operations			-	23,227,684	23,227,684
		Transfers			18,367,358	(18,367,358)	-
		Total general revenues and transfers			25,508,293	5,599,797	31,108,090
		Change in net position			23,357,225	16,707,874	40,065,099
		Net position - beginning			41,937,599	68,236,934	110,174,533
		Net position - ending			$ 65,294,824	$ 84,944,808	$ 150,239,632

The accompanying notes are an integral part of these financial statements

City of Marianna
Balance Sheet
Governmental Funds

September 30, 2025

	General	Community Redevelopment Agency	Community Redevelopment Agency - West End	Debt Service Fund	Total
Assets					
Cash and cash equivalents	$ 3,030,229	$ -	$ -	$ -	$ 3,030,229
Accounts receivable, net	345,940	-	-	-	345,940
Due from other governments	5,643,632	-	-	-	5,643,632
Due from other funds	332,802	-	-	-	332,802
Inventory	27,535	-	-	-	27,535
Restricted assets					
Cash and cash equivalents	23,924,682	213,925	213,594	288,492	24,640,693
Deposits	-	-	-	-	-
Total assets	$ 33,304,820	$ 213,925	$ 213,594	$ 288,492	$ 34,020,831
Liabilities					
Accounts payable	$ 2,435,934	$ 32,042	$ -	$ -	$ 2,467,976
Accrued expenses	-	-	-	32,425	32,425
Payable to other funds	2,000,000	-	-	-	2,000,000
Unearned revenue	-	-	-	-	-
Total liabilities	4,435,934	32,042	-	32,425	4,500,401
Fund balances					
Nonspendable	27,535	-	-	-	27,535
Restricted for:					
Law Enforcement	75,372	-	-	-	75,372
Debt service	-	-	-	256,067	256,067
Community development projects	-	181,883	213,594	-	395,477
Assigned to:					
Recreation	58,824	-	-	-	58,824
Road resurfacing	2,199,454	-	-	-	2,199,454
Fire Department Capital Assets	257,785	-	-	-	257,785
Unassigned	26,249,916	-	-	-	26,249,916
Total fund balances	28,868,886	181,883	213,594	256,067	29,520,430
Total liabilities and fund balances	$ 33,304,820	$ 213,925	$ 213,594	$ 288,492	$ 34,020,831

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, 2025

Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balances – governmental funds		$ 29,520,430
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the governmental funds.		43,183,951
Net pension assets are not financial resources in the current period and, therefore, are not reported in the governmental funds.		6,237,947
Lease assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Lease interest receivable	$ 771	
Lease receivable	248,026	
Total assets		248,797
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, 2025 were:		
General obligation warrants, leases and notes payable	$ 1,460,532	
Bonds payable	$ 3,052,635	
Lease liability, including accrued interest	43,353	
Other post-employment benefits	186,651	
Net pension liability	4,781,371	
Compensated absences	363,776	
Total long-term liabilities		(9,888,318)
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		(57,053)
Deferred inflow of resources - leases		(237,616)
Deferred inflows of resources - pensions		(5,036,152)
Deferred outflows of resources - other post-employment benefits		33,209
Deferred outflows of resources - pensions		1,289,629
Net position of governmental activities		$ 65,294,824

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, 2025

	General	Community Redevelopment Agency	Community Redevelopment Agency - West End	Debt Service Fund	Total
Revenues					
Property taxes, levied for general purposes	$ 971,324	$ -	$ -	$ -	$ 971,324
Other taxes	4,243,572	148,589	160,980	-	4,553,141
Intergovernmental	333,960	-	-	-	333,960
Licenses and permits	108,559	-	-	-	108,559
Charges for services	1,513,485	-	-	-	1,513,485
Fines and forfeitures	19,267	-	-	-	19,267
Grants	10,143,896	-	-	-	10,143,896
Interest	757,476	2,148	-	-	759,624
Other fees and miscellaneous	278,907	-	-	-	278,907
Total revenues	18,370,446	150,737	160,980	-	18,682,163
Expenditures					
Current					
General government	2,896,645	223,799	48,179	-	3,168,623
Public safety	2,881,275	-	-	-	2,881,275
Highways and streets	1,224,596	-	-	-	1,224,596
Culture and recreation	488,951	-	-	-	488,951
Capital outlay					
General government	6,839,746	-	-	-	6,839,746
Public safety	131,904	-	-	-	131,904
Highways and streets	3,715,761	-	-	-	3,715,761
Culture and recreation	509,535	-	-	-	509,535
Debt Service					
Principal	-	-	-	262,109	262,109
Interest and other charges	-	-	-	70,600	70,600
Total expenditures	18,688,413	223,799	48,179	332,709	19,293,100
Excess of revenues over (under) expenditures	(317,967)	(73,062)	112,801	(332,709)	(610,937)
Other financing sources (uses)					
Proceeds from long-term debt	-	-	-	1,460,532	1,460,532
Transfers in	19,899,039	-	-	332,902	20,231,941
Transfers out	(332,902)	(40,191)	(35,987)	(1,455,503)	(1,864,583)
Net other financing sources (uses)	19,566,137	(40,191)	(35,987)	337,931	19,827,890
Net change in fund balances	19,248,170	(113,253)	76,814	5,222	19,216,953
Fund balances - beginning	9,620,716	295,136	136,780	250,845	10,303,477
Fund balances - ending	$ 28,868,886	$ 181,883	$ 213,594	$ 256,067	$ 29,520,430

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, 2025

Net change in fund balances - total governmental funds	$ 19,216,953
Capital outlay, reported as expenditures in governmental funds, is shown as capital assets in the Statement of Net Position.	11,196,946
Depreciation and amortization expense on governmental capital assets is included in the governmental activities in the Statement of Activities.	(1,561,897)
Assets contributed from an enterprise fund are included in the governmental activities in the Statement of Activities	497,018
Loan proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Position	(1,460,532)
Lease related revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds	2,100
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.	262,109
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:	
Lease related expenses	13,543
Other post-employment benefits	(100,582)
Compensated absences	(41,768)
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.	(4,666,665)
Change in net assets of governmental activities	$ 23,357,225

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, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET
Revenues				
Taxes	$ 4,975,690	$ 5,286,090	$ 5,214,896	$ (71,194)
Licenses and permits	96,430	117,430	108,559	(8,871)
Intergovernmental	304,500	334,900	333,960	(940)
Charges for services	1,446,674	1,483,274	1,513,485	30,211
Fine and forfeitures	18,500	18,500	19,267	767
Grants	14,753,000	10,132,100	10,143,896	11,796
Miscellaneous revenue	742,820	993,520	1,036,383	42,863
Total revenues	22,337,614	18,365,814	18,370,446	4,632
Expenditures				
General government	9,672,845	9,760,145	9,736,391	23,754
Public safety	2,969,493	3,092,293	3,013,179	79,114
Highways and streets	7,982,833	4,935,133	4,940,357	(5,224)
Culture and recreation	2,184,042	1,018,042	998,486	19,556
Total expenditures	22,809,213	18,805,613	18,688,413	117,200
Excess of revenues over (under) expenditures	(471,599)	(439,799)	(317,967)	121,832
Other financing sources (uses)				
Transfers in	570,359	19,845,359	19,899,039	53,680
Transfers out	(545,349)	(427,049)	(332,902)	94,147
Total other financing sources	25,010	19,418,310	19,566,137	147,827
Net change in fund balances	(446,589)	18,978,511	19,248,170	269,659
Fund balances - beginning	9,620,716	9,620,716	9,620,716	-
Fund balances - ending	$ 9,174,127	$ 28,599,227	$ 28,868,886	$ 269,659

The accompanying notes are an integral part of these financial statements

For the year ended September 30, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET
Revenues				
Taxes	$ 142,140	$ 149,140	$ 148,589	$ (551)
Interest	1,200	2,200	2,148	(52)
Total revenues	143,340	151,340	150,737	(603)
Expenditures				
General government	103,149	228,149	223,799	4,350
Total expenditures	103,149	228,149	223,799	4,350
Excess of revenues over (under) expenditures	40,191	(76,809)	(73,062)	3,747
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(40,191)	(40,221)	(40,191)	30
Total other financing sources	(40,191)	(40,221)	(40,191)	30
Net change in fund balance	-	(117,030)	(113,253)	3,777
Fund balance - beginning	295,136	295,136	295,136	-
Fund balance - ending	$ 295,136	$ 178,106	$ 181,883	$ 3,777

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, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET
Revenues				
Taxes	$ 153,993	$ 153,993	$ 160,980	$ 6,987
Total revenues	153,993	153,993	160,980	6,987
Expenditures				
General government	118,006	118,006	48,179	69,827
Total expenditures	118,006	118,006	48,179	69,827
Excess of revenues over (under) expenditures	35,987	35,987	112,801	76,814
Other financing sources (uses)				
Transfers out	(35,987)	(35,987)	(35,987)	-
Total other financing sources	(35,987)	(35,987)	(35,987)	-
Net change in fund balance	-	-	76,814	76,814
Fund balance - beginning	136,780	136,780	136,780	-
Fund balance - ending	$ 136,780	$ 136,780	$ 213,594	$ 76,814

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

For the year ended September 30, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS (BUDGETAR BASIS)	VARIANCE WITH FINAL BUDGET
Expenditures				
Principal	264,500	264,500	262,109	2,391
Interest	71,300	71,300	70,600	700
Total expenditures	335,800	335,800	332,709	3,091
Other financing sources (uses)				
Proceeds from long-term debt	1,500,000	1,500,000	1,460,532	(39,468)
Transfers in	333,000	333,000	332,902	(98)
Transfers out	(1,458,000)	(1,458,000)	(1,455,503)	2,497
Total other financing sources	375,000	375,000	337,931	(37,069)
Net change in fund balance	39,200	39,200	5,222	(33,978)
Fund balance - beginning	250,845	250,845	250,845	-
Fund balance - ending	$ 290,045	$ 290,045	$ 256,067	$ (33,978)

