

City of Marathon, Florida

Annual Comprehensive Financial Report
Fiscal Year Ended September 30, 2021



Prepared by the
Finance Department

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City of Marathon, Florida

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INTRODUCTORY SECTION

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CITY OF MARATHON, FLORIDA

9805 Overseas Highway, Marathon, Florida 33050
Phone: (305) 743-0033 Fax: (305) 743-3667

April 19, 2022

To the Honorable Mayor,
Members of the Governing Council,
and Citizens of the City of Marathon:

It is our pleasure to submit to you the Annual Comprehensive Financial Report of the City of Marathon, Florida for the fiscal year ended September 30, 2021.

State law requires that all general-purpose local governments publish within nine months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with auditing standards generally accepted in the United States and Government Auditing Standards by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the City of Marathon. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Marathon has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Marathon's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Marathon's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Marathon's financial statements have been audited by Keefe, McCullough & Co. LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Marathon for the fiscal year ended September 30, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Marathon's financial statements for the fiscal year ended September 30, 2021, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

In addition to meeting the requirements set forth above, the independent audit was also designed to meet the special needs of federal and state grantor agencies as provided for in the Federal Single Audit Act, Office of Management and Budget (OMB) Uniform Guidance and Florida Single Audit Act in accordance with Chapter 10.550, Rules of the Auditor General. These standards require the independent auditor to report not only on the fair presentation of the basic financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are presented in the compliance section of this report.



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In accordance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Marathon's MD&A can be found immediately following the independent auditor's report on the basic financial statements.

Profile of the Government

The City of Marathon, incorporated November 30, 1999, with a population of 9,689 residents, is located approximately one hour from Key West, Florida and Key Largo, Florida. Marathon is known as the "Heart of the Florida Keys." Its boundaries run from the east end of the Seven Mile Bridge, mile marker 47, to the west end of Tom's Harbor Bridge, approximately mile marker 60. The islands of Marathon include Boot Key, Knights Key, Hog Key, Vaca Key, Stirrup Key, Crawl and Little Crawl Key, East and West Sister's Island, Deer Key, Little Deer Key, Fat Deer Key, Long Point Key, and Grassy Key. The City of Marathon is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs when deemed appropriate by the City Council.

The City of Marathon operates under the council-manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the mayor and four other members. The City Council is responsible, among other things, for passing ordinances, resolutions, and regulations governing the city, adopting the budget, and appointing the city manager, city attorney, and members of various boards. The City Manager is responsible for carrying out the policies and ordinances adopted by the City Council, for overseeing the day-to-day operations of the City, appointing the heads of the various departments, and submission of the budget to City Council for approval. The mayor and four council members are elected at large every three years with a term limit of two consecutive terms.

The City of Marathon provides a wide variety of services, including police, fire protection, and emergency medical services; the construction and maintenance of highways, streets and other infrastructure; planning and zoning; building and code enforcement; and recreational activities and community events. The City also manages two enterprise funds; a City marina facility and a wastewater and stormwater utilities fund.

The financial reporting entity (the City of Marathon) includes all of the funds of the City. The City does not have any component units. A component unit is a legally separate entity for which the City is financially accountable or the nature and significance of the relationship between the City and the entity was such that exclusion would cause the City's financial statements to be misleading or incomplete.



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The annual budget serves as the foundation for the City of Marathon's financial planning and control. All departments of the City of Marathon are required to submit requests for appropriation to the City Manager. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to City Council for review prior to September 1. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the City of Marathon's fiscal year. The appropriated budget is prepared by fund, function (e.g. public safety), and department (e.g. police). Department heads may make transfers within a department with the approval of the City Manager. Transfers of appropriations between departments, however, require the approval of the City Council. A budget-to-actual comparison for the general fund is included as Required Supplementary Information on page 58 following the notes to the basic financial statements. A budget-to-actual comparison for the street maintenance fund is also included as Required Supplementary Information following the notes to the basic financial statements on page 59. A budget-to-actual comparison for the capital infrastructure fund is included as other financial information on pages 74 and 75. For governmental funds, other than the general fund, street maintenance fund and capital infrastructure fund, this comparison is presented in the non-major governmental fund subsection of this report, on pages 76 and 77.

Factors Affecting Financial Condition

Local Economy

The Florida Keys are often referred to as the "American Caribbean" and Marathon is known as "The Heart of the Keys." Marathon's ideal location between Key Largo and Key West makes it a desirable place in which to live and work. Tourism is an important economic engine. The local environment offers excellent sport fishing and recreational diving opportunities. The tropical climate, in addition to the recreational water activities, makes the City a major tourist destination as well as a desirable retirement and second home location. The Florida Keys have continually ranked among the top tourist destinations in the Country. In addition to tourism, commercial seafood harvesting is a significant aspect of the local economy as the Florida Keys are one of the largest providers of seafood products in the country, serving both national and international markets.

The City of Marathon's economic outlook is strong. The tourism industry in the Florida Keys is vibrant and has proven to be extremely resilient. The City is experiencing growth in the commercial and residential sector with new; resorts, restaurants, businesses and residences coming online. In December 2021, the area's unemployment rate was 2.6%, compared with the statewide rate of 3.5%.

Long-term Financial Planning and Relevant Financial Policies

The City has a 5-Year Capital Plan and prioritizes needs based on its expected available resources. This effort identifies capital purchases that will be needed to continue its critical core public safety services, as well as other departmental needs.



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The City has limited its borrowing to prudent levels that are able to be satisfied with existing revenue and cash flow projections. In order to minimize our debt issuance (and related costs) to when it is absolutely necessary, the City has a pay-as-you-go financing policy for CIP projects which includes:

- Projects having a small dollar value
- Projects which can be broken into phases with a portion completed each year without impairing the overall effectiveness of the project
- Projects which are of a recurring nature
- Projects where the assets acquired will have relatively short useful lives.

The City has adopted a cash management policy that is designed to maintain earnings free from risk, maintain adequate liquidity to meet the City's obligations, and maximize investment return. To ensure the safety of the City's funds, all investments are with depositories that are qualified under Florida law and thus are fully collateralized in accordance with Chapter 280 of the State statutes.

Major Initiatives

The City will continue to pursue its long-term goals as outlined in the Five-Year Capital Improvement Plan. The City continues to devote resources to affordable housing, transportation and traffic concerns. The City also has various bridge repair, culvert and canal restoration efforts underway. Other major projects currently included in the Five-Year Capital Improvement Plan are:

- Seawall and amenities at the Quay property
- Improvements at City parks and beaches
- The continued implementation of the Fire Safety Program

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Marathon for its Annual Financial Comprehensive Report for the fiscal year ended September 30, 2020. This was the eighteenth consecutive year that the City of Marathon achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that the September 30, 2021 Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.



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The preparation of this report would not have been accomplished without the dedicated and efficient service of the entire staff of the finance department. We would like to express our appreciation to all members of other City departments who assisted and contributed to the preparation of this report. We would also like to express a special note of thanks to our independent certified public accountants, Keefe, McCullough & Co., LLP, for their cooperation and assistance. Their professional approach and high standards in the conduct of their independent audit of the City's financial records and transactions is greatly appreciated.

Respectfully submitted,


George Garrett
City Manager


Jennifer Johnson
Finance Director

CITY OF MARATHON, FLORIDA

LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2021

CITY COUNCIL

Luis Gonzalez, Mayor
Mark Senmartin, Vice-Mayor

Dr. Dan Zieg, Councilmember
John Bartus, Councilmember
Steven Cook, Councilmember

CITY MANAGER

George Garrett

CITY CLERK

Diane Clavier

CITY ATTORNEY

Steven Williams

FINANCE DIRECTOR

Jennifer Johnson

CITY AUDITORS

Keefe McCullough
CPA's + Trusted Advisors



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Marathon
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

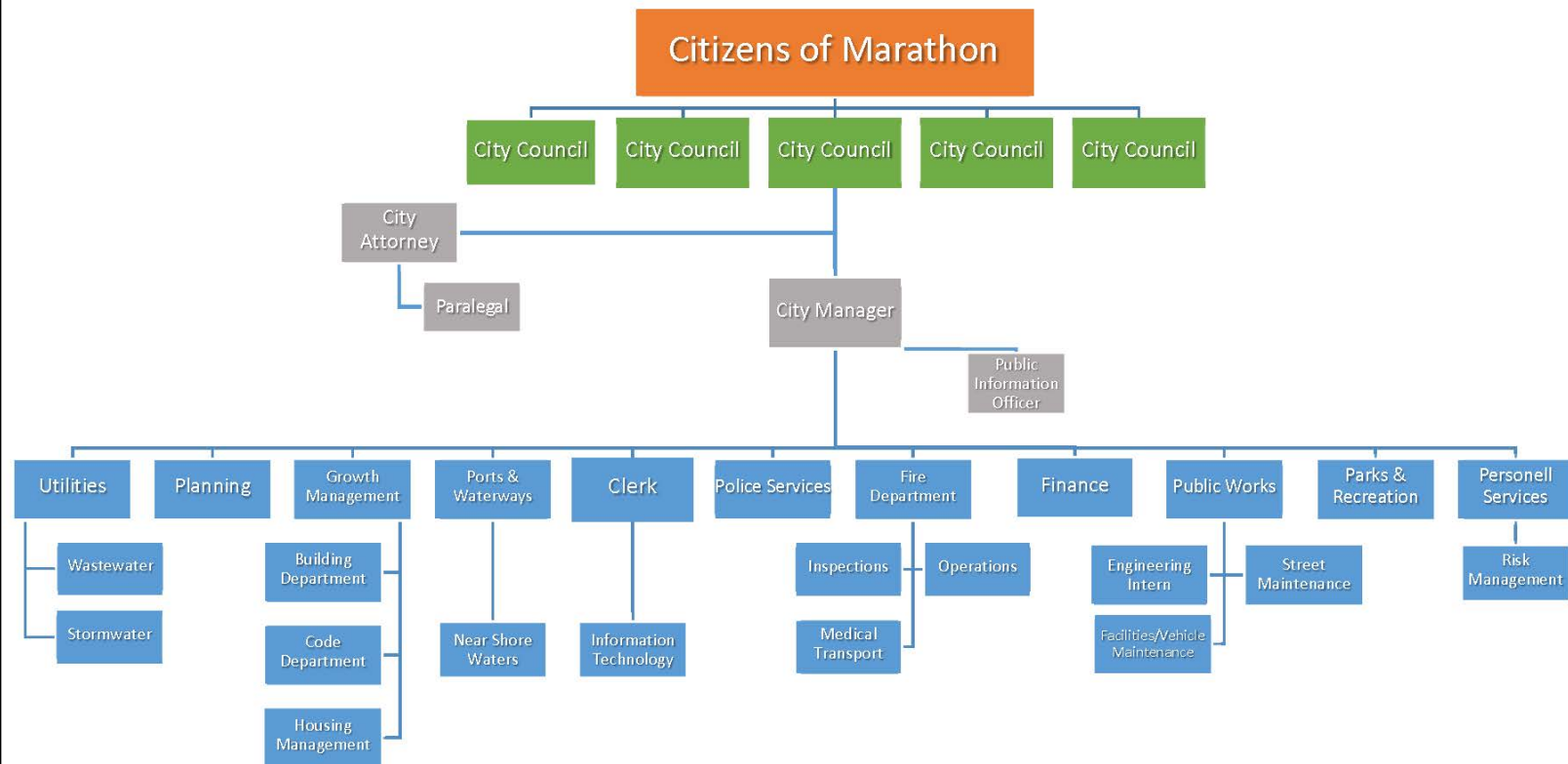
September 30, 2020

Christopher P. Morill

Executive Director/CEO



City of Marathon Organizational Chart 2020-2021



FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Marathon, Florida
Marathon, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marathon, Florida (the "City") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules related to pensions and other post-employment benefits on pages 4 through 15 and pages 61 through 69, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, budgetary comparison information, other financial information and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is also not a required part of the basic financial statements.

The budgetary comparison information, other financial information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic 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 budgetary comparison information, other financial information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2022, on our consideration of the City's internal control over financial reporting and on our test 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.

KEEFE MCCULLOUGH

Fort Lauderdale, Florida
April 19, 2022

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MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

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As management of the City of Marathon, Florida, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages i through v of this report.

Fund-based financial reporting and government-wide reporting are not viewed as being in conflict; however, they are not comparable. A significant portion of this analysis focuses on the changes in the government-wide statements, while still providing information on the City's fund-based comparative changes.

Financial Highlights

- The assets and deferred outflows of resources of the City of Marathon exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$ 158,844,055 (net position), as compared with \$ 149,750,092 for the previous year. Of this amount, \$ 42,911,584 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors as compared with \$ 41,251,408 for the previous year. This increased from the prior year due to an increase in grants and contributions activities, and property taxes.
- The City's total net position increased by \$ 9,093,963 or 6.07% during the current fiscal year. Included in the total net position is governmental net position that increased by \$ 7,005,433 and business-type activities net position that increased by \$ 2,088,530.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$ 29,130,368, an increase of \$ 8,363,715 in comparison with the prior year. \$ 13,342,942 (45.80%) of this total amount is available for spending at the City's discretion (unassigned fund balance in the General Fund).
- The City's total debt decreased by \$ 5,372,573 (11.24%) during the current fiscal year due to annual payments.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Marathon's basic financial statements. The City's basic financial statements contain three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic 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* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the City of Marathon 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, community services (public works, street and bridge maintenance, parks and recreation, nearshore waters), public safety (fire, EMS, police), and community development (planning, building, code). The business-type activities of the City include a full-service marina and a wastewater and stormwater utility.

The government-wide financial statements can be found on pages 16 and 17 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Marathon, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Marathon can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The City of Marathon previously implemented Governmental Accounting and Financial Standards Board (GASB) Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of Statement No. 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. Fund balances are now presented in the following classifications:

Non-Spendable Fund Balance - Amounts that are not in a spendable form (for example, inventory, long-term portion of loans, prepaid expenses, and notes receivable), or are required to be maintained intact (for example, the principal of an endowment fund).

Restricted Fund Balance - Amounts that can be spent only for the specific purposes stipulated by external resource providers (i.e. grant providers), constitutionally, or through enabling legislation (legislation that creates a new revenue source and restricts its use). Effectively, a restriction may be changed or lifted only with the consent of resource providers.

Committed Fund Balance - Amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority (i.e. City Council). Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

Assigned Fund Balance - Amounts intended to be used by the government for a specific purpose. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority (the authority for making an assignment is not required to be the government's highest level of decision making authority).

Unassigned Fund Balance - the residual classification for the General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between *governmental funds* and *governmental activities*.

The City of Marathon maintains several individual governmental funds. 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, Street Maintenance Fund, and Capital Infrastructure Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* on pages 70 through 73 of this report.

The City of Marathon adopted an annual appropriated budget for its General Fund, six of its special revenue funds, the Capital Project Fund and the Debt Service Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget (page 58). A budgetary comparison schedule has also been provided for the major special revenue fund, which is the Street Maintenance Fund (page 59) and the Capital Infrastructure Fund, which is a capital project fund (pages 74 and 75).

The governmental fund financial statements can be found on pages 18 through 21 of this report.

Proprietary funds. The City of Marathon maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its wastewater and stormwater utility and its marina.

Proprietary funds provide the same type of information as the government-wide statements, only in more detail. The proprietary fund financial statements provide information for the wastewater and stormwater utilities and the marina (nonmajor).

The proprietary fund financial statements can be found on pages 22 through 25 of this report. Data from the only nonmajor proprietary fund, the Marina Enterprise Fund, is also included in this presentation.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Firefighters' Pension Trust Fund is the only fiduciary fund for the City.

The basic fiduciary fund financial statements can be found on pages 26 and 27 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28 through 57 of this report.

Other Information

In addition to the basic financial statements and the accompanying notes, this report also presents certain *required supplementary information*, concerning the City of Marathon's budgetary comparison schedules for the General Fund and major special revenue fund and the progress in funding its obligation to provide pension benefits to certain employees and council members, as well as other post-employment benefits.

Required supplementary information can be found on pages 58 through 69 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 70 through 77 of this report.

Government-wide Financial Analysis

Net Position: As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Marathon, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$ 158,844,055 at the close of the most recent fiscal year, compared to net position of \$ 149,750,092 the prior year.

City of Marathon's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 33,552,177	\$ 26,217,130	\$ 20,755,407	\$ 21,166,287	\$ 54,307,584	\$ 47,383,417
Capital assets (net)	40,115,698	41,897,849	114,815,369	116,787,554	154,931,067	158,685,403
Total assets	73,667,875	68,114,979	135,570,776	137,953,841	209,238,651	206,068,820
Deferred outflows of resources	1,450,566	1,119,640	63,129	73,109	1,513,695	1,192,749
Current and other liabilities	2,000,735	2,364,744	5,134,958	5,300,122	7,135,693	7,664,866
Long term liabilities	4,917,815	6,093,358	38,602,220	42,912,823	43,520,035	49,006,181
Total liabilities	6,918,550	8,458,102	43,737,178	48,212,945	50,655,728	56,671,047
Deferred inflows of resources	1,231,072	813,131	21,491	27,299	1,252,563	840,430
Net position:						
Net investment in capital assets	34,859,087	35,592,849	71,826,562	69,923,370	106,685,649	105,516,219
Restricted	9,246,822	2,982,465	-	-	9,246,822	2,982,465
Unrestricted	22,862,910	21,388,072	20,048,674	19,863,336	42,911,584	41,251,408
Total net position	\$ 66,968,819	\$ 59,963,386	\$ 91,875,236	\$ 89,786,706	\$ 158,844,055	\$ 149,750,092

The largest portion of the City's net position (67.16%) reflects its investment in capital assets (e.g. land, building, and equipment), less any related debt used to acquire those assets that are still outstanding. This investment in capital assets reflects a 1.11% increase from the prior year. The City uses its capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Marathon, Florida
Management's Discussion and Analysis
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An additional portion of the City's net position, \$ 9,246,822 (5.82%), represents resources that are subject to external restrictions on how they may be used. This represents an increase of 208.23% from the previous year's balance of \$ 2,982,465. The remaining balance of unrestricted net position \$ 42,911,584 (27.02%) may be used to meet the City's ongoing obligations to citizens and creditors.

Changes in Net Position

Governmental activities and business-type activities increased the City's net position by \$ 9,093,963 from the previous fiscal year. The relevant revenue and expense categories and their effect on net position are summarized in the table below. The information presented in this table will be used in the subsequent discussion of governmental and business-type activities:

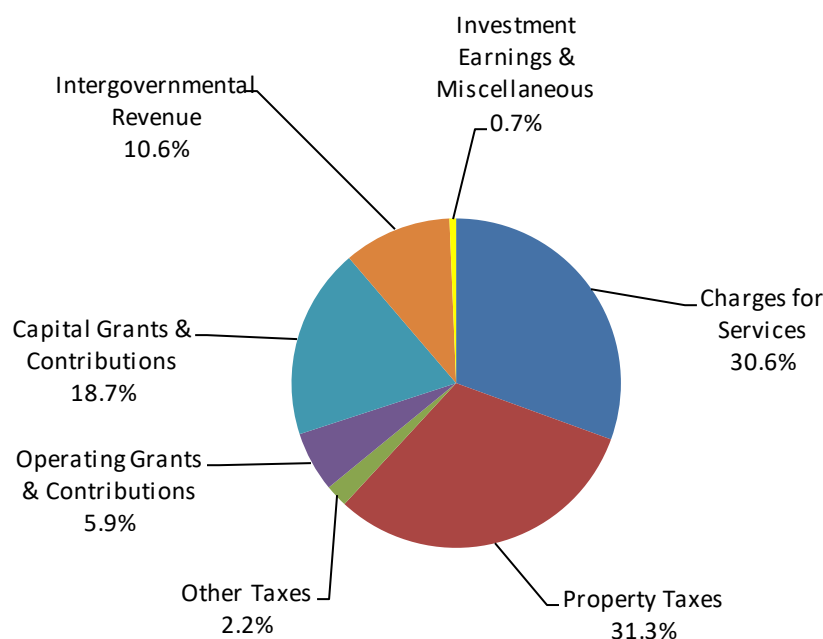
City of Marathon's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 7,166,829	\$ 5,250,652	\$ 8,115,546	\$ 7,607,102	\$ 15,282,375	\$ 12,857,754
Operating grants and contributions	1,387,783	9,936,824	576,933	975,811	1,964,716	10,912,635
Capital grants and contributions	4,395,382	6,569,796	6,772,109	7,420,604	11,167,491	13,990,400
General revenues:						
Property taxes	7,345,310	6,847,271	-	-	7,345,310	6,847,271
Other taxes	518,267	496,713	-	-	518,267	496,713
Intergovernmental revenues	2,489,658	1,807,035	-	-	2,489,658	1,807,035
Investment earnings	60,189	97,297	50,446	125,482	110,635	222,779
Miscellaneous	94,808	61,902	-	-	94,808	61,902
Total revenues	23,458,226	31,067,490	15,515,034	16,128,999	38,973,260	47,196,489
Expenses:						
General government	3,690,434	3,681,557	-	-	3,690,434	3,681,557
Public safety	6,803,728	6,384,915	-	-	6,803,728	6,384,915
Community services	4,728,591	3,529,226	-	-	4,728,591	3,529,226
Community development	875,956	1,721,852	-	-	875,956	1,721,852
Interest on long-term debt	124,329	251,504	-	-	124,329	251,504
Marina	-	-	1,042,003	917,801	1,042,003	917,801
Wastewater	-	-	11,434,006	10,239,572	11,434,006	10,239,572
Stormwater	-	-	1,180,250	1,936,696	1,180,250	1,936,696
Total expenses	16,223,038	15,569,054	13,656,259	13,094,069	29,879,297	28,663,123
Increase in net position before transfers	7,235,188	15,498,436	1,858,775	3,034,930	9,093,963	18,533,366
Transfers	(229,755)	(229,755)	229,755	229,755	-	-
Increase in net position	7,005,433	15,268,681	2,088,530	3,264,685	9,093,963	18,533,366
Net position-beginning	59,963,386	44,694,705	89,786,706	86,522,021	149,750,092	131,216,726
Net position-ending	\$ 66,968,819	\$ 59,963,386	\$ 91,875,236	\$ 89,786,706	\$ 158,844,055	\$ 149,750,092

Governmental activities increased the City of Marathon's net position by \$ 7,005,433 as compared to an increase in net position of \$ 15,268,681 in the prior fiscal year. This increase is due to increased grant and contribution activities and an increase in property taxes.

