

# City of Marathon, Florida

Annual Comprehensive Financial Report  
Fiscal Year Ended September 30, 2023



Prepared by the  
Finance Department

# City of Marathon, Florida

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## INTRODUCTORY SECTION



## CITY OF MARATHON, FLORIDA

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

March 27, 2024

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, 2023.

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, 2023, 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, 2023, 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.



## CITY OF MARATHON, FLORIDA

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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 9,799 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 facilities 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.



## CITY OF MARATHON, FLORIDA

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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 2023, the area's unemployment rate was 1.8%, compared with the statewide rate of 3%.

#### **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.





## CITY OF MARATHON, FLORIDA

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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, 2022. This was the twentieth 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.



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A Certificate of Achievement is valid for a period of one year only. We believe that the September 30, 2023 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.

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, 2023

### **CITY COUNCIL**

Luis Gonzalez, Mayor  
Robyn Still, Vice-Mayor

Jeff Smith, Councilmember  
Lynn Landry, Councilmember  
Kenny Matlock, 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

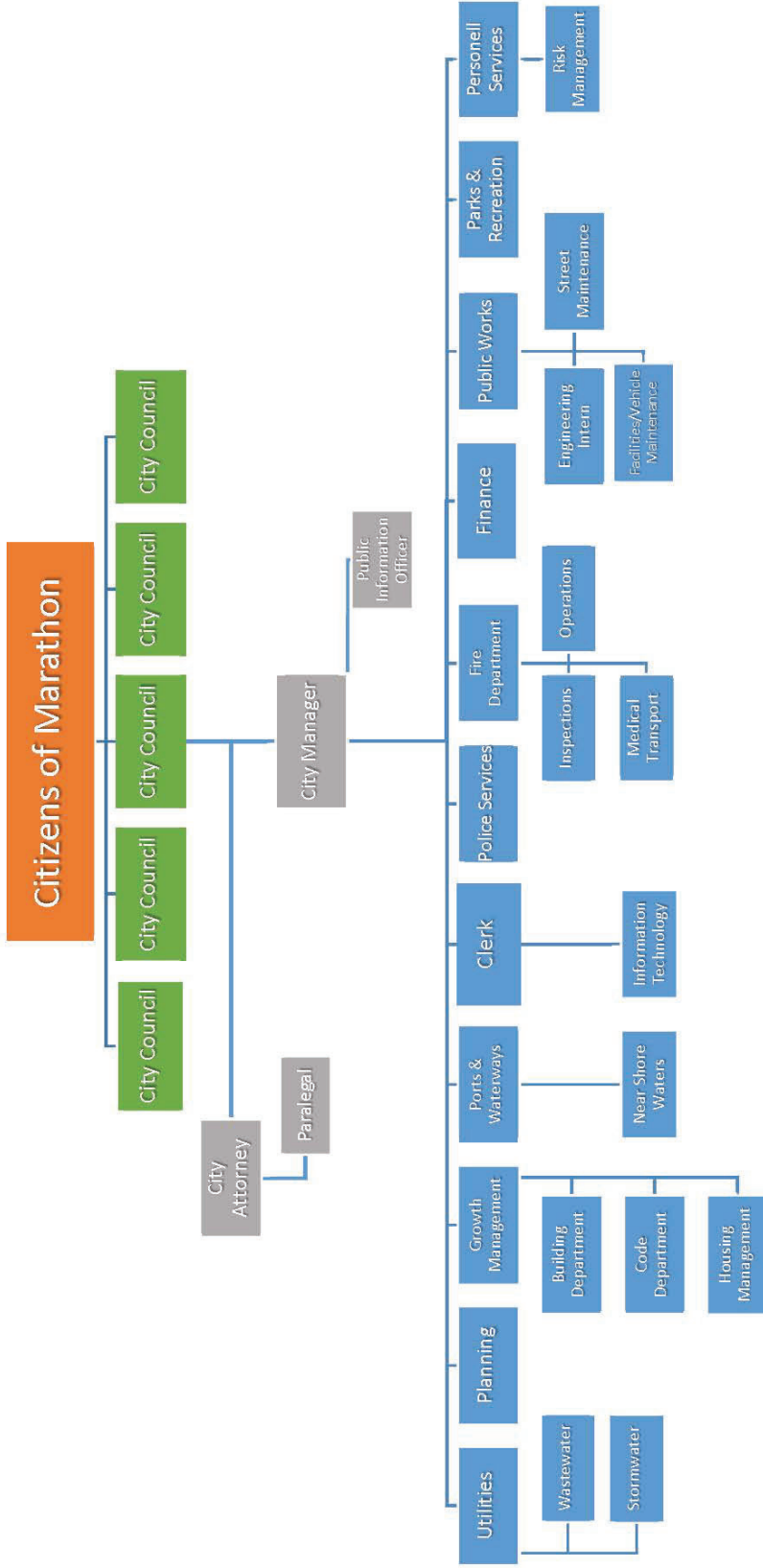
September 30, 2022

*Christopher P. Morill*

Executive Director/CEO



# City of Marathon Organizational Chart 2022-2023



## FINANCIAL SECTION

# INDEPENDENT AUDITOR'S REPORT



## INDEPENDENT AUDITOR'S REPORT

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

### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marathon, Florida (the "City") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2023, 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.

### Basis for Opinions

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

### Responsibilities of Management for the Financial Statements

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

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



## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

## **Required Supplementary Information**

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying budgetary comparison schedules, combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards and state financial assistance, as required by Title 2, U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements of Federal Awards* and Chapter 10.550, *Rules of the Florida Auditor General*, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedules, combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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  
March 27, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(MD&A)

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, 2023. 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 \$ 180,466,231 (net position), as compared with \$ 170,444,425 for the previous year. Of this amount, \$ 52,144,080 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors as compared with \$ 44,487,059 for the previous year. This increased from the prior year due to an increase in parking and boat ramp fees together with an increase in property taxes.
- The City's total net position increased by \$ 10,021,806 or 5.88% during the current fiscal year. Included in the total net position is governmental net position that increased by \$ 8,192,712 and business-type activities net position that increased by \$ 1,829,094.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$ 42,654,418, an increase of \$ 7,066,347. \$ 22,535,252 (52.8%) 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 \$ 5,783,918 (13.06%) 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 61 through 64 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 53). A budgetary comparison schedule has also been provided for the major special revenue fund, which is the Street Maintenance Fund (page 54) and the Capital Infrastructure Fund, which is a capital project fund (pages 65 and 66).

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 52 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 53 through 60 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 61 through 68 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 \$ 180,466,231 at the close of the most recent fiscal year, compared to net position of \$ 170,444,425 the prior year.

**City of Marathon's Net Position**

|                                  | Governmental Activities |                      | Business-Type Activities |                      | Total                 |                       |
|----------------------------------|-------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|
|                                  | 2023                    | 2022                 | 2023                     | 2022                 | 2023                  | 2022                  |
| Current and other assets         | \$ 47,547,074           | \$ 44,568,051        | \$ 18,372,446            | \$ 20,639,354        | \$ 65,919,520         | \$ 65,207,405         |
| Capital assets (net)             | 44,117,364              | 44,431,119           | 112,421,737              | 112,097,322          | 156,539,101           | 156,528,441           |
| <b>Total assets</b>              | <b>91,664,438</b>       | <b>88,999,170</b>    | <b>130,794,183</b>       | <b>132,736,676</b>   | <b>222,458,621</b>    | <b>221,735,846</b>    |
| Deferred outflows of resources   | 2,725,860               | 1,184,591            | 43,879                   | 53,504               | 2,769,739             | 1,238,095             |
| Current and other liabilities    | 4,059,125               | 5,439,607            | 6,305,047                | 5,547,787            | 10,364,172            | 10,987,394            |
| Long term liabilities            | 3,592,175               | 4,965,130            | 29,448,766               | 33,976,555           | 33,040,941            | 38,941,685            |
| <b>Total liabilities</b>         | <b>7,651,300</b>        | <b>10,404,737</b>    | <b>35,753,813</b>        | <b>39,524,342</b>    | <b>43,405,113</b>     | <b>49,929,079</b>     |
| Deferred inflows of resources    | 1,294,486               | 2,527,224            | 62,530                   | 73,213               | 1,357,016             | 2,600,437             |
| Net position:                    |                         |                      |                          |                      |                       |                       |
| Net investment in capital assets | 39,415,376              | 38,410,873           | 77,528,259               | 73,530,431           | 116,943,635           | 111,941,304           |
| Restricted                       | 11,378,516              | 14,016,062           | -                        | -                    | 11,378,516            | 14,016,062            |
| Unrestricted                     | 34,650,620              | 24,824,865           | 17,493,460               | 19,662,194           | 52,144,080            | 44,487,059            |
| <b>Total net position</b>        | <b>\$ 85,444,512</b>    | <b>\$ 77,251,800</b> | <b>\$ 95,021,719</b>     | <b>\$ 93,192,625</b> | <b>\$ 180,466,231</b> | <b>\$ 170,444,425</b> |

The largest portion of the City's net position (64.80%) 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 (4.47%) 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.

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An additional portion of the City’s net position, \$ 11,378,516 (6.31%), represents resources that are subject to external restrictions on how they may be used. This represents a decrease of 18.82% from the previous year’s balance of \$ 14,016,062. The remaining balance of unrestricted net position \$ 52,144,080 (28.89%) 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 \$ 10,021,806 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**

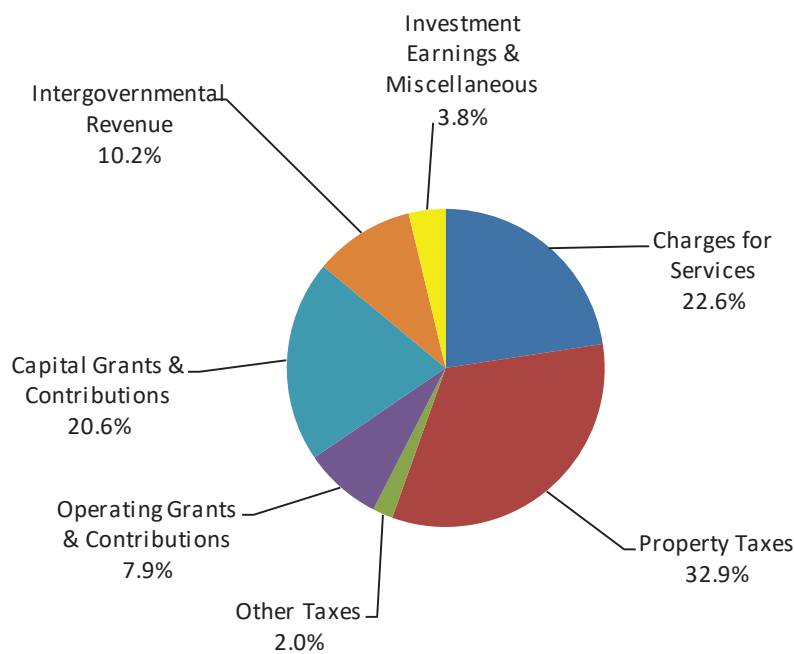
|   | Governmental Activities |                   | Business-Type Activities |                   | Total             |                   |
|---|-------------------------|-------------------|--------------------------|-------------------|-------------------|-------------------|
|   | 2023                    | 2022              | 2023                     | 2022              | 2023              | 2022              |
| Revenues:                                 |                         |                   |                          |                   |                   |                   |
| Program revenues:                         |                         |                   |                          |                   |                   |                   |
| Charges for services                      | \$ 6,582,231            | \$ 7,104,071      | \$ 8,488,092             | \$ 8,356,476      | \$ 15,070,323     | \$ 15,460,547     |
| Operating grants and contributions        | 2,315,826               | 1,371,930         | -                        | 35,299            | 2,315,826         | 1,407,229         |
| Capital grants and contributions          | 5,992,424               | 6,716,111         | 7,732,711                | 7,202,415         | 13,725,135        | 13,918,526        |
| General revenues:                         |                         |                   |                          |                   |                   |                   |
| Property taxes                            | 9,564,742               | 8,340,762         | -                        | -                 | 9,564,742         | 8,340,762         |
| Other taxes                               | 597,349                 | 515,499           | -                        | -                 | 597,349           | 515,499           |
| Intergovernmental revenues                | 2,980,566               | 3,007,258         | -                        | -                 | 2,980,566         | 3,007,258         |
| Investment earnings                       | 966,901                 | 84,652            | 335,981                  | 38,887            | 1,302,882         | 123,539           |
| Miscellaneous                             | 127,569                 | 80,717            | 35,121                   | -                 | 162,690           | 80,717            |
| <b>Total revenues</b>                     | <b>29,127,608</b>       | <b>27,221,000</b> | <b>16,591,905</b>        | <b>15,633,077</b> | <b>45,719,513</b> | <b>42,854,077</b> |
| Expenses:                                 |                         |                   |                          |                   |                   |                   |
| General government                        | 4,364,953               | 3,559,195         | -                        | -                 | 4,364,953         | 3,559,195         |
| Public safety                             | 8,104,119               | 7,192,119         | -                        | -                 | 8,104,119         | 7,192,119         |
| Community services                        | 6,993,501               | 4,958,150         | -                        | -                 | 6,993,501         | 4,958,150         |
| Community development                     | 1,149,642               | 839,282           | -                        | -                 | 1,149,642         | 839,282           |
| Interest on long-term debt                | 160,233                 | 180,951           | -                        | -                 | 160,233           | 180,951           |
| Marina                                    | -                       | -                 | 1,356,116                | 1,083,047         | 1,356,116         | 1,083,047         |
| Wastewater                                | -                       | -                 | 12,439,615               | 12,272,525        | 12,439,615        | 12,272,525        |
| Stormwater                                | -                       | -                 | 1,129,528                | 1,168,438         | 1,129,528         | 1,168,438         |
| <b>Total expenses</b>                     | <b>20,772,448</b>       | <b>16,729,697</b> | <b>14,925,259</b>        | <b>14,524,010</b> | <b>35,697,707</b> | <b>31,253,707</b> |
| Increase in net position before transfers | 8,355,160               | 10,491,303        | 1,666,646                | 1,109,067         | 10,021,806        | 11,600,370        |
| Transfers                                 | (162,448)               | (208,322)         | 162,448                  | 208,322           | -                 | -                 |
| Increase in net position                  | 8,192,712               | 10,282,981        | 1,829,094                | 1,317,389         | 10,021,806        | 11,600,370        |
| Net position-beginning                    | 77,251,800              | 66,968,819        | 93,192,625               | 91,875,236        | 170,444,425       | 158,844,055       |
| Net position-ending                       | \$ 85,444,512           | \$ 77,251,800     | \$ 95,021,719            | \$ 93,192,625     | \$ 180,466,231    | \$ 170,444,425    |



Governmental activities increased the City of Marathon's net position by \$ 8,192,712 as compared to an increase in net position of \$ 10,282,981 in the prior fiscal year. The decrease from the prior year is due to increased personnel costs.

Program revenues, comprised of charges for services as well as operating and capital grants, and contributions represent 51.12% of the governmental activities total revenues. Property taxes, which represent 32.84% 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**



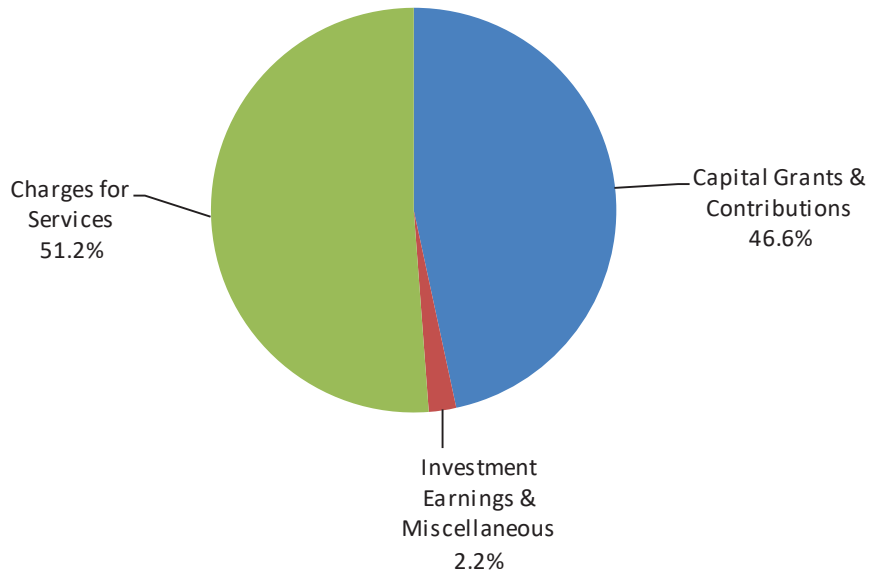
**Business-Type Activities**

Business-type activities increased the City of Marathon's net position by \$ 1,829,094.

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

- In total, the City's business-type activities reflected an operating loss of \$ 5,610,148. This is primarily due to the Wastewater and Stormwater's operating loss of \$ 5,368,016. The operating loss is primarily due to the provision for depreciation of \$ 5,317,338.
- The Marina Fund's operating loss of \$ 242,132 is \$ 198,606 more than its operating loss from the previous year of \$ 43,526. The operating loss is primarily due to the provision for depreciation of \$ 233,184.

Charges for services represent 51.2% 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 \$ 42,654,418 an increase of \$ 7,066,347 in comparison with the prior year. Of this total amount, \$ 22,535,252 is available for spending at the City’s discretion. The remainder of fund balance: \$ 115,820 is restricted for police education, \$ 1,459,998 is restricted for street maintenance projects, \$ 5,185,971 is restricted for capital projects, \$ 3,848,406 is restricted for the building department, \$ 494,915 is *nonspendable fund balance* for prepaid items and \$ 9,014,056 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 \$ 22,535,252 while total fund balance was \$ 23,130,086.