September 30, 2025

	BUSINESS-TYPE ACTIVITIES/ENTERPRISE FUNDS			
	UTILITY	**MHR**	**AIRPORT**	**Total**
Assets				
Current assets				
Cash and cash equivalents	$ 6,864,524	$ 999,932	$ 108,348	$ 7,972,804
Accounts receivable, net	763,127	59,972	4,927	828,026
Accrued interest receivable	1,097	-	2,167	3,264
Due from other funds	2,200,000	-	-	2,200,000
Due from other governments	2,935,544	-	1,190,914	4,126,458
Inventories	266,152	-	48,497	314,649
Prepaid expenses	18,700	223,114	-	241,814
Lease receivable	15,551	-	183,561	199,112
Total current assets	13,064,695	1,283,018	1,538,414	15,886,127
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	2,817,974	-	-	2,817,974
Lease receivable	106,013	-	451,857	557,870
Capital assets				
Nondepreciable	18,794,022	-	4,259,196	23,053,218
Depreciable, net	37,343,004	-	18,223,666	55,566,670
Total noncurrent assets	59,061,013	-	22,934,719	81,995,732
Total assets	72,125,708	1,283,018	24,473,133	97,881,859
Deferred outflows of resources				
Other post-employment benefits	13,344	0	655	13,999
Pension	350,677	0	14,576	365,253
Total deferred outflows of resources	364,021	-	15,231	379,252
Liabilities				
Current liabilities				
Accounts payable	2,414,068	921,680	723,660	4,059,408
Due to other funds	323,413	-	209,389	532,802
Unearned revenue	15,718	-	-	15,718
Accrued compensated absences	31,420	-	714	32,134
Notes payable	499,754	-	-	499,754
Accrued interest payable	18,610	-	-	18,610
Liabilities payable from restricted assets	423,601	-	-	423,601
Total current liabilities	3,726,584	921,680	933,763	5,582,027
Noncurrent liabilities				
Accrued compensated absences	125,682	-	2,855	128,537
Net pension liability	1,547,993	-	64,342	1,612,335
Notes payable	4,038,536	-	-	4,038,536
Other post-employement benefits	74,998	-	3,680	78,678
Total noncurrent liabilities	5,787,209	-	70,877	5,858,086
Total liabilities	9,513,793	921,680	1,004,640	11,440,113
Deferred Inflows of resources				
Other post-employment benefits	22,924	-	1,125	24,049
Pensions	1,046,323	-	43,490	1,089,813
Leases	132,873	-	629,455	762,328
Total deferred inflows of resources	1,202,120	-	674,070	1,876,190
Net position				
Net investment in capital assets	49,453,746	-	21,758,118	71,211,864
Restricted for:				
Debt service	201,854	-	-	201,854
Other purposes	179,561	-	-	179,561
Unrestricted	11,938,655	361,338	1,051,536	13,351,529
Total net position	$ 61,773,816	$ 361,338	$ 22,809,654	$ 84,944,808

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

For the year ended September 30, 2025

	BUSINESS -TYPE ACTIVITIES/ENTERPRISE FUNDS			
	UTILITY	MHR	AIRPORT	TOTAL
Operating revenues				
Water, sewer, and gas revenue pledged as security for revenue bonds	$ 7,859,692	$ -	$ -	$ 7,859,692
Charges for services	-	5,583,471	654,310	6,237,781
Total operating revenues	7,859,692	5,583,471	654,310	14,097,473
Operating expenses				
Personal services	2,946,412	3,543,344	138,936	6,628,692
Utilities	508,735	157,754	44,863	711,352
Services and supplies	2,240,458	1,433,559	465,410	4,139,427
Repairs and maintenance	215,999	68,368	37,640	322,007
Insurance premiums	260,621	216,474	124,541	601,636
Other operating expenses	38,341	1,625,993	111,822	1,776,156
Depreciation and amortization	3,521,601	90,449	822,874	4,434,924
Total operating expenses	9,732,167	7,135,941	1,746,086	18,614,194
Net operating income (loss)	(1,872,475)	(1,552,470)	(1,091,776)	(4,516,721)
Nonoperating revenues (expenses)				
Interest income	420,775	42	21,718	442,535
Miscellaneous revenue	34,494	-	262,442	296,936
Gain (loss) on disposition of operations	-	23,227,684	-	23,227,684
Interest expense	(111,873)	(5)	(4)	(111,882)
Total nonoperating revenues (expenses)	343,396	23,227,721	284,156	23,855,273
Income (loss) before contributions and transfers	(1,529,079)	21,675,251	(807,620)	19,338,552
Capital contributions	11,967,491	-	3,769,189	15,736,680
Transfers, net	(1,320,841)	(17,017,585)	(28,932)	(18,367,358)
Change in net position	9,117,571	4,657,666	2,932,637	16,707,874
Total net position - beginning	52,656,245	(4,296,328)	19,877,017	68,236,934
Total net position - ending	$ 61,773,816	$ 361,338	$ 22,809,654	$ 84,944,808

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

For the year ended September 30, 2025

	BUSINESS-TYPE ACTIVITIES/ENTERPRISE FUNDS			
	UTILITY	MHR	AIRPORT	TOTAL
Operating activities				
Receipts from customers and users	$ 7,919,030	$ 7,595,755	$ 641,501	$ 16,156,286
Payments to suppliers	(1,500,107)	(2,820,474)	26,566	(4,294,015)
Payments to employees	(1,860,589)	(4,447,446)	(89,674)	(6,397,709)
Other receipts (payments)	54,816	(1,625,225)	(58,300)	(1,628,709)
Net cash provided by (used in) operating activities	4,613,150	(1,297,390)	520,093	3,835,853
Noncapital financing activities				
Operating subsidies and transfers to other funds	(2,928,549)	(18,542,348)	166,185	(21,304,712)
Net cash provided by (used in) noncapital financing activities	(2,928,549)	(18,542,348)	166,185	(21,304,712)
Capital and related financing activities				
Proceeds from capital debt	47,608	-	-	47,608
Capital contributions	10,282,719	17,585	2,717,400	13,017,704
Sale of capital assets	-	20,497,300	-	20,497,300
Purchase of capital assets	(12,405,267)	(1,342)	(3,790,628)	(16,197,237)
Principal payments on capital debt	(516,779)	-	-	(516,779)
Principal payments on leases	-	(3,465)	(5,692)	(9,157)
Interest payments on capital debt	(111,651)	(14)	(8)	(111,673)
Other receipts (payments)	69,498	(43,352)	262,442	288,588
Net cash provided by (used in) capital and related financing activities	(2,633,872)	20,466,712	(816,486)	17,016,354
Investing activities				
Interest and dividends	420,910	42	20,048	441,000
Net cash provided by (used in) investing activities	420,910	42	20,048	441,000
Net increase (decrease) in cash and cash equivalents	(528,361)	627,016	(110,160)	(11,505)
Cash - beginning of the year	10,210,859	372,916	218,508	10,802,283
Cash - ending of the year	$ 9,682,498	$ 999,932	$ 108,348	$ 10,790,778
Classifed on the Statement of Net Position as:				
Current assets - cash and cash equivalents	$ 6,864,524	$ 999,932	$ 108,348	$ 7,972,804
Noncurrent assets - restricted cash and cash equivalents	2,817,974	-	-	2,817,974
	$ 9,682,498	$ 999,932	$ 108,348	$ 10,790,778

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

For the year ended September 30, 2025

	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)	$ (1,872,475)	$ (1,552,470)	$ (1,091,776)	$ (4,516,721)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation and amortization	3,521,601	90,449	822,874	4,434,924
(Gain) Loss on disposition of assets	-	-	-	-
(Increase) decrease in accounts receivable	59,338	2,012,284	40,713	2,112,335
(Increase) decrease in inventory	24,487	74,519	4,334	103,340
(Increase) decrease in deposits	89,451	768	-	90,219
(Increase) decrease in prepaid insurance	-	(121,782)	-	(121,782)
Increase (decrease) in accounts payable	2,806,707	(1,173,802)	741,901	2,374,806
Increase (decrease) in unearned revenue	(11,260)	-	-	(11,260)
Increase (decrease) in other liabilities	(4,699)	(627,356)	2,047	(630,008)
Net cash provided by (used in) operating activities	$ 4,613,150	$ (1,297,390)	$ 520,093	$ 3,835,853

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

September 30, 2025

	PENSION TRUST	
	MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND	**MUNICIPAL POLICE OFFICERS' RETIREMENT TRUST FUND**
Assets		
Cash and cash equivalents	$ 79,031	$ 90,751
Due from the State of Florida	4,135	-
Investments, at fair value:		
Other investments, fixed income	1,346,183	1,842,886
Other equity investments	4,649,942	6,196,085
Total investments	5,996,125	8,038,971
Total assets	$ 6,079,291	$ 8,129,722
Liabilities		
Deferred compensation benefits payable	$ -	$ -
Total liabilities	-	-
Net position		
Held in trust for pension and other purposes	$ 6,079,291	$ 8,129,722

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, 2025

	PENSION TRUST	
	MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND	MUNICIPAL POLICE OFFICERS' RETIREMENT TRUST FUND
Additions		
Contributions		
State and city contributions	$ 60,965	$ 69,680
Plan members	38,505	42,972
Total contributions	99,470	112,652
Investment earnings		
Net increase (decrease) in fair value of investments	447,519	624,507
Interest and dividends	217,038	277,524
Total investment earnings	664,557	902,031
Total additions	764,027	1,014,683
Deductions		
Benefits	180,958	186,276
Administrative expenses	46,022	45,749
Total deductions	226,980	232,025
Change in net position	537,047	782,658
Net position - beginning	5,542,244	7,347,064
Net position - ending	$ 6,079,291	$ 8,129,722

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following are reported as major governmental funds:

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

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

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. See Note 22 related to the disposition of MHR during the current fiscal year.