Program revenues, comprised of charges for services as well as operating and capital grants, and contributions represent 55.20% of the governmental activities total revenues. Property taxes, which represent 31.31% of total revenues for governmental activities, are non-program specific and are used to fund all activities not covered by program revenues.

Revenue Sources - Governmental Activities



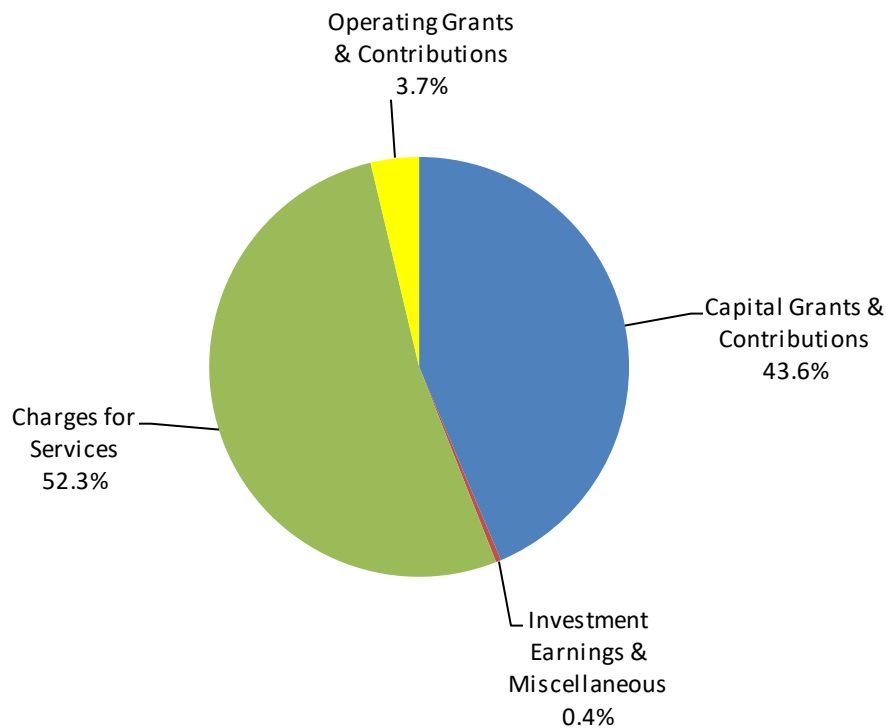
Business-Type Activities

Business-type activities increased the City of Marathon's net position by \$ 2,088,530.

This is the eighteenth year of operation for the Marina Enterprise Fund, and the sixteenth year of operation for the Wastewater and Stormwater Utility Enterprise Fund.

- In total, the City's business-type activities reflected an operating loss of \$ 4,444,442. This is primarily due to the Wastewater and Stormwater's operating loss of \$ 4,407,870. The operating loss is primarily due to the provision for depreciation of \$ 5,317,758.
- The Marina Fund's operating loss of \$ 36,572 is \$ 17,322 more than its operating loss from the previous year of \$ 19,250. The operating loss is primarily due to the provision for depreciation of \$ 230,678.

Charges for services represent 52.3% of the total business-type revenues.



Financial Analysis of the Government's Funds

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

Governmental Funds

The focus 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 resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Marathon's governmental funds reported combined ending fund balances of \$ 29,130,368 an increase of \$ 8,363,715 in comparison with the prior year. Of this total amount, \$ 13,342,942 is available for spending at the City's discretion. The remainder of fund balance: \$ 91,879 is restricted for police education, \$ 303,208 is restricted for firefighter pension, \$ 1,231,831 is restricted for street maintenance projects, \$ 3,635,608 is restricted for capital projects, \$ 395,154 is restricted for tree mitigation, \$ 3,587,477 is restricted for the building department, \$ 14 is restricted for community development, \$ 33,342 is *nonspendable fund balance* for prepaid items and \$ 6,508,913 is *committed fund balance* to indicate that it is not available for new spending because it is already committed for a variety of restricted purposes.

General Fund: The General Fund is the main operating fund of the City of Marathon. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$ 13,342,942 while total fund balance was \$ 14,166,525.

City of Marathon, Florida
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The fund balance of the City of Marathon's General Fund increased by \$ 1,510,132 during the current fiscal year. Total General Fund revenues decreased 38% due to a decrease in FEMA reimbursements related to Hurricane Irma while expenditures decreased 3%.

The amount of General Fund revenue by type, the percent of the total and the amount of change compared to last fiscal year are shown in the following schedule:

	2021 Amount	Percentage of Total	2020 Amount	Percentage of Total	Increase (Decrease) From 2020	Percentage of Increase (Decrease)
Revenues:						
Property taxes	\$ 7,345,310	48%	\$ 6,847,271	28%	\$ 498,039	7%
Intergovernmental	3,920,824	26%	13,147,314	53%	(9,226,490)	-70%
Licenses and permits	1,054,850	7%	2,721,267	11%	(1,666,417)	-61%
Charges for services	1,513,547	10%	1,257,636	5%	255,911	20%
Fines and forfeitures	711,911	5%	126,148	1%	585,763	464%
Communication services						
taxes	518,267	3%	496,713	2%	21,554	4%
Interest	35,928	0%	39,342	0%	(3,414)	-1%
Miscellaneous	91,179	1%	45,384	0%	45,795	101%
Total revenues	\$ 15,191,816	100%	\$ 24,681,075	100%	\$ (9,489,259)	-38%

- Intergovernmental revenue decreased \$ 9,226,490 (70%) primarily due to grant revenue reimbursements related to Hurricane Irma recovery efforts that were received from the FEMA and the State of Florida in 2020.
- Licenses and permits revenue decreased \$ 1,666,417 (-61%) due to the City moving the Building Department into a special revenue fund for fiscal year 2021.

Expenditures in the General Fund are shown in the following schedule:

	2021 Amount	Percentage of Total	2020 Amount	Percentage of Total	Increase (Decrease) From 2020	Percentage of Increase (Decrease)
Expenditures:						
City Council	\$ 501,518	4%	\$ 481,005	4%	\$ 20,513	4%
Administration	2,238,304	19%	2,063,275	17%	175,029	8%
Legal	337,672	3%	594,375	5%	(256,703)	-43%
Police services	1,891,357	16%	1,770,618	14%	120,739	7%
Fire/EMS	4,346,550	35%	4,054,339	32%	292,211	7%
Public works	439,037	4%	318,443	3%	120,594	38%
Parks and recreation	1,540,902	13%	1,475,616	12%	65,286	4%
Bridge and near shore						
waters	32,108	0%	26,017	0%	6,091	23%
Non departmental	2,154	0%	49,492	0%	(47,338)	-96%
Community development	731,061	6%	1,623,247	13%	(892,186)	-55%
Total expenditures	\$ 12,060,663	100%	\$ 12,456,427	100%	\$ (395,764)	-3%

- Public Safety expenditures increased \$412,950 (14%) due to increased personnel costs.
- Community development expenditures decreased \$ 892,186 (-55%) due to the City moving the Building Department into a special revenue fund for fiscal year 2021.

Other governmental funds: Significant items pertaining to other governmental funds are as follows:

- The Street Maintenance Fund increased its fund balance by \$ 934,781 due to increased grant reimbursements from the Florida Department of Transportation for the Aviation Trial Project.
- The Capital Infrastructure Fund increased its fund balance by \$ 1,290,386 due to increased discretionary sales tax revenues. The City of Marathon's sales tax revenue dramatically decreased in 2020 due to COVID-19, however, this revenue stream has started to recover swiftly.

Proprietary Funds: In addition to the items already addressed in the discussion of the City's business-type activities, other significant items pertaining to the City's business-type activities are as follows:

Wastewater and Stormwater Utility Fund

- The City-wide stormwater collection and wastewater collection and treatment systems have been online and operating since the end of fiscal year 2013. This activity resulted in an increase in the Wastewater and Stormwater Utility Fund net position of \$ 2,151,662 which is mainly attributed to grant revenue reimbursements.

Marina Fund

- The activities at the City's marina resulted in a decrease of net position of \$ 63,132 due to the provision for depreciation of \$ 230,678.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget resulted in an increase of \$ 761,653 in total budgeted revenues. The significant changes to the individual departments (budgetary level of control for the General Fund) from the original to the final amended budget can be briefly summarized as follows:

- The City Manager's budget was increased by \$ 125,000 for the increased City Manager costs due to staff turnover.

Actual expenditures were \$ 1,853,537 below the final budgeted amounts. The significant variances can be summarized as follows:

- Public Safety expenditures for fire and emergency medical services were \$ 518,283 under budget due to personnel costs being lower than anticipated.
- Community Services were \$ 414,685 under budget due to operating costs being less than anticipated.

Resources available for appropriations were \$ 374,273 over the budgeted amount. The significant variance can be summarized as follows:

- Collections related to licenses and permits were \$ 274,850, and Fines and Forfeitures were \$ 187,657 greater than anticipated.

Capital Assets and Debt Administration

Capital assets: The City of Marathon's investment in capital assets for its governmental and business-type activities as of September 30, 2021, amounts to \$ 154,931,067 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, and park facilities. The investment does not include governmental infrastructure assets acquired prior to 2004, as GASB 34 does not require Phase III governments to report infrastructure retroactively. The total net decrease in the City's investment in capital assets for the current fiscal year was \$ 3,754,336 as compared to the \$ 547,643 net increase in the prior year.

Major capital asset events during the current fiscal year included the following:

Governmental Activities:

- Construction-in-progress increased by \$ 296,955 this is primarily attributable to Sunset Park Kayak Launch project, and decreased by \$ 2,319,924, predominantly due to the completion of the Aviation Trail project and placing the asset in service as improvements other than buildings.

Business Activities:

- Construction-in-progress increased by \$ 1,415,459 primarily attributable to the Wastewater Service Area 3 to 4 Forcemain project and decreased by \$ 729,580, due to the completion of the Marina's floating dock project and placing the asset in service as improvements other than buildings.
- Improvements other than buildings increased by \$ 1,848,654 for the Wastewater Service Area 3 wastewater treatment plant upgrades, and new service connections throughout the City.

City of Marathon, Florida
Management's Discussion and Analysis
September 30, 2021

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Capital assets, net of depreciation:						
Land	\$ 12,213,790	\$ 12,213,790	\$ 4,695,647	\$ 4,695,647	\$ 16,909,437	\$ 16,909,437
Intangibles	3,822	3,822	1,618,093	1,618,093	1,621,915	1,621,915
Construction in progress	375,926	2,398,895	1,849,193	1,163,314	2,225,119	3,562,209
Buildings	14,232,777	14,869,555	3,291,535	3,452,991	17,524,312	18,322,546
Improvement other than buildings	11,300,971	9,985,830	101,419,202	103,625,243	112,720,173	113,611,073
Land improvements	-	-	66,747	88,233	66,747	88,233
Fire equipment and vehicles	1,546,804	1,872,597	-	-	1,546,804	1,872,597
Vehicles	-	-	709,456	846,879	709,456	846,879
Furniture and equipment	441,608	553,360	1,165,496	1,297,154	1,607,104	1,850,514
Total	\$ 40,115,698	\$ 41,897,849	\$ 114,815,369	\$ 116,787,554	\$ 154,931,067	\$ 158,685,403

Additional information on the City's capital assets can be found in Note 6 on pages 38 through 40 of this report.

Long-term liabilities: At the end of the current fiscal year, the City of Marathon had governmental activities improvement revenue bond debt outstanding of \$ 4,635,000. This debt is secured by the City's local discretionary sales surtax revenues. The City's Wastewater and Stormwater Enterprise Fund also had State Revolving Fund debt outstanding of \$ 42,636,611. The State Revolving Fund debt is secured by the pledge of future non-ad valorem assessments for utility construction, the capital infrastructure funds, and the gross revenues derived yearly from the operation of the sewer and stormwater systems after payment of operating and maintenance expenses and the satisfaction of all yearly payment senior obligations.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Long-term liabilities:						
Improvement Revenue Bond	\$ 4,635,000	\$ 5,255,000	\$ -	\$ -	\$ 4,635,000	\$ 5,255,000
Note payable	525,000	1,050,000	-	-	525,000	1,050,000
State Revolving Fund Loan	-	-	42,636,611	46,864,184	42,636,611	46,864,184
Compensated absences	206,239	204,004	76,110	81,032	282,349	285,036
Net pension liability	20,202	97,355	-	-	20,202	97,355
Other post-employment benefit obligation	716,998	652,399	225,175	203,123	942,173	855,522
Total	\$ 6,103,439	\$ 7,258,758	\$ 42,937,896	\$ 47,148,339	\$ 49,041,335	\$ 54,407,097

The City of Marathon's total long-term liabilities decreased by \$ 5,365,762 (9.86%) during the current fiscal year.

Additional information on the City of Marathon's long-term debt can be found in Note 7 on pages 40 through 42 of this report.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for Monroe County was 2.6% in December of 2021, which is a decrease from a rate of 3.8% a year ago. The rate compares favorably to the State's average unemployment rate of 3.5%

An increase in property values resulted in a roll-back rate, which is the tax rate that would bring in the same amount of money as the previous year of 2.4712. For fiscal year 2022, the City adopted a final millage rate of 2.7700 mills which is 12.09% higher than the roll-back rate.

During fiscal year 2022, the City will be working on the following programs/projects:

- City Bridge Rehabilitation and Replacement
- Canal and Culvert Restoration Projects
- Fire Hydrant Installations
- Playground Equipment Replacements at Community Park and Rotary Park

Requests for Information

This financial report is designed to provide a general overview of the City of Marathon's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Finance Director, City of Marathon, 9805 Overseas Highway, Marathon, Florida 33050.

BASIC FINANCIAL STATEMENTS

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City of Marathon, Florida
Statement of Net Position
September 30, 2021

	Governmental Activities	Business- type Activities	Total
Assets:			
Cash and cash equivalents	\$ 28,026,948	\$ 19,793,031	\$ 47,819,979
Investments	46,068	-	46,068
Receivables, net	1,134,294	455,008	1,589,302
Due from other governments	2,406,973	507,368	2,914,341
Prepaid items	33,342	-	33,342
Net pension asset	1,904,552	-	1,904,552
Capital assets not being depreciated	12,593,538	8,158,584	20,752,122
Capital assets, being depreciated	27,522,160	106,656,785	134,178,945
Total assets	73,667,875	135,570,776	209,238,651
Deferred Outflows of Resources:			
Deferred outflows related to pension	1,256,516	-	1,256,516
Deferred outflows related to OPEB	194,050	63,129	257,179
Total deferred outflows of resources	1,450,566	63,129	1,513,695
Liabilities:			
Accounts payable and accrued liabilities	799,623	674,503	1,474,126
Accrued interest payable	15,488	124,779	140,267
Noncurrent liabilities:			
Due within one year	1,185,624	4,335,676	5,521,300
Due in more than one year	4,917,815	38,602,220	43,520,035
Total liabilities	6,918,550	43,737,178	50,655,728
Deferred Inflows of Resources:			
Deferred inflows related to pension	1,158,388	-	1,158,388
Deferred inflows related to OPEB	72,684	21,491	94,175
Total deferred inflows of resources	1,231,072	21,491	1,252,563
Net Position:			
Net investment in capital assets	34,859,087	71,826,562	106,685,649
Restricted for:			
Capital projects	3,635,608	-	3,635,608
Street maintenance	1,231,831	-	1,231,831
Police education	91,879	-	91,879
Firefighter pension	303,208	-	303,208
Building department	3,589,128	-	3,589,128
Tree mitigation	395,154	-	395,154
Community development	14	-	14
Unrestricted	22,862,910	20,048,674	42,911,584
Total net position	\$ 66,968,819	\$ 91,875,236	\$ 158,844,055

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

City of Marathon, Florida
Statement of Activities
For the Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:							
General government	\$ 3,690,434	\$ 555,714	\$ 800,000	\$ -	\$ (2,334,720)	\$ -	\$ (2,334,720)
Public safety	6,803,728	2,034,007	148,494	-	(4,621,227)	-	(4,621,227)
Community services	4,728,591	866,761	191,250	4,327,488	656,908	-	656,908
Community development	875,956	3,710,347	248,039	67,894	3,150,324	-	3,150,324
Interest	124,329	-	-	-	(124,329)	-	(124,329)
Total governmental activities	16,223,038	7,166,829	1,387,783	4,395,382	(3,273,044)	-	(3,273,044)
Business-Type Activities:							
Wastewater	11,434,006	7,110,115	461,606	5,733,779	-	1,871,494	1,871,494
Stormwater	1,180,250	-	115,327	1,009,469	-	(55,454)	(55,454)
Marina	1,042,003	1,005,431	-	28,861	-	(7,711)	(7,711)
Total business-type activities	13,656,259	8,115,546	576,933	6,772,109	-	1,808,329	1,808,329
Total	\$ 29,879,297	\$ 15,282,375	\$ 1,964,716	\$ 11,167,491	(3,273,044)	1,808,329	(1,464,715)
General revenues:							
Property taxes					7,345,310	-	7,345,310
Communications services tax					518,267	-	518,267
Unrestricted intergovernmental revenue					2,489,658	-	2,489,658
Unrestricted investment earnings					60,189	50,446	110,635
Miscellaneous					94,808	-	94,808
Transfers					(229,755)	229,755	-
Total general revenues					10,278,477	280,201	10,558,678
Change in net position					7,005,433	2,088,530	9,093,963
Net position, beginning					59,963,386	89,786,706	149,750,092
Net position, ending					\$ 66,968,819	\$ 91,875,236	\$ 158,844,055

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

City of Marathon, Florida
Balance Sheet
Governmental Funds
September 30, 2021

	General Fund	Street Maintenance Fund	Capital Infrastructure Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 13,942,708	\$ 1,184,922	\$ 5,170,121	\$ 7,729,197	\$ 28,026,948
Investments	30,128	13,966	1,974	-	46,068
Receivables, net	363,475	819	-	770,000	1,134,294
Due from other governments	1,549,468	52,466	666,599	138,440	2,406,973
Prepaid items	33,342	-	-	-	33,342
Total assets	<u>\$ 15,919,121</u>	<u>\$ 1,252,173</u>	<u>\$ 5,838,694</u>	<u>\$ 8,637,637</u>	<u>\$ 31,647,625</u>
Liabilities:					
Accounts payable and accrued liabilities	\$ 456,126	\$ 20,342	\$ 96,611	\$ 226,544	\$ 799,623
Deferred Inflows of Resources:					
Unavailable revenue	<u>1,296,470</u>	<u>-</u>	<u>282,724</u>	<u>138,440</u>	<u>1,717,634</u>
Fund Balances:					
Nonspendable:					
Prepaid items	33,342	-	-	-	33,342
Restricted for:					
Capital projects	-	-	3,635,608	-	3,635,608
Street maintenance	-	1,231,831	-	-	1,231,831
Police education	91,879	-	-	-	91,879
Firefighter pension	303,208	-	-	-	303,208
Tree mitigation	395,154	-	-	-	395,154
Building department	-	-	-	3,587,477	3,587,477
Community development	-	-	-	14	14
Committed to:					
Vehicle replacement	-	-	1,823,751	-	1,823,751
Infrastructure improvements	-	-	-	1,989,445	1,989,445
Affordable housing	-	-	-	2,267,736	2,267,736
Restoration projects	-	-	-	427,981	427,981
Unassigned	13,342,942	-	-	-	13,342,942
Total fund balances	<u>14,166,525</u>	<u>1,231,831</u>	<u>5,459,359</u>	<u>8,272,653</u>	<u>29,130,368</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,919,121</u>	<u>\$ 1,252,173</u>	<u>\$ 5,838,694</u>	<u>\$ 8,637,637</u>	<u>\$ 31,647,625</u>

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

City of Marathon, Florida
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2021

Fund Balances - Total Governmental Funds \$ 29,130,368

Amounts Reported for Governmental Activities in the
Statement of Net Position are Different Because:

Capital assets used in governmental activities are
not financial resources and therefore are not reported
in the governmental funds:

Governmental capital assets	63,092,365
Less accumulated depreciation	(22,976,667)

Accrued interest payable not reported in the governmental funds	(15,488)
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Unavailable revenue in governmental funds is susceptible to full accrual on the government-wide statements.	1,717,634
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Certain assets are not an available resource and certain
liabilities are not due and payable in the current period
and, therefore, are not reported in the funds. These
assets and liabilities are comprised of the following:

Net pension asset	1,904,552
Net pension liability	(20,202)
Deferred outflows related to pensions	1,256,516
Deferred inflows related to pensions	(1,158,388)
Net OPEB obligation	(716,999)
Deferred outflows related to OPEB	194,050
Deferred inflows related to OPEB	(72,684)
Compensated absences payable	(206,238)
Note payable	(525,000)
Governmental revenue bonds payable	<u>(4,635,000)</u>

Net Position of Governmental Activities	\$ <u>66,968,819</u>
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The accompanying notes to the financial statements are an integral part of these statements.