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The fund balance of the City of Marathon's General Fund increased by \$ 4,416,321 during the current fiscal year. Total General Fund revenues increased approximately 14%. This increased from the prior year due to an increase in parking and boat ramp fees together with an increase in property taxes.

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:

|                        | 2023<br>Amount       | Percentage<br>of Total | 2022<br>Amount       | Percentage<br>of Total | Increase<br>(Decrease)<br>From 2022 | Percentage<br>of Increase<br>(Decrease) |
|------------------------|----------------------|------------------------|----------------------|------------------------|-------------------------------------|---|
| Revenues:              |                      |                        |                      |                        |                                     |   |
| Property taxes         | \$ 9,564,742         | 52%                    | \$ 8,340,762         | 53%                    | \$ 1,223,980                        | 15%                                     |
| Intergovernmental      | 3,503,145            | 19%                    | 3,871,043            | 24%                    | (367,898)                           | -10%                                    |
| Licenses and permits   | 1,603,080            | 9%                     | 1,155,040            | 7%                     | 448,040                             | 39%                                     |
| Charges for services   | 1,320,534            | 7%                     | 1,476,209            | 9%                     | (155,675)                           | -11%                                    |
| Fines and forfeitures  | 1,168,151            | 6%                     | 494,001              | 3%                     | 674,150                             | 136%                                    |
| Communication services |                      |                        |                      |                        |                                     |   |
| taxes                  | 597,349              | 3%                     | 515,499              | 3%                     | 81,850                              | 16%                                     |
| Interest               | 497,064              | 3%                     | 44,173               | 0%                     | 452,891                             | 1025%                                   |
| Miscellaneous          | 37,431               | 1%                     | 128,974              | 1%                     | (91,543)                            | -71%                                    |
| Total revenues         | <u>\$ 18,291,496</u> | <u>100%</u>            | <u>\$ 16,025,701</u> | <u>100%</u>            | <u>\$ 2,265,795</u>                 | <u>14%</u>                              |

- Property tax revenues increased \$ 1,223,980 (15%) due to an increase in property values and the adoption of a millage rate that is greater than the roll-back rate.
- Fines and forfeitures increased \$ 674,150 (136%) due to implementation of new parking and boat ramp usage fees.
- Interest increased \$ 452,891 (1025%) due to an increased earning rate during the year.

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

|                       | 2023<br>Amount       | Percentage<br>of Total | 2022<br>Amount       | Percentage<br>of Total | Increase<br>(Decrease)<br>From 2022 | Percentage<br>of Increase<br>(Decrease) |
|-----------------------|----------------------|------------------------|----------------------|------------------------|-------------------------------------|---|
| Expenditures:         |                      |                        |                      |                        |                                     |   |
| City Council          | \$ 553,285           | 4%                     | \$ 415,850           | 3%                     | \$ 137,435                          | 33%                                     |
| Administration        | 2,902,786            | 19%                    | 2,321,079            | 18%                    | 581,707                             | 25%                                     |
| Legal                 | 351,676              | 2%                     | 339,066              | 3%                     | 12,610                              | 4%                                      |
| Police services       | 2,215,128            | 15%                    | 2,129,773            | 16%                    | 85,355                              | 4%                                      |
| Fire/EMS              | 5,318,149            | 36%                    | 4,905,753            | 38%                    | 412,396                             | 8%                                      |
| Public works          | 744,684              | 5%                     | 486,851              | 4%                     | 257,833                             | 53%                                     |
| Parks and recreation  | 1,775,683            | 12%                    | 1,572,537            | 12%                    | 203,146                             | 13%                                     |
| Bridge and near shore |                      |                        |                      |                        |                                     |   |
| waters                | 59,515               | 0%                     | 56,758               | 0%                     | 2,757                               | 5%                                      |
| Community development | 995,880              | 7%                     | 826,864              | 6%                     | 169,016                             | 20%                                     |
| Total expenditures    | <u>\$ 14,916,786</u> | <u>100%</u>            | <u>\$ 13,054,531</u> | <u>100%</u>            | <u>\$ 1,862,255</u>                 | <u>14%</u>                              |

- Public Safety expenditures increased \$ 497,751 (7%) due to increased personnel costs.

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

- The Street Maintenance Fund decreased its fund balance by \$ 44,707 largely due to increased personnel costs.
- The Capital Infrastructure Fund increased its fund balance by \$ 2,033,043 due to a decrease in capital outlay activities.

**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 \$ 2,096,697 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 \$ 267,603 due to the provision for depreciation of \$ 233,184.

#### **General Fund Budgetary Highlights**

There were \$45,000 in differences between the original budget and the final amended budget. 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 Councils' budget was increased by \$ 100,000 for the not-for-profit grant program, while the Police budget was decreased by \$ 145,000 to a refund of unused fees.

Actual expenditures were \$ 2,353,367 below the final budgeted amounts. The significant variances can be summarized as follows:

- Community Development was \$ 964,131 under budget due to operating costs being less than anticipated.
- Community Services were \$ 830,934 under budget due to operating costs being less than anticipated.
- Public Safety expenditures for fire and emergency medical services were \$ 310,186 under budget due to personnel costs being lower than anticipated.

Resources available for appropriations were \$ 1,358,650 over the budgeted amount. The significant variance can be summarized as follows:

- Licenses and permits were \$728,080 over budget due to an increase in vacation rental permit fees as well as an increase in fire inspection fees.
- Interest income was \$477,064 over budget due to the increase in annual percentage yields.

### 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, 2023, amounts to \$ 156,539,101 (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 increase in the City's investment in capital assets for the current fiscal year was \$ 10,660 as compared to the \$ 1,597,374 net increase in the prior year.

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

#### Governmental Activities:

- Improvements other than buildings increased \$ 1,742,071 primarily due to bridge improvements.
- Furniture and equipment increased \$ 144,417 mainly due to the purchase of parking meter machines, and security camera systems.
- Construction-in-progress increased \$ 106,016 primarily due to ongoing projects at the Quay and 33<sup>rd</sup> St.

#### Business Activities:

- Improvements other than buildings increased by \$ 3,631,582 primarily due to disk filter upgrades at the Service Area 7 and Service Area 4 wastewater treatment plants, and new service connections throughout the City.
- Construction-in-progress increased by \$ 2,059,244 primarily attributable to the ongoing chemical feed system mitigation project.

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**Management’s Discussion and Analysis**  
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|   | Governmental Activities |                      | Business-Type Activities |                       | Total                 |                       |
|---|-------------------------|----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
|   | 2023                    | 2022                 | 2023                     | 2022                  | 2023                  | 2022                  |
| Capital assets,<br>net of depreciation: |                         |                      |                          |                       |                       |                       |
| Land                                    | \$ 16,312,247           | \$ 16,312,247        | \$ 4,695,647             | \$ 4,695,647          | \$ 21,007,894         | \$ 21,007,894         |
| Intangibles                             | 3,822                   | 3,822                | 1,618,093                | 1,618,093             | 1,621,915             | 1,621,915             |
| Construction in progress                | 182,598                 | 685,618              | 5,791,253                | 3,856,899             | 5,973,851             | 4,542,517             |
| Buildings                               | 13,157,518              | 13,774,585           | 3,347,430                | 3,528,874             | 16,504,948            | 17,303,459            |
| Improvement other<br>than buildings     | 11,660,297              | 10,500,063           | 95,792,891               | 97,021,885            | 107,453,188           | 107,521,948           |
| Land improvements                       | -                       | -                    | 44,804                   | 56,004                | 44,804                | 56,004                |
| Fire equipment and<br>vehicles          | 1,585,420               | 1,906,211            | -                        | -                     | 1,585,420             | 1,906,211             |
| Vehicles                                | -                       | -                    | 535,805                  | 537,595               | 535,805               | 537,595               |
| Furniture and equipment                 | 1,215,462               | 1,248,573            | 595,814                  | 782,325               | 1,811,276             | 2,030,898             |
| <b>Total</b>                            | <b>\$ 44,117,364</b>    | <b>\$ 44,431,119</b> | <b>\$ 112,421,737</b>    | <b>\$ 112,097,322</b> | <b>\$ 156,539,101</b> | <b>\$ 156,528,441</b> |

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 \$ 3,345,000. This debt is secured by the City’s local discretionary sales surtax revenues. Governmental activities also had a note payable for \$ 1,300,000. The City’s Wastewater and Stormwater Enterprise Fund also had State Revolving Fund debt outstanding of \$ 33,875,262. 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                |                      |
|---|-------------------------|---------------------|--------------------------|----------------------|----------------------|----------------------|
|   | 2023                    | 2022                | 2023                     | 2022                 | 2023                 | 2022                 |
| Long-term liabilities:                      |                         |                     |                          |                      |                      |                      |
| Improvement Revenue<br>Bonds                | \$ 3,345,000            | \$ 3,995,000        | \$ -                     | \$ -                 | \$ 3,345,000         | \$ 3,995,000         |
| Note payable                                | 1,300,000               | 2,000,000           | -                        | -                    | 1,300,000            | 2,000,000            |
| State Revolving Fund Loan                   | -                       | -                   | 33,875,262               | 38,309,180           | 33,875,262           | 38,309,180           |
| Compensated absences                        | 249,123                 | 228,949             | 88,241                   | 78,421               | 337,364              | 307,370              |
| Net pension liability                       | -                       | 25,140              | -                        | -                    | -                    | 25,140               |
| Other post-employment<br>benefit obligation | 97,965                  | 88,936              | 30,766                   | 27,931               | 128,731              | 116,867              |
| <b>Total</b>                                | <b>\$ 4,992,088</b>     | <b>\$ 6,338,025</b> | <b>\$ 33,994,269</b>     | <b>\$ 38,415,532</b> | <b>\$ 38,986,357</b> | <b>\$ 44,753,557</b> |

The City of Marathon’s total long-term liabilities decreased by \$ 5,767,200 (12.89%) 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 1.8% in December of 2023, which is a decrease from a rate of 1.9% a year ago. The rate compares favorably to the State’s average unemployment rate of 3%.

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 2.4477. For fiscal year 2024, the City adopted a final millage rate of 2.4477 mills which is 0% higher than the roll-back rate.

During fiscal year 2024, the City will be working on the following programs/projects:

- City Bridge Rehabilitation and Replacement
- Canal and Culvert Restoration Projects
- Fire Hydrant Installations
- Quay property improvements

### **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



**City of Marathon, Florida**  
**Statement of Net Position**  
**September 30, 2023**

|   | <u>Governmental<br/>Activities</u> | <u>Business-<br/>type<br/>Activities</u> | <u>Total</u>          |
|---|------------------------------------|--|-----------------------|
| <b>Assets:</b>                                  |                                    |  |                       |
| Cash and cash equivalents                       | \$ 42,894,341                      | \$ 15,787,040                            | \$ 58,681,381         |
| Investments                                     | 48,745                             | -  | 48,745                |
| Receivables, net                                | 1,142,447                          | 467,607                                  | 1,610,054             |
| Due from other governments                      | 2,198,305                          | 2,083,796                                | 4,282,101             |
| Prepaid items                                   | 494,915                            | 34,003                                   | 528,918               |
| Net pension asset                               | 768,321                            | -  | 768,321               |
| Capital assets not being depreciated            | 16,498,667                         | 12,104,993                               | 28,603,660            |
| Capital assets, being depreciated               | 27,618,697                         | 100,316,744                              | 127,935,441           |
| Total assets                                    | <u>91,664,438</u>                  | <u>130,794,183</u>                       | <u>222,458,621</u>    |
| <b>Deferred Outflows of Resources:</b>          |                                    |  |                       |
| Deferred outflows related to pension            | 2,590,982                          | -  | 2,590,982             |
| Deferred outflows related to OPEB               | 134,878                            | 43,879                                   | 178,757               |
| Total deferred outflows of resources            | <u>2,725,860</u>                   | <u>43,879</u>                            | <u>2,769,739</u>      |
| <b>Liabilities:</b>                             |                                    |  |                       |
| Accounts payable and accrued liabilities        | 906,252                            | 1,683,029                                | 2,589,281             |
| Accrued interest payable                        | 29,250                             | 76,515                                   | 105,765               |
| Unearned revenues                               | 1,723,710                          | -  | 1,723,710             |
| Due within one year:                            |                                    |  |                       |
| Compensated absences payable                    | 24,913                             | 8,824                                    | 33,737                |
| Bonds payable                                   | 675,000                            | -  | 675,000               |
| Loans payable                                   | 700,000                            | 4,536,679                                | 5,236,679             |
| Due in more than one year:                      |                                    |  |                       |
| Other post employment benefits liability (OPEB) | 97,965                             | 30,766                                   | 128,731               |
| Compensated absences payable                    | 224,210                            | 79,417                                   | 303,627               |
| Bonds payable                                   | 2,670,000                          | -  | 2,670,000             |
| Loans payable                                   | 600,000                            | 29,338,583                               | 29,938,583            |
| Total liabilities                               | <u>7,651,300</u>                   | <u>35,753,813</u>                        | <u>43,405,113</u>     |
| <b>Deferred Inflows of Resources:</b>           |                                    |  |                       |
| Deferred inflows related to pension             | 1,083,007                          | -  | 1,083,007             |
| Deferred inflows related to OPEB                | 211,479                            | 62,530                                   | 274,009               |
| Total deferred inflows of resources             | <u>1,294,486</u>                   | <u>62,530</u>                            | <u>1,357,016</u>      |
| <b>Net Position:</b>                            |                                    |  |                       |
| Net investment in capital assets                | 39,415,376                         | 77,528,259                               | 116,943,635           |
| Restricted for:                                 |                                    |  |                       |
| Net pension asset                               | 768,321                            | -  | 768,321               |
| Capital projects                                | 5,185,971                          | -  | 5,185,971             |
| Street maintenance                              | 1,459,998                          | -  | 1,459,998             |
| Police education                                | 115,820                            | -  | 115,820               |
| Building department                             | 3,848,406                          | -  | 3,848,406             |
| Unrestricted                                    | 34,650,620                         | 17,493,460                               | 52,144,080            |
| Total net position                              | <u>\$ 85,444,512</u>               | <u>\$ 95,021,719</u>                     | <u>\$ 180,466,231</u> |

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, 2023**

| Functions/Programs                     | Program Revenues     |                                    |                                  | Net (Expense) Revenue and Changes in Net Position |                          |                    |
|--|----------------------|------------------------------------|----------------------------------|---|--------------------------|--------------------|
|  | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities                           | Business-type Activities | Total              |
| <b>Governmental Activities:</b>        |                      |                                    |                                  |   |                          |                    |
| General government                     | \$ 4,364,953         | \$ 1,502,477                       | \$ -                             | \$ (1,434,331)                                    | \$ -                     | \$ (1,434,331)     |
| Public safety                          | 8,104,119            | 225,861                            | 24,750                           | (5,625,714)                                       | -                        | (5,625,714)        |
| Community services                     | 6,993,501            | 313,840                            | 5,897,831                        | 32,029  | -                        | 32,029             |
| Community development                  | 1,149,642            | 273,648                            | 69,843                           | 1,306,282   | -                        | 1,306,282          |
| Interest                               | 160,233              | -                                  | -                                | (160,233)   | -                        | (160,233)          |
| Total governmental activities          | 20,772,448           | 2,315,826                          | 5,992,424                        | (5,881,967)                                       | -                        | (5,881,967)        |
| <b>Business-Type Activities:</b>       |                      |                                    |                                  |   |                          |                    |
| Wastewater                             | 12,439,615           | -                                  | 5,645,784                        | -   | 580,277                  | 580,277            |
| Stormwater                             | 1,129,528            | -                                  | 2,066,300                        | -   | 936,772                  | 936,772            |
| Marina                                 | 1,356,116            | -                                  | 20,627                           | -   | (221,505)                | (221,505)          |
| Total business-type activities         | 14,925,259           | -                                  | 7,732,711                        | -   | 1,295,544                | 1,295,544          |
| <b>Total</b>                           | <b>\$ 35,697,707</b> | <b>\$ 2,315,826</b>                | <b>\$ 13,725,135</b>             | <b>(5,881,967)</b>                                | <b>1,295,544</b>         | <b>(4,586,423)</b> |
| General revenues:                      |                      |                                    |                                  |   |                          |                    |
| Property taxes                         |                      |                                    |                                  | 9,564,742   | -                        | 9,564,742          |
| Communications services tax            |                      |                                    |                                  | 597,349   | -                        | 597,349            |
| Unrestricted intergovernmental revenue |                      |                                    |                                  | 2,980,566   | -                        | 2,980,566          |
| Unrestricted investment earnings       |                      |                                    |                                  | 966,901   | 335,981                  | 1,302,882          |
| Miscellaneous                          |                      |                                    |                                  | 127,569   | 35,121                   | 162,690            |
| Transfers                              |                      |                                    |                                  | (162,448)   | 162,448                  | -                  |
| Total general revenues                 |                      |                                    |                                  | 14,074,679  | 533,550                  | 14,608,229         |
| Change in net position                 |                      |                                    |                                  | 8,192,712   | 1,829,094                | 10,021,806         |
| Net position, beginning                |                      |                                    |                                  | 77,251,800  | 93,192,625               | 170,444,425        |
| Net position, ending                   |                      |                                    |                                  | \$ 85,444,512                                     | \$ 95,021,719            | \$ 180,466,231     |