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following fiduciary funds:

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

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 that are more likely than not to be used or otherwise paid or settled.

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.

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. Lease Receivable

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term. A deferred inflow of resources for the leases. The deferred inflow of resources is recorded at the initiation of the leases in an amount equal to the initial recording the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

M. 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. 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

N. Right to Use Assets and Leases Payable

The City engages in various lease agreements in which it is the Lessee. The City recognized a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide and proprietary fund financial statement to account for the leases. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured at the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the term of the contract. Key estimates and judgements related to lessee leases include how the City determines (1) the discount rate it used to discount the expected lease payments to present value, (2) the lease term, and (3) the lease payments. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and the exercise price of any purchase options that the City is reasonably certain to exercise. The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with capital assets as right-to-use intangible assets and lease liabilities are reported as capital lease payable in long-term debt in the statement of net position.

O. 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. 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 15.

Q. 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.

R. 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.

S. Impact of Recently Issued Accounting Pronouncements

New Accounting Standards Adopted

In June 2022, GASB issued Statement No. 101, *Compensated Absences* (GASB 101). The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. There were not significant impacts from implementing this statement.

GASB Statement No. 102, *Certain Risk Disclosures.* The objective of this Statement is to provide users of government financial statements with essential information about risk related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. There wer e no significant impacts from implementing this statement.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Impact of Recently Issued Accounting Pronouncements (Continued)

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
103	*Financial Reporting Model Improvements*	2026
104	*Disclosure of Certain Capital Assets*	2026

T. Pensions

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

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

1. City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

2. The budget is legally enacted through passage of an ordinance.

3. The budget of the General fund is prepared on the modified accrual basis of accounting the following exception:
   The City includes a portion of the prior year's fund balance represented by unappropriated liquid assets remaining in the fund as a budgeted revenue in the succeeding year. The results of operation in accordance with generally accepted accounting principles do not recognize the fund balance allocation as revenue, as it is the result of the prior period's excess of revenues over expenditures.

4. Budgetary control is at the department level.

NOTE 3: PROPERTY TAXES

Under Florida Law, the assessment of all properties and the collection of all county, municipal, and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessment are also designed to assure a consistent property valuation method statewide. State statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The millage rate assessed by the City for the fiscal year ended September 30, 2025 was 3.4985.

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 $38,631,482 and the bank balance was $39,347,356. 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, 2025, the market value and the carrying value of these funds was $9,267,173. The funds are carried as a cash equivalent on the balance sheet at September 30, 2025 (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, 2025, the City did not hold any deposits or investments that were considered to have custodial credit risk.

NOTE 4: DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk

At September 30, 2025, 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, 2025, 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, 2025, is 47 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, 2025, is 73 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, 2025, plan funds totaling $2,094,618 were invested in mutual funds. These funds are carried as an investment in the agency fund.

Foreign Currency Risk

At September 30, 2025, 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	$ 128,192	$ 792,569	$ -	$ 1,563,937	$ 2,484,698
Other receivables	230,812	2,576	4,927	-	238,315
Interest receivable	20,967	-	-	-	20,967
Less allowance for doubtful accounts	(34,031)	(32,018)	-	(1,503,965)	(1,570,014)
Accounts Receivables, net	$ 345,940	763,127	$ 4,927	$ 59,972	$ 1,173,966

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 $464,103 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.

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, 2025 are as follows:

Receivable fund	Payable fund		
General	Propriertary Funds	$	(1,667,198)

For Governmental Funds, the interfund balance is comprised of $1,667,198 in due to other funds. For Proprietary Funds, the interfund balance is comprised of $1,667,198 in due from other funds.

TRANSFERS IN

Transfers Out	General	CRA	Debt Service	Utility	Airport	MHR	Total
General	$ -	$ -	$ 332,902	$ -	$ -	$ -	$ 332,902
CRA	19,995	-	-	-	-	-	19,995
Debt Service	1,455,503	-	-	-	-	-	1,455,503
Utility	1,320,841	-	-	-	-	-	1,320,841
Airport	28,932	-	-	-	-	-	28,932
MHR	17,017,585	-	-	-	-	-	17,017,585
	$ 19,842,856	$ -	$ 332,902	$ -	$ -	$ -	$ 20,175,758

NOTE 7: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2025 was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 1,880,512	$ -	$ -	$ 1,880,512
Construction in progress	5,144,362	11,514,053	(111,213)	16,547,202
Total capital assets, not being depreciated	7,024,874	11,514,053	(111,213)	18,427,714
Capital assets, being depreciated:				
Infrastructure	18,648,380	-	-	18,648,380
Buildings	6,596,857	36,000	-	6,632,857
Improvements other than buildings	9,027,418	90,372	-	9,117,790
Equipment	7,453,611	164,752	-	7,618,363
Right to use assets	82,930	-	-	82,930
Total capital assets, being depreciated	41,809,196	291,124	-	42,100,320
Less: accumulated depreciation for:				
Infrastructure	4,662,700	440,854	-	5,103,554
Buildings	1,243,032	146,406	-	1,389,438
Improvements other than buildings	3,929,754	407,233	-	4,336,987
Equipment	5,920,209	553,582	-	6,473,791
Right to use assets	26,491	13,822	-	40,313
Total accumulated depreciation	15,782,186	1,561,897	-	17,344,083
Total capital assets, being depreciated, net	26,027,010	(1,270,773)	-	24,756,237
Governmental activities capital assets, net	$ 33,051,884	$ 10,243,280	$ (111,213)	$ 43,183,951

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	6,497,946	11,222,184	-	17,720,130
Total capital assets, not being depreciated	7,571,838	11,222,184	-	18,794,022
Capital assets, being depreciated:				
Buildings	1,377,244	-	-	1,377,244
Improvements other than buildings	87,816,229	518,429	-	88,334,658
Equipment	3,057,608	664,654	-	3,722,262
Total capital assets, being depreciated	92,251,081	1,183,083	-	93,434,164
Less: accumulated depreciation for:				
Buildings	1,199,829	9,761	-	1,209,590
Improvements other than buildings	49,075,068	3,260,953	-	52,336,021
Equipment	2,294,662	250,887	-	2,545,549
Total accumulated depreciation	52,569,559	3,521,601	-	56,091,160
Total capital assets, being depreciated, net	39,681,522	(2,338,518)	-	37,343,004
Utility capital assets, net	$ 47,253,360	$ 8,883,666	$ -	$ 56,137,026

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	414,498	3,769,189	-	4,183,687
Total capital assets, not being depreciated	490,007	3,769,189	-	4,259,196
Capital assets, being depreciated:				
Buildings	11,042,091	-	-	11,042,091
Improvements other than buildings	16,770,682	9,500	-	16,780,182
Equipment	1,148,670	11,939	-	1,160,609
Right-to-use assets	67,389	-	(67,389)	-
Total capital assets, being depreciated	29,028,832	21,439	(67,389)	28,982,882
Less: accumulated depreciation for:				
Buildings	3,381,431	252,653	-	3,634,084
Improvements other than buildings	5,604,938	515,901	-	6,120,839
Equipment	955,589	48,704	-	1,004,293
Right-to-use assets	61,773	5,616	(67,389)	-
Total accumulated depreciation	10,003,731	822,874	(67,389)	10,759,216
Total capital assets, being depreciated, net	19,025,101	(801,435)	-	18,223,666
Airport capital assets, net	$ 19,515,108	$ 2,967,754	$ -	$ 22,482,862

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	499,019	-	(499,019)	-
Total capital assets, not being depreciated	549,019	-	(549,019)	-
Capital assets, being depreciated:				
Buildings	9,541,222	-	(9,541,222)	-
Equipment	3,714,927	1,342	(3,716,269)	-
Right-to-use assets	71,490	-	(71,490)	-
Total capital assets, being depreciated	13,327,639	1,342	(13,328,981)	-
Less: accumulated depreciation for:				
Buildings	5,132,545	62,332	(5,194,877)	-
Equipment	3,241,283	25,242	(3,266,525)	-
Right-to-use assets	42,486	2,875	(45,361)	-
Total accumulated depreciation	8,416,314	90,449	(8,506,763)	-
Total capital assets, being depreciated, net	4,911,325	(89,107)	(4,822,218)	-
MHR capital assets, net	$ 5,460,344	$ (89,107)	$ (5,371,237)	$ -

NOTE 7: CAPITAL ASSETS (Continued)

Depreciation and amortization expense was charged to functions as follows:

Governmental activities	
General government	$ 809,685
Public safety	250,180
Highways and streets	406,292
Culture and recreation	95,740
Total depreciation expense-governmental activities	$ 1,561,897

Business-type activities	
Gas	$ 175,491
Water	800,925
Sewer	2,545,185
MHR	90,449
Airport	822,874
Total depreciation expense-business-type activities	$ 4,434,924

NOTE 8: LONG-TERM DEBT

Long-term debt activity for the year ended September 30, 2025, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:					
General					
Bonds payable from direct placement	$ 3,314,744	$ -	$ (262,109)	$ 3,052,635	$ 264,933
Notes payable	-	1,460,532	-	1,460,532	1,460,532
Leases payable	55,387	-	(13,184)	42,203	13,616
Compensated absences	322,008	41,768	-	363,776	72,755
	3,692,139	1,502,300	(275,293)	4,919,146	1,811,836
Business-type activities:					
Compensated absences	791,639	-	(630,968)	160,671	32,134
Leases payable	11,780	-	(11,780)	-	-
Notes payable from direct borrowings	5,007,463	47,606	(516,779)	4,538,290	499,754
	5,810,882	47,606	(1,159,527)	4,698,961	531,888
Total	$ 9,503,021	$ 1,549,906	$ (1,434,820)	$ 9,618,107	$ 2,343,724

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 $3,052,635 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 $4,538,290 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, 2025 was $182,482. Interest paid during the year ended September 30, 2025 was $180,631.