City of Marathon, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the Year Ended September 30, 2021

	General Fund	Street Maintenance Fund	Capital Infrastructure Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 7,345,310	\$ -	\$ -	\$ -	\$ 7,345,310
Intergovernmental	3,920,824	1,536,464	4,071,363	-	9,528,651
Licenses and permits	1,054,850	-	-	2,152,611	3,207,461
Charges for services	1,513,547	-	-	-	1,513,547
Fines and forfeitures	711,911	-	-	-	711,911
Communications services tax	518,267	-	-	-	518,267
Impact fees	-	-	-	1,158,581	1,158,581
Interest	35,928	2,098	10,411	11,752	60,189
Miscellaneous	91,179	-	2,500	15,000	108,679
Total revenues	15,191,816	1,538,562	4,084,274	3,337,944	24,152,596
Expenditures:					
Current:					
General government	3,054,300	-	-	-	3,054,300
Public safety	6,227,374	-	-	-	6,227,374
Community services	2,007,147	578,736	-	1,118,145	3,704,028
Community development	731,061	-	-	-	731,061
Capital outlay	40,781	36,117	418,393	32,650	527,941
Debt service:					
Principal	-	-	-	1,145,000	1,145,000
Interest and fiscal charges	-	-	-	186,278	186,278
Total expenditures	12,060,663	614,853	418,393	2,482,073	15,575,982
Excess of revenues over expenditures	3,131,153	923,709	3,665,881	855,871	8,576,614
Other Financing Sources (Uses):					
Insurance proceeds	5,784	11,072	-	-	16,856
Transfers in	1,239,540	-	-	4,336,063	5,575,603
Transfers out	(2,866,345)	-	(2,375,495)	(563,518)	(5,805,358)
Total other financing sources (uses)	(1,621,021)	11,072	(2,375,495)	3,772,545	(212,899)
Net change in fund balances	1,510,132	934,781	1,290,386	4,628,416	8,363,715
Fund Balances, Beginning	12,656,393	297,050	4,168,973	3,644,237	20,766,653
Fund Balances, Ending	\$ 14,166,525	\$ 1,231,831	\$ 5,459,359	\$ 8,272,653	\$ 29,130,368

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

City of Marathon, Florida
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2021

Net Change in Fund Balances - Total Governmental Funds **\$ 8,363,715**

Amounts Reported for Governmental Activities in the
Statement of Activities are Different Because:

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of those
assets is depreciated over their estimated useful lives:

Expenditures for capital assets	527,941
Less current year provision for depreciation	(2,288,898)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net assets	(21,194)
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Revenues that are earned but not received within the availability period are recognized in the statement of activities when earned and subsequently in the governmental fund financial statements when they become available. The net difference is recorded as a reconciling item.	(690,032)
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The issuance of long-term debt (e.g. bonds and notes
payable) provide current financial resources to
governmental funds, while repayment of the principal
of long-term debt consumes the current financial resources
of governmental funds. Neither transaction has any effect
on net position

Principal payments	1,145,000
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Certain items reported in the statement of activities do not
require the use of current financial resources and therefore
are not reported as expenditures in the governmental funds:

Change in accrued interest payable	61,949
Change in net pension asset	(16,352)
Change in net pension liability	77,153
Change in deferred outflows related to pension	360,157
Change in deferred inflows related to pension	(434,950)
Change in net OPEB obligation	(64,600)
Change in deferred outflows related to OPEB	(29,231)
Change in deferred inflows related to OPEB	17,009
Change in compensated absences payable	(2,234)

Change in Net Position of Governmental Activities	\$ 7,005,433
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The accompanying notes to the financial statements are an integral part of these statements.

City of Marathon, Florida
Statement of Net Position
Proprietary Funds
September 30, 2021

	Business-Type Activities		
	Enterprise Funds		
	Major Fund	Nonmajor	Total
	Wastewater and	Fund	Enterprise
	Stormwater Fund	Marina Fund	Funds
Assets:			
Current assets:			
Cash and cash equivalents	\$ 18,188,034	\$ 1,604,997	\$ 19,793,031
Receivables, net	455,008	-	455,008
Due from other governments	371,060	136,308	507,368
Total current assets	19,014,102	1,741,305	20,755,407
Noncurrent assets:			
Capital assets not being depreciated	8,115,457	43,127	8,158,584
Capital assets, net of accumulated depreciation	104,691,923	1,964,862	106,656,785
Total noncurrent assets	112,807,380	2,007,989	114,815,369
Total assets	131,821,482	3,749,294	135,570,776
Deferred Outflows of Resources:			
Deferred outflows relating to OPEB	48,391	14,738	63,129
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	762,178	37,104	799,282
Current portion of loans payable	4,328,064	-	4,328,064
Current portion of compensated absences	6,024	1,588	7,612
Total current liabilities	5,096,266	38,692	5,134,958
Noncurrent liabilities:			
Compensated absences, net of current portion	54,210	14,288	68,498
Loans payable	38,308,547	-	38,308,547
OPEB liability	174,579	50,596	225,175
Total noncurrent liabilities	38,537,336	64,884	38,602,220
Total liabilities	43,633,602	103,576	43,737,178
Deferred Inflows of Resources:			
Deferred inflows relating to OPEB	16,788	4,703	21,491
Net Position:			
Net investment in capital assets	69,835,554	1,991,008	71,826,562
Unrestricted	18,383,929	1,664,745	20,048,674
Total net position	\$ 88,219,483	\$ 3,655,753	\$ 91,875,236

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

City of Marathon, Florida
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2021

	Business-Type Activities Enterprise Funds		
	Major Fund Wastewater and Stormwater Fund	Nonmajor Fund Marina Fund	Total Enterprise Funds
Operating Revenues:			
Charges for services	\$ 7,110,115	\$ 1,005,431	\$ 8,115,546
Total operating revenues	7,110,115	1,005,431	8,115,546
Operating Expenses:			
Personnel costs	1,981,927	556,696	2,538,623
Operating expenses	4,218,300	254,629	4,472,929
Provision for depreciation	5,317,758	230,678	5,548,436
Total operating expenses	11,517,985	1,042,003	12,559,988
Operating income (loss)	(4,407,870)	(36,572)	(4,444,442)
Nonoperating Revenues (Expenses):			
Intergovernmental	597,593	-	597,593
Gain (loss) on disposal of property	(19,615)	-	(19,615)
Interest income	46,754	3,692	50,446
Interest expense	(1,076,656)	-	(1,076,656)
Total nonoperating revenues (expenses)	(451,924)	3,692	(448,232)
Income (loss) before capital contributions	(4,859,794)	(32,880)	(4,892,674)
Capital Contributions:			
Special assessments	4,884,662	-	4,884,662
Grants	1,837,926	28,861	1,866,787
Total capital contributions	6,722,588	28,861	6,751,449
Income before transfers	1,862,794	(4,019)	1,858,775
Transfers:			
Transfers in	650,000	-	650,000
Transfers out	(361,132)	(59,113)	(420,245)
Total transfers	288,868	(59,113)	229,755
Change in net position	2,151,662	(63,132)	2,088,530
Net Position, Beginning	86,067,821	3,718,885	89,786,706
Net Position, Ending	\$ 88,219,483	\$ 3,655,753	\$ 91,875,236

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

City of Marathon, Florida
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2021

	Business-Type Activities		
	Enterprise Funds		
	Major Fund	Nonmajor	Total
	Wastewater and	Fund	Enterprise
	Stormwater	Marina	Funds
	Fund	Fund	
Cash Flows from Operating Activities:			
Receipts from customers and users	\$ 7,034,565	\$ 1,005,431	\$ 8,039,996
Payments to employees	(2,025,394)	(564,097)	(2,589,491)
Payments to suppliers	(4,441,899)	(330,757)	(4,772,656)
Net cash provided by operating activities	567,272	110,577	677,849
Cash Flows from Non-Capital Financing Activities:			
Transfers to other funds	(361,132)	(59,113)	(420,245)
Net cash used in non-capital and related financing activities	(361,132)	(59,113)	(420,245)
Cash Flows from Capital and Related Financing Activities:			
Acquisition of capital assets	(3,443,528)	(33,182)	(3,476,710)
Proceeds from capital grants	2,947,132	228,045	3,175,177
Proceeds from capital assessments	4,884,662	-	4,884,662
Transfers from other funds	650,000	-	650,000
Repayments of capital debt	(4,227,573)	-	(4,227,573)
Interest paid	(1,089,239)	-	(1,089,239)
Net cash provided by (used in) capital and related financing activities	(278,546)	194,863	(83,683)
Cash Flows from Investing Activities:			
Interest received	46,754	3,692	50,446
Net cash provided by investing activities	46,754	3,692	50,446
Net increase (decrease) in cash and cash equivalents	(25,652)	250,019	224,367
Cash and Cash Equivalents, Beginning	18,213,686	1,354,978	19,568,664
Cash and Cash Equivalents, Ending	\$ 18,188,034	\$ 1,604,997	\$ 19,793,031

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

City of Marathon, Florida
Statement of Cash Flows
Proprietary Funds
(Continued)
For the Year Ended September 30, 2021

	Business-Type Activities		
	Enterprise Funds		
	Major Fund	Nonmajor	Total
	Wastewater and	Fund	Enterprise
	Stormwater	Marina	Funds
	Fund	Fund	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ (4,407,870)	\$ (36,572)	\$ (4,444,442)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Provision for depreciation	5,317,758	230,678	5,548,436
(Increase) decrease in:			
Receivables	(75,550)	-	(75,550)
Deferred outflows relating to OPEB	7,713	2,267	9,980
Increase (decrease) in:			
Accounts payable and accrued liabilities	(286,423)	(85,474)	(371,897)
Compensated absences	(912)	(4,010)	(4,922)
Deferred inflows relating to OPEB	(4,488)	(1,320)	(5,808)
OPEB liability	17,044	5,008	22,052
Total adjustments	4,975,142	147,149	5,122,291
Net cash provided by operating activities	\$ 567,272	\$ 110,577	\$ 677,849

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

City of Marathon, Florida
Statement of Fiduciary Net Position
Firefighters' Pension Trust Fund
September 30, 2021

Assets:

Cash	\$ <u>93,465</u>
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Investments:

Bond funds	4,179,209
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Equity funds	<u>9,079,432</u>
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Total investments	<u>13,258,641</u>
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Receivables:

City (including State)	<u>55,386</u>
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Total assets	<u>13,407,492</u>
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Liabilities:

Reserve for additional benefits	<u>165,909</u>
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Net Position:

Net position restricted for pensions	\$ <u><u>13,241,583</u></u>
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The accompanying notes to the financial statements are an integral part of these statements.

City of Marathon, Florida
Statement of Changes in Fiduciary Net Position
Firefighters' Pension Trust Fund
For the Year Ended September 30, 2021

Additions:

Contributions:	
Plan members	\$ 97,423
City (including State)	<u>339,810</u>
Total contributions	<u>437,233</u>
Investment income:	
Net appreciation in fair value of investments	<u>2,127,494</u>
Total additions	<u>2,564,727</u>

Deductions:

Distributions	78,831
Administrative expenses	<u>62,686</u>
Total deductions	<u>141,517</u>

Change in net position	2,423,210
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Net Position, Beginning	<u>10,818,373</u>
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Net Position, Ending	<u><u>\$ 13,241,583</u></u>
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The accompanying notes to the financial statements are an integral part of these statements.

NOTES TO BASIC FINANCIAL STATEMENTS

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Note 1 - Summary of Significant Accounting Policies

The City of Marathon (the "City") is a municipal corporation organized pursuant to Chapter 99-427, Laws of Florida and is located in Monroe County (the "County"). The City was incorporated on November 30, 1999. The City operates under the Council-Manager form of government and provides the following services: general government, public safety, community services and community development. The City also operates two enterprise funds which provide wastewater, stormwater and marina services.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

Financial reporting entity: The financial statements were prepared in accordance with GASB pronouncements for *The Financial Reporting Entity*, which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the City, organizations for which the City is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The City is financially accountable for a component unit if it appoints a voting majority of the organization's governing board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. Based upon the application of these criteria, there were no organizations that met the criteria for component units described above.

Government-wide and fund financial statements: The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of interfund 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, the proprietary funds, and the fiduciary fund, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual enterprise funds are reported as separate columns in the fund financial statements.

Note 1 - Summary of Significant Accounting Policies (continued)

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 funds 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 or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences are recorded only when payment is due.

Property taxes, franchise fees and other taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Revenues for expenditure driven grants are recognized when the qualifying expenditures are incurred. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The General Fund 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.

The Street Maintenance Fund, a special revenue fund, is used to account for revenues derived from a portion of state shared revenues, and the local option gas tax. Funds can only be used for road construction and maintenance.

The Capital Infrastructure Fund, a capital projects fund, accounts for revenues derived from local government infrastructure surtax levied in the County, as well as other income sources, including grant revenues. Funds can only be expended to finance, plan and construct infrastructure and to acquire land for public recreation, conservation or protection of natural resources.

The City reports the following major proprietary fund:

The Wastewater and Stormwater Fund accounts for the provision of wastewater services and stormwater control services to City residents, businesses and government agencies.

Additionally, the City reports the following fiduciary fund type:

The Firefighters' Pension Fund is used to account for the City's single-employer defined benefit pension plan covering its firefighters.

Note 1 - Summary of Significant Accounting Policies (continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's Proprietary Funds and the General Fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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. Operating expenses for enterprise funds include the costs of services, personnel costs, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Deposits and investments: The City's cash and cash equivalents are considered to be cash on hand and short-term investments. Deposits include cash on hand and interest bearing checking accounts.

City administration is authorized to invest in those instruments authorized by the Florida Statutes. Investments include the Local Government Surplus Funds Trust Fund. Investment in the Local Government Surplus Funds Trust Fund administered by the State Board of Administration is reported at the fair value of its position in the pool, which is the same as the value of the pool shares.

Receivables and payables: Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Capital assets: Capital assets, which include property, plant and equipment, and certain 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 \$ 1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed.

Capital assets of the City are depreciated using the straight line method over the following estimated useful lives:

Buildings and structures	10-50 years
Leasehold improvements	5-20 years
Improvements other than buildings	10-50 years
Fire equipment and vehicles	5-12 years
Furniture and equipment	3-20 years

Note 1 - Summary of Significant Accounting Policies (continued)

Prepaid items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than purchased.

Deferred outflows/inflows of resources: In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. The first item is the deferred outflows related to the pension liability (asset) and is discussed further in Note 10. The second item is the deferred outflows related to OPEB and is discussed further in Note 11.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. The first item is the deferred inflows related to the net pension liability (asset) and is discussed further in Note 10. The second item is the deferred inflows related to OPEB and is discussed further in Note 11. The third item appears in the governmental funds as unavailable revenues that are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated absences: It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements. The General Fund has typically been used to liquidate such amounts.

Unearned/unavailable revenue: Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Unearned revenues at the government-wide level arise only when the City receives resources before it has a legal claim to them.

Long-term obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the debt. In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

Fund balance: The City presents fund balance in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement requires that governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

Note 1 - Summary of Significant Accounting Policies (continued)

The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. "Not in spendable form" includes items that are not expected to be converted to cash (such as inventories and prepaid amounts) and items such as long-term amount of loans and notes receivable, as well as property acquired for resale. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by resolution of the City Council. These amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. The Council has by resolution authorized the City Manager to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

Unassigned: This classification includes the residual fund balance for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Note 1 - Summary of Significant Accounting Policies (continued)

Net position: Net position of the government-wide and proprietary funds are categorized as net investment in capital assets; restricted or unrestricted. Net investment in capital assets is that portion of net position that relates to the City's capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct or improve those assets, excluding unexpended proceeds. Restricted net position is that portion of net position that has been restricted for general use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position consists of all net position that does not meet the definition of either of the other two components.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position are available, the City considers restricted funds to have been spent first.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Allowance for doubtful accounts: The City's contracted service provider processes receivables associated with emergency medical services (EMS). An allowance account of \$ 2,756,366 is established for EMS receivables based on historical collection rates.

Date of management review: Subsequent events were evaluated through April 19, 2022, which is the date the financial statements were available to be issued.

Note 2 - Deposits and Investments

Deposits: In addition to insurance provided by the Federal Depository Insurance Corporation, deposits which consist of cash on hand and interest bearing checking accounts are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Therefore, all amounts presented as deposits are insured or collateralized.

Investments - City: The City is authorized to invest in obligations of the United States Treasury, its agencies, instrumentalities and the Local Government Surplus Funds Trust Fund administered by the State Board of Administration. The investments follow the investment rules defined in Florida Statutes Chapter 215. The investment policy defined in the statutes attempts to promote, through state assistance, the maximization of net investment earnings on invested surplus funds of local units of governments while limiting the risk to which the funds are exposed.

The City has funds invested in the Local Government Surplus Funds Trust Fund (the "Florida PRIME"). Florida PRIME is administered by the Florida State Board of Administration ("SBA"), who provides regulatory oversight. Florida PRIME has adopted operating procedures consistent with the requirement for a 2a7-like fund. The City's investment in the Florida PRIME is reported at amortized cost. The fair value of the position in the pool is equal to the value of the pool shares.

Note 2 - Deposits and Investments (continued)

As of September 30, 2021, the City had the following investments:

	Fair Value	Investment Maturities (In Years)
Florida PRIME	\$ 46,068	Less than 1

Interest rate risk: The City has an investment policy of structuring the investment portfolio so that the securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds primarily in short-term securities, money market mutual funds, or similar investment pools. The weighted average maturity of the securities held in Florida PRIME is 49 days.

Credit risk: The City's investment policy limits investments to the highest ratings issued by a nationally recognized statistical rating organization (NRSRO). Florida PRIME is rated AAAM by Standard and Poor's.

Investments - Firefighters' Pension Plan: The Firefighters' Pension Plan is part of the Florida Municipal Pension Trust Fund ("FMPTF") which is an external investment pool (the "Pool") established for the purpose of funding the individually designed employee pension plans of the participating Florida municipalities. The assets of defined benefit plans are invested through the Florida Municipal Investment Trust (FMIvT), an external investment pool open to eligible units of local governments to invest in one or more investment portfolios under the direct and daily supervision of an investment advisor. FMIvT is not subject to SEC or other regulatory oversight. The FMIvT Board of Trustees provides oversight. The fair value of the positions in the FMIvT portfolios is the same as the value of the portfolio shares. The Florida League of Cities, Inc. serves as Administrator for both the Fund and FMIvT.

As of September 30, 2021, the City's Firefighters' Pension Plan has the following required disclosures:

Credit Risk:	Fitch Rating	Amount
Fixed Income Funds:		
FMIvT Broad Market High Quality Bond Fund	AAf/S4	\$ 2,069,576
FMIvT Core Plus Fixed Income Fund	Not rated	2,109,633
Equity Portfolios:		
FMIvT Diversified Large Cap Equity Portfolio	Not rated	3,378,083
FMIvT Diversified Small to Mid Cap Equity Portfolio	Not rated	1,855,943
FMIvT International Equity Portfolio	Not rated	2,723,829
FMIvT Core Real Estate Fund	Not rated	1,121,577
		\$ 13,258,641
Interest Rate Risk (In Years):		
Fixed Income Funds:	Duration	WAM
FMIvT Broad Market High Quality Bond Fund	5.39	6.30
FMIvT Core Plus Fixed Income Fund	3.98	8.21

Note 2 - Deposits and Investments (continued)

Fair Value Hierarchy: GASB Statement No. 72, *Fair Value Measurement and Application*, establishes a hierarchy disclosure framework which prioritizes and ranks the level of market price observability used in measuring investment at fair value. Various inputs are used in determining the fair value of investments. These inputs are categorized into a fair value hierarchy consisting of three broad levels for financial statement purposes as follows:

- Level 1 - investments reflect unadjusted quoted prices in active markets for identical assets.
- Level 2 - investments reflect prices that are based on a similar observable asset, either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 - investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

The following is a general description of the valuation methodologies used for assets measured at fair value.

Investments classified as Level 2 for the FMIvT, in the table below, are valued based on significant other observable inputs, which may include, but are not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, cash flows, maturity, and credit ratings), or other market corroborated inputs specific to the investment type.

Investments classified as Level 3 for the FMIvT, in the table below, are valued based on significant unobservable inputs based on all information available in the circumstances to the extent observable inputs are not available. Shares of the underlying funds of the FMIvT Core Plus Fixed Income Fund are not publicly quoted. These underlying funds invest in a variety of financial instruments, including equity investments, asset-backed securities, swaps, forward exchange contracts, credit-linked notes, escrow accounts and litigation trusts for both U.S. and foreign companies and governments. Shares of the underlying fund of the FMIvT Core Real Estate Fund are also not publicly quoted. The underlying fund invests in core real estate in the U.S. The value of the investments was determined based on quarterly real estate appraisals which were calculated in accordance with generally accepted accounting principles.

Fair values of investments held by the City's Firefighters' Pension Plan are classified at September 30, 2021 as follows:

Investments	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Valued at NAV
Florida Municipal Investment Trust Funds	\$ 13,258,641	\$ -	\$ 10,027,431	\$ 3,231,210	\$ -

Note 2 - Deposits and Investments (continued)

Additional information for investments measured at Level 3 is presented in the table below as of September 30, 2021.

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
FMLVT Core Plus Fixed Income Fund	\$ 2,109,633	\$ -	Monthly	1 business day
FMLVT Core Real Estate Portfolio	1,121,577	-	Quarterly	5 business days
	<u>\$ 3,231,210</u>	<u>\$ -</u>		

Given the inherent nature of investments, it is reasonably possible that changes in the value of those investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Note 3 - Property Taxes

Property values are assessed on a county-wide basis by the Monroe County Property Appraiser as of January 1, the lien date, of each year and are due the following November 1st (levy date). Taxable value of property within the City is certified by the Property Appraiser and the City levies a tax millage rate upon the taxable value, which will provide revenue required for the fiscal year beginning October 1.