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

**City of Marathon, Florida**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2023**

|   | <u>General<br/>Fund</u> | <u>Street<br/>Maintenance<br/>Fund</u> | <u>Capital<br/>Infrastructure<br/>Fund</u> | <u>Other<br/>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|-------------------------|--|--|--|---|
| <b>Assets:</b>  |                         |  |  |  |   |
| Cash and cash equivalents   | \$ 22,530,312           | \$ 1,408,962                           | \$ 8,796,162                               | \$ 10,158,905  | \$ 42,894,341                           |
| Investments   | 31,878                  | 14,778                                 | 2,089                                      | -  | 48,745                                  |
| Receivables, net  | 372,447                 | -                                      | -  | 770,000  | 1,142,447                               |
| Due from other governments  | 1,139,788               | 64,887                                 | 687,447                                    | 306,183  | 2,198,305                               |
| Prepaid items   | 479,014                 | 7,064                                  | -  | 8,837  | 494,915                                 |
| Total assets  | <u>\$ 24,553,439</u>    | <u>\$ 1,495,691</u>                    | <u>\$ 9,485,698</u>                        | <u>\$ 11,243,925</u>                                 | <u>\$ 46,778,753</u>                    |
| <b>Liabilities:</b>   |                         |  |  |  |   |
| Accounts payable and accrued liabilities                                    | \$ 517,887              | \$ 28,629                              | \$ 56,988                                  | \$ 302,748   | \$ 906,252                              |
| Unearned revenues   | -                       | -                                      | 1,723,710                                  | -  | 1,723,710                               |
| Total liabilities   | <u>\$ 517,887</u>       | <u>\$ 28,629</u>                       | <u>\$ 1,780,698</u>                        | <u>\$ 302,748</u>                                    | <u>\$ 2,629,962</u>                     |
| <b>Deferred Inflows of Resources:</b>                                       |                         |  |  |  |   |
| Unavailable revenue   | 905,466                 | -                                      | 282,724                                    | 306,183  | 1,494,373                               |
| <b>Fund Balances:</b>   |                         |  |  |  |   |
| Nonspendable:   |                         |  |  |  |   |
| Prepaid items   | 479,014                 | 7,064                                  | -  | 8,837  | 494,915                                 |
| Restricted for:   |                         |  |  |  |   |
| Capital projects  | -                       | -                                      | 5,185,971                                  | -  | 5,185,971                               |
| Street maintenance  | -                       | 1,459,998                              | -  | -  | 1,459,998                               |
| Police education  | 115,820                 | -                                      | -  | -  | 115,820                                 |
| Building department   | -                       | -                                      | -  | 3,848,406  | 3,848,406                               |
| Committed to:   |                         |  |  |  |   |
| Vehicle replacement   | -                       | -                                      | 2,236,305                                  | -  | 2,236,305                               |
| Infrastructure improvements   | -                       | -                                      | -  | 3,003,815  | 3,003,815                               |
| Affordable housing  | -                       | -                                      | -  | 2,815,120  | 2,815,120                               |
| Restoration projects  | -                       | -                                      | -  | 958,816  | 958,816                                 |
| Unassigned  | 22,535,252              | -                                      | -  | -  | 22,535,252                              |
| Total fund balances   | <u>23,130,086</u>       | <u>1,467,062</u>                       | <u>7,422,276</u>                           | <u>10,634,994</u>                                    | <u>42,654,418</u>                       |
| Total liabilities,<br>deferred inflows of<br>resources and fund<br>balances | <u>\$ 24,553,439</u>    | <u>\$ 1,495,691</u>                    | <u>\$ 9,485,698</u>                        | <u>\$ 11,243,925</u>                                 | <u>\$ 46,778,753</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, 2023**

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**Fund Balances - Total Governmental Funds** \$ 42,654,418

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   | 71,518,898   |
| Less accumulated depreciation | (27,401,534) |

|   |          |
|---|----------|
| Accrued interest payable not reported in the governmental funds | (29,250) |
|---|----------|

|  |           |
|--|-----------|
| Unavailable revenue in governmental funds is susceptible to<br>full accrual on the government-wide statements. | 1,494,373 |
|--|-----------|

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                     | 768,321     |
| Deferred outflows related to pensions | 2,590,982   |
| Deferred inflows related to pensions  | (1,083,007) |
| Net OPEB obligation                   | (97,965)    |
| Deferred outflows related to OPEB     | 134,878     |
| Deferred inflows related to OPEB      | (211,479)   |
| Compensated absences payable          | (249,123)   |
| Note payable                          | (1,300,000) |
| Governmental revenue bonds payable    | (3,345,000) |

|  |                             |
|--|-----------------------------|
| <b>Net Position of Governmental Activities</b> | <b>\$ <u>85,444,512</u></b> |
|--|-----------------------------|

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, 2023**

|   | <u>General<br/>Fund</u> | <u>Street<br/>Maintenance<br/>Fund</u> | <u>Capital<br/>Infrastructure<br/>Fund</u> | <u>Other<br/>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|-------------------------|--|--|--|---|
| <b>Revenues:</b>                        |                         |  |  |  |   |
| Property taxes                          | \$ 9,564,742            | \$ -                                   | \$ -                                       | \$ -   | \$ 9,564,742                            |
| Intergovernmental                       | 3,503,145               | 654,661                                | 6,411,943                                  | 1,067,285  | 11,637,034                              |
| Licenses and permits                    | 1,603,080               | -                                      | -  | 1,382,066  | 2,985,146                               |
| Charges for services                    | 1,320,534               | -                                      | -  | -  | 1,320,534                               |
| Fines and forfeitures                   | 1,168,151               | -                                      | -  | -  | 1,168,151                               |
| Communications services tax             | 597,349                 | -                                      | -  | -  | 597,349                                 |
| Impact fees                             | -                       | -                                      | -  | 641,085  | 641,085                                 |
| Interest                                | 497,064                 | 34,434                                 | 197,331                                    | 238,072  | 966,901                                 |
| Miscellaneous                           | 37,431                  | 2,500                                  | 2,650                                      | -  | 42,581                                  |
|   | <u>18,291,496</u>       | <u>691,595</u>                         | <u>6,611,924</u>                           | <u>3,328,508</u>                                     | <u>28,923,523</u>                       |
| <b>Expenditures:</b>                    |                         |  |  |  |   |
| Current:                                |                         |  |  |  |   |
| General government                      | 3,692,840               | -                                      | -  | -  | 3,692,840                               |
| Public safety                           | 7,533,277               | -                                      | -  | -  | 7,533,277                               |
| Community services                      | 2,579,882               | 725,965                                | -  | 2,592,894  | 5,898,741                               |
| Community development                   | 995,880                 | -                                      | -  | -  | 995,880                                 |
| Capital outlay                          | 114,907                 | 17,365                                 | 1,929,342                                  | -  | 2,061,614                               |
| Debt service:                           |                         |  |  |  |   |
| Principal                               | -                       | -                                      | -  | 1,350,000  | 1,350,000                               |
| Interest and fiscal charges             | -                       | -                                      | -  | 175,983  | 175,983                                 |
|   | <u>14,916,786</u>       | <u>743,330</u>                         | <u>1,929,342</u>                           | <u>4,118,877</u>                                     | <u>21,708,335</u>                       |
| Excess of revenues<br>over expenditures | <u>3,374,710</u>        | <u>(51,735)</u>                        | <u>4,682,582</u>                           | <u>(790,369)</u>                                     | <u>7,215,188</u>                        |
| <b>Other Financing Sources (Uses):</b>  |                         |  |  |  |   |
| Insurance proceeds                      | 6,579                   | 7,028                                  | -  | -  | 13,607                                  |
| Transfers in                            | 1,430,691               | -                                      | -  | 3,333,050  | 4,763,741                               |
| Transfers out                           | (395,659)               | -                                      | (2,649,539)                                | (1,880,991)  | (4,926,189)                             |
|   | <u>1,041,611</u>        | <u>7,028</u>                           | <u>(2,649,539)</u>                         | <u>1,452,059</u>                                     | <u>(148,841)</u>                        |
| Net change in fund<br>balances          | 4,416,321               | (44,707)                               | 2,033,043                                  | 661,690  | 7,066,347                               |
| <b>Fund Balances, Beginning</b>         | <u>18,713,765</u>       | <u>1,511,769</u>                       | <u>5,389,233</u>                           | <u>9,973,304</u>                                     | <u>35,588,071</u>                       |
| <b>Fund Balances, Ending</b>            | <u>\$ 23,130,086</u>    | <u>\$ 1,467,062</u>                    | <u>\$ 7,422,276</u>                        | <u>\$ 10,634,994</u>                                 | <u>\$ 42,654,418</u>                    |

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, 2023**

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|  |                            |
|--|----------------------------|
| <b>Net Change in Fund Balances - Total Governmental Funds</b>  | <b>\$ 7,066,347</b>        |
| 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  | 2,061,614                  |
| Less current year provision for depreciation   | (2,375,369)                |
| 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.            |                            |
|  | 108,543                    |
| 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   | 1,350,000                  |
| 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   | 15,750                     |
| Change in net pension asset  | (2,804,117)                |
| Change in net pension liability  | 25,140                     |
| Change in deferred outflows related to pension   | 1,570,855                  |
| Change in deferred inflows related to pension  | 1,196,607                  |
| Change in net OPEB obligation  | (9,029)                    |
| Change in deferred outflows related to OPEB  | (29,586)                   |
| Change in deferred inflows related to OPEB   | 36,131                     |
| Change in compensated absences payable   | (20,174)                   |
| <b>Change in Net Position of Governmental Activities</b>   | <b>\$ <u>8,192,712</u></b> |

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, 2023**

|   | <b>Business-Type Activities</b>                                      |  |   |
|---|--|--|---|
|   | <b>Enterprise Funds</b>  |  |   |
|   | <u>Major Fund</u><br><u>Wastewater and</u><br><u>Stormwater Fund</u> | <u>Nonmajor</u><br><u>Fund</u><br><u>Marina</u><br><u>Fund</u> | <u>Total</u><br><u>Enterprise</u><br><u>Funds</u> |
| <b>Assets:</b>                                  |  |  |   |
| Current assets:                                 |  |  |   |
| Cash and cash equivalents                       | \$ 15,026,345  | \$ 760,695   | \$ 15,787,040                                     |
| Receivables, net                                | 467,607  | -  | 467,607   |
| Due from other governments                      | 1,946,307  | 137,489  | 2,083,796   |
| Prepaid items                                   | 25,403   | 8,600  | 34,003  |
| Total current assets                            | <u>17,465,662</u>  | <u>906,784</u>   | <u>18,372,446</u>                                 |
| Noncurrent assets:                              |  |  |   |
| Capital assets not being depreciated            | 11,530,736   | 574,257  | 12,104,993  |
| Capital assets, net of accumulated depreciation | 98,399,047   | 1,917,697  | 100,316,744                                       |
| Total noncurrent assets                         | <u>109,929,783</u>   | <u>2,491,954</u>   | <u>112,421,737</u>                                |
| Total assets                                    | <u>127,395,445</u>   | <u>3,398,738</u>   | <u>130,794,183</u>                                |
| <b>Deferred Outflows of Resources:</b>          |  |  |   |
| Deferred outflows relating to OPEB              | <u>33,635</u>  | <u>10,244</u>  | <u>43,879</u>                                     |
| <b>Liabilities:</b>                             |  |  |   |
| Current liabilities:                            |  |  |   |
| Accounts payable and accrued liabilities        | 1,709,360  | 50,184   | 1,759,544   |
| Current portion of loans payable                | 4,536,679  | -  | 4,536,679   |
| Current portion of compensated absences         | 6,656  | 2,168  | 8,824   |
| Total current liabilities                       | <u>6,252,695</u>   | <u>52,352</u>  | <u>6,305,047</u>                                  |
| Noncurrent liabilities:                         |  |  |   |
| Compensated absences, net of current portion    | 59,906   | 19,511   | 79,417  |
| Other post employment benefits liability (OPEB) | 23,853   | 6,913  | 30,766  |
| Loans payable                                   | 29,338,583   | -  | 29,338,583  |
| Total noncurrent liabilities                    | <u>29,422,342</u>  | <u>26,424</u>  | <u>29,448,766</u>                                 |
| Total liabilities                               | <u>35,675,037</u>  | <u>78,776</u>  | <u>35,753,813</u>                                 |
| <b>Deferred Inflows of Resources:</b>           |  |  |   |
| Deferred inflows relating to OPEB               | <u>48,846</u>  | <u>13,684</u>  | <u>62,530</u>                                     |
| <b>Net Position:</b>                            |  |  |   |
| Net investment in capital assets                | 75,050,732   | 2,477,527  | 77,528,259  |
| Unrestricted                                    | 16,654,465   | 838,995  | 17,493,460  |
| Total net position                              | <u>\$ 91,705,197</u>   | <u>\$ 3,316,522</u>  | <u>\$ 95,021,719</u>                              |

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, 2023**

|  | <b>Business-Type Activities</b>               |  |                                       |
|--|---|--|---------------------------------------|
|  | <b>Major Fund</b>                             | <b>Enterprise Funds</b>                      |                                       |
|  | <b>Wastewater and<br/>Stormwater<br/>Fund</b> | <b>Nonmajor<br/>Fund<br/>Marina<br/>Fund</b> | <b>Total<br/>Enterprise<br/>Funds</b> |
| <b>Operating Revenues:</b>                 |   |  |                                       |
| Charges for services                       | \$ 7,374,108                                  | \$ 1,113,984                                 | \$ 8,488,092                          |
| Total operating revenues                   | <u>7,374,108</u>                              | <u>1,113,984</u>                             | <u>8,488,092</u>                      |
| <b>Operating Expenses:</b>                 |   |  |                                       |
| Personnel costs                            | 2,408,394                                     | 630,207                                      | 3,038,601                             |
| Operating expenses                         | 5,016,392                                     | 492,725                                      | 5,509,117                             |
| Provision for depreciation                 | 5,317,338                                     | 233,184                                      | 5,550,522                             |
| Total operating expenses                   | <u>12,742,124</u>                             | <u>1,356,116</u>                             | <u>14,098,240</u>                     |
| Operating income (loss)                    | <u>(5,368,016)</u>                            | <u>(242,132)</u>                             | <u>(5,610,148)</u>                    |
| <b>Nonoperating Revenues (Expenses):</b>   |   |  |                                       |
| Insurance proceeds                         | 35,121  | -  | 35,121                                |
| Interest income                            | 310,514                                       | 25,467                                       | 335,981                               |
| Interest expense                           | (827,019)                                     | -  | (827,019)                             |
| Total nonoperating revenues (expenses)     | <u>(481,384)</u>                              | <u>25,467</u>                                | <u>(455,917)</u>                      |
| Income (loss) before capital contributions | <u>(5,849,400)</u>                            | <u>(216,665)</u>                             | <u>(6,066,065)</u>                    |
| <b>Capital Contributions:</b>              |   |  |                                       |
| Special assessments                        | 5,051,102                                     | -  | 5,051,102                             |
| Grants                                     | 2,660,982                                     | 20,627                                       | 2,681,609                             |
| Total capital contributions                | <u>7,712,084</u>                              | <u>20,627</u>                                | <u>7,732,711</u>                      |
| Income before transfers                    | <u>1,862,684</u>                              | <u>(196,038)</u>                             | <u>1,666,646</u>                      |
| <b>Transfers:</b>                          |   |  |                                       |
| Transfers in                               | 650,000                                       | -  | 650,000                               |
| Transfers out                              | (415,987)                                     | (71,565)                                     | (487,552)                             |
| Total transfers                            | <u>234,013</u>                                | <u>(71,565)</u>                              | <u>162,448</u>                        |
| Change in net position                     | 2,096,697                                     | (267,603)                                    | 1,829,094                             |
| <b>Net Position, Beginning</b>             | <u>89,608,500</u>                             | <u>3,584,125</u>                             | <u>93,192,625</u>                     |
| <b>Net Position, Ending</b>                | <u>\$ 91,705,197</u>                          | <u>\$ 3,316,522</u>                          | <u>\$ 95,021,719</u>                  |

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, 2023**

|   | <b>Business-Type Activities</b>               |                                 |                             |
|---|---|---------------------------------|-----------------------------|
|   | <b>Enterprise Funds</b>                       |                                 |                             |
|   | <u>Major Fund</u>                             | <u>Nonmajor</u>                 | <u>Total</u>                |
|   | <u>Wastewater and<br/>Stormwater<br/>Fund</u> | <u>Fund<br/>Marina<br/>Fund</u> | <u>Enterprise<br/>Funds</u> |
| <b>Cash Flows from Operating Activities:</b>                                |   |                                 |                             |
| Receipts from customers and users   | \$ 7,403,433                                  | \$ 1,113,984                    | \$ 8,517,417                |
| Payments to employees   | (2,398,848)                                   | (603,842)                       | (3,002,690)                 |
| Payments to suppliers   | (4,260,627)                                   | (600,989)                       | (4,861,616)                 |
| Net cash provided by (used in) operating activities                         | <u>743,958</u>                                | <u>(90,847)</u>                 | <u>653,111</u>              |
| <b>Cash Flows from Non-Capital Financing Activities:</b>                    |   |                                 |                             |
| Transfers to other funds  | <u>(415,987)</u>                              | <u>(71,565)</u>                 | <u>(487,552)</u>            |
| Net cash provided by (used in) non-capital and related financing activities | <u>(415,987)</u>                              | <u>(71,565)</u>                 | <u>(487,552)</u>            |
| <b>Cash Flows from Capital and Related Financing Activities:</b>            |   |                                 |                             |
| Acquisition of capital assets   | (5,560,827)                                   | (314,110)                       | (5,874,937)                 |
| Proceeds from capital grants  | 1,221,775                                     | 15,494                          | 1,237,269                   |
| Proceeds from capital assessments   | 5,051,102                                     | -                               | 5,051,102                   |
| Insurance proceeds  | 35,121  | -                               | 35,121                      |
| Transfers from other funds  | 650,000                                       | -                               | 650,000                     |
| Repayments of capital debt  | (4,433,918)                                   | -                               | (4,433,918)                 |
| Interest paid   | (882,103)                                     | -                               | (882,103)                   |
| Net cash provided by (used in) capital and related financing activities     | <u>(3,918,850)</u>                            | <u>(298,616)</u>                | <u>(4,217,466)</u>          |
| <b>Cash Flows from Investing Activities:</b>                                |   |                                 |                             |
| Interest received   | <u>310,514</u>                                | <u>25,467</u>                   | <u>335,981</u>              |
| Net cash provided by (used in) investing activities                         | <u>310,514</u>                                | <u>25,467</u>                   | <u>335,981</u>              |
| Net increase (decrease) in cash and cash equivalents                        | (3,280,365)                                   | (435,561)                       | (3,715,926)                 |
| <b>Cash and Cash Equivalents, Beginning</b>                                 | <u>18,306,710</u>                             | <u>1,196,256</u>                | <u>19,502,966</u>           |
| <b>Cash and Cash Equivalents, Ending</b>                                    | <u>\$ 15,026,345</u>                          | <u>\$ 760,695</u>               | <u>\$ 15,787,040</u>        |