Debt service requirements on long-term debt at September 30, 2025 are as follows:

	GOVERNMENTAL ACTIVITIES					
FISCAL YEAR ENDING	REVENUE BONDS FROM DIRECT PLACEMENT		LEASE PAYABLE		NOTES PAYBLE FROM DIRECT PLACEMENT	
SEPTEMBER 30,	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2026	$ 264,933	$ 58,328	$ 13,616	$ 1,384	$ 1,460,532	$ 65,140
2027	267,791	53,031	14,063	937	-	-
2028	270,683	47,675	14,524	476	-	-
2029	273,608	42,261	-	-	-	-
2030	276,569	36,788	-	-	-	-
2031-2035	1,428,469	99,718	-	-	-	-
2036-2040	270,582	2,665	-	-	-	-
Total	$ 3,052,635	$ 340,466	$ 42,203	$ 2,797	$ 1,460,532	$ 65,140

NOTE 8: LONG-TERM DEBT (Continued)

FISCAL YEAR ENDING SEPTEMBER 30,	BUSINESS-TYPE ACTIVITIES NOTES PAYABLE FROM DIRECT BORROWING PRINCIPAL	INTEREST
2026	$ 499,754	$ 40,953
2027	309,580	40,247
2028	316,056	33,777
2029	320,323	29,508
2030	324,601	25,227
2031-2035	1,435,618	64,841
2036-2040	853,336	7,275
2041-2045	479,022	-
Total	$ 4,538,290	$ 241,828

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.	$ 2,835,419
$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.	217,216
Total revenue bonds	3,052,635
Lease Payable	
Intelligent Marking USA, Inc. - Initial lease liability of $82,930 effective 10/24/22, payable in 6 annual installments of $15,000, including interest of 3.23%. The value of the right to use asset as of 9/30/24 of $82,930 with accumulated amortization of $40,727 is included in the Governmental Fund's right-to-use assets found in Note 7.	42,203
Note Payable	
Regions Bank - Line of credit dated January 2023, including variable interest at 4.46%, due September 2026, colateralized by non ad valorem revenues	1,460,532
Total governmental activities	$ 4,555,370

NOTE 8: LONG-TERM DEBT (Continued)

Business-Type activities

Notes Payable from Direct Borrowing

State of Florida - State Revolving Fund original amount of $1,305,083 dated September 2021, payable in semiannual installments of $65,254, including interest at 0%, collateralized by equipment, due October 2042	$ 1,292,032
State of Florida - State Revolving Fund original amount of $82,600 dated September 2020, payable in semiannual installments of $4,130, including interest at 0%, collateralized by equipment, due April 2041.	66,080
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.	850,468
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.	643,287
State of Florida - State Revolving Fund original amount $174,341 dated October 2023, payable in semiannual installments of $9,873, including interest at 1.26%, due February 2035.	221,870
State of Florida - State Revolving Fund original amount $62,500 dated January 2023, payable in semiannual installments of $3,160, including interest at .20%, due February 2035.	61,856
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.	213,805
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.	354,159
State of Florida - State Revolving Fund original amount $376,693 dated February 2018, payable in semiannual installments of $2,146 including interest of 0%, due May 2038.	58,002
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	767,929
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.	8,802
Total notes payable	4,538,290
Total business-type activities	$ 4,538,290

NOTE 9: MAJOR SUPPLIER

All natural gas sold by the City is purchased from a single supplier, Florida Gas Utility Company. Purchases totaled $1,334,367 for the year ended September 30, 2025.

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.

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, 2025, were as follows:

	FRS	HIS
Florida Retirement System:		
Regular	12.03%	2.00%
Senior Management Service Class	31.24%	2.00%
Special Risk	32.19%	2.00%
DROP	20.02%	2.00%

The employer's contributions for the year ended September 30, 2025, were $778,092 to the FRS and $163,813 to the HIS.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2025, 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, 2025. 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, 2025	$ 4,044,458	$ 2,349,248
Proportion at:		
Current measurement date	0.0001303	0.0001833
Prior measurement date	0.0001800	0.0002490
Pension expense (benefit)	$ (111,201)	$ (197,726)

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

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
Description	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 431,991	$ -	$ 14,023	$ (3,726)
Changes of assumptions	469,667	-	20,793	(568,223)
Net difference between projected and actual earnings on pension plan investments	-	(675,263)	-	(1,955)
Changes in proportion and differences between employer contributions and proportionate share of contributions	204,616	(1,845,663)	196,298	(1,226,817)
City contributions subsequent to the measurement date the measurement date	95,288	-	15,734	-
Total	$1,201,562	$(2,520,926)	$ 246,848	$ (1,800,721)

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, 2025. 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**
2026	$ 127,318	$ (235,441)
2027	(1,358,066)	(313,922)
2028	(99,025)	(455,187)
2029	-	(313,922)
2030	(70,732)	(172,657)
Thereafter	-	(47,089)
Total	$ (1,400,505)	$ (1,538,218)

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, 2025, was determined by an actuarial valuation dated July 1, 2025, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary increases	3.50%	3.50%
Investment rate of return	6.70%	5.20%
Discount rate	6.70%	5.20%

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, 2018, through June 30, 2023.

The following changes in key actuarial assumptions occurred in 2025:

> HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 3.93% to 5.20%.

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

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

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.2%	3.2%	1.1%
Fixed Income	29.0%	5.5%	5.4%	4.0%
Global Equity	45.0%	8.5%	6.9%	18.3%
Real Estate (Property)	12.0%	8.4%	7.1%	16.8%
Private Equity	11.0%	12.4%	8.8%	28.4%
Strategic Investments	2.0%	6.5%	6.1%	8.7%
Total	100.00%			

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.7%. 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 5.2% 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		
	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
Governmental Employer's proportionate share of the net pension liability	$ 5,935,623	$ 3,024,545	$ 583,940
Business-Type Employer's proportionate share of the net pension liability	$ 2,001,563	$ 1,019,913	$ 196,911

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

	HIS Net Pension Liability		
	1% Decrease (4.70%)	**Current Discount Rate (5.70%)**	**1% Increase (6.70%)**
Governmental Employer's proportionate share of the net pension liability	$ 1,981,104	$ 1,756,826	$ 1,568,728
Business-Type Employer's proportionate share of the net pension liability	$ 668,052	$ 592,423	$ 528,994

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, 2025, totaled $183,697.

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 $69,680 and $60,965, respectively. These contributions are funded by an excise tax upon certain casualty insurance companies on their gross receipts of premiums from policy holders.

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

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

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

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

Plan Description

Police Pension Plan	Firefighters' Pension Plan
Plan Administration	*Plan Administration*
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, 2024:	Police Pension Plan	Firefighters' Pension Plan
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	8	6
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	1	1
Active Plan Members	17	15
Total Plan Members	26	22

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 able to perform useful and efficient service as a police officer. The disabled officer is subject to periodic medical examinations as directed by the Board.

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

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

Firefighters Pension Plan:

Normal Retirement:
Date: Earlier of: 1) Age 55 and 10 years of Credited Service, or 2) age 52 and 25 years of Credited Service.
Benefit: 3.00% of Average Monthly Earnings times Years of Credited Service.

Early Retirement:
Date: Age 50 and 10 Years of Credited Service.
Benefit: Accrued benefit reduced at 3% for each year that the early retirement date precedes the normal retirement date.

Cost of Living Adjustment for Retirees:
Up to 3% per year beginning at age 65.

Vesting (Termination of Employment):
Less than 10 Years: Refund of member contributions, without interest.
10 Years or More: Accrued pension payable at normal or early retirement date.

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

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

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

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

Investment Policy:
The following was the Board's adopted asset allocation policy as of September 30, 2025:

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 10% in the Dodge & Cox Income Fund, 8% in the Principal Financial Group Real Estate Fund, 8% in Vanguard Total Intl Stock Index Admiral, 7% in the American Fund Europacific GR Fund, 27% in the JP Morgan US Research Enhanced Equity Fund, and 27% in the Fidelity Total Market Index Fund.

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, 2025 were as follows:

	Police Pension Plan	Firefighters' Pension Plan
Total Pension Liability	$ 4,533,510	$ 3,437,556
Plan Fiduciary Net Position	(8,129,723)	(6,079,290)
Sponsor's Net Pension Liability	$ (3,596,213)	$ (2,641,734)
Plan Fiduciary Net Position as a percentage of Total Pension Liability	-179.33%	-176.85%

Actuarial Assumptions:
The total pension liability was determined by an actuarial valuation as of October 1, 20223 using the following actuarial assumptions applied to all measurement periods.

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

Police Pension Plan	Firefighters Pension Plan
PUB-2010 Headcount Weighted Safety Employee Table, Sex Distinct. For dsabled participants, 80% PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table is used.	PUB-2010 Headcount Weighted Safety Employee Table, Sex Distinct. For dsabled participants, 80% PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table is used.
The actuarial assumptions used in the October 1, 2024 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, 2024 valuation were based on the results of an actuarial experience study for the five years ending September 30, 2017.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2025 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.