Property taxes levied each November 1 by the City and all other taxing authorities within the County, are centrally billed and collected by Monroe County, with remittances to the City of their proportionate share of collected taxes. Taxes for the fiscal year beginning October 1 are billed in the month of November, subject to a 1% per month discount for the periods November through February, and are due no later than March 31. On April 1, unpaid amounts become delinquent with interest and penalties added thereafter. Beginning June 1, tax certificates representing delinquent taxes with interest and penalties are sold by the County, with remittance to the City for its share of those receipts. At September 30, 2021, there were no significant delinquent taxes.

Note 4 - Receivables and Payables

Receivables for the City's individual major funds, nonmajor funds and fiduciary fund in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Street Maintenance	Capital Infrastructure	Nonmajor Governmental Funds
Customers billed	\$ 3,110,792	\$ -	\$ -	\$ -
Intergovernmental	1,549,468	52,466	666,599	138,440
Loans	-	-	-	770,000
Miscellaneous	15,297	819	-	-
	<u>4,675,557</u>	<u>53,285</u>	<u>666,599</u>	<u>908,440</u>
Gross receivables	4,675,557	53,285	666,599	908,440
Less allowance for uncollectibles	<u>(2,762,614)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net receivables	<u>\$ 1,912,943</u>	<u>\$ 53,285</u>	<u>\$ 666,599</u>	<u>\$ 908,440</u>

City of Marathon, Florida
Notes to Basic Financial Statements
September 30, 2021

Note 4 - Receivables and Payables (continued)

	Wastewater/ Stormwater	Nonmajor Enterprise Funds	Fiduciary Fund	Total
Customers billed	\$ 454,848	\$ -	\$ -	\$ 3,565,640
Intergovernmental	371,060	136,308	-	2,914,341
Loans	-	-	-	770,000
Miscellaneous	160	-	-	16,276
Contributions	-	-	55,386	55,386
Gross receivables	826,068	136,308	55,386	7,321,643
Less allowance for uncollectibles	-	-	-	(2,762,614)
Net receivables	\$ 826,068	\$ 136,308	\$ 55,386	\$ 4,559,029

Accounts payable and accrued liabilities for the City's individual major and nonmajor funds are as follows:

	General	Street Maintenance	Capital Infrastructure	Nonmajor Governmental Fund	Wastewater/ Stormwater	Nonmajor Enterprise Fund	Total
Vendors	\$ 292,667	\$ 10,450	\$ 72,315	\$ 219,013	\$ 469,713	\$ 25,230	\$ 1,089,388
Payroll liabilities	163,459	9,892	-	7,531	37,686	11,874	230,442
Retainage	-	-	24,296	-	130,000	-	154,296
Accrued interest	-	-	-	-	124,779	-	124,779
Total	\$ 456,126	\$ 20,342	\$ 96,611	\$ 226,544	\$ 762,178	\$ 37,104	\$ 1,598,905

Note 5 - Interfund Balances and Transfers

The composition of interfund transfers is as follows:

Transfer Out	Transfer In			Total
	General Fund	Non-Major Governmental Funds	Wastewater/ Stormwater Fund	
General Fund	\$ -	\$ 2,866,345	\$ -	\$ 2,866,345
Capital Infrastructure Fund	394,217	1,331,278	650,000	2,375,495
Nonmajor Governmental Funds	425,078	138,440	-	563,518
Nonmajor Enterprise Fund	59,113	-	-	59,113
Wastewater/Stormwater Fund	361,132	-	-	361,132
Total	\$ 1,239,540	\$ 4,336,063	\$ 650,000	\$ 6,225,603

Transfers of \$ 420,245 were made from the Marina and Wastewater/Stormwater Utility Enterprise Funds to the General Fund to support general administration costs.

Transfers totaling \$ 2,866,345 were made from the General Fund to the Building Fund for the establishment of this new fund. In addition, transfers of \$ 425,078 were made from the Building Fund to the General Fund for activities related to the new Building Fund.

Transfers of \$ 1,331,278 were made from the Capital Infrastructure Fund to the Debt Service Fund in order to satisfy debt service requirements.

City of Marathon, Florida
Notes to Basic Financial Statements
September 30, 2021

Note 5 - Interfund Balances and Transfers (continued)

A transfer of \$ 394,217 from the Capital Infrastructure Fund to the General Fund was made for the fiscal year 2021 10% of discretionary sales tax proceeds in accordance with the exception under Florida Statutes for areas of Critical State concern.

A transfer of \$ 138,440 was made from Affordable Housing Fund to the Community Development Block Grant Fund for housing grant activity.

Note 6 - Capital Assets

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 12,213,790	\$ -	\$ -	\$ -	\$ 12,213,790
Intangibles	3,822	-	-	-	3,822
Construction-in-progress	2,398,895	296,955	-	(2,319,924)	375,926
Total capital assets not being depreciated	14,616,507	296,955	-	(2,319,924)	12,593,538
Capital assets being depreciated:					
Buildings and structures	20,930,883	6,878	-	-	20,937,761
Improvements other than buildings	19,791,346	106,352	-	2,319,924	22,217,622
Fire equipment and vehicles	4,981,014	78,803	50,865	-	5,008,952
Furniture and equipment	2,287,939	38,953	-	-	2,326,892
Intangibles	7,600	-	-	-	7,600
Total capital assets being depreciated	47,998,782	230,986	50,865	2,319,924	50,498,827
Total capital assets	62,615,289	527,941	50,865	-	63,092,365
Less accumulated depreciation:					
Buildings and structures	6,061,328	643,656	-	-	6,704,984
Improvements other than buildings	9,805,516	1,111,135	-	-	10,916,651
Fire equipment and vehicles	3,108,417	383,402	29,671	-	3,462,148
Furniture and equipment	1,734,579	150,705	-	-	1,885,284
Intangibles	7,600	-	-	-	7,600
Total accumulated depreciation	20,717,440	2,288,898	29,671	-	22,976,667
Total capital assets being depreciated, net	27,281,342	(2,057,912)	21,194	2,319,924	27,522,160
Governmental activities, capital assets, net	\$ 41,897,849	\$ (1,760,957)	\$ 21,194	\$ -	\$ 40,115,698

City of Marathon, Florida
Notes to Basic Financial Statements
September 30, 2021

Note 6 - Capital Assets (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-Type Activities:					
Capital assets not being depreciated:					
Land	\$ 4,695,647	\$ -	\$ -	\$ -	\$ 4,695,647
Intangibles	1,613,744	-	-	-	1,613,744
Construction-in-progress	<u>1,163,314</u>	<u>1,415,459</u>	<u>-</u>	<u>(729,580)</u>	<u>1,849,193</u>
Total capital assets not being depreciated	<u>7,472,705</u>	<u>1,415,459</u>	<u>-</u>	<u>(729,580)</u>	<u>8,158,584</u>
Capital assets being depreciated:					
Buildings	4,674,889	-	-	-	4,674,889
Improvements other than buildings	142,050,040	1,848,654	8,848	729,580	144,619,426
Land improvements	280,354	-	-	-	280,354
Intangibles	19,969	-	-	-	19,969
Equipment	2,622,601	299,310	31,202	-	2,890,709
Vehicles	<u>1,471,820</u>	<u>32,443</u>	<u>-</u>	<u>-</u>	<u>1,504,263</u>
Total capital assets being depreciated	<u>151,119,673</u>	<u>2,180,407</u>	<u>40,050</u>	<u>729,580</u>	<u>153,989,610</u>
Total capital assets	<u>158,592,378</u>	<u>3,595,866</u>	<u>40,050</u>	<u>-</u>	<u>162,148,194</u>
Less accumulated depreciation:					
Buildings	1,221,898	161,456	-	-	1,383,354
Improvements other than buildings	38,424,797	4,777,418	1,991	-	43,200,224
Land improvements	192,121	21,486	-	-	213,607
Intangibles	15,620	-	-	-	15,620
Equipment	1,325,447	418,210	18,444	-	1,725,213
Vehicles	<u>624,941</u>	<u>169,866</u>	<u>-</u>	<u>-</u>	<u>794,807</u>
Total accumulated depreciation	<u>41,804,824</u>	<u>5,548,436</u>	<u>20,435</u>	<u>-</u>	<u>47,332,825</u>
Total capital assets, being depreciated, net	<u>109,314,849</u>	<u>(3,368,029)</u>	<u>19,615</u>	<u>729,580</u>	<u>106,656,785</u>
Business activities capital assets, net	<u>\$ 116,787,554</u>	<u>\$ (1,952,570)</u>	<u>\$ 19,615</u>	<u>\$ -</u>	<u>\$ 114,815,369</u>

Depreciation was charged to functions/programs of the City as follows:

Governmental activities:	
General government	\$ 650,729
Public safety	492,768
Community services	1,007,465
Community development	<u>137,936</u>
Total provision for depreciation - governmental activities	<u>\$ 2,288,898</u>

Note 6 - Capital Assets (continued)

Depreciation was charged to the business-type activities of the City as follows:

Business-type activities:	
Enterprise - Wastewater/Stormwater	\$ 5,317,758
Enterprise - Marina	<u>230,678</u>
Total provision for depreciation - business-type activities	<u>\$ 5,548,436</u>

Note 7 - Long-Term Liabilities

The following is a summary of changes in long-term liabilities of the City for governmental activities for the year ended September 30, 2021:

	Balance October 1, 2020	Increases	Decreases	Balance September 30, 2021	Due Within One Year
Governmental activities:					
Direct borrowings and private placements:					
Bonds payable:					
Series 2013A	\$ 5,255,000	\$ -	\$ 620,000	\$ 4,635,000	\$ 640,000
Note payable	1,050,000	-	525,000	525,000	525,000
Compensated absences payable	204,004	84,575	82,340	206,239	20,624
Net pension liability	97,355	-	77,153	20,202	-
Other post-employment benefit liability	<u>652,399</u>	<u>64,599</u>	<u>-</u>	<u>716,998</u>	<u>-</u>
Governmental activities, long-term debt	<u>\$ 7,258,758</u>	<u>\$ 149,174</u>	<u>\$ 1,304,493</u>	<u>\$ 6,103,439</u>	<u>\$ 1,185,624</u>

Public Improvement Refunding Revenue Bonds, Series 2013A: During fiscal year 2014, the City issued \$10,000,000 in Public Improvement Refunding Revenue Bonds Series 2013A for the purposes of refinancing the Improvement Revenue Bond, Series 2004 and to finance the construction and acquisition of certain capital projects, including a City Hall. The bonds bear interest at 2.59%, subject to adjustments based on occurrence of a determination of taxability event and by margin factor as calculated by vendor, with quarterly principal and interest payments due through January 1, 2028. Effective November 1, 2018, the interest rate was increased to 3.09% due to a change in the corporate tax rate. The bonds are secured by certain non ad-valorem revenues of the City. The Series 2013A Bond may be prepaid at the option of the City in whole or in part, at any time, together with a prepayment penalty equal to the greater of (i) one percent (1%) of the principal balance being prepaid multiplied by the remaining term in years or (ii) a yield maintenance fee as outlined in the Bond Indenture.

If any principal or interest on the Series 2013A Bond is not paid when due, from the date three (3) days after such default, the Series 2013A Bond shall bear interest at the interest rate plus four percent (4.00%). Further, if any principal or interest on the Series 2013A Bond is not paid within fifteen (15) days of the payment date, a late charge of six percent (6%) of the overdue payment shall be assessed. In no event shall the Series 2013A Bond bear interest in excess of the highest rate of interest allowed by applicable law.

Note 7 - Long-Term Liabilities (continued)

Annual debt service requirements of the Public Improvement Refunding Revenue Bonds Series 2013A are as follows:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 640,000	\$ 135,952	\$ 775,952
2023	650,000	115,983	765,983
2024	675,000	95,666	770,666
2025	685,000	74,615	759,615
2026	705,000	53,217	758,217
2027-2028	<u>1,280,000</u>	<u>34,173</u>	<u>1,314,173</u>
	<u>\$ 4,635,000</u>	<u>\$ 509,606</u>	<u>\$ 5,144,606</u>

Note Payable: During fiscal year 2019, the City issued a \$ 1,575,000 note payable for the purposes of financing the acquisition of real property. The note bears interest at 2.95%, with annual principal and interest payments due through October 4, 2021. The note may be prepaid in whole or in part without penalty. A late charge of five percent (5%) shall be imposed on each and every payment not received within ten (10) days after it is due. Upon default of this note, interest shall be payable at the highest rate permitted by applicable law.

Annual debt service requirements of the note payable are as follows:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ <u>525,000</u>	\$ <u>15,488</u>	\$ <u>540,488</u>

The following is a summary of changes in long-term liabilities of the City's business-type activities for the year ended September 30, 2021:

	<u>Balance October 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance September 30, 2021</u>	<u>Due Within One Year</u>
Business-Type Activities:					
Direct borrowings and private placements:					
Bonds payable:					
State Revolving Fund Loan Program	\$ 46,864,184	\$ -	\$ 4,227,573	\$ 42,636,611	\$ 4,328,064
Compensated absences payable	81,032	21,229	26,151	76,110	7,612
Other post-employment benefit liability	<u>203,123</u>	<u>22,052</u>	<u>-</u>	<u>225,175</u>	<u>-</u>
Business-type activities, long-term debt	<u>\$ 47,148,339</u>	<u>\$ 43,281</u>	<u>\$ 4,253,724</u>	<u>\$ 42,937,896</u>	<u>\$ 4,335,676</u>

Note 7 - Long-Term Liabilities (continued)

State Revolving Fund Loans: As of September 30, 2021, the City has four revolving loan agreements with the State of Florida Department of Environmental Protection Clean Water State Revolving Fund Loan program to finance its wastewater and stormwater utility capital projects. The loans are collateralized by a pledge of the wastewater and stormwater non-ad valorem assessments. The loans require the City to provide pledged revenues equal to or exceeding 1.20 times the sum of the loan amounts due in each fiscal year. It is estimated that 100% of the pledged revenue will cover debt service to maturity. The breakdown as of September 30, 2021 of the total amounts authorized, the fixed weighted average interest rates, the estimated semi-annual payment amount and the amounts drawn to date on each loan is as follows:

SRF Loan Agreement	Total Loan Authorized Amount	Interest Rate	Semi-Annual Payment Amount	Total Obligation September 30, 2021
WW 63702P	\$ 31,308,211	2.25-2.54%	\$ 1,010,699	\$ 14,632,930
WW 637060	21,541,520	2.08-2.73%	710,253	13,074,953
WW 637090	10,373,801	2.02-2.66%	330,170	5,510,720
WW 637020	17,131,172	2.08%	607,285	9,418,008
Total	\$ 80,354,704		\$ 2,658,407	\$ 42,636,611

Annual debt service requirements of the State Revolving Fund loans are approximately as follows:

September 30,	Principal	Interest	Total
2022	\$ 4,328,064	\$ 988,750	\$ 5,316,814
2023	4,431,134	885,679	5,316,813
2024	4,536,679	780,133	5,316,812
2025	4,644,762	672,051	5,316,813
2026	4,755,442	561,371	5,316,813
2027-2031	19,238,910	1,150,332	20,389,242
2032	701,620	8,632	710,252
	\$ 42,636,611	\$ 5,046,948	\$ 47,683,559

The State Revolving Fund Loan arrangements discussed above include other financial provisions for events of defaults such as failure to make monthly deposits and semiannual loan payments, violation of covenants or actions required by the arrangements with such failure continuing for a period of sixty days after written notice, insolvency-bankruptcy, and false representations. Non-payment may result in acceleration of the repayment schedule or increasing the financing rate on the unpaid principal balance to as much as 1.667 times the financing rate. The lender may also seek enforcement of and exercise all remedies available and allowed by law.

Note 8 - Commitments and Contingencies

Risk management: The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City purchases commercial insurance. There was no reduction in insurance coverage from coverages in the prior year. Settlement amounts have not exceeded insurance coverage during the past three years.

Litigation: The City is a defendant in various lawsuits including personal injury, property damage, and other miscellaneous claims. For one of these cases, there is a reasonable possibility that a loss has been incurred. The City estimates its possible exposure could be between \$ 2,000,000 and \$ 4,000,000. Due to the uncertainty of the outcome, no liability has been recorded in the financial statements for this case. The remainder of the legal proceedings are incidental to the City's operations, the outcome of which, in the opinion of management and legal counsel, would not have a material adverse effect on the financial condition of the City.

Grant contingency: Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government and the State of Florida. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Construction commitment: At September 30, 2021 the City had the following outstanding construction commitments:

Project	Total Project Authorization	Expended at September 30, 2021	Contracts and Retainage Payable	Balance to Complete
Marathon Area 3 & 4 Wastewater Treatment Plant upgrades	\$ 9,003,517	\$ 8,922,139	\$ 81,378	\$ -
Marathon Area 3 & 4 Forcemain Project	769,836	720,118	37,901	11,817
Sunset Park at Grassy Key Kayak Dock Project and Oceanfront Park Boardwalk Repair Project	261,778	157,969	84,989	18,820
Sombrero Stormwater System Improvements	123,730	107,213	10,721	5,796
	<u>\$ 10,158,861</u>	<u>\$ 9,907,439</u>	<u>\$ 214,989</u>	<u>\$ 36,433</u>

Agreement for Police Services: The City has a contract with Monroe County Sheriff's Office (the "Sheriff") to provide professional police services through September 2024. Pursuant to the agreement, the Sheriff will provide law enforcement coverage within the City. Services for the fiscal year ending September 30, 2022 are budgeted to be approximately \$ 2,180,955. Costs for police services for the year ended September 30, 2021 were approximately \$ 1,891,360.

Collective Bargaining Agreement: The City has a collective bargaining agreement between the City and the professional firefighters of Marathon, International Association of Firefighters Local 4396. The agreement is effective through September 30, 2023 (and shall be renewed on an annual basis thereafter, unless either party provides the other written notice of its intent to terminate or modify the agreement not less than ninety days prior to expiration date).

Note 8 - Commitments and Contingencies (continued)

Agreement to Provide Fire Rescue and Emergency Medical Services: The City previously entered into an interlocal agreement for the provision of fire rescue and emergency medical services to Key Colony Beach ("KCB") by the City's own fire rescue department through September 30, 2023. Fees received for these services for the year ended September 30, 2021 were \$ 550,000 from ad valorem revenue and \$ 25,000 from KCB's discretionary sales tax revenues.

Note 9 - Defined Contribution Plans

The City as a single-employer contributes to the City of Marathon Money Purchase Plan, which is a defined contribution plan created in accordance with Internal Revenue Code Section 401(a). Under the Plan, the City contributes 10% for employees hired prior to August 9, 2011 and 5% for those hired thereafter. Normal retirement is defined as age 59-1/2. The employees are not required to make contributions and are fully vested on their first day of employment. Amendments to the Plan must be authorized by the City Council.

The City also has a deferred compensation pension plan created in accordance with the Internal Revenue Service Code Section 457(b). The City Manager and City Attorney receive an automatic 10% contribution with no match requirement.

The 401(a) and 457(b) plans mentioned above are administered by ICMA Retirement Corporation. The City provided contributions to these plans for the year ended September 30, 2021 of approximately \$ 305,870.

The elected officials of the City have the option of participating in the Florida Retirement System Investment Plan ("Investment Plan") which is a defined contribution plan or the Florida Retirement System Pension Plan ("Pension Plan") which is a defined benefit plan (Note 10). The Investment Plan is qualified under Section 401 (a) of the Internal Service Code. The employer and employee contributions for the Investment Plan are defined by law. Employees are required to contribute 3% of their salary. The amount contributed by the City is the same whether the elected official participates in the Investment Plan or the Pension Plan (Note 10). The City contributed \$ 2,041 to the Investment Plan for the year ended September 30, 2021.

Note 10 - Employee Pension Plans

Firefighters' Pension Plan

Plan Description: The City established The City of Marathon Firefighters' Pension Plan and Trust Fund (the Plan) as a Local Law Plan in accordance with Chapter 175, Florida Statutes on October 1, 2005 as per a City adopted ordinance. The Plan is a single-employer, defined benefit plan that covers all full-time firefighters. This replaces the previous Firefighters Pension Fund first created on December 9, 2003 and is treated as a newly created Plan from an actuarial standpoint. From a financial statement perspective, the ending net position of the old Plan became the beginning net position of the new Plan on October 1, 2005. The administrative duties for this Plan are handled through the Florida Municipal Pension Trust Fund ("FMPTF"). A more detailed description of the Plan appears in the ordinances constituting the Plan and in the Summary Plan Description. The Plan does not issue a stand-alone financial report, but is included in the reporting entity of the City as a pension trust fund. Amendments to the Plan document can only be authorized by the City Council.

The Board of Trustees is comprised of the following five members: two of the members shall be legal residents of the City and are appointed by the City Council; two of the members shall be full-time firefighters of the City elected by a majority of the active firefighters who are members of the Plan; and the fifth member of the Board shall be chosen by a majority of the previous four Board members. The name of the fifth Board member is then submitted to City Council who appoints such person to the Board.

Basis of Accounting: The financial statements of the Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. City contributions are recognized when due pursuant to actuarial valuations. State contributions are recognized as revenue in the period in which they are approved by the State of Florida. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Administrative costs of the Plan are financed through investment earnings.