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, 2023**

|   | <b>Business-Type Activities</b>       |                                  |                               |
|---|---------------------------------------|----------------------------------|-------------------------------|
|   | <b>Major Fund</b>                     | <b>Enterprise Funds</b>          |                               |
|   | <b>Wastewater and Stormwater Fund</b> | <b>Nonmajor Fund Marina Fund</b> | <b>Total Enterprise Funds</b> |
| <b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>        |                                       |                                  |                               |
| Operating income (loss)   | \$ (5,368,016)                        | \$ (242,132)                     | \$ (5,610,148)                |
| <b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b> |                                       |                                  |                               |
| Provision for depreciation  | 5,317,338                             | 233,184                          | 5,550,522                     |
| (Increase) decrease in:   |                                       |                                  |                               |
| Receivables   | 29,325                                | -                                | 29,325                        |
| Prepays   | (25,403)                              | (8,600)                          | (34,003)                      |
| Deferred outflows relating to OPEB  | 7,378                                 | 2,247                            | 9,625                         |
| Increase (decrease) in:   |                                       |                                  |                               |
| Accounts payable and accrued liabilities  | 787,962                               | (82,144)                         | 705,818                       |
| Compensated absences  | 1,521                                 | 8,299                            | 9,820                         |
| Deferred inflows relating to OPEB   | (8,345)                               | (2,338)                          | (10,683)                      |
| OPEB liability  | 2,198                                 | 637                              | 2,835                         |
| Total adjustments   | <u>6,111,974</u>                      | <u>151,285</u>                   | <u>6,263,259</u>              |
| Net cash provided by (used in) operating activities   | \$ <u>743,958</u>                     | \$ <u>(90,847)</u>               | \$ <u>653,111</u>             |

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, 2023**

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**Assets:**

Cash \$ 188,235

Investments:

Bond funds 3,791,587

Equity funds 9,465,523

Total investments 13,257,110

Receivables:

Plan members 22,131

City (including State) 231,944

Total receivables 254,075

Total assets 13,699,420

**Liabilities:**

Reserve for Share Plan (Note 10) 321,092

**Net Position:**

Net position restricted for pensions \$ 13,378,328

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, 2023**

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**Additions:**

|   |    |                  |
|---|----|------------------|
| Contributions:                                |    |                  |
| Plan members                                  | \$ | 118,535          |
| City (including State)                        |    | <u>552,133</u>   |
| Total contributions                           |    | <u>670,668</u>   |
| Investment income:                            |    |                  |
| Net appreciation in fair value of investments |    | <u>1,017,748</u> |
| Less:   |    |                  |
| Investment expenses                           |    | <u>23,190</u>    |
| Net investment income                         |    | <u>994,558</u>   |
| Total additions                               |    | <u>1,665,226</u> |

**Deductions:**

|                         |  |               |
|-------------------------|--|---------------|
| Distributions           |  | 55,843        |
| Administrative expenses |  | <u>21,768</u> |
| Total deductions        |  | <u>77,611</u> |

Change in net position 1,587,615

**Net Position, Beginning** 11,790,713

**Net Position, Ending** \$ 13,378,328

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

## NOTES TO BASIC FINANCIAL STATEMENTS

### 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, 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.

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  |

**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.



**Note 1 - Summary of Significant Accounting Policies (continued)**

**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 assets 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 assets 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 \$ 3,209,961 is established for EMS receivables based on historical collection rates.

**Date of management review:** Subsequent events were evaluated through March 27, 2024, 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, 2023, the City had the following investments:

|               | Fair<br>Value    | Investment<br>Maturities<br>(In Years) |
|---------------|------------------|--|
| Florida PRIME | \$ <u>48,745</u> | 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 35 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, 2023, the City’s Firefighters’ Pension Plan has the following required disclosures:

|   |                     |                      |
|---|---------------------|----------------------|
| <u>Credit Risk:</u>                                 | <u>Fitch Rating</u> | <u>Amount</u>        |
| <u>Fixed Income Funds:</u>                          |                     |                      |
| FMIvT Broad Market High Quality Bond Fund           | AAf/S4              | \$ 1,963,020         |
| FMIvT Core Plus Fixed Income Fund                   | Not rated           | 1,828,567            |
| <u>Equity Portfolios:</u>                           |                     |                      |
| FMIvT Diversified Large Cap Equity Portfolio        | Not rated           | 3,280,664            |
| FMIvT Diversified Small to Mid Cap Equity Portfolio | Not rated           | 1,868,903            |
| FMIvT International Equity Portfolio                | Not rated           | 2,594,952            |
| FMIvT Core Real Estate Fund                         | Not rated           | 1,721,004            |
|   |                     | \$ <u>13,257,110</u> |
| <u>Interest Rate Risk (In Years):</u>               |                     |                      |
| <u>Fixed Income Funds:</u>                          | <u>Duration</u>     | <u>WAM</u>           |
| FMIvT Broad Market High Quality Bond Fund           | 5.58                | 6.90                 |
| FMIvT Core Plus Fixed Income Fund                   | 6.80                | 8.03                 |

**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, 2023 as follows:

| Investments                                 | Fair Value    | Quoted Prices<br>in Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Investments<br>Valued at<br>NAV |
|---|---------------|--|---|--|---------------------------------|
| Florida Municipal<br>Investment Trust Funds | \$ 13,257,110 | \$ -   | \$ 9,707,539  | \$ 3,549,571                                       | \$ -                            |

**Note 2 - Deposits and Investments (continued)**

Additional information for investments measured at Level 3 is presented in the table below as of September 30, 2023.

|                                      | Fair<br>Value       | Unfunded<br>Commitments | Redemption<br>Frequency<br>(If Currently<br>Eligible) | Redemption<br>Notice<br>Period |
|--------------------------------------|---------------------|-------------------------|---|--------------------------------|
| FMIvT Core Plus Fixed<br>Income Fund | \$ 1,828,567        | \$ -                    | Monthly   | 1 business<br>day              |
| FMIvT Core Real Estate<br>Portfolio  | <u>1,721,004</u>    | <u>-</u>                | Quarterly   | 5 business<br>days             |
|                                      | <u>\$ 3,549,571</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, 2023, 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<br>Maintenance | Capital<br>Infrastructure | Nonmajor<br>Governmental<br>Funds |
|-----------------------------------|---------------------|-----------------------|---------------------------|-----------------------------------|
| Customers billed                  | \$ 3,525,105        | \$ -                  | \$ -                      | \$ -                              |
| Intergovernmental                 | 1,139,788           | 64,887                | 687,447                   | 306,183                           |
| Loans                             | -                   | -                     | -                         | 770,000                           |
| Miscellaneous                     | <u>63,551</u>       | <u>-</u>              | <u>-</u>                  | <u>-</u>                          |
| Gross receivables                 | 4,728,444           | 64,887                | 687,447                   | 1,076,183                         |
| Less allowance for uncollectibles | <u>(3,216,209)</u>  | <u>-</u>              | <u>-</u>                  | <u>-</u>                          |
| Net receivables                   | <u>\$ 1,512,235</u> | <u>\$ 64,887</u>      | <u>\$ 687,447</u>         | <u>\$ 1,076,183</u>               |



**City of Marathon, Florida**  
**Notes to Basic Financial Statements**  
**September 30, 2023**

**Note 4 - Receivables and Payables (continued)**

|                                   | Wastewater/<br>Stormwater | Nonmajor<br>Enterprise<br>Funds | Fiduciary<br>Fund | Total               |
|-----------------------------------|---------------------------|---------------------------------|-------------------|---------------------|
| Customers billed                  | \$ 467,607                | \$ -                            | \$ -              | \$ 3,992,712        |
| Intergovernmental                 | 1,946,307                 | 137,489                         | -                 | 4,282,101           |
| Loans                             | -                         | -                               | -                 | 770,000             |
| Miscellaneous                     | -                         | -                               | -                 | 63,551              |
| Contributions                     | -                         | -                               | 254,075           | 254,075             |
| Gross receivables                 | <u>2,413,914</u>          | <u>137,489</u>                  | <u>254,075</u>    | <u>9,362,439</u>    |
| Less allowance for uncollectibles | -                         | -                               | -                 | (3,216,209)         |
| Net receivables                   | <u>\$ 2,413,914</u>       | <u>\$ 137,489</u>               | <u>\$ 254,075</u> | <u>\$ 6,146,230</u> |

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

|                     | General           | Street<br>Maintenance | Capital<br>Infrastructure | Nonmajor<br>Governmental<br>Fund | Wastewater/<br>Stormwater | Nonmajor<br>Enterprise<br>Fund | Total               |
|---------------------|-------------------|-----------------------|---------------------------|----------------------------------|---------------------------|--------------------------------|---------------------|
| Vendors             | \$ 318,767        | \$ 14,880             | \$ 56,988                 | \$ 288,173                       | \$ 1,375,172              | \$ 20,033                      | \$ 2,074,013        |
| Payroll liabilities | 199,120           | 13,749                | -                         | 14,575                           | 65,296                    | 15,724                         | 308,464             |
| Retainage           | -                 | -                     | -                         | -                                | 192,377                   | 14,427                         | 206,804             |
| Accrued interest    | -                 | -                     | -                         | -                                | 76,515                    | -                              | 76,515              |
| Total               | <u>\$ 517,887</u> | <u>\$ 28,629</u>      | <u>\$ 56,988</u>          | <u>\$ 302,748</u>                | <u>\$ 1,709,360</u>       | <u>\$ 50,184</u>               | <u>\$ 2,665,796</u> |

**Note 5 - Interfund Balances and Transfers**

The composition of interfund transfers is as follows:

| Transfer Out                | Transfer In         |                                    |                                   | Total               |
|-----------------------------|---------------------|------------------------------------|-----------------------------------|---------------------|
|                             | General<br>Fund     | Non-Major<br>Governmental<br>Funds | Wastewater/<br>Stormwater<br>Fund |                     |
| General Fund                | \$ -                | \$ 395,659                         | \$ -                              | \$ 395,659          |
| Capital Infrastructure Fund | 473,556             | 1,525,983                          | 650,000                           | 2,649,539           |
| Nonmajor Governmental Funds | 469,583             | 1,411,408                          | -                                 | 1,880,991           |
| Nonmajor Enterprise Fund    | 71,565              | -                                  | -                                 | 71,565              |
| Wastewater/Stormwater Fund  | <u>415,987</u>      | <u>-</u>                           | <u>-</u>                          | <u>415,987</u>      |
| Total                       | <u>\$ 1,430,691</u> | <u>\$ 3,333,050</u>                | <u>\$ 650,000</u>                 | <u>\$ 5,413,741</u> |

Transfers of \$ 487,552 were made from the Marina and Wastewater/Stormwater Utility Enterprise Funds to the General Fund to support general administration costs.

Transfers of \$ 469,583 were made from the Building Fund to the General Fund to support general administration costs.

Transfers of \$ 1,525,983 were made from the Capital Infrastructure Fund to the Debt Service Fund in order to satisfy debt service requirements.

A transfer of \$ 473,556 from the Capital Infrastructure Fund to the General Fund was made for the fiscal year 2023 10% of discretionary sales tax proceeds in accordance with the exception under Florida Statutes for areas of Critical State concern.

**City of Marathon, Florida**  
**Notes to Basic Financial Statements**  
**September 30, 2023**

**Note 5 - Interfund Balances and Transfers (continued)**

A transfer of \$ 693,975 was made from Affordable Housing Fund to the Community Development Block Grant Fund for housing grant activity.

Transfers of \$ 450,000 from the Capital Infrastructure Fund to the Vehicle Replacement fund was made for future vehicle purchases.

A transfer of \$ 717,433 from the Community Development Block Grant Fund to the Affordable Housing Fund was made to repay a cash advance for grant activity for home buyout grant.

A transfer of \$ 395,659 from the General Fund to the Restoration Fund was made to allocate tree mitigation funds.

A transfer of \$ 650,000 was made from the Capital Infrastructure Fund to the Wastewater/Stormwater Utility Enterprise Funds for annual debt service requirements.

**Note 6 - Capital Assets**

Capital asset activity for the year ended September 30, 2023 was as follows:

|   | Beginning<br>Balance | Increases           | Decreases   | Transfers        | Ending<br>Balance    |
|---|----------------------|---------------------|-------------|------------------|----------------------|
| <b>Governmental Activities:</b>                             |                      |                     |             |                  |                      |
| Capital assets not<br>being depreciated:                    |                      |                     |             |                  |                      |
| Land  | \$ 16,312,247        | \$ -                | \$ -        | \$ -             | \$ 16,312,247        |
| Intangibles   | 3,822                | -                   | -           | -                | 3,822                |
| Construction-in-progress                                    | 685,618              | 106,016             | -           | (609,036)        | 182,598              |
| <b>Total capital assets<br/>not being depreciated</b>       | <b>17,001,687</b>    | <b>106,016</b>      | <b>-</b>    | <b>(609,036)</b> | <b>16,498,667</b>    |
| Capital assets being depreciated:                           |                      |                     |             |                  |                      |
| Buildings and structures                                    | 21,089,923           | -                   | -           | -                | 21,089,923           |
| Improvements other<br>than buildings                        | 22,552,065           | 1,742,071           | -           | 609,036          | 24,903,172           |
| Fire equipment and vehicles                                 | 5,534,667            | 69,110              | -           | -                | 5,603,777            |
| Furniture and equipment                                     | 3,271,342            | 144,417             | -           | -                | 3,415,759            |
| Intangibles   | 7,600                | -                   | -           | -                | 7,600                |
| <b>Total capital assets<br/>being depreciated</b>           | <b>52,455,597</b>    | <b>1,955,598</b>    | <b>-</b>    | <b>609,036</b>   | <b>55,020,231</b>    |
| <b>Total capital assets</b>                                 | <b>69,457,284</b>    | <b>2,061,614</b>    | <b>-</b>    | <b>-</b>         | <b>71,518,898</b>    |
| Less accumulated depreciation:                              |                      |                     |             |                  |                      |
| Buildings and structures                                    | 7,315,338            | 617,067             | -           | -                | 7,932,405            |
| Improvements other<br>than buildings                        | 12,052,002           | 1,190,873           | -           | -                | 13,242,875           |
| Fire equipment and vehicles                                 | 3,628,456            | 389,901             | -           | -                | 4,018,357            |
| Furniture and equipment                                     | 2,022,769            | 177,528             | -           | -                | 2,200,297            |
| Intangibles   | 7,600                | -                   | -           | -                | 7,600                |
| <b>Total accumulated<br/>depreciation</b>                   | <b>25,026,165</b>    | <b>2,375,369</b>    | <b>-</b>    | <b>-</b>         | <b>27,401,534</b>    |
| <b>Total capital assets<br/>being depreciated, net</b>      | <b>27,429,432</b>    | <b>(419,771)</b>    | <b>-</b>    | <b>609,036</b>   | <b>27,618,697</b>    |
| <b>Governmental<br/>activities, capital<br/>assets, net</b> | <b>\$ 44,431,119</b> | <b>\$ (313,755)</b> | <b>\$ -</b> | <b>\$ -</b>      | <b>\$ 44,117,364</b> |



**City of Marathon, Florida**  
**Notes to Basic Financial Statements**  
**September 30, 2023**

**Note 6 - Capital Assets (continued)**

|  | Beginning<br>Balance  | Increases          | Decreases        | Transfers       | Ending<br>Balance     |
|--|-----------------------|--------------------|------------------|-----------------|-----------------------|
| <b>Business-Type Activities:</b>             |                       |                    |                  |                 |                       |
| Capital assets not being depreciated:        |                       |                    |                  |                 |                       |
| Land   | \$ 4,695,647          | \$ -               | \$ -             | \$ -            | \$ 4,695,647          |
| Intangibles                                  | 1,618,093             | -                  | -                | -               | 1,618,093             |
| Construction-in-progress                     | <u>3,856,899</u>      | <u>2,059,244</u>   | <u>37,004</u>    | <u>(87,886)</u> | <u>5,791,253</u>      |
| Total capital assets not being depreciated   | <u>10,170,639</u>     | <u>2,059,244</u>   | <u>37,004</u>    | <u>(87,886)</u> | <u>12,104,993</u>     |
| Capital assets being depreciated:            |                       |                    |                  |                 |                       |
| Buildings                                    | 5,077,035             | -                  | -                | -               | 5,077,035             |
| Improvements other than buildings            | 145,175,691           | 3,631,582          | -                | 87,886          | 148,895,159           |
| Land improvements                            | 280,354               | -                  | -                | -               | 280,354               |
| Intangibles                                  | 15,620                | -                  | -                | -               | 15,620                |
| Equipment                                    | 2,930,072             | 81,933             | -                | -               | 3,012,005             |
| Vehicles                                     | <u>1,504,263</u>      | <u>139,182</u>     | <u>-</u>         | <u>-</u>        | <u>1,643,445</u>      |
| Total capital assets being depreciated       | <u>154,983,035</u>    | <u>3,852,697</u>   | <u>-</u>         | <u>87,886</u>   | <u>158,923,618</u>    |
| Total capital assets                         | <u>165,153,674</u>    | <u>5,911,941</u>   | <u>37,004</u>    | <u>-</u>        | <u>171,028,611</u>    |
| Less accumulated depreciation:               |                       |                    |                  |                 |                       |
| Buildings                                    | 1,548,161             | 181,444            | -                | -               | 1,729,605             |
| Improvements other than buildings            | 48,153,806            | 4,948,462          | -                | -               | 53,102,268            |
| Land improvements                            | 224,350               | 11,200             | -                | -               | 235,550               |
| Intangibles                                  | 15,620                | -                  | -                | -               | 15,620                |
| Equipment                                    | 2,147,747             | 268,444            | -                | -               | 2,416,191             |
| Vehicles                                     | <u>966,668</u>        | <u>140,972</u>     | <u>-</u>         | <u>-</u>        | <u>1,107,640</u>      |
| Total accumulated depreciation               | <u>53,056,352</u>     | <u>5,550,522</u>   | <u>-</u>         | <u>-</u>        | <u>58,606,874</u>     |
| Total capital assets, being depreciated, net | <u>101,926,683</u>    | <u>(1,697,825)</u> | <u>-</u>         | <u>87,886</u>   | <u>100,316,744</u>    |
| Business activities capital assets, net      | <u>\$ 112,097,322</u> | <u>\$ 361,419</u>  | <u>\$ 37,004</u> | <u>\$ -</u>     | <u>\$ 112,421,737</u> |