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

	Police Pension Plan Increase (Decrease)		
Service Cost	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2024	$ 4,198,416	$ 7,347,064	$ (3,148,648)
Changes for a Year:			
Service Cost	135,019	-	135,019
Interest	281,033	-	281,033
Benefit Changes	-	-	-
Differences between Expected and Actual Experience	105,317	-	105,317
Changes of Assumptions	-	-	-
Contributions - City & State	-	69,680	(69,680)
Contributions - Employee	-	42,972	(42,972)
Net Investment Income	-	902,031	(902,031)
Benefit Payments, including Refunds of Employees Contributions	(186,275)	(186,275)	-
Administrative Expense	-	(45,749)	45,749
Net Changes	335,094	782,659	(447,565)
Balances at September 30, 2025	$ 4,533,510	$ 8,129,723	$ (3,596,213)

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

	Firefighters' Pension Plan Increase (Decrease)		
Service Cost	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2024	$ 3,242,920	$ 5,542,245	$ (2,299,325)
Changes for a Year:			
Service Cost	121,951	-	121,951
Interest	215,326	-	215,326
Benefit Changes	-	-	-
Differences between Expected and Actual Experience	38,318	-	38,318
Changes of Assumptions	-	-	-
Contributions - City & State	-	60,965	(60,965)
Contributions - Employee	-	38,505	(38,505)
Net Investment Income	-	664,556	(664,556)
Benefit Payments, including Refunds of Employees Contributions	(180,959)	(180,959)	-
Administrative Expense	-	(46,022)	46,022
Net Changes	194,636	537,045	(342,409)
Balances at September 30, 2025	$ 3,437,556	$ 6,079,290	$ (2,641,734)

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

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

Sponsor's Net Pension Liability

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Police Pension Plan	$ (2,954,124)	$ (3,596,213)	$ (4,117,942)
Firefighters' Pension Plan	$ (2,215,394)	$ (2,641,734)	$ (2,992,389)

For the year ended September 30, 2025, the pension expense (benefit) recognized on the Police and Fire Pension Plans was $($279,100) and $(285,311), respectively.

On September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Police Pension Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	$ 103,918	$ -
Changes in Assumptions	11,597	-
Net difference between Projected and Actual Earnings on Pension Plan Investments	-	900,454
Total	$ 115,515	$ 900,454

Firefighters' Pension Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	$ 77,310	$ 228,924
Changes in Assumptions	13,647	9,464
Net difference between Projected and Actual Earnings on Pension Plan Investments	-	665,476
Total	$ 90,957	$ 903,864

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, 2025.

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

Years ending September 30:		
2026	$	(34,418)
2027	$	(378,809)
2028	$	(293,390)
2029	$	(78,322)
2030	$	-
Thereafter	$	-

Firefighters' Pension Plan

Years ending September 30:		
2026	$	(151,566)
2027	$	(335,821)
2028	$	(273,764)
2029	$	(54,594)
2030	$	2,838
Thereafter	$	-

NOTE 13: FIDUCIARY FUND INVESTMENTS

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

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

NOTE 13: FIDUCIARY FUND INVESTMENTS (Continued)

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

Carrying values of investments at September 30, 2025 were $6,079,291 for the Firefighters' Pension Fund and $8,129,722 for the Policemen's' Pension Fund.

The net increase in fair value of the investments was $447,519 and $624,507 for the Fire Pension Fund and the Police Retirement Fund, respectively, for the year ended September 30, 2025.

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, 2025:

- Other fixed income investments of $1,346,183 and $1,842,886 for the firefighters and police pension plans, respectively, using quoted market prices (Level 1 inputs).
- Other equity investments totaling $4,649,942 and $6,196,085 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, 2025, none of the money market and short term investment accounts were exposed to uninsured and uncollateralized custodial credit risk. At September 30, 2025, 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, 2025. Neither Fund has an investment policy that limits its investment choices as it relates to foreign equities.

NOTE 13: FIDUCIARY FUND 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.

	Market Value Percentage	
Investment	Firefighter's Pension Plan	Police Pension Plan
Dodge & Cox Income Fund	10%	10%
Principal Financial Group Real Estate Fund	8%	8%
Vanguard Total Intl Stock Index Admiral	8%	8%
American Funds Europacific Growth Fund	7%	7%
JP Morgan US Research Enhanced	27%	27%
Fidelity Total Market Index Fund	27%	27%
Total	87%	87%

NOTE 14: LEASE REVENUE

Lease agreements for various buildings and hangars are in place in the City's General Fund, Utility Fund, and Airport Fund. The lease terms vary from two to five years. Lease agreements for cell tower space are through January 31, 2037, renewable with the option of the lessee to cancel the lease given 60 days' notice prior to the expiration of each renewable term; the lessor has no rights of cancellation without cause during the term of any cell tower lease.

The City received the following inflows of resources from leases in 2025:

	General Fund	Utility Fund	Airport Fund
Lease Revenue			
Land	$ 20,484	$ 16,962	$ -
Building	38,349	-	158,354
Hangar	-	-	28,934
Total Lease Revenue	58,833	16,962	187,288
Interest Revenue	8,655	4,863	18,247
Total	$ 67,488	$ 21,825	$ 205,535

NOTE 14: LEASE REVENUE (continued)

Maturity Schedule for Lease Receivables for September 30, 2025:

FISCAL YEAR ENDING	General Fund			Utility Fund		
SEPTEMBER 30,	Principal	Interest	Total Receipts	Principal	Interest	Total Receipts
2026	$ 58,663	$ 6,833	$ 65,496	$ 15,551	$ 4,449	$ 20,000
2027	51,584	4,671	56,255	16,120	3,880	20,000
2028	32,527	2,729	35,256	16,710	3,290	20,000
2029	12,075	2,180	14,255	17,321	2,679	20,000
2030	11,851	1,905	13,756	17,955	2,045	20,000
2031-2035	63,265	5,511	68,776	37,907	2,093	40,000
2036-2040	18,061	278	18,339	-	-	-
Total	$ 248,026	$ 24,107	$ 272,133	$ 121,564	$ 18,436	$ 140,000

FISCAL YEAR ENDING	Airport		
SEPTEMBER 30,	Principal	Interest	Total Receipts
2026	$ 183,561	$ 22,451	$ 206,012
2027	157,985	15,697	173,682
2028	147,126	9,165	156,291
2029	102,699	41,001	143,700
2030	44,048	453	44,501
2031-2035	-	-	-
2036-2040	-	-	-
Total	$ 635,419	$ 88,767	$ 724,186

NOTE 15: 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 $27,535 in non-spendable net assets which represents the inventory balance at September 30, 2025.

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, 2025, 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.

NOTE 15: FUND EQUITY (Continued)

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	$	201,854
Utility fund	Other purposes		179,561
Total restricted fund equity		$	381,415

NOTE 16: POST EMPLOYMENT BENEFITS OTHER THAN PENSION

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

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

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

NOTE 16: POST EMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

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, 2025, there were no terminated employees entitled to benefits but not yet receiving them. The membership of the Plan consisted of:

Active employees	157
Retirees and beneficiaries currently receiving benefits	5
Total Membership	162
Participating employers	1

Contributions and Funding Policy – A qualifying trust or agency fund has not been authorized by the City. The City negotiates the premium rates with Blue Cross/Blue Shield and Standard Insurance. The required contribution is based on pay-as-you-go financing requirements. Retirees and beneficiaries currently receiving benefits are required to contribute 100% of their current premium costs, which for fiscal year 2025 was $19,088. The chart below shows the cost of the monthly retiree premiums.

Coverage	3359 BC/BS	5360 BC/BS	Dental Standard
Retiree	$ 589.27	$ 560.63	$ 23.96
Retiree & Spouse	$ 956.79	$ 910.28	$ 42.36
Retiree & Children	$ 1,048.71	$ 997.84	$ 61.60
Family	$ 1,442.61	$ 1,372.46	$ 80.00

NOTE 16: POST EMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Inflows of Resources Related to OPEB - At September 30, 2025, the City reported a liability of $265,329 for the net OPEB liability. The net OPEB liability was measured as of September 30, 2023, and was determined by an actuarial valuation as of September 30, 2023. Standard actuarial update procedures were used to roll forward to the measurement date from the actuarial valuation date. For the year ended September 30, 2025, the City recognized OPEB expense of $28,462. At September 30, 2024, 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	$ -	$ 55,134
Changes of assumptions or other inputs	68,583	60,437
Net difference between projected and actual investments	-	-
Total	$ 68,583	$ 115,571

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

Year ended September 30,	
2026	$ (23,891)
2027	(21,782)
2028	6,979
2029	7,493
2030	(1,348)
Thereafter	(1,346)
Total	$ (33,895)

NOTE 16: 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, 2024	$ 394,572	$ 115,571	$ 68,583	$ -
Service Cost	39,294	-	-	39,294
Interest Cost	16,757	-	-	16,757
Changes in Benefit Terms	(133,177)	-	-	(133,177)
Differences between Expected and Actual Experience with Regard to Economic or Demographic Assumptions	-	-	-	-
Current Year Amortization of Experience Difference	-	(21,879)	-	(21,879)
Change in Assumptions About Future Economic or Demographic Factors or Other Inputs	(9,434)	9,434	-	-
Current Year Amortization of Change in Assumptions	-	(22,024)	(21,376)	(648)
Benefit Payments	(42,683)	-	-	-
Net Change	$ (129,243)	$ (34,469)	$ (21,376)	$ (99,653)
Pay-As-You Go Related Costs:				
Contributions - Employer	$ 45,433	$ -	$ -	$ -
Benefit Payments	(42,683)	-	-	-
Administrative Expenses	(2,750)	-	-	2,750
Other	-	-	-	-
Net Change	-	-	-	2,750
Ending Balance, September 30, 2025	$ 265,329	$ 81,102	$ 47,207	$ (96,903)

Discount Rate - Given the City's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.56%. 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.