Investments: *Investment Policy.* The policy regarding the allocation of invested assets is established by its Board of Trustees which currently has all of its funds invested in the Florida Municipal Pension Trust Fund, 60% equities and 40% fixed income - Fund A Option. The investment policy may be amended by the Board by a majority vote of its trustees. It is the policy of the Board of Trustees to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. Overall asset allocation targets are reviewed on an annual basis. The following is the adopted asset allocation policy as of September 30, 2021:

Asset Class/Investment Category	Target Allocation
Equity Securities and Similar Funds:	
U.S. Large Cap Equity	25.00%
U.S. Small Cap Equity	14.00%
Non - U.S. Equity	21.00%
Real Estate	10.00%
Fixed Income and Similar Funds:	
Core Bonds	15.00%
Multi-Sector	15.00%
Total	100.00%

Concentrations: Governmental entities need to disclose the concentration of credit risk with a single issuer. If 5.00% or more of the total assets of the portfolio are invested with one issuer, an additional disclosure is required. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments are excluded from the concentration of credit risk disclosure requirements. There were no individual investments that represent 5.00% or more, at September 30, 2021, that met the criteria for disclosure.

Rate of return: For the year ended September 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 19.42%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Method used to value investments: Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Net appreciation/depreciation in fair value of investments includes realized and unrealized gains and losses. Interest and dividends are reported in investment earnings. Realized gains and losses are determined on the basis of specific cost. Purchases and sales are recorded on the trade-date basis.

Note 10 - Employee Pension Plans (continued)

Reserves: Chapter 175, Florida Statutes, established a revenue sharing program whereby participating local governments can receive a portion of the state excise tax of property and casualty insurance premiums collected in their jurisdictions to fund pension benefits for firefighters. Chapter 99-1, Laws of Florida amended Chapter 175 to require future increases in premium tax revenues over those received in 1997 must be used solely to pay for extra retirement benefits for firefighters. Since these increases in premiums tax revenues do not support current benefits the City has recorded a liability of \$ 165,909 for the monies received as of September 30, 2021.

Pension benefits: Normal retirement is defined by the Plan as the attainment of age 55 with 6 years of credited service or 20 years of credited service with no age requirement. Upon normal retirement, participants are entitled to 3.5% of their average final compensation for each year of credited service. Benefit options include a ten year certain payout or a life annuity. Early retirement is defined by the Plan as the attainment of age 50 with 6 years of credited service. Upon early retirement, accrued benefits are reduced by 3% per year.

At October 1, 2019, the following employees were covered by the pension benefits:

Inactive employees or beneficiaries currently receiving benefit	6
Inactive employees entitled to but not receiving benefit	8
Active plan members	<u>26</u>
Total members	<u><u>40</u></u>

Deferred Retirement Option Program: Members who continue in employment after reaching their normal retirement date may either accrue larger pensions or freeze their accrued benefit and enter the Deferred Retirement Option Plan (DROP). Each participant in the DROP has an account credited with benefits not received plus interest. Participation in the DROP must end no later than 84 months after normal retirement. These benefit provisions and all other requirements are established by City ordinance. The City did not have any members participating in the DROP for the year ending September 30, 2021.

Contributions and Funding Policy: Firefighters are required to contribute 5% of their salary to the Plan. Contributions from the State of Florida are based on the amount of fire insurance premiums written by private insurers on property within City limits. The City is required to contribute if there is any shortfall between the State's contributions and funding requirements of the Plan.

The City executed a collective bargaining agreement with the firefighter's union. A portion of the agreement addresses the City's firefighter pension contributions. The City would like to try and limit its required contribution to 12% of employee's pensionable pay. If the City is unable to achieve and maintain a net required contribution to the Plan at 12% of compensation or less, and the City's required net contribution actually exceeds 12% of compensation, the City will use the stabilization fund to reduce the net contribution to 12%. If the net contribution is still above 12% the Union agrees to use the excess 175 premium money disbursement for the year to decrease the City's required net contribution to 12%. If the City's net contribution is still above 12% after using the stabilization fund and the excess 175 premium money, the Union agrees to automatically increase the member contribution 1% of compensation for each \$ 25,000 (or part thereof) by which the City's net required contribution exceeded 12% of compensation not to exceed a total member contribution of 15% of compensation.

Note 10 - Employee Pension Plans (continued)

In the event the City's required net contribution is less than 12% of compensation, the difference will be set aside in a stabilization fund to be applied toward the short fall in any future year in which the City's required net contribution exceeds 12% of compensation. As of September 30, 2021, \$ 252,479 has been set aside in the General Fund.

The required contribution including interest to the Plan as determined by the actuarial valuation was \$ 362,260 for the year ended September 30, 2021. Contributions from the State totaled \$ 148,494 plus City contributions of \$ 191,316. State contributions are recognized as both revenue and expenditure during the period in the General Fund.

Net Pension Liability (Asset) of the City: The City's net pension liability (asset) was determined based on a measurement date of September 30, 2020.

The components of the net position (asset) liability of the City at September 30, 2021, were as follows:

		Firefighters' Pension Plan
Total pension liability	\$	8,880,976
Plan fiduciary net position		(10,785,528)
City's net pension (asset) liability	\$	(1,904,552)
Plan fiduciary net position as a percentage of total pension liability		121.45%

Actuarial assumptions. The total net pension liability at September 30, 2019 was determined by using (asset) actuarial valuations as of October 1, 2019. The actuarial valuations used the following actuarial assumptions:

Salary increases	4.0 percent, average, including inflation
Investment rate of return	7.0 percent, net of pension plan investment expense, including inflation
Mortality rates	PUB-2010 Head Count Mortality Table with Scale MP-2018.

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 expense 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Core Bonds	1.6%
Multi-Sector	2.1%
U.S. Large Cap Equity	4.6%
U.S. Small Cap Equity	5.5%
Non-U.S. Equity	6.7%
Real Estate	5.0%

Note 10 - Employee Pension Plans (continued)

Discount rate. The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contribution will be made at the current contribution rate and that 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.

Changes in net pension liability (asset).

	Increases (Decreases)		
	Total Pension Liability (a)	Plan Fiduciary Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at September 30, 2019	\$ 7,812,978	\$ 9,733,882	\$ (1,920,904)
Changes for the year:			
Service cost	630,244	-	630,244
Interest cost	588,136	-	588,136
Contributions - employer	-	266,084	(266,084)
Contributions - employee	-	90,890	(90,890)
Contributions - nonemployer contributing member	-	158,031	(158,031)
Differences between expected and actual experience	(605,574)	-	(605,574)
Changes of assumptions	500,500	-	500,500
Net increase (decrease) in fair value of investments	-	633,881	(633,881)
Benefit payments, including refunds of member contributions	(45,308)	(45,308)	-
Administrative expenses	-	(51,932)	51,932
Net Changes	1,067,998	1,051,646	16,352
Balances at September 30, 2020, measurement date	\$ 8,880,976	\$ 10,785,528	\$ (1,904,552)

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.00 percent, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's net pension liability (asset)	\$ (344,125)	\$ (1,904,552)	\$ (3,149,314)

Note 10 - Employee Pension Plans (continued)

Pension Expense and Deferred Outflows of Resources Related to Pensions: For the year ended September 30, 2021, the City recognized pension expense of \$ 389,658 for this Plan. At September 30, 2021 the City reported deferred outflow of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to year end	\$ 339,810	\$ -
Differences between expected and actual experience	317,791	(1,007,375)
Changes of assumptions	508,437	(40,641)
Net difference between projected and actual earning on pension plan investments	<u>75,836</u>	<u>-</u>
Total	<u>\$ 1,241,874</u>	<u>\$ (1,048,016)</u>

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 subsequent reporting period ending September 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended September 30,</u>	
2022	\$ (85,235)
2023	\$ (2,749)
2024	\$ (2,555)
2025	\$ (38,961)
2026	\$ (51,333)
Thereafter	\$ 34,881

Florida Retirement System

General Information: As provided by Chapters 121 and 112, Florida Statutes, the Florida Retirement System ("FRS") provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan ("Pension Plan") and the Retiree Health Insurance Subsidy ("HIS Plan"). Membership in the FRS for the City includes only certain elected Council members as of September 30, 2021. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or by calling (877) 377-1737 or by visiting the Web site: www.dms.myflorida.com/workforce_operations/retirement/publications.

Note 10 - Employee Pension Plans (continued)

Pension Plan

Plan Description: The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program ("DROP") for eligible employees.

Benefits Provided: Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. Elected Officers' class members who retire at or after age 62 with at least six years of creditable service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% times the years of service times their final average compensation based on the five highest years of salary for each year of creditable service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of creditable service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Elected Officers' class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before August 1, 2011, the annual cost of living adjustment ("COLA") is three percent per year. The COLA formula for retirees with an effective retirement date or DROP begin date on or after August 1, 2011, will be the sum of the pre-July 2011 service credit divided by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions: Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates for the periods from October 1, 2020 through June 30, 2021 and from July 1, 2021 through September 30, 2021, respectively, were 49.18% and 51.42% for the Elected Officers' class. These employer contribution rates include 1.66% to the HIS Plan subsidy for the periods October 1, 2020 through September 30, 2021.

HIS Plan

Plan Description: The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided: For the fiscal year ended September 30, 2021, eligible retirees and beneficiaries received a monthly HIS payment of \$ 5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$ 30 and a maximum HIS payment of \$ 150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Note 10 - Employee Pension Plans (continued)

Contributions: The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2021, the HIS contribution was 1.66%. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At September 30, 2021, the City reported a liability of \$ 13,965 for its proportionate share of the Pension Plan's net pension liability and \$ 6,237 for the HIS Plan's net pension liability for a total pension liability of \$ 20,202. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. At June 30, 2021, the City's proportion was .000184871 percent for the Pension Plan and .000050844 percent for the HIS Plan, which was a decrease of .000025142 percent and a decrease of .000001019 percent respectively, from the proportionate share measured as of June 30, 2020.

For the year ended September 30, 2021, the City recognized pension expense (income) of \$ (25,472) for the Pension Plan and \$ (2,944) for the HIS Plan. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources		
	Pension Plan	HIS Plan	Total
Differences between expected and actual experience	\$ 2,394	\$ 209	\$ 2,603
Changes of assumptions	9,555	490	10,045
Net difference between projected and actual earnings on pension plan investments	-	7	7
Changes in proportion and differences between City contributions and proportionate share of contributions	50	-	50
City contributions subsequent to the measurement date	1,862	75	1,937
Total	\$ 13,861	\$ 781	\$ 14,642

Note 10 - Employee Pension Plans (continued)

Description	Deferred Inflows of Resources		
	Pension Plan	HIS Plan	Total
Differences between expected and actual experience	\$ -	\$ (3)	\$ (3)
Changes of assumptions	-	(257)	(257)
Net difference between projected and actual earnings on pension plan investments	(48,720)	-	(48,720)
Changes in proportion and differences between City contributions and proportionate share of contributions	(52,671)	(8,721)	(61,392)
Total	\$ (101,391)	\$ (8,981)	\$ (110,372)

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 subsequent reporting period ending September 30, 2022. The amounts reported as deferred outflows of resources and deferred inflows of resources related to the FRS Plan will be recognized in pension expense as follows:

Year Ended September 30,	Pension Plan	HIS Plan	Total
2022	\$ (32,905)	\$ (3,277)	\$ (36,182)
2023	\$ (24,908)	\$ (3,188)	\$ (28,096)
2024	\$ (15,943)	\$ (1,630)	\$ (17,573)
2025	\$ (14,749)	\$ (214)	\$ (14,963)
2026	\$ (887)	\$ 30	\$ (857)
Thereafter	\$ -	\$ 4	\$ 4

Actuarial Assumptions: The Florida Retirement System Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of both pension plans pursuant to section 216.136 (10), Florida Statutes. The Pension Plan's valuation is performed annually. The HIS Plan has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the Pension Plan was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because the HIS Plan is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Plan were based on certain results of the most recent experience study for the Pension Plan. The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Pension Plan	HIS Plan
Inflation	2.40%	2.40%
Salary increases	3.25%, average, including inflation	3.25%, average, including inflation
Investment rate of return	6.80%, net of pension plan investment expense, including inflation	N/A
Actuarial cost method	Individual entry age	Individual entry age
Mortality table	PUB-2010 with Projection Scale MP-2018	PUB-2010 with Projection Scale MP-2018

Note 10 - Employee Pension Plans (continued)

Long-term Expected Rate of Return: The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.1%	2.1%	1.1%
Fixed income	20.0%	3.8%	3.7%	3.3%
Global equity	54.2%	8.2%	6.7%	17.8%
Real estate (property)	10.3%	7.1%	6.2%	13.8%
Private equity	10.8%	11.7%	8.5%	26.4%
Strategic investments	3.7%	5.7%	5.4%	8.4%
Total	100.0%			
Assumed Inflation - Mean			2.4%	1.2%

(1) As outlined in the Pension Plan's investment policy

Discount Rate: The discount rate used to measure the total pension liability was 6.80% for the Pension Plan. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation of the total pension liability is equal to the long-term expected rate of return.

The discount rate used to measure the total pension liability was 2.16% for the HIS Plan. In general, the discount rate for calculating the HIS Plan's total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS Plan benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the municipal bond rate of 2.16% was used to determine the total pension liability. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the City's Proportionate Share of the Net Position Liability (Asset) to Changes in the Discount Rate: The following table presents the sensitivity of the District's proportionate share of the net pension liability (asset) to changes in the discount rate. The sensitivity analysis, below, shows the impact to the District's proportionate share of the net pension liability (asset) if the discount rate was 1.00% lower or 1.00% higher than the current discount rate:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
City's proportionate share of the net pension liability (asset) for Pension Plan	\$ 62,452	\$ 13,965	\$ (26,565)

Note 10 - Employee Pension Plans (continued)

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
City's proportionate share of the net pension liability for HIS Plan	\$ <u>7,210</u>	\$ <u>6,237</u>	\$ <u>5,439</u>

Aggregate amounts for all plans:

	Firefighters' Pension Plan	FRS Pension Plan	FRS HIS Plan	Total
Net pension asset	\$ 1,904,552	\$ -	\$ -	\$ 1,904,552
Net pension liability	\$ -	\$ 13,965	\$ 6,237	\$ 20,202
Deferred outflows of resources	\$ 1,241,874	\$ 13,861	\$ 781	\$ 1,256,516
Deferred inflows of resources	\$ 1,048,016	\$ 101,391	\$ 8,981	\$ 1,158,388
Pension expense (income)	\$ 389,658	\$ (25,472)	\$ (2,944)	\$ 361,242

Note 11 - Other Post-Employment Health Care Benefits

The City previously implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 specifies that governments must recognize their total OPEB liability and related deferred outflows of resources, deferred inflows of resources, and OPEB expense in the financial statements based on the actuarial present value of projected benefit payments, rather than the smaller net OPEB obligation based on contribution requirements, under GASB Statement No. 45.

Plan Description and Funding Policy: Employees who retire from the City and their dependents are eligible to continue to participate ("single employer plan") in the City's health insurance plan currently offered through the City at the "blended" employee group rate which, is determined annually by the City. The retiree must continue to meet all participation requirements and pay all applicable premiums by the specified due date.

The City provides no funding for any portion of the premiums after retirement. However, the City recognizes that there is an "implicit subsidy" arising as a result of the blended rate premium since retiree health care costs, on average are higher than active employee healthcare costs. The plan is not accounted for as a trust fund and an irrevocable trust has not been established to fund this plan. The plan does not issue a separate financial report. It is the City's current policy to fund the plan on a "pay-as-you-go" basis from the General Fund.

Note 11 - Other Post-Employment Health Care Benefits (continued)

The following table provides a summary of the number of participants in the plan as of October 1, 2019:

Inactive employees or beneficiaries currently receiving benefit	2
Active plan members	<u>96</u>
Total members	<u><u>98</u></u>

Actuarial Methods and Assumptions: The actuarial valuation of the calculation of OPEB involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and plan members) and include the types of benefits in force at the valuation date and the historical pattern of sharing benefit costs between the City and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The total OPEB liability at September 30, 2021 was based on an actuarial valuation dated October 1, 2019 with a measurement date of September 30, 2021, using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Discount Rate	2.15%
Salary Increases	2.80%
Mortality	Mortality rates are based on the SOA RP-2014 Total Dataset Mortality with Scale MP-2019 (Base Year 2006)
Healthcare Cost Trend Rates	Trend rate of 9.50% gradually decreasing to an ultimate trend rate of 5.00%.

Discount Rate: The discount rate used to measure the total OPEB liability at September 30, 2021 was 2.15%. Because the City's OPEB costs are funded on a pay-as-you-go funding structure, a tax-exempt municipal bond rate based on an index of 20 year general obligation bonds with an average AA credit rating as of the measurement date was used to determine the total OPEB liability. The discount rate was 2.15% as of the beginning of the measurement year.

Total OPEB Liability of the City: The components of the City's net OPEB liability at September 30, 2021, are as follows:

Total OPEB liability	\$ 942,173
OPEB Plan fiduciary net position	<u>-</u>
City's net OPEB liability	<u><u>\$ 942,173</u></u>
OPEB Plan fiduciary net position as a percentage of total OPEB liability	<u><u>0.00%</u></u>

Note 11 - Other Post-Employment Health Care Benefits (continued)

Changes in Total OPEB Liability

Measurement year ended September 30, 2021

Total OPEB liability:	
Service cost	\$ 97,393
Interest on total OPEB liability	18,084
Benefit payments	<u>(28,826)</u>
Net change in total OPEB liability	86,651
Total OPEB liability, beginning	<u>855,522</u>
Total OPEB liability, ending	\$ <u>942,173</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following table presents the total OPEB liability, calculated using the discount rate of 2.15%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than current discount rate:

	1% Decrease (1.15%)	Current Discount Rate (2.15%)	1% Increase (3.15%)
Total OPEB Liability	\$ <u>1,070,430</u>	\$ <u>942,173</u>	\$ <u>827,586</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following table presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage-point lower or one percentage-point higher than the current trend rate:

	1% Trend Decrease	Trend Rate Assumption 9.80% Decreasing to 5.00%	1% Trend Increase
Total OPEB liability	\$ <u>784,825</u>	\$ <u>942,173</u>	\$ <u>1,132,802</u>

Note 11 - Other Post-Employment Health Care Benefits (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended September 30, 2021 the City recognized OPEB expense of \$ 135,932. At September 30, 2021, the City has deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 226,341	\$ -
Differences between expected and actual experience	<u>30,838</u>	<u>(94,175)</u>
Total	<u>\$ 257,179</u>	<u>\$ (94,175)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending September 30,	Deferred Outflows/ Inflows of Resources
2022	\$ 16,394
2023	16,394
2024	16,394
2025	16,394
2026	28,065
Thereafter	<u>69,363</u>
	<u>\$ 163,004</u>

Note 12 - Risks and Uncertainties

The coronavirus (COVID-19) outbreak has caused disruption in international and U.S. economies and markets. The coronavirus and fear of further spread has caused quarantines, cancellation of events, and overall reduction in business and economic activity. On March 11, 2020, the *World Health Organization* designated the coronavirus outbreak a pandemic. Management and the City Commission continue to evaluate and monitor the potential adverse effect that this event may have on the City's financial position, operations, and cash flows. The full impact of COVID-19 is unknown at this time and cannot be reasonably estimated as these events are still developing.

REQUIRED SUPPLEMENTARY INFORMATION

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City of Marathon, Florida
Budgetary Comparison Schedule
General Fund
For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance
Revenues:				
Property taxes	\$ 7,349,199	\$ 7,349,199	\$ 7,345,310	\$ (3,889)
Intergovernmental	3,774,031	4,140,530	3,920,824	(219,706)
Licenses and permits	780,000	780,000	1,054,850	274,850
Charges for services	1,505,050	1,505,050	1,513,547	8,497
Fines and forfeitures	129,100	524,254	711,911	187,657
Communications services taxes	452,710	452,710	518,267	65,557
Interest	20,000	20,000	35,928	15,928
Miscellaneous	45,800	45,800	91,179	45,379
Total revenues	<u>14,055,890</u>	<u>14,817,543</u>	<u>15,191,816</u>	<u>374,273</u>
Expenditures:				
Current:				
General government:				
Elected officials	506,065	506,065	501,518	4,547
Administration	2,324,700	2,449,700	2,238,304	211,396
Non departmental	-	2,500	2,154	346
Legal	380,627	380,627	337,672	42,955
Total general government	<u>3,211,392</u>	<u>3,338,892</u>	<u>3,079,648</u>	<u>259,244</u>
Public safety:				
Police	1,891,057	1,891,357	1,891,357	-
Fire/EMS	4,864,833	4,864,833	4,346,550	518,283
Total public safety	<u>6,755,890</u>	<u>6,756,190</u>	<u>6,237,907</u>	<u>518,283</u>
Community services:				
Public works	585,651	585,651	439,037	146,614
Parks and recreation	1,802,481	1,802,481	1,540,902	261,579
Near Shore Waters	38,600	38,600	32,108	6,492
Total community services	<u>2,426,732</u>	<u>2,426,732</u>	<u>2,012,047</u>	<u>414,685</u>
Community development	<u>1,392,386</u>	<u>1,392,386</u>	<u>731,061</u>	<u>661,325</u>
Total expenditures	<u>13,786,400</u>	<u>13,914,200</u>	<u>12,060,663</u>	<u>1,853,537</u>
Excess of revenues over expenditures	<u>269,490</u>	<u>903,343</u>	<u>3,131,153</u>	<u>2,227,810</u>
Other Financing Sources (Uses):				
Insurance proceeds	-	-	5,784	5,784
Transfers in	1,111,493	1,111,493	1,239,540	128,047
Transfers out	-	-	(2,866,345)	(2,866,345)
Appropriation of prior year's fund balance	<u>(1,380,983)</u>	<u>(2,014,836)</u>	<u>-</u>	<u>2,014,836</u>
Total other financing sources (uses)	<u>(269,490)</u>	<u>(903,343)</u>	<u>(1,621,021)</u>	<u>(717,678)</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,510,132</u>	\$ <u>1,510,132</u>

City of Marathon, Florida
Budgetary Comparison Schedule
Street Maintenance Fund
For the Year Ended September 30, 2021

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
Revenues:			
Intergovernmental	\$ 3,547,200	\$ 1,536,464	\$ (2,010,736)
Interest	<u>10,900</u>	<u>2,098</u>	<u>(8,802)</u>
Total revenues	<u>3,558,100</u>	<u>1,538,562</u>	<u>(2,019,538)</u>
Expenditures:			
Current:			
Community services	611,293	578,736	32,557
Capital outlay	<u>3,944,412</u>	<u>36,117</u>	<u>3,908,295</u>
Total expenditures	<u>4,555,705</u>	<u>614,853</u>	<u>3,940,852</u>
Excess (deficiency) of revenues over expenditures	<u>(997,605)</u>	<u>923,709</u>	<u>1,921,314</u>
Other Financing Sources (Uses):			
Transfers in	543,117	-	(543,117)
Transfers out	(50,000)	-	50,000
Insurance proceeds	-	11,072	11,072
Appropriation of prior year's fund balance	<u>504,488</u>	<u>-</u>	<u>(504,488)</u>
Total other financing sources (uses)	<u>997,605</u>	<u>11,072</u>	<u>(986,533)</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>934,781</u>	\$ <u>934,781</u>

Note 1 - Budgets and Budgetary Accounting

An annual appropriated budget is adopted for the General Fund, Street Maintenance Fund, Capital Infrastructure Fund, Impact Fees Fund, Vehicle Replacement Fund, Restoration Fund, Affordable Housing Fund, Building Fund, Community Development Block Grant Fund and the Debt Service Fund on a basis consistent with accounting principles generally accepted in the United States. The City follows these procedures in establishing the budgetary data reflected in the financial statements.