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

|  |                     |
|--|---------------------|
| <b>Governmental activities:</b>                            |                     |
| General government   | \$ 658,430          |
| Public safety  | 487,847             |
| Community services   | 1,087,033           |
| Community development                                      | <u>142,059</u>      |
| Total provision for depreciation - governmental activities | <u>\$ 2,375,369</u> |

**City of Marathon, Florida**  
**Notes to Basic Financial Statements**  
**September 30, 2023**

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**Note 6 - Capital Assets (continued)**

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

|  |                     |
|--|---------------------|
| Business-type activities:                                      |                     |
| Enterprise - Wastewater/Stormwater                             | \$ 5,317,338        |
| Enterprise - Marina  | <u>233,184</u>      |
| Total provision for depreciation -<br>business-type activities | <u>\$ 5,550,522</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, 2023:

|   | Balance<br>October 1,<br>2022 | Increases         | Decreases           | Balance<br>October 1,<br>2023 | Due<br>Within<br>One Year |
|---|-------------------------------|-------------------|---------------------|-------------------------------|---------------------------|
| <b>Governmental activities:</b>           |                               |                   |                     |                               |                           |
| Direct borrowings and private placements: |                               |                   |                     |                               |                           |
| Bonds payable:                            |                               |                   |                     |                               |                           |
| Series 2013A                              | \$ 3,995,000                  | \$ -              | \$ 650,000          | \$ 3,345,000                  | \$ 675,000                |
| Loan payable - 7 Mile                     | 2,000,000                     | -                 | 700,000             | 1,300,000                     | 700,000                   |
| Compensated absences payable              | 228,949                       | 94,324            | 74,150              | 249,123                       | 24,913                    |
| Net pension liability                     | 25,140                        | -                 | 25,140              | -                             | -                         |
| Other post-employment benefit liability   | 88,936                        | 9,029             | -                   | 97,965                        | -                         |
|   | <u>88,936</u>                 | <u>9,029</u>      | <u>-</u>            | <u>97,965</u>                 | <u>-</u>                  |
| Governmental activities, long-term debt   | <u>\$ 6,338,025</u>           | <u>\$ 103,353</u> | <u>\$ 1,449,290</u> | <u>\$ 4,992,088</u>           | <u>\$ 1,399,913</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.

**City of Marathon, Florida**  
**Notes to Basic Financial Statements**  
**September 30, 2023**

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**Note 7 - Long-Term Liabilities (continued)**

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

| September 30, | Principal           | Interest          | Total               |
|---------------|---------------------|-------------------|---------------------|
| 2024          | \$ 675,000          | \$ 95,666         | \$ 770,666          |
| 2025          | 685,000             | 74,615            | 759,615             |
| 2026          | 705,000             | 53,217            | 758,217             |
| 2027          | 910,000             | 31,317            | 941,317             |
| 2028          | 370,000             | 2,856             | 372,856             |
|               | <u>\$ 3,345,000</u> | <u>\$ 257,671</u> | <u>\$ 3,602,671</u> |

**Note Payable:** Previously, the City issued a \$ 2,000,000 note payable for the purposes of financing the acquisition of real property. The note bears interest at 3.00%, with annual principal and interest payments due through December 31, 2024.

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

|      |                     |                  |                     |
|------|---------------------|------------------|---------------------|
| 2024 | \$ 700,000          | \$ 39,000        | \$ 739,000          |
| 2025 | 600,000             | 18,000           | 618,000             |
|      | <u>\$ 1,300,000</u> | <u>\$ 57,000</u> | <u>\$ 1,357,000</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, 2023:

|   | Balance<br>October 1,<br>2022 | Increases        | Decreases           | Balance<br>September 30,<br>2023 | Due<br>Within<br>One Year |
|---|-------------------------------|------------------|---------------------|----------------------------------|---------------------------|
| <b>Business-Type Activities:</b>          |                               |                  |                     |                                  |                           |
| Direct borrowings and private placements: |                               |                  |                     |                                  |                           |
| Loans payable:                            |                               |                  |                     |                                  |                           |
| State Revolving Fund Loan Program         | \$ 38,309,180                 | \$ -             | \$ 4,433,918        | \$ 33,875,262                    | \$ 4,536,679              |
| Compensated absences payable              | 78,421                        | 24,547           | 14,726              | 88,241                           | 8,824                     |
| Other post-employment benefit liability   | 27,931                        | 2,835            | -                   | 30,766                           | -                         |
|   | <u>38,415,532</u>             | <u>27,382</u>    | <u>4,448,644</u>    | <u>33,994,269</u>                | <u>4,545,503</u>          |
| Business-type activities, long-term debt  | <u>\$ 38,415,532</u>          | <u>\$ 27,382</u> | <u>\$ 4,448,644</u> | <u>\$ 33,994,269</u>             | <u>\$ 4,545,503</u>       |

**Note 7 - Long-Term Liabilities (continued)**

**State Revolving Fund Loans:** As of September 30, 2023, 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. For the year ending September 30, 2023, the City did not meet this ratio. The City is in the process of submitting a plan to the Florida Department of Environmental Protection to resolve this issue. The breakdown as of September 30, 2023 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<br>Loan<br>Authorized<br>Amount | Interest<br>Rate | Semi-Annual<br>Payment<br>Amount | Total<br>Obligation<br>September 30,<br>2023 |
|--------------------|---------------------------------------|------------------|----------------------------------|--|
| WW 63702P          | \$ 31,308,211                         | 2.25-2.54%       | \$ 1,010,699                     | \$ 11,232,381                                |
| WW 637060          | 21,541,520                            | 2.08-2.73%       | 710,253                          | 10,835,980                                   |
| WW 637090          | 10,373,801                            | 2.02-2.66%       | 329,774                          | 4,458,247                                    |
| WW 637020          | 17,131,172                            | 2.08%            | 607,285                          | 7,348,654                                    |
| Total              | \$ 80,354,704                         |                  | \$ 2,658,011                     | \$ 33,875,262                                |

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

| September 30, | Principal     | Interest     | Total         |
|---------------|---------------|--------------|---------------|
| 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          | 4,868,783     | 448,029      | 5,316,812     |
| 2028          | 4,984,850     | 331,962      | 5,316,812     |
| 2029-2032     | 10,084,746    | 378,973      | 10,463,719    |
|               | \$ 33,875,262 | \$ 3,172,519 | \$ 37,047,781 |

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.

**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.

**Note 8 - Commitments and Contingencies**

**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.

**Consent decree:** Subsequent to year end, the City Council of the City entered into a consent decree with the Friends of the Lower Keys, LLC (FOLKS). Under the decree, the City shall construct all infrastructure necessary to permanently convey all of its Advanced Wastewater Treatment Effluent to a Deep Well Injection for disposal by no later than December 31, 2028. The City is required to pay \$ 1,000 per day for non-compliance with the Deep Well Injection Project deadline as included in the consent decree. The City estimates the cost of the project to be \$ 43,000,000. The only issue that remains pending is FOLKS claim for attorneys fees and costs.

**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, 2023 the City had the following outstanding construction commitments:

| Project                      | Total<br>Project<br>Authorization | Expended at<br>September 30,<br>2023 | Contracts<br>and<br>Retainage<br>Payable | Balance to<br>Complete |
|------------------------------|-----------------------------------|--------------------------------------|--|------------------------|
| Generators FS14 and Marina   | \$ 397,197                        | \$ 288,532                           | \$ 14,427                                | \$ 108,665             |
| Chemical Systems Upgrades    | 2,814,131                         | 2,464,162                            | 123,208                                  | 349,969                |
| Area 7 Filter Upgrades       | 1,225,000                         | 1,047,555                            | 52,378                                   | 177,445                |
| Lift Station @ Fairfield Inn | 407,445                           | 335,823                              | 59,757                                   | 71,622                 |
|                              | \$ 4,843,773                      | \$ 4,136,072                         | \$ 249,770                               | \$ 707,701             |

**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, 2024 are budgeted to be approximately \$ 2,529,900. Costs for police services for the year ended September 30, 2023 were approximately \$ 2,215,100.

**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, 2026 (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 entered into an extension of its 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, 2026 at an annual rate of \$ 700,000 reviewed annually. Fees received for these services for the year ended September 30, 2023 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, 2023 of approximately \$ 356,668.

**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.

**Note 10 - Employee Pension Plans (continued)**

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, 2023:

| 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, 2023, that met the criteria for disclosure.

*Rate of return:* For the year ended September 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.61%. 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 \$ 321,092 for the monies received as of September 30, 2023. With the overage funding, the City agreed to establish a defined contribution shared account (Share Plan) as part of the defined benefit plan for each active and future members of the pension plan.

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, 2023, the following employees were covered by the pension benefits:

|   |    |
|---|----|
| Inactive employees or beneficiaries currently receiving benefit | 1  |
| Inactive employees entitled to but not receiving benefit        | 14 |
| Active plan members   | 29 |
| Total members   | 44 |

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 had one member participating in the DROP for the year ending September 30, 2023 with a balance of \$ 55,057.

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, 2023, no funding has been set aside in the General Fund.

The required contribution including interest to the Plan as determined by the actuarial valuation was \$ 552,133 for the year ended September 30, 2023. Contributions from the State totaled \$ 348,698, of which \$ 193,515 was applied to the Plan, and the balance of \$ 155,183 was applied to the Share Plan plus City contributions of \$ 330,939. 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, 2022.

The components of the net position (asset) liability of the City at September 30, 2023, were as follows:

|   |    |                               |
|---|----|-------------------------------|
|   |    | Firefighters'<br>Pension Plan |
| Total pension liability   | \$ | 10,968,926                    |
| Plan fiduciary net position   |    | <u>(11,737,247)</u>           |
| City's net pension (asset) liability                                      | \$ | <u>(768,321)</u>              |
| Plan fiduciary net position as a<br>percentage of total pension liability |    | 107.00%                       |

*Actuarial assumptions.* The total net pension liability at September 30, 2023 was determined by using (asset) actuarial valuations as of October 1, 2021. 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<br>Expected Real<br>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<br>Liability<br>(a) | Plan Fiduciary<br>Position<br>(b) | Net Pension<br>Liability (Asset)<br>(a)-(b) |
| Balances at September 30, 2021                              | \$ 9,638,780                      | \$ 13,211,218                     | \$ (3,572,438)                              |
| Changes for the year:                                       |                                   |                                   |   |
| Service cost  | 715,229                           | -                                 | 715,229                                     |
| Interest cost   | 721,629                           | 936,480                           | (214,851)                                   |
| Contributions - employer                                    | -                                 | 304,217                           | (304,217)                                   |
| Contributions - employee                                    | -                                 | 102,641                           | (102,641)                                   |
| Contributions - nonemployer contributing member             | -                                 | -                                 | -   |
| Differences between expected and actual experience          | (81,437)                          | -                                 | (81,437)                                    |
| Changes of assumptions                                      | -                                 | -                                 | -   |
| Net increase (decrease) in fair value of investments        | -                                 | (2,750,348)                       | 2,750,348                                   |
| Benefit payments, including refunds of member contributions | (25,275)                          | (25,275)                          | -   |
| Administrative expenses                                     | -                                 | (41,686)                          | 41,686                                      |
| Net Changes   | <u>1,330,146</u>                  | <u>(1,473,971)</u>                | <u>2,804,117</u>                            |
| Balances at September 30, 2022, measurement date            | \$ <u>10,968,926</u>              | \$ <u>11,737,247</u>              | \$ <u>(768,321)</u>                         |

*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%<br>Decrease<br>(6.00%) | Current<br>Discount<br>Rate (7.00%) | 1%<br>Increase<br>(8.00%) |
|--------------------------------------|---------------------------|-------------------------------------|---------------------------|
| City's net pension liability (asset) | \$ <u>1,027,946</u>       | \$ <u>(768,321)</u>                 | \$ <u>(2,235,176)</u>     |

**Note 10 - Employee Pension Plans (continued)**

Pension Expense and Deferred Outflows of Resources Related to Pensions: For the year ended September 30, 2023, the City recognized pension expense of \$ 645,583 for this Plan. At September 30, 2023 the City reported deferred outflow of resources and deferred inflows of resources related to pensions from the following sources:

|   | <u>Deferred<br/>Outflows<br/>of Resources</u> | <u>Deferred<br/>Inflows<br/>of Resources</u> |
|---|---|--|
| Pension contributions subsequent to year end                                    | \$ 552,133                                    | \$ -   |
| Differences between expected and actual experience                              | 236,301                                       | (1,052,526)                                  |
| Changes of assumptions  | 357,875                                       | (30,481)                                     |
| Net difference between projected and actual earning on pension plan investments | <u>1,444,673</u>                              | <u>-</u>                                     |
| Total   | <u>\$ 2,590,982</u>                           | <u>\$ (1,083,007)</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, 2024. 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<br/>September 30,</u> |    |          |
|-------------------------------------|----|----------|
| 2024                                | \$ | 206,354  |
| 2025                                | \$ | 169,948  |
| 2026                                | \$ | 157,575  |
| 2027                                | \$ | 477,998  |
| 2028                                | \$ | (60,515) |
| Thereafter                          | \$ | 4,482    |

**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.

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

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.

The following table provides a summary of the number of participants in the plan as of October 1, 2021:

|                     |                  |
|---------------------|------------------|
| Active plan members | <u><u>83</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, 2023 was based on an actuarial valuation dated October 1, 2021 with a measurement date of September 30, 2023, using the following actuarial assumptions:

|                             |  |
|-----------------------------|--|
| Actuarial Cost Method       | Entry Age Normal   |
| Discount Rate               | 4.09%  |
| Salary Increases            | 3.50%  |
| Mortality                   | Mortality rates are based on the PUB-2010 General Employees Headcount-Weighted Mortality fully generational using Scale MP-2021, and PUB-2010 General Retirees Headcount-Weighted Mortality fully generational using Scale MP-2021 |
| Healthcare Cost Trend Rates | Trend rate of 7.50% gradually decreasing to an ultimate trend rate of 4.54%.   |

**Discount Rate:** The discount rate used to measure the total OPEB liability at September 30, 2023 was 4.09%. 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 4.02% as of the beginning of the measurement year.