Actuarial Method and Assumptions – The total OPEB liability in the September 30, 2023 (updated to September 30, 2025), actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation Rate	2.50%
Salary Increase Rate(s)	Varies by Service
Discount Rate	4.50%
Initial Trend Rate	8.50%
Ultimate Trend Rate	4.00%
Years to Ultimate	51

NOTE 16: POST EMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

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 (3.06%) or 1 percent point higher (5.06%) than the current discount rate:

	1% Decrease (3.06%)	Current Discount Rate (4.06%)	1% increase (5.06%)
Net OPEB Liability	$ 428,078	$ 394,572	$ 363,246

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

	1% Decrease (3.00% - 7.50%)	Current Discount Rate (4.00% - 8.50%)	1% increase (5.00% - 9.50%)
Net OPEB Liability	$ 342,250	$ 394,572	$ 459,383

NOTE 17: CONTINGENCIES AND COMMITMENTS

Various claims and lawsuits are pending against the City. In the opinion of management, the potential unrecorded liability on one significant claim cannot be determined as of the date of these financial statements. All other claims and lawsuits would not be significant to the City's financial statements.

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 18: SUBSEQUENT EVENTS

Subsequent to year end, the City entered into various grant agreements totaling approximately $2,600,000 and approved several change orders on existing grants and projects. The City also approved capital projects and capital purchases totaling approximately $17,000,000, most grant related.

NOTE 19: RECLASSIFICATION

Certain 2024 amounts have been reclassified to conform to 2025 classifications. Such reclassifications had no effect on reported net income.

NOTE 20: 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 21: 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, 2025, 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 21: DISPOSAL OF OPERATIONS - MARIANNA HEALTH AND REHABILITATION CENTER

On January 31, 2025, the City sold Marianna Health and Rehabilitation Center. As a result of the sale, the City recognized a gain of $23,227,684, reported as nonoperating revenues. The City's revenues and expenses related to Marianna Health and Rehabilitation Center are reported as a major proprietary fund for the year ended September 30, 2025. The sales proceeds, net of remaining liabilities related to pensions and other post-employment benefits have been transferred to the General Fund as of September 30, 2025.

Required Supplementary Information

City of Marianna
Schedule of Proportional Share of Net Pension Liability
Florida Retirement System (Last 10 fiscal years)

		2025		2024		2023		2022		2021		2020		2019		2018		2017		2016
City's proportion of the net pension liability (asset)		0.013032%		0.017997%		0.020540%		0.019163%		0.019456%		0.020291%		0.021658%		0.021671%		0.021315%		0.021838%
City's proportionate share of the net pension liability (asset)	$	4,044,458	$	6,961,974	$	8,184,697	$	7,130,179	$	1,469,692	$	8,794,214	$	7,458,691	$	6,527,353	$	6,304,734	$	5,514,182
City's covered payroll	$	4,841,416	$	8,753,872	$	10,623,840	$	8,958,161	$	8,765,136	$	9,151,356	$	9,396,288	$	9,061,323	$	8,571,166	$	8,253,153
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll		83.54%		79.53%		77.04%		79.59%		16.77%		96.10%		79.38%		72.04%		73.56%		66.81%
FRS Plan fiduciary net position as a percentage of the total pension liability		87.26%		83.70%		82.38%		82.89%		96.40%		78.85%		82.61%		84.26%		83.89%		84.88%

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.

City of Marianna
Schedule of Contributions
Florida Retirement System (Last 10 fiscal years)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contributions	$ 778,092	$ 1,019,088	$ 988,125	$ 817,720	$ 741,196	$ 674,164	$ 680,723	$ 617,600	$ 558,353	$ 532,561
Contributions in relation to the contractually required contribution	(778,092)	(1,019,088)	(988,125)	(817,720)	(741,196)	(674,164)	(680,723)	(617,600)	(558,353)	(532,561)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 4,841,416	$ 8,753,872	$ 10,623,840	$ 8,958,161	$ 8,765,136	$ 9,151,356	$ 9,396,288	$ 9,061,323	$ 8,571,166	$ 8,253,153
Contributions as a percentage of covered payroll	16.07%	11.64%	9.30%	9.13%	8.46%	7.37%	7.24%	6.82%	6.51%	6.45%

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.

City of Marianna
Schedule of Proportional Share of Net Pension Liability
Health Insurance Subsidy (Last 10 fiscal years)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
City's proportion of the net pension liability (asset)	0.018329%	0.024902%	0.026518%	0.024351%	0.023955%	0.027131%	0.028578%	0.027685%	0.026836%	0.027428%
City's proportionate share of the net pension liability (asset)	$ 2,349,249	$ 3,735,512	$ 4,211,396	$ 2,579,178	$ 2,938,543	$ 3,312,642	$ 3,197,557	$ 2,930,254	$ 2,869,426	$ 3,196,245
City's covered payroll	$ 4,841,416	$ 8,753,872	$ 10,623,840	$ 8,958,161	$ 8,765,136	$ 9,151,356	$ 9,396,288	$ 9,061,323	$ 8,571,166	$ 8,253,153
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	48.52%	42.67%	39.64%	28.79%	33.53%	36.20%	34.03%	32.34%	33.48%	38.73%
HIS Plan fiduciary net position as a percentage of the total pension liability	6.36%	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%

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.

City of Marianna
Schedule of Contributions
Health Insurance Subsidy (Last 10 fiscal years)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contributions	$ 163,813	$ 210,826	$ 174,439	$ 147,345	$ 140,812	$ 156,342	$ 160,348	$ 150,138	$ 142,627	$ 140,570
Contributions in relation to the contractually required contribution	(163,813)	(210,826)	(174,439)	(147,345)	(140,812)	(156,342)	(160,348)	(150,138)	(142,627)	(140,570)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 4,841,416	$ 8,753,872	$ 10,623,840	$ 8,958,161	$ 8,765,136	$ 9,151,356	$ 9,396,288	$ 9,061,323	$ 8,571,166	$ 8,253,153
Contributions as a percentage of covered payroll	3.38%	2.41%	1.64%	1.64%	1.61%	1.71%	1.72%	1.66%	1.66%	1.70%

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.

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

Total Pension Liability	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
Service Cost	$ 135,019	$ 133,378	$ 120,727	$ 114,484	$ 107,497	$ 99,218	$ 120,494	$ 140,491	$ 131,300	$ 138,753
Interest	281,033	261,827	249,839	233,854	223,125	229,777	218,230	204,171	201,977	181,444
Benefit changes	-	-	58,192	-	-	-	-	-	-	-
Differences between Expected and Actual Experience	105,317	296	41,235	-	(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	(186,275)	(183,035)	(215,143)	(201,027)	(144,042)	(150,515)	(143,168)	(157,868)	(136,992)	(109,835)
Net Change in Total Pension Liability	335,094	212,466	254,850	147,311	(105,759)	185,517	462,070	186,794	32,583	304,389
Total Pension Liability -Beginning	4,198,416	3,985,950	3,731,100	3,583,789	3,689,548	3,504,031	3,041,961	2,855,167	2,822,584	2,518,195
Total Pension Liability- Ending (a)	$ 4,533,510	$ 4,198,416	$ 3,985,950	$ 3,731,100	$ 3,583,789	$ 3,689,548	$ 3,504,031	$ 3,041,961	$ 2,855,167	$ 2,822,584
Plan Fiduciary Net Position										
Contributions - City & State	69,680	63,662	61,143	54,084	53,618	53,237	49,692	46,083	45,421	43,746
Contributions - Employee	42,972	40,587	33,818	34,141	33,057	31,268	33,243	33,209	33,596	32,630
Net Investment Income	902,031	1,542,816	768,529	(1,125,687)	1,140,067	641,043	226,493	404,292	553,454	196,920
Benefit Payments, Including Refunds of Employee Contributions	(186,275)	(183,035)	(215,143)	(201,027)	(144,042)	(150,515)	(143,168)	(157,868)	(136,992)	(109,835)
Administrative Expense	(45,749)	(57,812)	(30,986)	(22,146)	(29,511)	(29,724)	(21,403)	(3,250)	-	(750)
Net Change in Plan Fiduciary Net Position	782,659	1,406,218	617,361	(1,260,635)	1,053,189	545,309	144,857	322,466	495,479	162,711
Plan Fiduciary Net Position- Beginning	7,347,064	5,940,846	5,323,485	6,584,120	5,530,931	4,985,622	4,840,765	4,518,299	4,022,820	3,860,109
Plan Fiduciary Net Position- Ending (b)	$ 8,129,723	$ 7,347,064	$ 5,940,846	$ 5,323,485	$ 6,584,120	$ 5,530,931	$ 4,985,622	$ 4,840,765	$ 4,518,299	$ 4,022,820
Net Pension Liability (Asset) - Ending (a) - (b)	$ (3,596,213)	$ (3,148,648)	$ (1,954,896)	$ (1,592,385)	$ (3,000,331)	$ (1,841,383)	$ (1,481,591)	$ (1,798,804)	$ (1,663,132)	$ (1,200,236)
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	179.33%	175.00%	149.04%	142.68%	183.72%	149.91%	142.28%	159.13%	158.25%	142.52%
Covered Payroll	$ 859,446	$ 806,279	$ 681,751	$ 678,519	$ 661,134	$ 637,059	$ 664,860	$ 664,172	$ 669,593	$ 652,600
Net Pension Asset as a Percentage of Covered Payroll	-418.43%	-390.52%	-286.75%	-234.69%	-453.82%	-289.04%	-222.84%	-270.83%	-248.38%	-183.92%