- a. Annually, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1st. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to October 1st, the budget is legally enacted through passage of a resolution.
- d. The City Council, by motion, may make supplemental appropriations for the year up to the amount of revenues in excess of those estimated.
- e. The City Manager is authorized to transfer budget amounts within the departments within any fund. However, any revisions that alter the total appropriations of any department must be approved by the City Council. Therefore, the legal level of control is at the department level.
- f. Formal budgetary integration is employed as a management control device during the year for all budgeted funds. The final budget included an amendment by City Council to account for unanticipated revenues that took place during the fiscal year.
- g. Appropriations which are neither expended nor specifically designated to be carried over, lapse at the end of the fiscal year.

City of Marathon, Florida
Required Supplementary Information
(Unaudited)
Schedule of Changes in Net Position Liability (Asset) and Related Ratios
Firefighters' Pension Trust Fund

Fiscal Year:	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Measurement Date:	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total pension liability								
Service cost	\$ 592,561	\$ 630,244	\$ 646,079	\$ 579,233	\$ 526,211	\$ 465,383	\$ 421,863	\$ 402,517
Interest	660,198	588,136	523,895	451,266	411,938	346,447	305,220	255,647
Differences between expected and actual experience	(416,124)	(605,574)	366,599	(102,921)	(558,330)	44,937	(187,760)	-
Changes of assumptions	-	500,500	(50,801)	-	124,828	-	-	-
Benefit payments, including refunds of member contributions	(78,831)	(45,308)	(23,951)	(28,124)	(38,480)	(50,293)	(16,003)	(17,052)
Net change in total pension liability	757,804	1,067,998	1,461,821	899,454	466,167	806,474	523,320	641,112
Total pension liability - beginning	8,880,976	7,812,978	6,351,157	5,451,703	4,985,536	4,179,062	3,655,742	3,014,630
Total pension liability - ending (a)	<u>\$ 9,638,780</u>	<u>\$ 8,880,976</u>	<u>\$ 7,812,978</u>	<u>\$ 6,351,157</u>	<u>\$ 5,451,703</u>	<u>\$ 4,985,536</u>	<u>\$ 4,179,062</u>	<u>\$ 3,655,742</u>
Plan fiduciary net position								
Contributions - employer	\$ 191,316	\$ 266,084	\$ 185,139	\$ 158,078	\$ 223,687	\$ 157,589	\$ 143,152	\$ 69,826
Contributions - member	100,855	90,890	99,496	89,805	107,272	79,045	79,753	58,208
Contributions - nonemployer contributing member	148,494	158,031	150,076	140,288	143,010	163,986	176,093	193,515
Net investment income	2,126,541	633,881	497,134	608,666	923,540	490,850	(10,345)	417,331
Benefit payments, including refunds of member contributions	(78,831)	(45,308)	(23,951)	(28,124)	(38,480)	(50,293)	(16,003)	(17,052)
Administrative expenses	(62,685)	(51,932)	(48,082)	(34,743)	(31,860)	(24,668)	(27,473)	(35,373)
Net change in plan fiduciary net position	2,425,690	1,051,646	859,812	933,970	1,327,169	816,509	345,177	686,455
Plan fiduciary net position - beginning	10,785,528	9,733,882	8,874,070	7,940,100	6,612,931	5,796,422	5,451,245	4,764,790
Plan fiduciary net position - ending (b)	<u>\$ 13,211,218</u>	<u>\$ 10,785,528</u>	<u>\$ 9,733,882</u>	<u>\$ 8,874,070</u>	<u>\$ 7,940,100</u>	<u>\$ 6,612,931</u>	<u>\$ 5,796,422</u>	<u>\$ 5,451,245</u>
City net pension liability (asset) - ending (a) - (b)	<u>\$ (3,572,438)</u>	<u>\$ (1,904,552)</u>	<u>\$ (1,920,904)</u>	<u>\$ (2,522,913)</u>	<u>\$ (2,488,397)</u>	<u>\$ (1,627,395)</u>	<u>\$ (1,617,360)</u>	<u>\$ (1,795,503)</u>

City of Marathon, Florida
Required Supplementary Information
(Unaudited)
Schedule of Changes in Net Position Liability (Asset) and Related Ratios
(Continued)
Firefighters' Pension Trust Fund

Plan fiduciary net position as a percentage of the total pension liability (asset)		137.06%		121.45%		124.59%		139.72%		145.64%		132.64%		138.70%		149.11%
Covered payroll	\$	1,655,777	\$	1,760,652	\$	1,969,908	\$	1,759,178	\$	1,602,399	\$	1,502,540	\$	1,358,418	\$	1,347,342
City net pension liability (asset) as percentage of covered payroll		(215.75%)		(108.18%)		(97.51%)		(143.41%)		(155.29%)		(108.31%)		(119.06%)		(133.26%)

* Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

City of Marathon, Florida
Required Supplementary Information
(Unaudited)
Schedule of Contributions
Firefighters' Pension Trust Fund
Last Ten Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contribution	\$ 362,260	\$ 365,080	\$ 320,324	\$ 294,839	\$ 362,276	\$ 317,899	\$ 314,079	\$ 260,648	\$ 375,384	\$ 349,195
Contributions in relation to the actuarially determined contribution	<u>339,810</u>	<u>424,115</u>	<u>335,215</u>	<u>298,366</u>	<u>366,697</u>	<u>321,575</u>	<u>319,245</u>	<u>264,774</u>	<u>377,579</u>	<u>347,666</u>
Contribution deficiency (excess)	<u>\$ 22,450</u>	<u>\$ (59,035)</u>	<u>\$ (14,891)</u>	<u>\$ (3,527)</u>	<u>\$ (4,421)</u>	<u>\$ (3,676)</u>	<u>\$ (5,166)</u>	<u>\$ (4,126)</u>	<u>\$ (2,195)</u>	<u>\$ 1,529</u>
Covered payroll	\$ 1,655,777	\$ 1,760,652	\$ 1,969,908	\$ 1,759,178	\$ 1,602,399	\$ 1,502,540	\$ 1,358,418	\$ 1,295,521	\$ 1,164,340	\$ 1,368,971
Contributions as a percentage of covered payroll	20.52%	24.09%	17.02%	16.96%	22.88%	21.40%	23.50%	20.44%	32.43%	25.40%

Notes to Schedule

Valuation date: October 1, 2020

Methods and assumptions used to determine contribution rates:

Salary increases	4.00%
Investment rate of return	7.0% including inflation and net of investment expenses
Retirement rate	100% at normal retirement age
Mortality	Pre-Retirement - Sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Employee Mortality Table for public safety employees, with full generational improvements in mortality using Scale MP-2018 and with ages set forward one year Post-Retirement - For non-disabled retirees, sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Healthy Retiree Mortality Table for public safety employees, with full generational improvements in mortality using Scale MP-2018 and with ages set forward one year; for disabled retirees, sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Disabled Retiree Mortality Table (80% general employee rates plus 20% public safety employee rates), with full generational improvements in mortality using Scale MP-2018

City of Marathon, Florida
Required Supplementary Information
(Unaudited)
Schedule of Investment Returns
Firefighters' Pension Trust Fund

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return (loss), net of investment expense	19.42%	6.60%	5.40%	3.63%	11.58%	8.11%	(0.05%)	8.55%

* Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

City of Marathon, Florida
Schedule of Proportionate Share of Net Pension Liability
Florida Retirement System Pension Plan
Last 10 Fiscal Years *
(Unaudited)

	<u>2021</u>		<u>2020</u>		<u>2019</u>		<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>	
Proportion of the net pension liability	0.000184871%		0.000210013%		0.000224343%		0.000223873%		0.000579004%		0.001144711%		0.001241696%		0.000939789%	
Proportionate share of the net pension liability	\$	13,965	\$	91,023	\$	77,260	\$	67,432	\$	171,324 ***	\$	289,040	\$	160,382	\$	57,341
Covered payroll **	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Proportionate share of the net pension liability as a percentage of its covered payroll	-		-		-		-		-		-		-		-	
Plan fiduciary net position as a percentage of total pension liability	96.40%		78.85%		82.61%		84.26%		83.89%		84.88%		92.00%		96.09%	

* This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

* * There is no covered payroll because the Elected Officials for these years have chosen to participate in the Florida Retirement System defined contribution plan.

* * * Reflects restatement of beginning net pension liability at July 1, 2017, due to implementation of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

City of Marathon, Florida
Schedule of Proportionate Share of Net Pension Liability
Retiree Health Insurance Subsidy Program
Last 10 Fiscal Years *
(Unaudited)

	<u>2021</u>		<u>2020</u>		<u>2019</u>		<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>	
Proportion of the net pension liability	0.000050844%		0.000051863%		0.000053821%		0.000055110%		0.000145883%		0.000280525%		0.000296985%		0.000297528%	
Proportionate share of the net pension liability	\$	6,237	\$	6,332	\$	6,022	\$	5,833	\$	15,599	\$	32,694	\$	30,288	\$	27,820
Covered payroll**	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Proportionate share of the net pension liability as a percentage of its covered payroll	-		-		-		-		-		-		-		-	
Plan fiduciary net position as a percentage of total pension liability	3.56%		3.00%		2.63%		2.15%		1.64%		0.97%		0.50%		0.99%	

* This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

* * There is no covered payroll because the Elected Officials for these years have chosen to participate in the Florida Retirement System defined contribution plan.

City of Marathon, Florida
Schedule of Contributions
Florida Retirement System Pension Plan
Last 10 Fiscal Years *
(Unaudited)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 6,613	\$ 6,464	\$ 6,431	\$ 5,994	\$ 10,299	\$ 23,654	\$ 29,956	\$ 22,979
Contributions in relation to the contractually required contribution	<u>6,613</u>	<u>6,464</u>	<u>6,431</u>	<u>5,994</u>	<u>10,299</u>	<u>23,654</u>	<u>29,956</u>	<u>22,979</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
City of Marathon, Florida's covered payroll**	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	-	-	-	-	-	-	-	-

* This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

** There is no covered payroll because the Elected Officials for these years have chosen to participate in the Florida Retirement System defined contribution plan.

City of Marathon, Florida
Schedule of Contributions
Retiree Health Insurance Subsidy Program
Last 10 Fiscal Years *
(Unaudited)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 299	\$ 299	\$ 299	\$ 299	\$ 523	\$ 1,221	\$ 1,225	\$ 1,074
Contributions in relation to the contractually required contribution	<u>299</u>	<u>299</u>	<u>299</u>	<u>299</u>	<u>523</u>	<u>1,221</u>	<u>1,225</u>	<u>1,074</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
City of Marathon, Florida's covered payroll**	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	-	-	-	-	-	-	-	-

* This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

** There is no covered payroll because the Elected Officials for these years have chosen to participate in the Florida Retirement System defined contribution plan.

City of Marathon, Florida
Required Supplementary Information
(unaudited)
Schedule of Changes in Total OPEB Liability and Related Ratios
Last Ten Fiscal Years *

Fiscal Year and Measurement Date:	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Total OPEB liability				
Service cost	\$ 97,393	\$ 95,343	\$ 50,667	\$ 49,670
Interest	18,084	16,297	14,692	12,033
Assumption changes	-	281,376	-	-
Differences between actual and expected experience	-	445	26,763	21,526
Benefits payments	<u>(28,826)</u>	<u>(28,219)</u>	<u>(10,736)</u>	<u>(9,665)</u>
Net change in total OPEB liability	86,651	365,242	81,386	73,564
Total OPEB liability - beginning	<u>855,522</u>	<u>490,280</u>	<u>408,894</u>	<u>335,330</u>
Total OPEB liability - ending	<u><u>\$ 942,173</u></u>	<u><u>\$ 855,522</u></u>	<u><u>\$ 490,280</u></u>	<u><u>\$ 408,894</u></u>
Covered payroll	\$ 5,741,403	\$ 5,585,022	\$ 6,127,014	\$ 5,967,531
Total OPEB liability as a percentage of covered payroll	16.41%	15.32%	8.00%	6.85%

Notes to Schedule:

* Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Plan Assets. No assets are accumulated in a trust that meets all of the criteria of GASB No. 75, paragraph 4, to pay benefits.

COMBINING STATEMENTS

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Impact Fees Fund - This fund is used to account for transportation, parks and public safety projects. Revenues are derived from impact fees collected during the building permit process.

Affordable Housing Fund - This fund is used to purchase land or homes to be used for affordable housing. These funds are also available to provide down payment assistance to qualified homebuyers.

Restoration Fund - This fund is used for restoration and management activities of public resource protection and conservation lands.

Building Fund - This fund is used to account for the collection of reasonable inspection fees according to a schedule in order to defer the costs of inspection and enforcement of the Florida Building Code.

Community Development Block Grant Fund - This fund is used to account for the implementation and funding of Community Development Block Grant projects.

Debt Service Fund

Debt Service Fund - This fund is used to account for the payment of principal, interest and expenditures on the long-term debt of the governmental funds.

City of Marathon, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2021

	Special Revenue Funds			
	Impact Fees Fund	Affordable Housing Fund	Restoration Fund	Building Fund
Assets:				
Cash and cash equivalents	\$ 1,989,445	\$ 1,510,736	\$ 433,181	\$ 3,657,381
Receivables	-	770,000	-	-
Due from other governments	-	-	-	-
Total assets	\$ 1,989,445	\$ 2,280,736	\$ 433,181	\$ 3,657,381
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities	\$ -	\$ 13,000	\$ 5,200	\$ 69,904
Deferred inflows of resources	-	-	-	-
Fund balances:				
Restricted:				
Building department	-	-	-	3,587,477
Community development	-	-	-	-
Committed for:				
Infrastructure improvements	1,989,445	-	-	-
Affordable housing	-	2,267,736	-	-
Restoration projects	-	-	427,981	-
Total fund balances	1,989,445	2,267,736	427,981	3,587,477
Total liabilities, deferred inflows of resources and fund balances	\$ 1,989,445	\$ 2,280,736	\$ 433,181	\$ 3,657,381

Special Revenue		
Fund		
Community		Total
Development	Debt	Nonmajor
Block Grant	Service	Governmental
Fund	Fund	Funds
\$ 138,454	\$ -	\$ 7,729,197
-	-	770,000
138,440	-	138,440
\$ 276,894	\$ -	\$ 8,637,637
\$ 138,440	\$ -	\$ 226,544
138,440	-	138,440
-	-	3,587,477
14	-	14
-	-	1,989,445
-	-	2,267,736
-	-	427,981
14	-	8,272,653
\$ 276,894	\$ -	\$ 8,637,637

City of Marathon, Florida
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2021

	Special Revenue Funds			
	Impact Fees Fund	Affordable Housing Fund	Restoration Fund	Building Fund
Revenues:				
Licenses and permits	\$ -	\$ -	\$ -	\$ 2,152,611
Impact fees	344,381	627,000	187,200	-
Miscellaneous	-	-	15,000	-
Interest	4,401	3,092	691	3,554
Total revenues	<u>348,782</u>	<u>630,092</u>	<u>202,891</u>	<u>2,156,165</u>
Expenditures:				
Current:				
Community services	-	2,400	-	977,305
Capital outlay	-	-	-	32,650
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>-</u>	<u>2,400</u>	<u>-</u>	<u>1,009,955</u>
Excess (deficiency) of revenues over expenditures	<u>348,782</u>	<u>627,692</u>	<u>202,891</u>	<u>1,146,210</u>
Other Financing Sources (Uses):				
Transfers in	-	-	-	2,866,345
Transfers out	-	(138,440)	-	(425,078)
Total other financing sources (uses)	<u>-</u>	<u>(138,440)</u>	<u>-</u>	<u>2,441,267</u>
Net change in fund balances	348,782	489,252	202,891	3,587,477
Fund Balances, Beginning	<u>1,640,663</u>	<u>1,778,484</u>	<u>225,090</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 1,989,445</u>	<u>\$ 2,267,736</u>	<u>\$ 427,981</u>	<u>\$ 3,587,477</u>

Special Revenue		
Fund		
Community Development Block Grant Fund	Debt Service Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 2,152,611
-	-	1,158,581
-	-	15,000
14	-	11,752
14	-	3,337,944
138,440	-	1,118,145
-	-	32,650
-	1,145,000	1,145,000
-	186,278	186,278
138,440	1,331,278	2,482,073
(138,426)	(1,331,278)	855,871
138,440	1,331,278	4,336,063
-	-	(563,518)
138,440	1,331,278	3,772,545
14	-	4,628,416
-	-	3,644,237
\$ 14	\$ -	\$ 8,272,653

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BUDGETARY COMPARISON SCHEDULES

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City of Marathon, Florida
Budgetary Comparison Schedule
Capital Infrastructure Fund
For the Year Ended September 30, 2021

	Original and Final Budget	Actual Amounts	Variance
Revenues:			
Intergovernmental	\$ 3,827,534	\$ 4,071,363	\$ 243,829
Miscellaneous	100,000	2,500	(97,500)
Interest	10,000	5,853	(4,147)
	<u>3,937,534</u>	<u>4,079,716</u>	<u>142,182</u>
Total revenues			
Expenditures:			
Capital outlay	<u>3,272,339</u>	<u>418,393</u>	<u>2,853,946</u>
Excess of revenues over expenditures	<u>665,195</u>	<u>3,661,323</u>	<u>2,996,128</u>
Other Financing Sources (Uses):			
Transfers in	605,000	-	(605,000)
Transfers out	(2,247,448)	(2,375,495)	(128,047)
Appropriation of prior year's fund balance	<u>977,253</u>	<u>-</u>	<u>(977,253)</u>
Total other financing sources (uses)	<u>(665,195)</u>	<u>(2,375,495)</u>	<u>(1,710,300)</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>1,285,828</u>	\$ <u>1,285,828</u>

City of Marathon, Florida
Budgetary Comparison Schedule - Capital Infrastructure Fund
(Continued)
For the Year Ended September 30, 2021

**Explanation of Differences Between Change in Fund Balance
Budget to Actual and Statement of Revenues, Expenditures
and Changes in Fund Balance - Capital Infrastructure Fund**

Net change in fund balance, page 74 \$ 1,285,828

Amounts reported for budget to actual are different because:

The net change in fund balance in the City's Vehicle Replacement Fund are reported in the Vehicle Replacement Fund for budgetary purposes but in the Capital Infrastructure Fund for the purpose of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds:

Net change in fund balance - Vehicle Replacement Fund 4,558

Net change in fund balance per the Statement of Revenues,
Expenditures, and Changes in Fund Balances -
Capital Infrastructure Fund, Page 20 \$ 1,290,386

City of Marathon, Florida
Budgetary Comparison Schedules -
Nonmajor Governmental Funds
For the Year Ended September 30, 2021

	Impact Fees Fund			Affordable Housing Fund			Restoration Fund			Building Fund		
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
Revenues:												
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,073,000	\$ 2,152,611	\$ 1,079,611
Impact fees	409,000	344,381	(64,619)	-	627,000	627,000	-	187,200	187,200	-	-	-
Miscellaneous	-	-	-	-	-	-	-	15,000	15,000	-	-	-
Interest	16,000	4,401	(11,599)	10,000	3,092	(6,908)	1,600	691	(909)	14,000	3,554	(10,446)
Total revenues	425,000	348,782	(76,218)	10,000	630,092	620,092	1,600	202,891	201,291	1,087,000	2,156,165	1,069,165
Expenditures:												
Current:												
Community services	-	-	-	193,600	2,400	191,200	50,000	-	50,000	1,202,521	977,305	225,216
Capital outlay	-	-	-	-	-	-	-	-	-	75,000	32,650	42,350
Total expenditures	-	-	-	193,600	2,400	191,200	50,000	-	50,000	1,277,521	1,009,955	267,566
Excess (deficiency) of revenues over expenditures	425,000	348,782	(76,218)	(183,600)	627,692	811,292	(48,400)	202,891	251,291	(190,521)	1,146,210	1,336,731
Other Financing Sources (Uses):												
Transfers in	-	-	-	-	-	-	-	-	-	2,888,461	2,866,345	(22,116)
Transfers out	(488,193)	-	488,193	(450,000)	(138,440)	311,560	-	-	-	(450,078)	(425,078)	25,000
Appropriation of prior year's fund balance	63,193	-	(63,193)	633,600	-	(633,600)	48,400	-	(48,400)	(2,247,862)	-	2,247,862
Total other financing sources (uses)	(425,000)	-	425,000	183,600	(138,440)	(322,040)	48,400	-	(48,400)	190,521	2,441,267	2,250,746
Net change in fund balances	\$ -	\$ 348,782	\$ 348,782	\$ -	\$ 489,252	\$ 489,252	\$ -	\$ 202,891	\$ 202,891	\$ -	\$ 3,587,477	\$ 3,587,477