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

**Total OPEB Liability of the City:** The components of the City’s net OPEB liability at September 30, 2023, are as follows:

|  |                   |
|--|-------------------|
| Total OPEB liability   | \$ 128,731        |
| OPEB Plan fiduciary net position   | <u>-</u>          |
| City's net OPEB liability  | <u>\$ 128,731</u> |
| OPEB Plan fiduciary net position as a percentage of total OPEB liability | <u>0.00%</u>      |

**Changes in Total OPEB Liability**

|   |                   |
|---|-------------------|
| Measurement year ended September 30, 2023         |                   |
| Total OPEB liability:                             |                   |
| Service cost                                      | \$ 18,621         |
| Assumption changes                                | (6,147)           |
| Difference between actual and expected experience | -                 |
| Plan change                                       | -                 |
| Interest on total OPEB liability                  | 5,172             |
| Benefit payments                                  | <u>(5,782)</u>    |
| Net change in total OPEB liability                | 11,864            |
| Total OPEB liability, beginning                   | <u>116,867</u>    |
| Total OPEB liability, ending                      | <u>\$ 128,731</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 4.09%, 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%<br>Decrease<br>(3.09%) | Current<br>Discount<br>Rate<br>(4.09%) | 1%<br>Increase<br>(5.09%) |
|----------------------|---------------------------|--|---------------------------|
|                      | <u>          </u>         | <u>          </u>                      | <u>          </u>         |
| Total OPEB Liability | \$ <u>139,467</u>         | \$ <u>128,731</u>                      | \$ <u>119,075</u>         |

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

**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:

|                      | <u>1% Trend<br/>Decrease</u> | <u>Trend Rate<br/>Assumption</u> | <u>1% Trend<br/>Increase</u> |
|----------------------|------------------------------|----------------------------------|------------------------------|
| Total OPEB liability | \$ <u>112,860</u>            | \$ <u>128,731</u>                | \$ <u>148,246</u>            |

**OPEB Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:** For the year ended September 30, 2023 the City recognized OPEB expense (income) of \$ (10,044). At September 30, 2023, the City has deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|---|---|--|
| Changes in Assumptions                                | \$ 162,789                                    | \$ (48,740)                                  |
| Differences between expected<br>and actual experience | <u>15,968</u>                                 | <u>(225,269)</u>                             |
| Total   | \$ <u>178,757</u>                             | \$ <u>(274,009)</u>                          |

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

| <u>Fiscal Year Ending<br/>September 30,</u> | <u>Deferred<br/>Outflows/<br/>Inflows of<br/>Resources</u> |
|---|--|
| 2024  | \$ (13,749)  |
| 2025  | (13,749)   |
| 2026  | (2,078)  |
| 2027  | (372)  |
| 2028  | (372)  |
| Thereafter                                  | <u>(64,932)</u>  |
|   | \$ <u>(95,252)</u>   |

## REQUIRED SUPPLEMENTARY INFORMATION

**City of Marathon, Florida**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended September 30, 2023**

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual<br/>Amounts</u> | <u>Variance</u>     |
|---|----------------------------|-------------------------|---------------------------|---------------------|
| <b>Revenues:</b>                              |                            |                         |                           |                     |
| Property taxes                                | \$ 9,747,079               | \$ 9,747,079            | \$ 9,564,742              | \$ (182,337)        |
| Intergovernmental                             | 3,283,931                  | 3,283,931               | 3,503,145                 | 219,214             |
| Licenses and permits                          | 875,000                    | 875,000                 | 1,603,080                 | 728,080             |
| Charges for services                          | 1,435,000                  | 1,435,000               | 1,320,534                 | (114,466)           |
| Fines and forfeitures                         | 937,633                    | 937,633                 | 1,168,151                 | 230,518             |
| Communications services taxes                 | 597,203                    | 597,203                 | 597,349                   | 146                 |
| Interest                                      | 20,000                     | 20,000                  | 497,064                   | 477,064             |
| Miscellaneous                                 | 37,000                     | 37,000                  | 37,431                    | 431                 |
| Total revenues                                | <u>16,932,846</u>          | <u>16,932,846</u>       | <u>18,291,496</u>         | <u>1,358,650</u>    |
| <b>Expenditures:</b>                          |                            |                         |                           |                     |
| Current:                                      |                            |                         |                           |                     |
| General government:                           |                            |                         |                           |                     |
| Elected officials                             | 485,306                    | 585,306                 | 553,285                   | 32,021              |
| Administration                                | 2,939,389                  | 2,939,389               | 2,902,786                 | 36,603              |
| Legal   | 530,462                    | 530,462                 | 351,676                   | 178,786             |
| Total general government                      | <u>3,955,157</u>           | <u>4,055,157</u>        | <u>3,807,747</u>          | <u>247,410</u>      |
| Public safety:                                |                            |                         |                           |                     |
| Police  | 2,360,834                  | 2,215,834               | 2,215,128                 | 706                 |
| Fire/EMS                                      | 5,628,335                  | 5,628,335               | 5,318,149                 | 310,186             |
| Total public safety                           | <u>7,989,169</u>           | <u>7,844,169</u>        | <u>7,533,277</u>          | <u>310,892</u>      |
| Community services:                           |                            |                         |                           |                     |
| Public works                                  | 1,332,306                  | 1,332,306               | 744,684                   | 587,622             |
| Parks and recreation                          | 2,014,910                  | 2,014,910               | 1,775,683                 | 239,227             |
| Near Shore Waters                             | 63,600                     | 63,600                  | 59,515                    | 4,085               |
| Total community services                      | <u>3,410,816</u>           | <u>3,410,816</u>        | <u>2,579,882</u>          | <u>830,934</u>      |
| Community development                         | <u>1,960,011</u>           | <u>1,960,011</u>        | <u>995,880</u>            | <u>964,131</u>      |
| Total expenditures                            | <u>17,315,153</u>          | <u>17,270,153</u>       | <u>14,916,786</u>         | <u>2,353,367</u>    |
| Excess of revenues<br>over expenditures       | <u>(382,307)</u>           | <u>(337,307)</u>        | <u>3,374,710</u>          | <u>3,712,017</u>    |
| <b>Other Financing Sources (Uses):</b>        |                            |                         |                           |                     |
| Insurance proceeds                            | -                          | -                       | 6,579                     | 6,579               |
| Transfers in                                  | 1,488,617                  | 1,488,617               | 1,430,691                 | (57,926)            |
| Transfers out                                 | -                          | -                       | (395,659)                 | (395,659)           |
| Appropriation of prior year's<br>fund balance | <u>(1,106,310)</u>         | <u>(1,151,310)</u>      | <u>-</u>                  | <u>1,151,310</u>    |
| Total other financing<br>sources (uses)       | <u>382,307</u>             | <u>337,307</u>          | <u>1,041,611</u>          | <u>704,304</u>      |
| Net change in<br>fund balance                 | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ 4,416,321</u>       | <u>\$ 4,416,321</u> |



**City of Marathon, Florida**  
**Budgetary Comparison Schedule**  
**Street Maintenance Fund**  
**For the Year Ended September 30, 2023**

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|  | <u>Original<br/>and Final<br/>Budget</u> | <u>Actual<br/>Amounts</u> | <u>Variance</u>           |
|--|--|---------------------------|---------------------------|
| <b>Revenues:</b>                                     |  |                           |                           |
| Intergovernmental                                    | \$ 672,904                               | \$ 654,661                | \$ (18,243)               |
| Miscellaneous  | -  | 2,500                     | 2,500                     |
| Interest   | 2,100                                    | 34,434                    | 32,334                    |
|  | <u>675,004</u>                           | <u>691,595</u>            | <u>16,591</u>             |
| <b>Expenditures:</b>                                 |  |                           |                           |
| Current:   |  |                           |                           |
| Community services                                   | 770,792                                  | 725,965                   | 44,827                    |
| Capital outlay                                       | 23,000                                   | 17,365                    | 5,635                     |
|  | <u>793,792</u>                           | <u>743,330</u>            | <u>50,462</u>             |
| Excess (deficiency) of<br>revenues over expenditures | <u>(118,788)</u>                         | <u>(51,735)</u>           | <u>67,053</u>             |
| <b>Other Financing Sources (Uses):</b>               |  |                           |                           |
| Transfers out  | (50,000)                                 | -                         | 50,000                    |
| Insurance proceeds                                   | -  | 7,028                     | 7,028                     |
| Appropriation of prior year's<br>fund balance        | 168,788                                  | -                         | (168,788)                 |
|  | <u>118,788</u>                           | <u>7,028</u>              | <u>(111,760)</u>          |
| Net change in fund balance                           | \$ <u><u>-</u></u>                       | \$ <u><u>(44,707)</u></u> | \$ <u><u>(44,707)</u></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:<br>Measurement Date:                            | 9/30/2024<br>9/30/2023 | 9/30/2023<br>9/30/2022 | 9/30/2022<br>9/30/2021 | 9/30/2021<br>9/30/2020 | 9/30/2020<br>9/30/2019 | 9/30/2019<br>9/30/2018 | 9/30/2018<br>9/30/2017 | 9/30/2017<br>9/30/2016 | 9/30/2016<br>9/30/2015 | 9/30/2015<br>9/30/2014 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| <b>Total pension liability</b>                               |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Service cost   | \$ 704,709             | \$ 715,229             | \$ 592,561             | \$ 630,244             | \$ 646,079             | \$ 579,233             | \$ 526,211             | \$ 465,383             | \$ 421,863             | \$ 402,517             |
| Interest   | 812,101                | 721,629                | 660,198                | 588,136                | 523,895                | 451,266                | 411,938                | 346,447                | 305,220                | 255,647                |
| Differences between expected and actual experience           | (298,173)              | (81,437)               | (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  | (55,843)               | (25,275)               | (78,831)               | (45,308)               | (23,951)               | (28,124)               | (38,480)               | (50,293)               | (16,003)               | (17,052)               |
| <b>Net change in total pension liability</b>                 | 1,162,794              | 1,330,146              | 757,804                | 1,067,998              | 1,461,821              | 899,454                | 466,167                | 806,474                | 523,320                | 641,112                |
| <b>Total pension liability - beginning</b>                   | 10,968,926             | 9,638,780              | 8,880,976              | 7,812,978              | 6,351,157              | 5,451,703              | 4,985,536              | 4,179,062              | 3,655,742              | 3,014,630              |
| <b>Total pension liability - ending (a)</b>                  | \$ 12,131,720          | \$ 10,968,926          | \$ 9,638,780           | \$ 8,880,976           | \$ 7,812,978           | \$ 6,351,157           | \$ 5,451,703           | \$ 4,985,536           | \$ 4,179,062           | \$ 3,655,742           |
| <b>Plan fiduciary net position</b>                           |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Contributions - employer                                     | \$ 552,133             | \$ 138,136             | \$ 191,316             | \$ 266,084             | \$ 185,139             | \$ 158,078             | \$ 223,687             | \$ 157,589             | \$ 143,152             | \$ 69,826              |
| Contributions - member                                       | 118,535                | 102,641                | 100,855                | 90,890                 | 99,496                 | 89,805                 | 107,272                | 79,045                 | 79,753                 | 58,208                 |
| Contributions - nonemployer contributing member              | -                      | 166,081                | 148,494                | 158,031                | 150,076                | 140,288                | 143,010                | 163,986                | 176,093                | 193,515                |
| Net investment income  | 1,034,435              | (1,813,868)            | 2,126,541              | 633,881                | 497,134                | 608,666                | 923,540                | 490,850                | (10,345)               | 417,331                |
| Benefit payments, including refunds of member contributions  | (55,843)               | (25,275)               | (78,831)               | (45,308)               | (23,951)               | (28,124)               | (38,480)               | (50,293)               | (16,003)               | (17,052)               |
| Administrative expenses                                      | (44,958)               | (41,686)               | (62,685)               | (51,932)               | (48,082)               | (34,743)               | (31,860)               | (24,668)               | (27,473)               | (35,373)               |
| <b>Net change in plan fiduciary net position</b>             | 1,604,302              | (1,473,971)            | 2,425,690              | 1,051,646              | 859,812                | 933,970                | 1,327,169              | 816,509                | 345,177                | 686,455                |
| <b>Plan fiduciary net position - beginning</b>               | 11,737,248             | 13,211,218             | 10,785,528             | 9,733,882              | 8,874,070              | 7,940,100              | 6,612,931              | 5,796,422              | 5,451,245              | 4,764,790              |
| <b>Plan fiduciary net position - ending (b)</b>              | \$ 13,341,550          | \$ 11,737,247          | \$ 13,211,218          | \$ 10,785,528          | \$ 9,733,882           | \$ 8,874,070           | \$ 7,940,100           | \$ 6,612,931           | \$ 5,796,422           | \$ 5,451,245           |
| <b>City net pension liability (asset) - ending (a) - (b)</b> | \$ (1,209,830)         | \$ (768,321)           | \$ (3,572,438)         | \$ (1,904,552)         | \$ (1,920,904)         | \$ (2,522,913)         | \$ (2,488,397)         | \$ (1,627,395)         | \$ (1,617,360)         | \$ (1,795,503)         |

**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<br>of the total pension liability (asset) | 109.97%  | \$ 1,898,694 | \$ 1,957,500 | 137.06%      | 121.45%      | 124.59%      | 139.72%      | 145.64%   | 132.64% | 138.70% | 149.11% |
| Covered payroll   |          | \$ 1,655,777 | \$ 1,760,652 | \$ 1,602,399 | \$ 1,502,540 | \$ 1,358,418 | \$ 1,347,342 |           |         |         |         |
| City net pension liability (asset) as percentage<br>of covered payroll                | (63.72%) | (215.75%)    | (108.18%)    | (97.51%)     | (143.41%)    | (155.29%)    | (108.31%)    | (119.06%) |         |         |         |

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

|  | 2023         | 2022         | 2021         | 2020         | 2019         | 2018         | 2017         | 2016         | 2015         | 2014         |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Actuarially determined contribution                                  | \$ 552,133   | \$ 340,802   | \$ 362,260   | \$ 365,080   | \$ 320,324   | \$ 294,839   | \$ 362,276   | \$ 317,899   | \$ 314,079   | \$ 260,648   |
| Contributions in relation to the actuarially determined contribution | 552,133      | 304,217      | 339,810      | 424,115      | 335,215      | 298,366      | 366,697      | 321,575      | 319,245      | 264,774      |
| <b>Contribution deficiency (excess)</b>                              | \$ -         | \$ 36,585    | \$ 22,450    | \$ (59,035)  | \$ (14,891)  | \$ (3,527)   | \$ (4,421)   | \$ (3,676)   | \$ (5,166)   | \$ (4,126)   |
| Covered payroll  | \$ 1,898,694 | \$ 1,957,500 | \$ 1,655,777 | \$ 1,760,652 | \$ 1,969,908 | \$ 1,759,178 | \$ 1,602,399 | \$ 1,502,540 | \$ 1,358,418 | \$ 1,295,521 |
| Contributions as a percentage of covered payroll                     | 29.08%       | 15.54%       | 20.52%       | 24.09%       | 17.02%       | 16.96%       | 22.88%       | 21.40%       | 23.50%       | 20.44%       |

**Notes to Schedule**

**Valuation date: October 1, 2022**

**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

|  | 2023  | 2022     | 2021   | 2020  | 2019  | 2018  | 2017   | 2016  | 2015    | 2014  |
|--|-------|----------|--------|-------|-------|-------|--------|-------|---------|-------|
| Annual money-weighted rate of return (loss), net of investment expense | 8.61% | (13.28%) | 19.42% | 6.60% | 5.40% | 3.63% | 11.58% | 8.11% | (0.05%) | 8.55% |

**City of Marathon, Florida  
Required Supplementary Information  
(unaudited)**

**Schedule of Changes in Total OPEB Liability and Related Ratios  
Last Ten Fiscal Years \***

| <b>Fiscal Year and<br/>Measurement Date:</b>                       | <b>9/30/2023</b>    | <b>9/30/2022</b>    | <b>9/30/2021</b>    | <b>9/30/2020</b>    | <b>9/30/2019</b>    | <b>9/30/2018</b>    |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Total OPEB liability</b>  |                     |                     |                     |                     |                     |                     |
| Service cost   | \$ 18,621           | \$ 19,437           | \$ 97,393           | \$ 95,343           | \$ 50,667           | \$ 49,670           |
| Interest   | 5,172               | 4,629               | 18,084              | 16,297              | 14,692              | 12,033              |
| Assumption changes   | (6,147)             | (54,901)            | -                   | 281,376             | -                   | -                   |
| Differences between actual and<br>expected experience              | -                   | (223,982)           | -                   | 445                 | 26,763              | 21,526              |
| Plan change **   | -                   | (564,688)           | -                   | -                   | -                   | -                   |
| Benefits payments  | (5,782)             | (5,801)             | (28,826)            | (28,219)            | (10,736)            | (9,665)             |
| <b>Net change in total OPEB liability</b>                          | <b>11,864</b>       | <b>(825,306)</b>    | <b>86,651</b>       | <b>365,242</b>      | <b>81,386</b>       | <b>73,564</b>       |
| <b>Total OPEB liability - beginning</b>                            | <b>116,867</b>      | <b>942,173</b>      | <b>855,522</b>      | <b>490,280</b>      | <b>408,894</b>      | <b>335,330</b>      |
| <b>Total OPEB liability - ending</b>                               | <b>\$ 128,731</b>   | <b>\$ 116,867</b>   | <b>\$ 942,173</b>   | <b>\$ 855,522</b>   | <b>\$ 490,280</b>   | <b>\$ 408,894</b>   |
| <b>Covered payroll</b>   | <b>\$ 5,030,943</b> | <b>\$ 4,860,815</b> | <b>\$ 5,741,403</b> | <b>\$ 5,585,022</b> | <b>\$ 6,127,014</b> | <b>\$ 5,967,531</b> |
| <b>Total OPEB liability as a<br/>percentage of covered payroll</b> | <b>2.56%</b>        | <b>2.40%</b>        | <b>16.41%</b>       | <b>15.32%</b>       | <b>8.00%</b>        | <b>6.85%</b>        |

**Notes to Schedule:**

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

\*\* The Firefighters discontinued participation in the City's Plan effective 1/1/21.