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

Total Pension Liability	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
Service Cost	$ 121,951	$ 98,241	$ 98,558	$ 96,943	$ 91,026	$ 103,579	$ 101,425	$ 115,638	$ 108,073	$ 120,359
Interest	215,326	203,966	213,579	196,112	187,070	216,733	196,944	190,583	212,305	195,642
Benefit changes	-	-	75,643	-	-	-	-	-	-	-
Differences between Expected and Actual Experience	38,318	(260,910)	70,671	-	(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	(180,959)	(197,983)	(199,619)	(144,902)	(144,903)	(179,342)	(152,022)	(139,111)	(168,043)	(147,879)
Net Change in Total Pension Liability	194,636	(156,686)	258,832	148,153	(468,797)	310,571	307,207	167,110	(332,351)	251,757
Total Pension Liability -Beginning	3,242,920	3,399,606	3,140,774	2,992,621	3,461,418	3,150,847	2,843,640	2,676,530	3,008,881	2,757,124
Total Pension Liability- Ending (a)	$ 3,437,556	$ 3,242,920	$ 3,399,606	$ 3,140,774	$ 2,992,621	$ 3,461,418	$ 3,150,847	$ 2,843,640	$ 2,676,530	$ 3,008,881
Plan Fiduciary Net Position										
Contributions - City & State	60,965	54,233	58,228	47,748	39,672	43,109	62,705	67,551	68,232	76,268
Contributions - Employee	38,505	35,024	30,203	30,554	29,788	26,578	32,248	30,663	28,433	27,586
Net Investment Income	664,556	1,165,993	591,567	(870,251)	876,928	498,372	178,195	316,906	416,110	149,012
Benefit Payments, Including Refunds of Employee Contributions	(180,959)	(197,983)	(199,619)	(144,902)	(144,903)	(179,342)	(152,022)	(139,111)	(168,043)	(147,879)
Administrative Expense	(46,022)	(54,261)	(31,816)	(28,552)	(23,656)	(37,885)	(12,186)	(3,977)	(342)	(1,339)
Net Change in Plan Fiduciary Net Position	537,045	1,003,006	448,563	(965,403)	777,829	350,832	108,940	272,032	344,390	103,648
Plan Fiduciary Net Position- Beginning	5,542,245	4,539,239	4,090,676	5,056,079	4,278,250	3,927,418	3,818,478	3,546,446	3,202,056	3,098,408
Plan Fiduciary Net Position- Ending (b)	$ 6,079,290	$ 5,542,245	$ 4,539,239	$ 4,090,676	$ 5,056,079	$ 4,278,250	$ 3,927,418	$ 3,818,478	$ 3,546,446	$ 3,202,056
Net Pension Liability (Asset) - Ending (a) - (b)	$ (2,641,734)	$ (2,299,325)	$ (1,139,633)	$ (949,902)	$ (2,063,458)	$ (816,832)	$ (776,571)	$ (974,838)	$ (869,916)	$ (193,175)
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	176.85%	170.90%	133.52%	130.24%	168.95%	123.60%	124.65%	134.28%	132.50%	106.42%
Covered Payroll	$ 770,098	$ 700,471	$ 604,071	$ 620,879	$ 595,762	$ 531,560	$ 644,960	$ 613,263	$ 568,447	$ 551,720
Net Pension Liability as a Percentage of Covered Payroll	-343.04%	-328.25%	-188.66%	-152.99%	-346.36%	-153.67%	-120.41%	-158.96%	-153.03%	-35.01%

SCHEDULE OF CONTRIBUTIONS – POLICE AND FIREFIGHTERS' PENSION PLANS

Police Pension Plan	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
Actuarially Determined Contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 7,970	$ 8,035	$ 7,500
Contributions in relation to the Accuarially Determined Contributions	69,680	63,662	61,143	54,084	53,618	53,237	49,692	46,083	45,421	43,746
Contribution Deficiency (Excess)	$ (69,680)	$ (63,662)	$ (61,143)	$ (54,084)	$ (53,618)	$ (53,237)	$ (49,692)	$ (38,113)	$ (37,386)	$ (36,246)
Covered Payroll	$ 859,446	$ 806,279	$ 681,751	$ 678,519	$ 661,134	$ 637,059	$ 664,860	$ 664,172	$ 669,593	$ 652,600
Contributions as a Percentage of Covered Payroll	8.11%	7.90%	8.97%	7.97%	8.11%	8.36%	7.47%	6.94%	6.78%	6.70%

Firefighters' Pension Plan	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
Actuarially Determined Contribution	$ 6,931	$ 11,208	$ 13,290	$ 13,659	$ -	$ -	$ -	$ 65,006	$ 60,255	$ 71,067
Contributions in relation to the Actuarially Determined Contributions	60,965	54,233	58,228	47,748	39,672	43,109	62,705	67,551	68,232	76,268
Contribution Deficiency (Excess)	$ (54,034)	$ (43,025)	$ (44,938)	$ (34,089)	$ (39,672)	$ (43,109)	$ (62,705)	$ (2,545)	$ (7,977)	$ (5,201)
Covered Payroll	$ 770,098	$ 700,471	$ 604,071	$ 620,879	$ 595,762	$ 531,560	$ 644,960	$ 613,263	$ 568,447	$ 551,720
Contributions as a Percentage of Covered Payroll	7.92%	7.74%	9.64%	7.69%	6.66%	8.11%	9.72%	11.02%	12.00%	13.82%

ANNUAL MONEY-WEGHTED RATE OF RETURN NET OF INVESTMENT EXPENSE

Annual money-weighted rate of return net of investment expense	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Police Pension Plan	11.68%	25.18%	14.15%	-17.67%	20.34%	12.37%	4.21%	9.06%	13.91%	6.09%
Firefighters' Pension Plan	11.32%	24.77%	14.02%	-17.97%	20.29%	11.84%	4.39%	8.91%	13.26%	6.02%

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%

TERMINATION RATE TABLE – POLICE AND FIREFIGHTERS' PENSION PLANS

% Terminating During the Year		
Service	Police Pension	Firefighters' Pension
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
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
2022	$ -	$ -	$ 54,084	N/A
2023	$ -	$ -	$ 61,143	N/A
2024	$ -	$ -	$ 63,662	N/A
2025	$ -	$ -	$ 69,680	N/A

Schedule of Contributions
Firefighters' Pension Plan:

Ended September 30	Required Contribution	City Contribution	State Contribution	Percentage Contributed
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
2021	$ -	$ -	$ 39,672	N/A
2022	$ 13,659	$ -	$ 47,748	349.57%
2023	$ 13,290	$ -	$ 58,228	438.13%
2024	$ 11,208	$ -	$ 54,233	483.88%
2025	$ 6,931	$ -	$ 60,965	879.60%

SCHEDULE OF EMPLOYER AND OTHER CONTRIBUTING ENTITIES (continued)

Reporting Period	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020
Measurement Period	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020
Total OPEB Liability						
Service Cost	$ 39,294	$ 27,820	$ 25,088	$ 38,242	$ 40,393	$ 29,900
Interest	16,757	15,936	15,869	10,288	10,010	13,985
Changes of Benefit Terms	(133,177)	-	-	-	-	-
Differences Between Expected and Actual Experience	-	(17,765)	-	(64,240)	-	(49,266)
Changes of Assumptions	(9,434)	70,811	(3,079)	(108,337)	(12,643)	36,483
Benefit Payments	(42,683)	(38,338)	(18,529)	(17,009)	(14,589)	(12,815)
Net Change in Total OPEB Liability	(129,243)	58,464	19,349	(141,056)	23,171	18,287
Total OPEB Liability - Beginning	394,572	336,108	316,759	457,815	434,644	416,356
Total OPEB Liability - Ending	$ 265,329	$ 394,572	$ 336,108	$ 316,759	$ 457,815	$ 434,643
Covered Employee Payroll	$ 7,371,555	$ 12,004,114	$ 10,442,241	$ 9,915,717	$ 11,205,475	$ 10,663,756
Sponsor's Total OPEB Liability as a percentage of Covered Employee Payroll	3.60%	3.29%	3.22%	3.19%	4.09%	4.08%

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.

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 2025	4.50%
FY 2024	4.06%
FY 2023	4.87%
FY 2022	4.77%
FY 2021	2.43%
FY 2020	2.14%
FY 2019	3.58%

GRIMSLEY & ASSOCIATES
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CERTIFIED PUBLIC ACCOUNTANTS

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, 2025, and have issued our report thereon dated June 16, 2026.

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 16, 2026, 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.

Post Office Box 220 · Lafayette Street · Marianna, Florida 32447-0220 · 850-526-3910 · FAX 850-482-6019

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.

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did not operate within the City's geographical boundaries during the fiscal year under audit.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statement of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Honorable Mayor and Members
of the City Council
Marianna, Florida

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the following specific information for each dependent special district was provided to us by management of the City:

a. The total number of district employees compensated in the last pay period of the district's fiscal year being reported (see information required in Section 218.32 (1)(e)2.a., Florida Statutes).

• The City of Marianna Redevelopment Agency	0
• The City of Marianna Health and Rehabilitation Center	0
• The City of Marianna Municipal Airport Development Authority	2

b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year being reported (see information required in Section 218.32 (1)(e)2.b., Florida Statutes). There were none.

c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency (see information required in Section 218.32 (1)(e)2.c., Florida Statutes).

• The City of Marianna Redevelopment Agency	$ 0
• The City of Marianna Health and Rehabilitation Center	$2,699,455
• The City of Marianna Municipal Airport Development Authority	$ 66,397

d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency (see information required in Section 218.32(1)(e)2.d., Florida Statutes). There were none.

e. Each construction project with a total cost of at least $65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project (see information required in Section 218.32(1)(e)2.e.,Florida Statutes). There were none.

f. A budget variance report based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted, as follows:

- City of Marianna Community Redevelopment Agency – See page 13 and 14 of the financial statements.

- Marianna Health and Rehabilitation Center – there was no amendments to the original budget.