City of Marathon, Florida
Budgetary Comparison Schedules -
Nonmajor Governmental Funds (Continued)
For the Year Ended September 30, 2021

	Community Development Block Grant Fund			Vehicle Replacement Fund			Debt Service Fund		
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
Revenues:									
Intergovernmental	\$ 5,000,000	\$ -	\$ (5,000,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	14	14	12,000	4,558	(7,442)	-	-	-
Total revenues	5,000,000	14	(4,999,986)	12,000	4,558	(7,442)	-	-	-
Expenditures:									
Current:									
Community services	5,000,000	138,440	4,861,560	-	-	-	-	-	-
Debt service:									
Principal	-	-	-	-	-	-	1,145,000	1,145,000	-
Interest and fiscal charges	-	-	-	-	-	-	186,278	186,278	-
Total expenditures	5,000,000	138,440	4,861,560	-	-	-	1,331,278	1,331,278	-
Excess (deficiency) of revenues over expenditures	-	(138,426)	(138,426)	12,000	4,558	(7,442)	(1,331,278)	(1,331,278)	-
Other Financing Sources (Uses):									
Transfers in	450,000	138,440	(311,560)	-	-	-	1,331,278	1,331,278	-
Transfers out	-	-	-	(634,924)	-	634,924	-	-	-
Appropriation of prior year's fund balance	(450,000)	-	450,000	622,924	-	(622,924)	-	-	-
Total other financing sources (uses)	-	138,440	138,440	(12,000)	-	12,000	1,331,278	1,331,278	-
Net change in fund balances	\$ -	\$ 14	\$ 14	\$ -	\$ 4,558	\$ 4,558	\$ -	\$ -	\$ -

STATISTICAL SECTION

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STATISTICAL SECTION

This part of the City of Marathon's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>CONTENTS</u>	<u>PAGE</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	78-87
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	88-91
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	92-94
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	95-96
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	97-99

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Marathon, Florida
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2012	2013	2014	2015
Governmental Activities:				
Net investment in capital assets	\$ 28,142,616	\$ 29,978,693	\$ 30,819,582	\$ 30,963,072
Restricted	4,090,519	2,013,189	2,394,851	3,089,957
Unrestricted (Deficit)	<u>4,157,687</u>	<u>4,952,275</u>	<u>7,065,123</u>	<u>9,299,203</u>
Total governmental activities net position	<u>36,390,822</u>	<u>36,944,157</u>	<u>40,279,556</u>	<u>43,352,232</u>
Business-Type Activities:				
Net investment in capital assets	39,625,782	47,690,144	50,316,306	46,217,299
Restricted	-	-	-	-
Unrestricted	<u>17,638,385</u>	<u>11,307,027</u>	<u>9,359,636</u>	<u>12,623,760</u>
Total business-type activities net position	<u>57,264,167</u>	<u>58,997,171</u>	<u>59,675,942</u>	<u>58,841,059</u>
Total Government:				
Net investment in capital assets	67,768,398	77,668,837	81,135,888	77,180,371
Restricted	4,090,519	2,013,189	2,394,851	3,089,957
Unrestricted	<u>21,796,072</u>	<u>16,259,302</u>	<u>16,424,759</u>	<u>21,922,963</u>
Total government net position	<u>\$ 93,654,989</u>	<u>\$ 95,941,328</u>	<u>\$ 99,955,498</u>	<u>\$ 102,193,291</u>

(1) Fiscal year 2014 unrestricted net assets have been restated due to the implementation of GASB 68.

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 31,282,555	\$ 31,363,522	\$ 31,361,460	\$ 32,346,880	\$ 35,592,849	\$ 34,859,087
3,361,757	3,761,611	4,112,540	3,497,273	2,982,465	9,246,822
10,285,136	8,584,962	(374,303)	8,850,552	21,388,072	22,862,910
44,929,448	43,710,095	35,099,697	44,694,705	59,963,386	66,968,819
52,501,721	59,193,929	63,683,687	67,362,414	69,923,370	71,826,562
-	-	-	-	-	-
12,220,979	9,693,724	14,654,425	19,159,607	19,863,336	20,048,674
64,722,700	68,887,653	78,338,112	86,522,021	89,786,706	91,875,236
83,784,276	90,557,451	95,045,147	99,709,294	105,516,219	106,685,649
3,361,757	3,761,611	4,112,540	3,497,273	2,982,465	9,246,822
22,506,115	18,278,686	14,280,122	28,010,159	41,251,408	42,911,584
\$ 109,652,148	\$ 112,597,748	\$ 113,437,809	\$ 131,216,726	\$ 149,750,092	\$ 158,844,055

City of Marathon, Florida
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2012	2013	2014	2015
Expenses:				
Governmental activities:				
General government	\$ 2,596,950	\$ 2,751,456	\$ 2,718,127	\$ 2,609,926
Public safety	4,260,491	4,623,980	4,713,469	4,883,718
Community services	2,477,396	2,673,198	2,943,294	2,894,577
Community development	894,343	887,239	875,734	1,060,108
Interest on long-term debt	234,371	202,629	282,779	241,217
Total governmental activities	<u>10,463,551</u>	<u>11,138,502</u>	<u>11,533,403</u>	<u>11,689,546</u>
Business-type activities:				
Wastewater	6,502,017	8,772,782	9,594,935	12,010,623
Marina	645,935	748,329	710,071	724,738
Stormwater	1,098,948	1,278,604	1,369,870	1,485,414
Total business-type activities	<u>8,246,900</u>	<u>10,799,715</u>	<u>11,674,876</u>	<u>14,220,775</u>
Total governmental expenses	<u>\$ 18,710,451</u>	<u>\$ 21,938,217</u>	<u>\$ 23,208,279</u>	<u>\$ 25,910,321</u>
Program Revenues:				
Governmental activities:				
Charges for services:				
General government	\$ 182,481	\$ 188,528	\$ 194,134	\$ 259,699
Public safety	987,852	1,103,270	912,737	1,206,398
Community services	614,280	597,760	659,677	793,186
Community development	521,441	810,639	866,310	1,214,500
Operating grants and contributions	282,495	486,147	480,670	574,785
Capital grants and contributions	3,494,595	2,726,468	3,801,181	3,308,682
Total governmental activities program revenues	<u>6,083,144</u>	<u>5,912,812</u>	<u>6,914,709</u>	<u>7,357,250</u>
Business-type activities:				
Charges for services:				
Wastewater	4,164,443	5,875,927	5,989,281	6,166,141
Marina	650,698	695,901	828,357	851,989
Stormwater	-	-	-	-
Operating grants and contributions	92,292	135,379	41,873	-
Capital grants and contributions	4,926,863	5,546,634	5,145,621	6,106,989
Total business-type activities program revenues	<u>9,834,296</u>	<u>12,253,841</u>	<u>12,005,132</u>	<u>13,125,119</u>
Total program revenues	<u>\$ 15,917,440</u>	<u>\$ 18,166,653</u>	<u>\$ 18,919,841</u>	<u>\$ 20,482,369</u>
Net (Expense) Revenue:				
Governmental activities	\$ (4,380,407)	\$ (5,225,690)	\$ (4,618,694)	\$ (4,332,296)
Business-type activities	<u>1,587,396</u>	<u>1,454,126</u>	<u>330,256</u>	<u>(1,095,656)</u>
Total net (expense) revenue	<u>\$ (2,793,011)</u>	<u>\$ (3,771,564)</u>	<u>\$ (4,288,438)</u>	<u>\$ (5,427,952)</u>

Continued on next page

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 2,847,773	\$ 5,299,558	\$ 16,032,764	\$ 3,550,307	\$ 3,681,557	\$ 3,690,434
5,202,572	5,633,501	6,076,722	6,401,157	6,384,915	6,803,728
3,109,362	3,420,249	2,904,035	3,272,628	3,529,226	4,728,591
1,408,043	1,387,809	1,635,692	1,549,785	1,721,852	875,956
221,828	202,657	240,068	282,110	251,504	124,329
<u>12,789,578</u>	<u>15,943,774</u>	<u>26,889,281</u>	<u>15,055,987</u>	<u>15,569,054</u>	<u>16,223,038</u>
9,929,090	9,410,154	9,660,919	9,447,716	10,239,572	11,434,006
1,226,693	1,162,725	783,531	816,160	917,801	1,180,250
796,108	1,273,084	2,600,382	6,407,316	1,936,696	1,042,003
<u>11,951,891</u>	<u>11,845,963</u>	<u>13,044,832</u>	<u>16,671,192</u>	<u>13,094,069</u>	<u>13,656,259</u>
\$ <u>24,741,469</u>	\$ <u>27,789,737</u>	\$ <u>39,934,113</u>	\$ <u>31,727,179</u>	\$ <u>28,663,123</u>	\$ <u>29,879,297</u>
\$ 335,352	\$ 392,114	\$ 832,882	\$ 1,366,837	\$ 523,924	\$ 555,714
1,309,008	1,354,094	1,927,826	2,136,220	1,686,584	2,034,007
790,447	746,571	793,956	830,003	847,335	866,761
1,410,332	1,238,110	2,495,302	3,196,058	2,192,809	3,710,347
371,539	260,009	1,062,030	4,553,389	9,936,824	1,387,783
3,351,896	3,119,967	3,188,292	3,754,846	6,569,796	4,395,382
<u>7,568,574</u>	<u>7,110,865</u>	<u>10,300,288</u>	<u>15,837,353</u>	<u>21,757,272</u>	<u>12,949,994</u>
6,346,446	6,463,033	6,522,387	6,740,858	6,718,556	7,110,115
904,336	933,084	895,934	953,039	888,546	1,005,431
-	-	61,492	-	-	-
-	-	942,573	5,022,018	975,811	576,933
9,034,879	8,276,373	13,427,627	11,599,984	7,420,604	6,772,109
<u>16,285,661</u>	<u>15,672,490</u>	<u>21,850,013</u>	<u>24,315,899</u>	<u>16,003,517</u>	<u>15,464,588</u>
\$ <u>23,854,235</u>	\$ <u>22,783,355</u>	\$ <u>32,150,301</u>	\$ <u>40,153,252</u>	\$ <u>37,760,789</u>	\$ <u>28,414,582</u>
\$ (5,221,004)	\$ (8,832,909)	\$ (16,588,993)	\$ 781,366	\$ 6,188,218	\$ (3,273,044)
4,333,770	3,826,527	8,805,181	7,644,707	2,909,448	1,808,329
\$ <u>(887,234)</u>	\$ <u>(5,006,382)</u>	\$ <u>(7,783,812)</u>	\$ <u>8,426,073</u>	\$ <u>9,097,666</u>	\$ <u>(1,464,715)</u>

City of Marathon, Florida
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Continued)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Revenues:				
Governmental activities:				
Taxes:				
Property taxes	\$ 3,536,651	\$ 3,777,989	\$ 3,978,700	\$ 4,216,763
Other taxes	571,793	554,701	508,840	576,608
State shared revenues	1,564,952	1,643,871	1,766,483	1,884,755
Investment earnings	60,123	27,364	14,392	20,755
Miscellaneous	92,030	69,179	41,806	935,331
Transfers	(169,079)	(294,079)	(315,265)	(90,406)
Reassignment of capital assets to business type activities	-	-	-	(138,834)
Total governmental activities	<u>5,656,470</u>	<u>5,779,025</u>	<u>5,994,956</u>	<u>7,543,806</u>
Business-type activities:				
Investment earnings	125,436	46,463	33,250	29,705
Miscellaneous	-	-	-	1,828
Gain (loss) on disposal of equipment	-	-	-	-
Transfers	169,079	294,079	315,265	90,406
Reassignment of capital assets from governmental activities	-	-	-	138,834
Total business-type activities	<u>294,515</u>	<u>340,542</u>	<u>348,515</u>	<u>260,773</u>
Total general revenues	<u>\$ 5,950,985</u>	<u>\$ 6,119,567</u>	<u>\$ 6,343,471</u>	<u>\$ 7,804,579</u>
Change in Net Position:				
Governmental activities	\$ 1,276,063	\$ 1,398,618	\$ 1,376,262	\$ 3,211,510
Business-type activities	<u>1,881,911</u>	<u>1,927,938</u>	<u>678,771</u>	<u>(834,883)</u>
Total change in net position	<u>\$ 3,157,974</u>	<u>\$ 3,326,556</u>	<u>\$ 2,055,033</u>	<u>\$ 2,376,627</u>

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 4,470,917	\$ 5,236,773	\$ 6,011,774	\$ 6,351,257	\$ 6,847,271	\$ 7,345,310
529,641	515,229	501,700	472,628	496,713	518,267
1,926,237	1,984,812	1,909,914	2,124,983	1,807,035	2,489,658
17,610	67,555	75,338	76,554	97,297	60,189
186,758	95,052	47,720	78,220	61,902	94,808
(332,943)	(285,865)	(653,249)	(290,000)	(229,755)	(229,755)
-	-	-	-	-	-
6,798,220	7,613,556	7,893,197	8,813,642	9,080,463	10,278,477
30,543	52,561	87,334	154,963	125,482	50,446
1,184,385	-	-	-	-	-
-	-	20,637	94,239	-	-
332,943	285,865	653,249	290,000	229,755	229,755
-	-	-	-	-	-
1,547,871	338,426	761,220	539,202	355,237	280,201
\$ 8,346,091	\$ 7,951,982	\$ 8,654,417	\$ 9,352,844	\$ 9,435,700	\$ 10,558,678
\$ 1,577,216	\$ (1,219,353)	\$ (8,695,796)	\$ 9,595,008	\$ 15,268,681	\$ 7,005,433
5,881,641	4,164,953	9,566,401	8,183,909	3,264,685	2,088,530
\$ 7,458,857	\$ 2,945,600	\$ 870,605	\$ 17,778,917	\$ 18,533,366	\$ 9,093,963

City of Marathon, Florida
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund:				
Nonspendable	\$ 92,328	\$ 63,583	\$ 91,443	\$ 99,901
Restricted	38,818	39,044	81,995	210,826
Committed	-	-	-	-
Assigned	-	303,864	602,829	834,104
Unassigned (Deficit)	<u>2,396,537</u>	<u>2,642,481</u>	<u>2,565,459</u>	<u>3,398,554</u>
Total general fund	<u>2,527,683</u>	<u>3,048,972</u>	<u>3,341,726</u>	<u>4,543,385</u>
Special Revenue Funds:				
Nonspendable	1,200	1,200	1,500	1,500
Restricted	4,051,701	1,974,145	7,844,203	5,661,189
Committed	<u>1,966,244</u>	<u>2,367,028</u>	<u>2,338,268</u>	<u>3,431,379</u>
Total special revenue funds	<u>6,019,145</u>	<u>4,342,373</u>	<u>10,183,971</u>	<u>9,094,068</u>
Debt Service Fund:				
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental funds	<u>\$ 8,546,828</u>	<u>\$ 7,391,345</u>	<u>\$ 13,525,697</u>	<u>\$ 13,637,453</u>

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 98,770	\$ 144,042	\$ 334,294	\$ 355,951	\$ 29,667	\$ 33,342
235,850	255,897	326,131	377,145	335,635	736,190
-	-	-	-	-	-
463,756	-	-	-	-	-
<u>4,521,269</u>	<u>3,690,416</u>	<u>(6,862,727)</u>	<u>(1,020,937)</u>	<u>12,291,091</u>	<u>13,396,993</u>
<u>5,319,645</u>	<u>4,090,355</u>	<u>(6,202,302)</u>	<u>(287,841)</u>	<u>12,656,393</u>	<u>14,166,525</u>
5,244	-	25	-	-	-
3,125,907	3,505,714	3,786,409	3,120,128	2,646,830	8,454,930
<u>3,772,815</u>	<u>3,457,850</u>	<u>4,141,624</u>	<u>4,855,431</u>	<u>5,463,430</u>	<u>6,508,913</u>
<u>6,903,966</u>	<u>6,963,564</u>	<u>7,928,058</u>	<u>7,975,559</u>	<u>8,110,260</u>	<u>14,963,843</u>
-	-	-	(5,000)	-	-
<u>\$ 12,223,611</u>	<u>\$ 11,053,919</u>	<u>\$ 1,725,756</u>	<u>\$ 7,682,718</u>	<u>\$ 20,766,653</u>	<u>\$ 29,130,368</u>

City of Marathon, Florida
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues:				
Ad valorem taxes	\$ 3,536,651	\$ 3,777,989	\$ 3,978,700	\$ 4,216,763
Communication services taxes	571,793	554,701	508,840	576,608
Impact fees	123,585	124,806	205,288	1,222,462
Licenses and permits	689,191	927,451	966,452	1,347,116
Intergovernmental revenue	5,612,220	5,267,575	6,494,328	5,763,603
Charges for services	959,924	1,067,452	840,115	1,026,971
Fines and forfeitures	81,959	157,311	169,149	274,429
Special assessments	12,427	12,308	-	-
Interest	60,123	27,364	14,392	20,755
Miscellaneous	92,030	68,959	66,308	520,255
	<u>11,739,903</u>	<u>11,985,916</u>	<u>13,243,572</u>	<u>14,968,962</u>
Expenditures:				
Current:				
General government	2,442,659	2,568,096	2,579,453	2,412,107
Public safety	3,984,275	4,155,331	4,257,930	4,438,161
Community services	1,512,165	1,619,088	1,644,411	1,930,436
Community development	845,333	825,021	825,034	954,675
Capital outlay	1,511,676	2,736,415	2,479,661	4,023,290
Debt service:				
Principal	740,740	740,740	785,000	770,000
Interest and other fiscal charges	234,371	202,629	279,693	238,131
	<u>11,271,219</u>	<u>12,847,320</u>	<u>12,851,182</u>	<u>14,766,800</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>468,684</u>	<u>(861,404)</u>	<u>392,390</u>	<u>202,162</u>
Other Financing Sources (Uses):				
Payment to refunded bond escrow agent	-	-	(4,277,773)	-
Sale of asset	-	-	-	-
Insurance proceeds	-	-	-	-
Transfers in	1,693,313	1,734,247	1,772,648	2,107,961
Transfers out	(1,862,392)	(2,028,326)	(2,087,913)	(2,198,367)
Issuance of debt				
Bonds Issued	-	-	10,335,000	-
	<u>(169,079)</u>	<u>(294,079)</u>	<u>5,741,962</u>	<u>(90,406)</u>
Net Change in Fund Balances	<u>\$ 299,605</u>	<u>\$ (1,155,483)</u>	<u>\$ 6,134,352</u>	<u>\$ 111,756</u>
Debt Service as a Percentage of Non-Capital Expenditures	9.98%	9.27%	9.96%	9.40%

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 4,470,917	\$ 5,236,773	\$ 6,011,774	\$ 6,351,257	\$ 6,847,271	\$ 7,345,310
529,641	515,229	501,700	472,628	496,713	518,267
470,614	489,340	621,797	914,021	686,783	1,158,581
1,553,338	1,506,456	2,944,187	3,756,614	2,721,267	3,207,461
6,055,246	5,822,821	5,864,220	8,242,793	19,720,073	9,528,651
1,057,363	1,040,201	1,500,628	1,388,284	1,257,636	1,513,547
288,331	232,565	106,266	141,389	126,148	711,911
-	-	-	-	-	-
17,610	67,555	75,338	76,554	97,297	60,189
98,410	39,878	76,581	95,485	65,702	108,679
14,541,470	14,950,818	17,702,491	21,439,025	32,018,890	24,152,596
2,482,091	4,778,448	15,556,405	3,003,629	3,112,085	3,054,300
4,645,986	5,015,503	5,528,311	5,921,898	5,824,957	6,227,374
2,069,478	2,332,785	1,968,075	2,217,144	2,507,537	3,704,028
1,314,896	1,263,455	1,514,815	1,434,355	1,623,247	731,061
4,131,176	1,635,184	1,315,357	4,099,767	4,291,162	527,941
760,000	740,000	735,000	785,002	1,130,000	1,145,000
218,742	199,571	236,982	232,565	220,529	186,278
15,622,369	15,964,946	26,854,945	17,694,360	18,709,517	15,575,982
(1,080,899)	(1,014,128)	(9,152,454)	3,744,665	13,309,373	8,576,614
-	-	-	-	-	-
-	-	-	-	-	-
-	130,301	427,539	877,296	4,317	16,856
2,127,866	1,727,945	1,517,128	2,036,301	2,641,842	5,575,603
(2,460,809)	(2,013,810)	(2,170,377)	(2,326,301)	(2,871,597)	(5,805,358)
-	-	50,001	1,625,001	-	-
-	-	-	-	-	-
(332,943)	(155,564)	(175,709)	2,212,297	(225,438)	(212,899)
\$ (1,413,842)	\$ (1,169,692)	\$ (9,328,163)	\$ 5,956,962	\$ 13,083,935	\$ 8,363,715
8.50%	6.56%	3.71%	7.49%	9.37%	8.85%

City of Marathon, Florida
Net Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Fiscal Year Ended September 30,	Tax Roll Year	Real Property	Personal Property	Total Net Assessed Value	Total Direct Tax Rate	Estimated Actual Value (1)	Estimated Actual Value as a Percentage of Net Assessed Value (1)
2012	2011	\$ 1,731,544,701	\$ 73,025,922	\$ 1,804,570,623	1.9999	N/A	N/A
2013	2012	\$ 1,692,111,205	\$ 70,358,735	\$ 1,762,469,940	2.1989	N/A	N/A
2014	2013	\$ 1,710,990,869	\$ 66,124,906	\$ 1,777,115,775	2.2969	N/A	N/A
2015	2014	\$ 1,799,745,030	\$ 62,433,310	\$ 1,862,178,340	2.3297	N/A	N/A
2016	2015	\$ 1,934,996,573	\$ 68,988,431	\$ 2,003,985,004	2.3000	N/A	N/A
2017	2016	\$ 2,068,261,975	\$ 75,795,496	\$ 2,144,057,471	2.5000	N/A	N/A
2018	2017	\$ 2,307,148,819	\$ 71,619,259	\$ 2,378,768,078	2.5900	N/A	N/A
2019	2018	\$ 2,452,529,645	\$ 72,177,542	\$ 2,524,707,187	2.5900	N/A	N/A
2020	2019	\$ 2,637,422,003	\$ 82,277,588	\$ 2,719,699,591	2.5900	N/A	N/A
2021	2020	\$ 2,833,142,419	\$ 91,570,580	\$ 2,924,712,999	2.7700	N/A	N/A

Note (1): Property in the City is reassessed each year. The Property Appraiser estimates a just (market) value for all types of real property. For non-homesteaded properties the just value is equal to the assessed value. For homesteaded properties, the just value is adjusted for both the Florida 'Save Our Homes' valuation cap and the homestead exemption amount to arrive at the assessed value. As a result, there is no formula available to estimate the relationship between overall just (actual) value and assessed value.