*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



## 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, 2023**

|   | <b>Special Revenue Funds</b> |                                |                         |                      |
|---|------------------------------|--------------------------------|-------------------------|----------------------|
|   | <b>Impact Fees Fund</b>      | <b>Affordable Housing Fund</b> | <b>Restoration Fund</b> | <b>Building Fund</b> |
| <b>Assets:</b>  |                              |                                |                         |                      |
| Cash and cash equivalents   | \$ 3,003,815                 | \$ 2,045,120                   | \$ 958,816              | \$ 3,975,955         |
| Receivables   | -                            | 770,000                        | -                       | -                    |
| Due from other governments  | -                            | -                              | -                       | -                    |
| Prepaid items   | -                            | -                              | -                       | 8,837                |
| <b>Total assets</b>   | <b>\$ 3,003,815</b>          | <b>\$ 2,815,120</b>            | <b>\$ 958,816</b>       | <b>\$ 3,984,792</b>  |
| <b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>     |                              |                                |                         |                      |
| Liabilities   | \$ -                         | \$ -                           | \$ -                    | \$ 127,549           |
| Deferred inflows of resources   | -                            | -                              | -                       | -                    |
| <b>Fund balances:</b>   |                              |                                |                         |                      |
| <b>Nonspendable:</b>  |                              |                                |                         |                      |
| Prepaid items   | -                            | -                              | -                       | 8,837                |
| <b>Restricted:</b>  |                              |                                |                         |                      |
| Building department   | -                            | -                              | -                       | 3,848,406            |
| <b>Committed for:</b>   |                              |                                |                         |                      |
| Infrastructure improvements   | 3,003,815                    | -                              | -                       | -                    |
| Affordable housing  | -                            | 2,815,120                      | -                       | -                    |
| Restoration projects  | -                            | -                              | 958,816                 | -                    |
| <b>Total fund balances</b>  | <b>3,003,815</b>             | <b>2,815,120</b>               | <b>958,816</b>          | <b>3,857,243</b>     |
| <b>Total liabilities, deferred inflows of resources and fund balances</b> | <b>\$ 3,003,815</b>          | <b>\$ 2,815,120</b>            | <b>\$ 958,816</b>       | <b>\$ 3,984,792</b>  |

| <b>Special Revenue Fund</b>                   |                          |  |
|---|--------------------------|--|
| <b>Community Development Block Grant Fund</b> | <b>Debt Service Fund</b> | <b>Total Nonmajor Governmental Funds</b> |
| \$ 175,199                                    | \$ -                     | \$ 10,158,905                            |
| -   | -                        | 770,000                                  |
| 306,183                                       | -                        | 306,183                                  |
| -   | -                        | 8,837                                    |
| <u>\$ 481,382</u>                             | <u>\$ -</u>              | <u>\$ 11,243,925</u>                     |
| <br>  |                          |  |
| \$ 175,199                                    | \$ -                     | \$ 302,748                               |
| 306,183                                       | -                        | 306,183                                  |
| -   | -                        | 8,837                                    |
| -   | -                        | 3,848,406                                |
| -   | -                        | 3,003,815                                |
| -   | -                        | 2,815,120                                |
| -   | -                        | 958,816                                  |
| <u>-</u>                                      | <u>-</u>                 | <u>10,634,994</u>                        |
| <br>  |                          |  |
| <u>\$ 481,382</u>                             | <u>\$ -</u>              | <u>\$ 11,243,925</u>                     |

**City of Marathon, Florida**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended September 30, 2023**

|   | <b>Special Revenue Funds</b> |                                |                         |                      |
|---|------------------------------|--------------------------------|-------------------------|----------------------|
|   | <b>Impact Fees Fund</b>      | <b>Affordable Housing Fund</b> | <b>Restoration Fund</b> | <b>Building Fund</b> |
| <b>Revenues:</b>                                  |                              |                                |                         |                      |
| Intergovernmental                                 | \$ -                         | \$ -                           | \$ -                    | \$ -                 |
| Licenses and permits                              | -                            | -                              | -                       | 1,382,066            |
| Impact fees                                       | 411,159                      | 227,000                        | 2,926                   | -                    |
| Interest  | 67,845                       | 31,657                         | 13,224                  | 106,117              |
| <b>Total revenues</b>                             | <b>479,004</b>               | <b>258,657</b>                 | <b>16,150</b>           | <b>1,488,183</b>     |
| <b>Expenditures:</b>                              |                              |                                |                         |                      |
| Current:  |                              |                                |                         |                      |
| Community services                                | -                            | 30                             | 1,860                   | 1,246,470            |
| Debt service:                                     |                              |                                |                         |                      |
| Principal   | -                            | -                              | -                       | -                    |
| Interest and fiscal charges                       | -                            | -                              | -                       | -                    |
| <b>Total expenditures</b>                         | <b>-</b>                     | <b>30</b>                      | <b>1,860</b>            | <b>1,246,470</b>     |
| Excess (deficiency) of revenues over expenditures | 479,004                      | 258,627                        | 14,290                  | 241,713              |
| <b>Other Financing Sources (Uses):</b>            |                              |                                |                         |                      |
| Transfers in                                      | -                            | 717,433                        | 395,659                 | -                    |
| Transfers out                                     | -                            | (693,975)                      | -                       | (469,583)            |
| <b>Total other financing sources (uses)</b>       | <b>-</b>                     | <b>23,458</b>                  | <b>395,659</b>          | <b>(469,583)</b>     |
| <b>Net change in fund balances</b>                | <b>479,004</b>               | <b>282,085</b>                 | <b>409,949</b>          | <b>(227,870)</b>     |
| <b>Fund Balances, Beginning</b>                   | <b>2,524,811</b>             | <b>2,533,035</b>               | <b>548,867</b>          | <b>4,085,113</b>     |
| <b>Fund Balances, Ending</b>                      | <b>\$ 3,003,815</b>          | <b>\$ 2,815,120</b>            | <b>\$ 958,816</b>       | <b>\$ 3,857,243</b>  |

| <b>Special<br/>Revenue<br/>Fund</b>                       |                                  |  |
|---|----------------------------------|--|
| <b>Community<br/>Development<br/>Block Grant<br/>Fund</b> | <b>Debt<br/>Service<br/>Fund</b> | <b>Total<br/>Nonmajor<br/>Governmental<br/>Funds</b> |
| \$ 1,067,285  | \$ -                             | \$ 1,067,285   |
| -   | -                                | 1,382,066  |
| -   | -                                | 641,085  |
| 19,229  | -                                | 238,072  |
| <u>1,086,514</u>  | <u>-</u>                         | <u>3,328,508</u>                                     |
| 1,344,534   | -                                | 2,592,894  |
| -   | 1,350,000                        | 1,350,000  |
| -   | 175,983                          | 175,983  |
| <u>1,344,534</u>  | <u>1,525,983</u>                 | <u>4,118,877</u>                                     |
| <u>(258,020)</u>  | <u>(1,525,983)</u>               | <u>(790,369)</u>                                     |
| 693,975   | 1,525,983                        | 3,333,050  |
| (717,433)   | -                                | (1,880,991)  |
| <u>(23,458)</u>   | <u>1,525,983</u>                 | <u>1,452,059</u>                                     |
| (281,478)   | -                                | 661,690  |
| <u>281,478</u>  | <u>-</u>                         | <u>9,973,304</u>                                     |
| \$ <u>-</u>   | \$ <u>-</u>                      | \$ <u>10,634,994</u>                                 |

BUDGETARY COMPARISON  
SCHEDULES

**City of Marathon, Florida**  
**Budgetary Comparison Schedule**  
**Capital Infrastructure Fund**  
**For the Year Ended September 30, 2023**

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|  | <u>Original<br/>and Final<br/>Budget</u> | <u>Actual<br/>Amounts</u>  | <u>Variance</u>            |
|--|--|----------------------------|----------------------------|
| <b>Revenues:</b>                                     |  |                            |                            |
| Intergovernmental                                    | \$ 8,243,678                             | \$ 6,411,943               | \$ (1,831,735)             |
| Miscellaneous  | -  | 2,650                      | 2,650                      |
| Interest   | 3,400                                    | 153,783                    | 150,383                    |
|  | <u>8,247,078</u>                         | <u>6,568,376</u>           | <u>(1,678,702)</u>         |
| <b>Expenditures:</b>                                 |  |                            |                            |
| Capital outlay                                       | <u>9,573,531</u>                         | <u>1,929,342</u>           | <u>7,644,189</u>           |
| Excess (deficiency) of<br>revenues over expenditures | <u>(1,326,453)</u>                       | <u>4,639,034</u>           | <u>5,965,487</u>           |
| <b>Other Financing Sources (Uses):</b>               |  |                            |                            |
| Transfers in   | 182,500                                  | -                          | (182,500)                  |
| Transfers out  | (3,106,387)                              | (3,099,539)                | 6,848                      |
| Appropriation of prior year's<br>fund balance        | <u>4,250,340</u>                         | <u>-</u>                   | <u>(4,250,340)</u>         |
| Total other financing sources<br>(uses)              | <u>1,326,453</u>                         | <u>(3,099,539)</u>         | <u>(4,425,992)</u>         |
| Net change in fund balance                           | \$ <u><u>-</u></u>                       | \$ <u><u>1,539,495</u></u> | \$ <u><u>1,539,495</u></u> |

**City of Marathon, Florida**  
**Budgetary Comparison Schedule - Capital Infrastructure Fund**  
**(Continued)**  
**For the Year Ended September 30, 2023**

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**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 65 \$ 1,539,495

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 493,548

Net change in fund balance per the Statement of Revenues, Expenditures, and Changes in Fund Balances - Capital Infrastructure Fund, Page 20 \$ 2,033,043



**City of Marathon, Florida  
Budgetary Comparison Schedules -  
Nonmajor Governmental Funds  
For the Year Ended September 30, 2023**

|   | 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     |           |
| <b>Revenues:</b>                                  |                           |            |            |                           |            |            |                           |            |            |                           |              |              |           |
| Licenses and permits                              | \$ -                      | \$ -       | \$ -       | \$ -                      | \$ -       | \$ -       | \$ -                      | \$ -       | \$ -       | \$ 1,316,000              | \$ 1,382,066 | \$ 66,066    |           |
| Impact fees                                       | 342,400                   | 411,159    | 68,759     | -                         | 227,000    | 227,000    | -                         | 2,926      | 2,926      | -                         | -            | -            |           |
| Interest  | 2,000                     | 67,845     | 65,845     | 2,000                     | 31,657     | 29,657     | 580                       | 13,224     | 12,644     | 3,850                     | 106,117      | 102,267      |           |
| Total revenues                                    | 344,400                   | 479,004    | 134,604    | 2,000                     | 258,657    | 256,657    | 580                       | 16,150     | 15,570     | 1,319,850                 | 1,488,183    | 168,333      |           |
| <b>Expenditures:</b>                              |                           |            |            |                           |            |            |                           |            |            |                           |              |              |           |
| Current:  |                           |            |            |                           |            |            |                           |            |            |                           |              |              |           |
| Community services                                | -                         | -          | -          | 458,000                   | 30         | 457,970    | 100,000                   | 1,860      | 98,140     | 98,140                    | 2,242,951    | 1,246,470    | 996,481   |
| Capital outlay                                    | -                         | -          | -          | -                         | -          | -          | 663,000                   | -          | 663,000    | -                         | 380,000      | 380,000      |           |
| Total expenditures                                | -                         | -          | -          | 458,000                   | 30         | 457,970    | 763,000                   | 1,860      | 761,140    | 761,140                   | 2,622,951    | 1,246,470    | 1,376,481 |
| Excess (deficiency) of revenues over expenditures | 344,400                   | 479,004    | 134,604    | (456,000)                 | 258,627    | 714,627    | (762,420)                 | 14,290     | 776,710    | (1,303,101)               | 241,713      | 1,544,814    |           |
| <b>Other Financing Sources (Uses):</b>            |                           |            |            |                           |            |            |                           |            |            |                           |              |              |           |
| Transfers in                                      | -                         | -          | -          | 983,440                   | 717,433    | (266,007)  | 580,000                   | 395,659    | (184,341)  | -                         | -            | -            |           |
| Transfers out                                     | (730,000)                 | -          | 730,000    | -                         | (693,975)  | (693,975)  | -                         | -          | -          | (576,869)                 | (469,583)    | 107,286      |           |
| Appropriation of prior year's fund balance        | 385,600                   | -          | (385,600)  | (527,440)                 | -          | 527,440    | 182,420                   | -          | (182,420)  | 1,879,970                 | -            | (1,879,970)  |           |
| Total other financing sources (uses)              | (344,400)                 | -          | 344,400    | 456,000                   | 23,458     | (432,542)  | 762,420                   | 395,659    | (366,761)  | 1,303,101                 | (469,583)    | (1,772,684)  |           |
| Net change in fund balances                       | \$ -                      | \$ 479,004 | \$ 479,004 | \$ -                      | \$ 282,085 | \$ 282,085 | \$ -                      | \$ 409,949 | \$ 409,949 | \$ -                      | \$ (227,870) | \$ (227,870) |           |

**City of Marathon, Florida  
 Budgetary Comparison Schedules -  
 Nonmajor Governmental Funds (Continued)  
 For the Year Ended September 30, 2023**

|   | 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 |
| <b>Revenues:</b>                                  |  |              |                |                           |            |            |                           |             |          |
| Intergovernmental                                 | \$ 2,291,558                           | \$ 1,067,285 | \$ (1,224,273) | \$ -                      | \$ -       | \$ -       | \$ -                      | \$ -        | \$ -     |
| Interest  | -                                      | 19,229       | 19,229         | 6,000                     | 43,548     | 37,548     | -                         | -           | -        |
| Total revenues                                    | 2,291,558                              | 1,086,514    | (1,205,044)    | 6,000                     | 43,548     | 37,548     | -                         | -           | -        |
| <b>Expenditures:</b>                              |  |              |                |                           |            |            |                           |             |          |
| Current:  |  |              |                |                           |            |            |                           |             |          |
| Community services                                | 1,308,118                              | 1,344,534    | (36,416)       | -                         | -          | -          | -                         | -           | -        |
| Capital outlay                                    | -                                      | -            | -              | -                         | -          | -          | -                         | -           | -        |
| Debt service:                                     |  |              |                |                           |            |            |                           |             |          |
| Principal   | -                                      | -            | -              | -                         | -          | -          | 1,350,000                 | 1,350,000   | -        |
| Interest and fiscal charges                       | -                                      | -            | -              | -                         | -          | -          | 175,983                   | 175,983     | -        |
| Total expenditures                                | 1,308,118                              | 1,344,534    | (36,416)       | -                         | -          | -          | 1,525,983                 | 1,525,983   | -        |
| Excess (deficiency) of revenues over expenditures | 983,440                                | (258,020)    | (1,241,460)    | 6,000                     | 43,548     | 37,548     | (1,525,983)               | (1,525,983) | -        |
| <b>Other Financing Sources (Uses):</b>            |  |              |                |                           |            |            |                           |             |          |
| Transfers in                                      | -                                      | 693,975      | 693,975        | 450,000                   | 450,000    | -          | 1,525,983                 | 1,525,983   | -        |
| Transfers out                                     | (983,440)                              | (717,433)    | 266,007        | -                         | -          | -          | -                         | -           | -        |
| Appropriation of prior year's fund balance        | -                                      | -            | -              | (456,000)                 | -          | 456,000    | -                         | -           | -        |
| Total other financing sources (uses)              | (983,440)                              | (23,458)     | 959,982        | (6,000)                   | 450,000    | 456,000    | 1,525,983                 | 1,525,983   | -        |
| Net change in fund balances                       | \$ -                                   | \$ (281,478) | \$ (281,478)   | \$ -                      | \$ 493,548 | \$ 493,548 | \$ -                      | \$ -        | \$ -     |

## STATISTICAL SECTION

## 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> |
|--|-------------|
| <b>Financial Trends</b><br>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.   | 69-78       |
| <b>Revenue Capacity</b><br>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.   | 79-82       |
| <b>Debt Capacity</b><br>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.                            | 83-85       |
| <b>Demographic and Economic Information</b><br>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.                                    | 86-87       |
| <b>Operating Information</b><br>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. | 88-90       |

*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)**

|   | <u>2014</u>          | <u>2015</u>           | <u>2016</u>           | <u>2017</u>           |
|---|----------------------|-----------------------|-----------------------|-----------------------|
| <b>Governmental Activities:</b>             |                      |                       |                       |                       |
| Net investment in capital assets            | \$ 30,819,582        | \$ 30,963,072         | \$ 31,282,555         | \$ 31,363,522         |
| Restricted                                  | 2,394,851            | 3,089,957             | 3,361,757             | 3,761,611             |
| Unrestricted (Deficit)                      | <u>7,065,123</u>     | <u>9,299,203</u>      | <u>10,285,136</u>     | <u>8,584,962</u>      |
| Total governmental activities net position  | <u>40,279,556</u>    | <u>43,352,232</u>     | <u>44,929,448</u>     | <u>43,710,095</u>     |
| <b>Business-Type Activities:</b>            |                      |                       |                       |                       |
| Net investment in capital assets            | 50,316,306           | 46,217,299            | 52,501,721            | 59,193,929            |
| Restricted                                  | -                    | -                     | -                     | -                     |
| Unrestricted                                | <u>9,359,636</u>     | <u>12,623,760</u>     | <u>12,220,979</u>     | <u>9,693,724</u>      |
| Total business-type activities net position | <u>59,675,942</u>    | <u>58,841,059</u>     | <u>64,722,700</u>     | <u>68,887,653</u>     |
| <b>Total Government:</b>                    |                      |                       |                       |                       |
| Net investment in capital assets            | 81,135,888           | 77,180,371            | 83,784,276            | 90,557,451            |
| Restricted                                  | 2,394,851            | 3,089,957             | 3,361,757             | 3,761,611             |
| Unrestricted                                | <u>16,424,759</u>    | <u>21,922,963</u>     | <u>22,506,115</u>     | <u>18,278,686</u>     |
| Total government net position               | <u>\$ 99,955,498</u> | <u>\$ 102,193,291</u> | <u>\$ 109,652,148</u> | <u>\$ 112,597,748</u> |

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

| Fiscal Year |                           | 2018                      | 2019                      | 2020                      | 2021                      | 2022                      | 2023 |
|-------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|------|
| \$          | 31,361,460                | \$ 32,346,880             | \$ 35,592,849             | \$ 34,859,087             | \$ 38,410,873             | \$ 39,415,376             |      |
|             | 4,112,540                 | 3,497,273                 | 2,982,465                 | 9,246,822                 | 10,443,624                | 11,378,516                |      |
|             | (374,303)                 | 8,850,552                 | 21,388,072                | 22,862,910                | 28,397,303                | 34,650,620                |      |
|             | <u>35,099,697</u>         | <u>44,694,705</u>         | <u>59,963,386</u>         | <u>66,968,819</u>         | <u>77,251,800</u>         | <u>85,444,512</u>         |      |
|             | 63,683,687                | 67,362,414                | 69,923,370                | 71,826,562                | 73,530,431                | 77,528,259                |      |
|             | -                         | -                         | -                         | -                         | -                         | -                         |      |
|             | <u>14,654,425</u>         | <u>19,159,607</u>         | <u>19,863,336</u>         | <u>20,048,674</u>         | <u>19,662,194</u>         | <u>17,493,460</u>         |      |
|             | <u>78,338,112</u>         | <u>86,522,021</u>         | <u>89,786,706</u>         | <u>91,875,236</u>         | <u>93,192,625</u>         | <u>95,021,719</u>         |      |
|             | 95,045,147                | 99,709,294                | 105,516,219               | 106,685,649               | 111,941,304               | 116,943,635               |      |
|             | 4,112,540                 | 3,497,273                 | 2,982,465                 | 9,246,822                 | 10,443,624                | 11,378,516                |      |
|             | <u>14,280,122</u>         | <u>28,010,159</u>         | <u>41,251,408</u>         | <u>42,911,584</u>         | <u>48,059,497</u>         | <u>52,144,080</u>         |      |
| \$          | <u><u>113,437,809</u></u> | <u><u>131,216,726</u></u> | <u><u>149,750,092</u></u> | <u><u>158,844,055</u></u> | <u><u>170,444,425</u></u> | <u><u>180,466,231</u></u> |      |