- Marianna Municipal Airport Development Authority – a budget variance based on the budget adopted before the beginning of the fiscal year under Section 189.016(4), Florida Statutes and the amended final budget under Section 189.016(6), Florida Statutes are as follows: the original budget totaled

$5,454,746 and was amended by 3,721,635, for final budget expenditures of $1,733,111.

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.

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.

Grimsley & Associates

Marianna, Florida
June 16, 2026

Grimsley & Associates, P.A.
Certified Public Accountants

GRIMSLEY & ASSOCIATES
Professional Association

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, 2025. 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, 2025.

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 16, 2026

Grimsley & Associates, P.A.
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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, 2025, 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 16, 2026.

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.

Report on 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 16, 2026

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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

Opinion on 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, 2025. 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.

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, 2025.

Basis for Opinion on Each Major Federal Program and Major State Project

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; 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 of the State of Florida. Our responsibility under those standards, the Uniform Guidance, and Chapter 10.550 Rules of the Auditor General of the State of Florida are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program and major state project. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs and state projects.

Auditor's Responsibilities for the Audit Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards,* the Uniform Guidance, and Chapter 10.550 Rules of the Auditor General of the State of Florida will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Noncompliance with the compliance requirements referred to above is considered material if there is substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program or state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards,* the Uniform Guidance, and Chapter 10.550 Rules of the Auditor General of the State of Florida, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 of the State of Florida, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, amount other matters, the planned scope and timing of the audit and any significant deficiencies and material weakness in internal control over compliance that we identified during the audit.

Honorable Mayor and Members
of the City Council
Marianna, Florida

Report on 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.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal controls over compliance. Accordingly, no such opinion is expressed.

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.

Grimsley & Associates

Marianna, Florida
June 16, 2026

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, 2025

Federal Agency Pass through Entity Name of Cluster Federal Program	CFDA/ CFSA No.	Contract / Grant No.	Expenditures	Payments to Subrecipients
U.S. Environmental Protection Agency				
Pass through the State of Florida Department of Environmental Protection				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW320260 - Grant	$ 21,878	
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW320260 - Loan	23,123	-
Total Capitalization Grants for Drinking Water State Revolving Funds			45,001	
Pass through the State of Florida Department of Environmental Protection				
Clean Water State Revolving Fund	66.458	WW320290 - Grant	61,906	
Clean Water State Revolving Fund	66.468	WW320290 - Loan	6,878	-
Total Clean Water State Revolving Fund			68,784	
Total U.S. Department of Energy			113,785	-
U.S. Department of Homeland Security, Federal Emergency Management Agency				
Pass through the Florida Executive Office of the Governor				
Hazard Mitigation Grant Program (HMGP)	97.039	H0682/4399-057-R	10,625	-
Hazard Mitigation Grant Program (HMGP)	97.039	H0806/4399-155-R	1,440,561	-
Hazard Mitigation Grant Program (HMGP)	97.039	H1057/4399-112-A	563,221	-
Hazard Mitigation Grant Program (HMGP)	97.039	H0842/4399-110-R	266,035	-
Total Public Assistance (Presidentially Declared Disasters)			2,280,442	-
Assistance to Firefighters - Equipment Grant	97.044	EMW-2022-FG-09309	28,195	
Total U.S. Department of Homeland Security, Federal Emergency Management Agency			2,308,637	-
U.S. Department of Agriculture				
Volunteer Fire Assistance Grant	10.664	N/A	9,397	
Total U.S. Department of Agriculture			9,397	-
U.S. Department of Transportation				
Pass through the State of Florida Department of Transportation				
Highway Planning and Construction - South Street Sidewalk - Design	20.205	G3493	99,106	
Pass through the State of Florida Department of Transportation				
State and Community Highway Safety Grant - Operation Home Safe	20.600	G3673	8,239	
State and Community Highway Safety Grant - Operation Slow and Safe	20.600	SC-2024-00026	5,452	-
Total State and Community Highway Safety Grant			13,691	
Total U.S. Department of Transportation			112,797	-
U.S. Department of Justice				
Pass through the State of Florida Department of Law Enforcement				
Bulletproof Vest Partnership Program	16.607	2023-BUBX23035164	1,139	-
Pass through the State of Florida Department of Law Enforcement				
Edward Byrne Memorial Justice Assistance Grant Program -	16.738	15PBJA-23-GG-02972-MUMU	2,601	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-GG-04224-MEME	2,241	
Total Edward Byrne Memorial Justice Assistance Grant Program			4,842	
Total U.S. Department of Justice			5,981	-
U.S. Department of the Treasury				
Pass through the State of Florida Executive Office of the Governor				
Vulnerability Study	21.027	23PLN53	1,750	
African-American Historical-Cultural Grant - St Luke Baptist Church	21.027	23.s.aa900.104	235,700	
American Rescue Plan Act	21.027	COVID-19 Y5203	1,154,556	-
Total U.S. Department of the Treasury			1,392,006	-

For year ended September 30, 2025

Federal Agency Pass through Entity Name of Cluster Federal Program	CFDA/ CFSA No.	Contract / Grant No.	Expenditures	Payments to Subrecipients
U.S. Department of Housing and Urban Development				
Pass through the State of Florida Department of Economic Security				
Community Development Block Grants - DR Grant	14.228	M0101	1,447,588	-
Community Development Block Grants - DR Grant	14.228	M0011	7,787,859	-
Community Development Block Grants - DR Grant	14.228	M0105	1,006,154	-
Community Development Block Grants - CV Grant	14.228	H2492	21,175	-
Community Development Block Grants - DR Grant	14.228	M0047	312,671	-
Community Development Block Grants - DR Grant	14.228	M0153	471,446	-
Community Development Block Grants - DR Grant	14.228	M0181	200,087	
Community Development Block Grants - Water Tank Restoration Grant	14.228	23DB-N01/H2538	332,550	-
Community Development Block Grants - Project LAVA	14.228	H2592	1,534,781	
Community Development Block Grants - DR Grant	14.228	M0178	77,246	-
Community Development Block Grants - MIT Grant	14.228	MT143	2,300,967	-
Community Development Block Grants - MIT Grant	14.228	MT137	71,360	-
Total Community Development Block Grants			15,563,884	-
Total U.S. Department of Housing and Urban Development			15,563,884	-
Total Federal Awards			$ 19,506,487	-

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

For the year ended September 30, 2025

State Agency State Project	CFDA/ CFSA No.	Contract / Grant No.	Expenditures	Payments to Subrecipients
Florida Department of Transportation				
Aviation Grant Program- Access Road Phase II	55.004	G2863/425628-5-94-01	3,036,615	-
Total Florida Department of Transportation			3,036,615	-
Florida Executive Office of the Governor				
Local Emergency Management and Mitigation Initiatives	31.064	F0101	276,500	-
Total Florida Executive Office of the Governor			276,500	-
Florida Department of Financial Services				
Volunteer Firefighter Grant Assistance Program	43.006	FM947	49,396	-
Total Florida Department of Financial Services			49,396	-
Florida Department of Law Enforcement				
State Assistance for Fentanyl Eradication (S.A.F.E.) in Florida	71.122	2023-SAFE-SF-072	4,408	-
Total Florida Department of Financial Services			4,408	-
Florida Department of State and Secretary of State				
Historic Preservation Grant - Design Guidelines	45.031	25.h.sm.200.067	48,750	-
Total Florida Department of State and Secretary of State			48,750	-
Florida Department of Commerce				
Regional Community Development and Infrastructure	40.042	D0301	732,574	-
Division of Housing and Community Development	40.038	HL138	750,000	
Total Florida Department of Commerce			1,482,574	-
Florida Department of Environmental Protection				
The Local Trail Management Grant Program - Trail Go -Hinson Park	37.118	TG041	125,123	
Florida Recreation Development Assistance Program	37.017	P5008	2,900	
Statewide Water Quality Restoration Projects	37.039	LPA0324	44,532	-
Resilient Florida Program - WWTP Resilience-Rendering Plant	37.098	24SRP31	108,729	-
Florida Springs Grant Program - Mega Pond	37.052	LPS0101	208,963	-
Florida Springs Grant Program - Tara Estates	37.052	22-009	1,019,763	-
Total Florida Springs Grant Program			1,228,726	-
Total Florida Department of Environmental Protection			1,510,010	-
Total State Financial Assistance			6,408,253	-
Total Federal Awards and State Financial Assistance			$ 25,914,740	$ -

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, 2025, 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, 2025 is $651,042.

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, 2025 is $214,545.

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, 2025 is $855,916 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, 2025 is $355,288.

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, 2025 is $58,002.

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, 2025 is $8,802.

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, 2025 is $767,929.

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 $5,223,922 in grant funds and an additional $1,305,083 in cost attributable to the loan as of September 30, 2023. The principal due at September 30, 2025 is $1,292,032.

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, 2022. The principal and capitalized interest due at September 30, 2025 is $66,080.

The City was awarded a loan of $125,000, including principal forgiveness of $62,500. The award is identified under CSFA 37.077, Small Community Wastewater Facility Construction Program. The City has expended a total of $62,500 in grant funds and an additional $62,500 in cost attributable to the loan as of September 30, 2024. The principal and capitalized interest due at September 30, 2025 is $61,871.

The City was awarded a loan of $1,265,602, including principal forgiveness of $650,301. The award is identified under CFDA 66.468, Drinking Water State Revolving Fund. The City has expended a total of $194,621 in grant funds and an additional $230,086 in cost attributable to the loan as of September 30, 2025. The principal and capitalized interest due at September 30, 2025 is $230,086.

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, 2025, 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.

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
14.228	Community Development Block Grants

5. Dollar threshold used to distinguish between type A and type B programs	$1,000,000
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
40.038	Division of Housing and Community Development
55.004	Aviation Grant Program
31.064	Local Emergency Management & Mitigation Initiatives

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

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.