Source: Monroe County Property Appraiser's Office and the City of Marathon Finance Department.

City of Marathon, Florida
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Fiscal Year	Tax Roll Year	City of Marathon			Overlapping Rates (1)					Total Direct and Overlapping Rates
		Operating Millage	Debt Service Millage	Total Direct Rate	Monroe County	School Board	S. Florida	FL Keys	Other	
							Water Mgt District	Mosquito Control District		
2012	2011	1.9999	-	1.9999	3.3470	3.5650	0.1785	0.4836	0.2578	9.8318
2013	2012	2.1989	-	2.1989	3.1229	3.6600	0.1757	0.5171	0.2532	9.9278
2014	2013	2.2969	-	2.2969	3.1380	3.6810	0.1685	0.5069	0.2425	10.0338
2015	2014	2.3297	-	2.3297	3.1275	3.6260	0.1577	0.4824	0.2265	9.9498
2016	2015	2.3000	-	2.3000	2.9753	3.5500	0.1459	0.5019	0.2092	9.6823
2017	2016	2.5000	-	2.5000	2.8297	3.4840	0.1359	0.5831	0.1948	9.7275
2018	2017	2.5900	-	2.5900	2.6957	3.3560	0.1275	0.4646	0.1825	9.4163
2019	2018	2.5900	-	2.5900	2.6957	3.3580	0.1209	0.4555	0.1727	9.3928
2020	2019	2.5900	-	2.5900	2.5444	3.3430	0.1152	0.4508	0.7080	9.7514
2021	2020	2.7700	-	2.7700	2.5708	3.2840	0.1061	0.4648	0.6952	9.8909

Note: All millage rates are based on \$ 1 for every \$ 1,000 of assessed value.

Note (1) Overlapping rates are those of local and county governments that apply to property owners within the City of Marathon, Florida.

Note (2) The City of Marathon levies one millage rate for the services it provides, therefore, there are no other components of the direct rate to display.

Sources: City of Marathon Finance Department and Monroe County Property Appraiser's Office.

City of Marathon, Florida
Principal Property Taxpayers
Current Year and Ten Years Ago

Taxpayer	2021		
	Net Assessed Value	Rank	Percent of Total City Net Assessed Value
KNIGHTS KEY INVESTORS LLC	\$ 54,749,934	1	1.87%
SH3 LTD	41,738,571	2	1.43%
FL KEYS ELECTRIC CO-OP ASSN INC	35,444,255	3	1.21%
MARLIN BAY YACHT CLUB LLC	34,063,417	4	1.16%
BLUE GREEN	33,835,971	5	1.16%
MARATHON OCEAN HOUSING LLC	25,434,144	6	0.87%
MARATHON HOTELS LLC	20,899,028	7	0.71%
MARATHON HOSPITALITY LLC	19,854,055	8	0.68%
AVJC ENTERPRISE LLC	17,498,190	9	0.60%
1525 LLC	17,041,897	10	0.58%
	<u>\$ 300,559,462</u>		<u>10.28%</u>
Taxpayer	2012		
	Net Assessed Value	Rank	Percent of Total City Net Assessed Value
BLUEGREEN RESORTS MANAGEMENT INC.	\$ 33,151,685	1	2.01%
FL KEYS ELECTRIC CO-OP ASSN INC	27,978,314	2	1.30%
MARLIN BAY YACHT CLUB LLC	13,469,152	3	0.77%
FISHERMANS HOSPITAL INC.	12,560,546	4	0.71%
SH MARATHON LTD	11,262,499	5	0.47%
SH3 LTD	10,997,696	6	0.47%
MICHAEL FELLING	10,252,698	7	0.46%
HOME DEPOT USA INC #6302	8,472,954	8	0.43%
CXA-10 CORPORATION	7,768,025	9	0.40%
1525 LLC	6,553,215	10	0.39%
	<u>\$ 142,466,784</u>		<u>7.41%</u>

Source: Tax roll provided by Monroe County Property Appraisers Office.

City of Marathon, Florida
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended September 30,	Total Taxes Levied for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Year's	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2012	3,662,967	3,536,651	96.55%	-	3,536,651	96.55%
2013	3,899,220	3,777,989	96.89%	-	3,777,989	96.89%
2014	4,103,407	3,978,700	96.96%	-	3,978,700	96.96%
2015	4,332,716	4,216,763	97.32%	-	4,216,763	97.32%
2016	4,636,703	4,470,917	96.42%	-	4,470,917	96.42%
2017	5,402,910	5,236,773	96.93%	-	5,236,773	96.93%
2018	6,119,489	6,011,774	98.24%	-	6,011,774	98.24%
2019	6,515,264	6,351,257	97.48%	-	6,351,257	97.48%
2020	7,005,642	6,847,271	97.74%	-	6,847,271	97.74%
2021	7,573,555	7,345,310	96.99%	-	7,345,310	96.99%

Source: City of Marathon Finance Department and Monroe County Tax Collector's Office.

City of Marathon, Florida
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended September 30,	Governmental Activities			Business-Type Activities		Total	Percent of Net Assessed Value (1)	Per Capita (1)
	General Obligation Bonds	Revenue Bonds	Loans Payable	Revenue Bonds	State Revolving Fund Loan Program			
2012	-	5,000,000	-	28,636,760	56,074,089	89,710,849	4.97%	10,728
2013	-	4,259,260	-	-	74,110,203	78,369,463	4.45%	9,309
2014	-	9,550,000	-	-	70,227,974	79,777,974	4.49%	9,469
2015	-	8,780,000	-	-	70,108,929	78,888,929	4.24%	9,348
2016	-	8,020,000	-	-	62,820,217	70,840,217	3.53%	8,289
2017	-	7,280,000	-	-	58,972,355	66,252,355	3.09%	7,550
2018	-	6,545,000	50,001	-	55,026,765	61,621,766	2.59%	7,483
2019	-	5,859,734	1,575,000	-	50,993,466	58,428,200	2.31%	6,800
2020	-	5,254,734	1,050,000	-	46,864,184	53,168,918	1.95%	5,845
2021	-	4,634,734	525,000	-	42,636,611	47,796,345	1.63%	4,933

Note (1): Total personal income amounts not available for the City of Marathon jurisdiction. Personal income data provided in demographics section is for all of Monroe County. Therefore, assessed taxable value was used as the relevant economic base.

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements

City of Marathon, Florida
Computation of Direct and Estimated
Overlapping Governmental Activities Debt
September 30, 2021

	<u>Debt Outstanding</u>	<u>Applicable to City of Marathon</u>	
		<u>Percentage</u>	<u>Amount</u>
Direct debt:			
City of Marathon	\$ 5,159,734	100.00%	\$ 5,159,734
Estimated overlapping debt:			
Monroe County, District School Board (1)	<u>61,269,497</u>	9.74%	(2) <u>5,969,770</u>
Total ad valorem tax supported debt	\$ <u><u>66,429,231</u></u>		\$ <u><u>11,129,504</u></u>
Ratios:			
Overall debt to 2020 taxable valuation			0.38%
Overall debt per capita			\$ 1,149

Notes:

(1) Monroe County School Board debt is as of June 30, 2021

(2) Overlapping debt percentage was determined by a ratio of the assessed value of property subject to taxation in the City of Marathon to the total assessed value of property subject to taxation in the overlapping unit.

City of Marathon, Florida
Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended September 30,	Improvement Revenue Bonds							
	Local Govt. Infrastructure Tax	Special Assessments	Utility Operating Revenues	Less Operating Expenses	Net Available Revenue	Debt Service Principal	Interest	Coverage
2012	2,270,445	4,924,363	4,164,443	(2,901,151)	8,458,100	4,155,668	1,856,830	1.41
2013	2,410,693	5,546,634	5,875,927	(4,007,791)	9,825,463	4,905,134	2,202,143	1.38
2014	2,622,637	4,981,052	5,989,281	(5,100,009)	8,492,961	4,667,229	1,949,249	1.28
2015	2,822,655	5,277,288	6,166,141	(5,273,139)	8,992,945	3,239,045	3,363,662	1.36
2016	2,895,730	5,093,678	6,346,446	(5,673,930)	8,661,924	(1) 8,048,712	1,828,120	0.88
2017	2,986,561	4,859,730	6,463,033	(4,803,322)	9,506,002	4,587,862	1,657,092	1.52
2018	2,851,937	5,040,181	6,110,854	(6,134,428)	7,868,544	4,680,590	1,547,390	1.26
2019	3,263,444	5,016,903	6,059,548	(5,590,540)	8,749,355	4,818,252	1,463,285	1.39
2020	2,697,272	4,759,548	6,670,712	(5,921,336)	8,206,196	5,259,282	1,395,776	1.23
2021	3,942,170	4,884,662	7,110,115	(6,200,227)	9,736,720	5,372,573	1,262,934	1.47

Notes: (1) Debt service principal payments include the early payoff of five State Revolving Fund loans.

City of Marathon, Florida
Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (Amounts Expressed in Thousands) (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
2012	8,362	4,622,667	62,485	4.5%
2013	8,419	5,174,156	69,334	3.8%
2014	8,425	4,941,002	65,087	3.2%
2015	8,439	5,477,252	71,606	3.3%
2016	8,546	5,660,751	73,513	3.2%
2017	8,775	6,160,642	79,694	3.4%
2018	8,235	6,417,335	83,328	2.6%
2019	8,593	6,911,436	92,119	1.8%
2020	9,097	7,516,454	101,262	3.8%
2021	9,689 (a)	7,876,486	106,583	2.6%

Sources:

- (1) Office of Economic and Demographic Research, FL Legislature.
- (2) United States Census Bureau for all of Monroe County and Bureau of Economic and Business Research, University of FL.
- (3) Florida Department of Labor, Agency for Workforce Innovation. Rates are for the entire County of Monroe.
- (a) Data obtained from 2020 Federal census.

Note: When Marathon-specific data has not been available, Monroe County percentage projections were applied to Marathon's actual population figures from prior years.

City of Marathon, Florida
Principal Employers
Current Year and Ten Years Ago

Employer	2021		
	Employees	Rank	Percentage of Total City Employment
Monroe County	193	1	N/A
Fishermen's Community Hospital	180	2	N/A
Monroe County School Board	151	3	N/A
Home Depot USA	150	4	N/A
City of Marathon	102	5	N/A
Publix Supermarkets	93	6	N/A
Winn Dixie	93	7	N/A
Walgreens Co.	88	8	N/A
K-Mart Corporation	44	9	N/A
D'Assign Source LLC	35	10	N/A

Employer	2012		
	Employees	Rank	Percentage of Total City Employment
Monroe County	193	1	N/A
Monroe County School Board	151	2	N/A
Home Depot USA	150	3	N/A
Winn Dixie Supermarkets	93	4	N/A
Publix Supermarkets	90	5	N/A
Walgreens Co.	88	6	N/A
K-Mart Corporation	77	7	N/A
City of Marathon	56	8	N/A
Fishermen's Hospital	50	9	N/A
Florida Keys Aqueduct Authority	45	10	N/A

City of Marathon, Florida
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Employees	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government	4	4	6	8	8	8	8	9	9	9
Public Safety	23	25	26	28	28	31	34	36	31	33
Community Development	10	11	13	13	14	16	16	15	15	16
Community Services	13	17	19	27	35	34	36	37	39	44
Marina	6	6	6	5	6	8	8	8	8	8
Total number of employees	56	63	70	81	91	97	102	105	102	110

Source: City of Marathon Finance Department

City of Marathon, Florida
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public safety:										
Police:										
Police personnel and officers	14	14	20	27	27	31	31	32	32	32
Police calls for service	37,974	40,026	37,028	45,057	45,769	35,822	37,262	50,646	49,186	43,459
Fire/EMS:										
Fire personnel	23	23	26	27	27	27	27	27	34	33
Fire / emergency calls answered	436	530	619	704	655	624	501	490	547	480
Emergency medical services calls	1,329	1,662	1,806	1,655	1,947	1,590	1,286	1,324	1,045	1,232
Community development:										
Building permits issued	3,204	3,863	3,019	3,241	3,654	2,819	6,252	4,184	3,435	1,307
Commercial fire occupancy inspections	454	538	533	551	715	731	1,097	1,379	878	883
Community services:										
Transportation:										
Public right of way maintenance (miles)	63	63	63	63	63	63	63	63	63	63
Culture and recreation:										
Registrations for camp	104	55	147	184	339	126	326	247	-	30
Registrations for athletic programs	1,268	1,222	1,539	2,392	3,354	3,758	3,380	526	150	400
Registrations for cultural programs	26,350	26,649	28,948	36,043	40,606	51,296	37,548	28,402	8	2
Registrations for private events in public park areas	238	234	449	436	438	402	562	273	60	92
Marina:										
Mooring balls	226	226	226	226	226	226	226	226	226	226
Boat slips	13	13	13	13	13	13	13	13	13	13

Sources: Various City Departments, Monroe County Sheriff's Office

Note: Police services are provided under contract with the Monroe County Sheriff's Department.

Note: Water utility services are provided by Florida Keys Aqueduct Authority.

Note: Business permits and occupational licenses are issued and regulated by Monroe County.

Note: Solid waste services are provided by an outside contractor through Monroe County.

City of Marathon, Florida
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government:										
Number of general government buildings	-	-	-	-	-	1	1	1	1	1
Public safety:										
Police:										
Police stations	-	-	-	-	-	-	-	-	-	-
Fire:										
Fire stations	2	2	2	2	2	2	2	2	2	2
Transportation:										
Miles of streets	66	66	63	63	63	63	63	63	63	63
Number of street lights	188	188	188	188	188	188	188	188	188	188
Number of traffic signals	8	8	8	8	8	8	8	8	8	8
Culture and recreation:										
Amphitheater	1	1	1	1	1	1	1	1	1	1
Parks	4	4	4	4	4	4	4	4	4	4
Parks acreage	45	45	45	45	45	45	45	45	45	45
Beaches	2	2	2	2	2	2	2	2	2	2
Community center	-	-	-	-	-	-	-	-	-	-
Picnic pavilions	18	24	27	27	27	27	27	27	27	27
In-line hockey rink	1	1	1	1	1	1	1	1	1	1
Soccer fields	2	2	2	2	2	2	2	2	2	2
Skate park	1	1	1	1	1	1	1	1	1	1
Basketball courts	3	3	4	4	4	4	4	4	4	4
Tennis courts	4	4	4	4	4	4	4	4	4	4
Baseball/softball fields	2	2	2	2	2	2	2	2	2	2
Utility system:										
Fire hydrants - City of Marathon	154	170	181	181	181	200	200	233	258	258
Solid waste:										
Collection trucks	-	-	-	-	-	-	-	-	-	-

Sources: Various City Departments

Note: The City of Marathon does not own any police buildings. Police services are contracted from Monroe County.

Note: The City of Marathon's water utility is operated by the independent Florida Keys Aqueduct Authority.

Note: The City of Marathon does not own any solid waste collection trucks. Solid waste services are contracted to a private company.

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COMPLIANCE SECTION

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

To the Honorable Mayor and City Council
City of Marathon, Florida
Marathon, 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 Marathon, Florida (the "City") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 19, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

KEEFE McCULLOUGH

Fort Lauderdale, Florida
April 19, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor and City Council
City of Marathon, Florida
Marathon, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited City of Marathon, Florida's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

CPA's + Trusted Advisors

Opinion on Each Major Federal Program and State Project

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

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program 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 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charge 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 weakness may exist that have not been identified.

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. Accordingly, this report is not suitable for any other purpose.

KEEFE McCULLOUGH

Fort Lauderdale, Florida
April 19, 2022

INDEPENDENT AUDITOR'S REPORT TO CITY MANAGEMENT

To the Honorable Mayor and City Council
City of Marathon, Florida
Marathon, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Marathon, Florida (the "City"), as of and for the year ended September 30, 2021, and have issued our report thereon dated April 19, 2022.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Florida Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated April 19, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

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

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 this management letter, unless disclosed in the notes to the financial statements. The City of Marathon, Florida was established in 1999 under the provision of Chapter 99-427 of the laws of the State of Florida. The City does not have any component units.

Financial Condition and Management

Sections 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 condition(s) 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 communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged 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 Council Members and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

KEEFE McCULLOUGH

Fort Lauderdale, Florida
April 19, 2022

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES

To the Honorable Mayor and City Council
City of Marathon, Florida
Marathon, Florida

We have examined City of Marathon, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2021. Management is responsible for the City's compliance with the specific requirements. Our responsibility is to express an opinion on the City's compliance with the specific requirements based on our examination.

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

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

This report is intended solely for the information and use of Council members, 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.

KEEFE McCULLOUGH

Fort Lauderdale, Florida
April 19, 2022

CPA's + Trusted Advisors

City of Marathon, Florida
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2021

<u>Federal Agency/ Pass-through Entity/ Federal Program</u>	<u>CFDA Number</u>	<u>Contract/Grant Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
Federal Programs:				
Direct Programs:				
United States Department of the Army State Memorandum of Agreement Program for the Reimbursement of Technical Services	* 12.113	-	1,692,333	-
Indirect Programs:				
U.S. Department of Homeland Security - Passed through the Florida Department of Emergency Management: Disaster Grants - Public Assistance	97.036	Z0031	** 437,311	-
U.S. Department of Interior, Fish and Wildlife Service - Passed through Florida Department of Environmental Protection: Clean Vessel Act Program	15.616	MV361	28,861	-
U.S. Department of Transportation - Passed through Florida Department of Transportation: Highway Planning and Construction	20.205	G1212	250,279	-

See notes to the Schedule of Expenditures of Federal Awards.

City of Marathon, Florida
Schedule of Expenditures of Federal Awards
(Continued)
For the Fiscal Year Ended September 30, 2021

<u>Federal Agency/ Pass-through Entity/ Federal Program</u>	<u>CFDA Number</u>	<u>Contract/Grant Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
U.S. Department of Housing and Urban Development - Passed through State of Florida Department of Economic Opportunity: Community Development Block Grants - State's Programs	14.288	I0094	138,440	-
	14.288	IR019	20,660	-
		14.288 Total	<u>159,100</u>	
Total Expenditures of Federal Awards			\$ <u>2,567,884</u>	\$ <u>-</u>

* Denotes a major program

** Denotes expenditure from fiscal year 2017 and 2018

See notes to the Schedule of Expenditures of Federal Awards.

City of Marathon, Florida
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2021

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the City of Marathon, Florida (the "City"). The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) *Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments* as well as other applicable provisions of contracts and grant agreements, wherein certain types of expenditures are not allowable or are limited as to reimbursements, as applicable.

Note 3 - Indirect Cost Rate

The City did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 - Contingency

The grant and contract revenue received is subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor/contract agencies would become a liability of the City. In the opinion of management, all grant and contract expenditures are in compliance with the terms and conditions of the grant agreements and applicable federal/state laws and other applicable regulations.

Note 5 - Prior Year Expenditures

The Schedule includes contracts/grants from the U.S. Department of Homeland Security in the amount of \$ 437,311 that represent expenditures from the 2017 and 2018 fiscal years.

City of Marathon, Florida
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2021

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unmodified Opinion

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified?

_____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified?

_____ yes X none reported

Type of auditor's report issued on compliance for
major federal programs:

Unmodified Opinion

Any audit findings disclosed that are required
to be reported in accordance with 2 CFR 200.516(a)?

_____ yes X no

Identification of major federal programs:

<u>CFDA No.</u>	<u>Federal Program or Cluster</u>
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services

Dollar threshold used to distinguish between Type A
and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 X yes _____ no

SECTION II - FINANCIAL STATEMENT FINDINGS

None Reported.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None Reported.

SECTION IV - PRIOR YEAR AUDIT FINDINGS

None Reported.