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

|   | <u>2014</u>           | <u>2015</u>           | <u>2016</u>          | <u>2017</u>           |
|---|-----------------------|-----------------------|----------------------|-----------------------|
| <b>Expenses:</b>                                |                       |                       |                      |                       |
| Governmental activities:                        |                       |                       |                      |                       |
| General government                              | \$ 2,718,127          | \$ 2,609,926          | \$ 2,847,773         | \$ 5,299,558          |
| Public safety                                   | 4,713,469             | 4,883,718             | 5,202,572            | 5,633,501             |
| Community services                              | 2,943,294             | 2,894,577             | 3,109,362            | 3,420,249             |
| Community development                           | 875,734               | 1,060,108             | 1,408,043            | 1,387,809             |
| Interest on long-term debt                      | 282,779               | 241,217               | 221,828              | 202,657               |
| Total governmental activities                   | <u>11,533,403</u>     | <u>11,689,546</u>     | <u>12,789,578</u>    | <u>15,943,774</u>     |
| Business-type activities:                       |                       |                       |                      |                       |
| Wastewater                                      | 9,594,935             | 12,010,623            | 9,929,090            | 9,410,154             |
| Marina  | 710,071               | 724,738               | 1,226,693            | 1,162,725             |
| Stormwater                                      | 1,369,870             | 1,485,414             | 796,108              | 1,273,084             |
| Total business-type activities                  | <u>11,674,876</u>     | <u>14,220,775</u>     | <u>11,951,891</u>    | <u>11,845,963</u>     |
| Total governmental expenses                     | <u>\$ 23,208,279</u>  | <u>\$ 25,910,321</u>  | <u>\$ 24,741,469</u> | <u>\$ 27,789,737</u>  |
| <b>Program Revenues:</b>                        |                       |                       |                      |                       |
| Governmental activities:                        |                       |                       |                      |                       |
| Charges for services:                           |                       |                       |                      |                       |
| General government                              | \$ 194,134            | \$ 259,699            | \$ 335,352           | \$ 392,114            |
| Public safety                                   | 912,737               | 1,206,398             | 1,309,008            | 1,354,094             |
| Community services                              | 659,677               | 793,186               | 790,447              | 746,571               |
| Community development                           | 866,310               | 1,214,500             | 1,410,332            | 1,238,110             |
| Operating grants and contributions              | 480,670               | 574,785               | 371,539              | 260,009               |
| Capital grants and contributions                | 3,801,181             | 3,308,682             | 3,351,896            | 3,119,967             |
| Total governmental activities program revenues  | <u>6,914,709</u>      | <u>7,357,250</u>      | <u>7,568,574</u>     | <u>7,110,865</u>      |
| Business-type activities:                       |                       |                       |                      |                       |
| Charges for services:                           |                       |                       |                      |                       |
| Wastewater                                      | 5,989,281             | 6,166,141             | 6,346,446            | 6,463,033             |
| Marina  | 828,357               | 851,989               | 904,336              | 933,084               |
| Stormwater                                      | -                     | -                     | -                    | -                     |
| Operating grants and contributions              | 41,873                | -                     | -                    | -                     |
| Capital grants and contributions                | 5,145,621             | 6,106,989             | 9,034,879            | 8,276,373             |
| Total business-type activities program revenues | <u>12,005,132</u>     | <u>13,125,119</u>     | <u>16,285,661</u>    | <u>15,672,490</u>     |
| Total program revenues                          | <u>\$ 18,919,841</u>  | <u>\$ 20,482,369</u>  | <u>\$ 23,854,235</u> | <u>\$ 22,783,355</u>  |
| <b>Net (Expense) Revenue:</b>                   |                       |                       |                      |                       |
| Governmental activities                         | \$ (4,618,694)        | \$ (4,332,296)        | \$ (5,221,004)       | \$ (8,832,909)        |
| Business-type activities                        | 330,256               | (1,095,656)           | 4,333,770            | 3,826,527             |
| Total net (expense) revenue                     | <u>\$ (4,288,438)</u> | <u>\$ (5,427,952)</u> | <u>\$ (887,234)</u>  | <u>\$ (5,006,382)</u> |

Continued on next page

| <b>Fiscal Year</b>    |                      |                      |                       |                      |                       |  |
|-----------------------|----------------------|----------------------|-----------------------|----------------------|-----------------------|--|
| <b>2018</b>           | <b>2019</b>          | <b>2020</b>          | <b>2021</b>           | <b>2022</b>          | <b>2023</b>           |  |
| \$ 16,032,764         | \$ 3,550,307         | \$ 3,681,557         | \$ 3,690,434          | \$ 3,559,195         | \$ 4,364,953          |  |
| 6,076,722             | 6,401,157            | 6,384,915            | 6,803,728             | 7,192,119            | 8,104,119             |  |
| 2,904,035             | 3,272,628            | 3,529,226            | 4,728,591             | 4,958,150            | 6,993,501             |  |
| 1,635,692             | 1,549,785            | 1,721,852            | 875,956               | 839,282              | 1,149,642             |  |
| 240,068               | 282,110              | 251,504              | 124,329               | 180,951              | 160,233               |  |
| <u>26,889,281</u>     | <u>15,055,987</u>    | <u>15,569,054</u>    | <u>16,223,038</u>     | <u>16,729,697</u>    | <u>20,772,448</u>     |  |
| 9,660,919             | 9,447,716            | 10,239,572           | 11,434,006            | 12,272,525           | 12,439,615            |  |
| 783,531               | 816,160              | 917,801              | 1,180,250             | 1,168,438            | 1,356,116             |  |
| 2,600,382             | 6,407,316            | 1,936,696            | 1,042,003             | 1,083,047            | 1,129,528             |  |
| <u>13,044,832</u>     | <u>16,671,192</u>    | <u>13,094,069</u>    | <u>13,656,259</u>     | <u>14,524,010</u>    | <u>14,925,259</u>     |  |
| <u>\$ 39,934,113</u>  | <u>\$ 31,727,179</u> | <u>\$ 28,663,123</u> | <u>\$ 29,879,297</u>  | <u>\$ 31,253,707</u> | <u>\$ 35,697,707</u>  |  |
| \$ 832,882            | \$ 1,366,837         | \$ 523,924           | \$ 555,714            | \$ 868,742           | \$ 1,428,145          |  |
| 1,927,826             | 2,136,220            | 1,686,584            | 2,034,007             | 1,982,107            | 2,227,794             |  |
| 793,956               | 830,003              | 847,335              | 866,761               | 1,055,367            | 813,859               |  |
| 2,495,302             | 3,196,058            | 2,192,809            | 3,710,347             | 3,197,855            | 2,112,433             |  |
| 1,062,030             | 4,553,389            | 9,936,824            | 1,387,783             | 1,371,930            | 2,315,826             |  |
| 3,188,292             | 3,754,846            | 6,569,796            | 4,395,382             | 6,716,111            | 5,992,424             |  |
| <u>10,300,288</u>     | <u>15,837,353</u>    | <u>21,757,272</u>    | <u>12,949,994</u>     | <u>15,192,112</u>    | <u>14,890,481</u>     |  |
| 6,522,387             | 6,740,858            | 6,718,556            | 7,110,115             | 7,316,955            | 7,374,108             |  |
| 895,934               | 953,039              | 888,546              | 1,005,431             | 1,039,521            | 1,113,984             |  |
| 61,492                | -                    | -                    | -                     | -                    | -                     |  |
| 942,573               | 5,022,018            | 975,811              | 576,933               | 35,299               | -                     |  |
| 13,427,627            | 11,599,984           | 7,420,604            | 6,772,109             | 7,202,415            | 7,732,711             |  |
| <u>21,850,013</u>     | <u>24,315,899</u>    | <u>16,003,517</u>    | <u>15,464,588</u>     | <u>15,594,190</u>    | <u>16,220,803</u>     |  |
| <u>\$ 32,150,301</u>  | <u>\$ 40,153,252</u> | <u>\$ 37,760,789</u> | <u>\$ 28,414,582</u>  | <u>\$ 30,786,302</u> | <u>\$ 31,111,284</u>  |  |
| \$ (16,588,993)       | \$ 781,366           | \$ 6,188,218         | \$ (3,273,044)        | \$ (1,537,585)       | \$ (5,881,967)        |  |
| 8,805,181             | 7,644,707            | 2,909,448            | 1,808,329             | 1,070,180            | 1,295,544             |  |
| <u>\$ (7,783,812)</u> | <u>\$ 8,426,073</u>  | <u>\$ 9,097,666</u>  | <u>\$ (1,464,715)</u> | <u>\$ (467,405)</u>  | <u>\$ (4,586,423)</u> |  |



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

|  | <u>2014</u>         | <u>2015</u>         | <u>2016</u>         | <u>2017</u>         |
|--|---------------------|---------------------|---------------------|---------------------|
| <b>General Revenues:</b>                                       |                     |                     |                     |                     |
| Governmental activities:                                       |                     |                     |                     |                     |
| Taxes:   |                     |                     |                     |                     |
| Property taxes   | \$ 3,978,700        | \$ 4,216,763        | \$ 4,470,917        | \$ 5,236,773        |
| Other taxes  | 508,840             | 576,608             | 529,641             | 515,229             |
| State shared revenues  | 1,766,483           | 1,884,755           | 1,926,237           | 1,984,812           |
| Investment earnings  | 14,392              | 20,755              | 17,610              | 67,555              |
| Miscellaneous  | 41,806              | 935,331             | 186,758             | 95,052              |
| Transfers  | (315,265)           | (90,406)            | (332,943)           | (285,865)           |
| Reassignment of capital assets to<br>business type activities  | -                   | (138,834)           | -                   | -                   |
| <b>Total governmental activities</b>                           | <u>5,994,956</u>    | <u>7,543,806</u>    | <u>6,798,220</u>    | <u>7,613,556</u>    |
| Business-type activities:                                      |                     |                     |                     |                     |
| Investment earnings  | 33,250              | 29,705              | 30,543              | 52,561              |
| Miscellaneous  | -                   | 1,828               | 1,184,385           | -                   |
| Gain (loss) on disposal of equipment                           | -                   | -                   | -                   | -                   |
| Transfers  | 315,265             | 90,406              | 332,943             | 285,865             |
| Reassignment of capital assets<br>from governmental activities | -                   | 138,834             | -                   | -                   |
| <b>Total business-type activities</b>                          | <u>348,515</u>      | <u>260,773</u>      | <u>1,547,871</u>    | <u>338,426</u>      |
| <b>Total general revenues</b>                                  | <u>\$ 6,343,471</u> | <u>\$ 7,804,579</u> | <u>\$ 8,346,091</u> | <u>\$ 7,951,982</u> |
| <b>Change in Net Position:</b>                                 |                     |                     |                     |                     |
| Governmental activities  | \$ 1,376,262        | \$ 3,211,510        | \$ 1,577,216        | \$ (1,219,353)      |
| Business-type activities                                       | <u>678,771</u>      | <u>(834,883)</u>    | <u>5,881,641</u>    | <u>4,164,953</u>    |
| <b>Total change in net position</b>                            | <u>\$ 2,055,033</u> | <u>\$ 2,376,627</u> | <u>\$ 7,458,857</u> | <u>\$ 2,945,600</u> |

| <b>Fiscal Year</b>  |                      |                      |                      |                      |                      |  |
|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|--|
| <b>2018</b>         | <b>2019</b>          | <b>2020</b>          | <b>2021</b>          | <b>2022</b>          | <b>2023</b>          |  |
| \$ 6,011,774        | \$ 6,351,257         | \$ 6,847,271         | \$ 7,345,310         | \$ 8,340,762         | \$ 9,564,742         |  |
| 501,700             | 472,628              | 496,713              | 518,267              | 515,499              | 597,349              |  |
| 1,909,914           | 2,124,983            | 1,807,035            | 2,489,658            | 3,007,258            | 2,980,566            |  |
| 75,338              | 76,554               | 97,297               | 60,189               | 84,652               | 966,901              |  |
| 47,720              | 78,220               | 61,902               | 94,808               | 80,717               | 127,569              |  |
| (653,249)           | (290,000)            | (229,755)            | (229,755)            | (208,322)            | (162,448)            |  |
| -                   | -                    | -                    | -                    | -                    | -                    |  |
| <u>7,893,197</u>    | <u>8,813,642</u>     | <u>9,080,463</u>     | <u>10,278,477</u>    | <u>11,820,566</u>    | <u>14,074,679</u>    |  |
| 87,334              | 154,963              | 125,482              | 50,446               | 38,887               | 335,981              |  |
| -                   | -                    | -                    | -                    | -                    | 35,121               |  |
| 20,637              | 94,239               | -                    | -                    | -                    | -                    |  |
| 653,249             | 290,000              | 229,755              | 229,755              | 208,322              | 162,448              |  |
| -                   | -                    | -                    | -                    | -                    | -                    |  |
| <u>761,220</u>      | <u>539,202</u>       | <u>355,237</u>       | <u>280,201</u>       | <u>247,209</u>       | <u>533,550</u>       |  |
| <u>\$ 8,654,417</u> | <u>\$ 9,352,844</u>  | <u>\$ 9,435,700</u>  | <u>\$ 10,558,678</u> | <u>\$ 12,067,775</u> | <u>\$ 14,608,229</u> |  |
| \$ (8,695,796)      | \$ 9,595,008         | \$ 15,268,681        | \$ 7,005,433         | \$ 10,282,981        | \$ 8,192,712         |  |
| <u>9,566,401</u>    | <u>8,183,909</u>     | <u>3,264,685</u>     | <u>2,088,530</u>     | <u>1,317,389</u>     | <u>1,829,094</u>     |  |
| <u>\$ 870,605</u>   | <u>\$ 17,778,917</u> | <u>\$ 18,533,366</u> | <u>\$ 9,093,963</u>  | <u>\$ 11,600,370</u> | <u>\$ 10,021,806</u> |  |

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

|                                    | <u>2014</u>          | <u>2015</u>          | <u>2016</u>          | <u>2017</u>          |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|
| <b>General Fund:</b>               |                      |                      |                      |                      |
| Nonspendable                       | \$ 91,443            | \$ 99,901            | \$ 98,770            | \$ 144,042           |
| Restricted                         | 81,995               | 210,826              | 235,850              | 255,897              |
| Committed                          | -                    | -                    | -                    | -                    |
| Assigned                           | 602,829              | 834,104              | 463,756              | -                    |
| Unassigned (Deficit)               | <u>2,565,459</u>     | <u>3,398,554</u>     | <u>4,521,269</u>     | <u>3,690,416</u>     |
| Total general fund                 | <u>3,341,726</u>     | <u>4,543,385</u>     | <u>5,319,645</u>     | <u>4,090,355</u>     |
| <b>All Other Government Funds:</b> |                      |                      |                      |                      |
| Nonspendable                       | 1,500                | 1,500                | 5,244                | -                    |
| Restricted                         | 7,844,203            | 5,661,189            | 3,125,907            | 3,505,714            |
| Committed                          | 2,338,268            | 3,431,379            | 3,772,815            | 3,457,850            |
| Unassigned (deficit)               | <u>-</u>             | <u>-</u>             | <u>-</u>             | <u>-</u>             |
| Total all other governmental funds | <u>10,183,971</u>    | <u>9,094,068</u>     | <u>6,903,966</u>     | <u>6,963,564</u>     |
| Total all governmental funds       | <u>\$ 13,525,697</u> | <u>\$ 13,637,453</u> | <u>\$ 12,223,611</u> | <u>\$ 11,053,919</u> |

| <b>Fiscal Year</b>         |                            |                             |                             |                             |                             |  |
|----------------------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|--|
| <b>2018</b>                | <b>2019</b>                | <b>2020</b>                 | <b>2021</b>                 | <b>2022</b>                 | <b>2023</b>                 |  |
| \$ 334,294                 | \$ 355,951                 | \$ 29,667                   | \$ 33,342                   | \$ 66,075                   | \$ 479,014                  |  |
| 326,131                    | 377,145                    | 335,635                     | 736,190                     | 918,789                     | 115,820                     |  |
| -                          | -                          | -                           | -                           | -                           | -                           |  |
| -                          | -                          | -                           | -                           | -                           | -                           |  |
| <u>(6,862,727)</u>         | <u>(1,020,937)</u>         | <u>12,291,091</u>           | <u>13,396,993</u>           | <u>17,728,901</u>           | <u>22,535,252</u>           |  |
| <u>(6,202,302)</u>         | <u>(287,841)</u>           | <u>12,656,393</u>           | <u>14,166,525</u>           | <u>18,713,765</u>           | <u>23,130,086</u>           |  |
| 25                         | -                          | -                           | -                           | -                           | 15,901                      |  |
| 3,786,409                  | 3,120,128                  | 2,646,830                   | 8,454,930                   | 9,524,835                   | 10,494,375                  |  |
| 4,141,624                  | 4,855,431                  | 5,463,430                   | 6,508,913                   | 7,349,471                   | 9,014,056                   |  |
| <u>-</u>                   | <u>(5,000)</u>             | <u>-</u>                    | <u>-</u>                    | <u>-</u>                    | <u>-</u>                    |  |
| <u>7,928,058</u>           | <u>7,970,559</u>           | <u>8,110,260</u>            | <u>14,963,843</u>           | <u>16,874,306</u>           | <u>19,524,332</u>           |  |
| \$ <u><u>1,725,756</u></u> | \$ <u><u>7,682,718</u></u> | \$ <u><u>20,766,653</u></u> | \$ <u><u>29,130,368</u></u> | \$ <u><u>35,588,071</u></u> | \$ <u><u>42,654,418</u></u> |  |

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

|   | <u>2014</u>         | <u>2015</u>       | <u>2016</u>           | <u>2017</u>           |
|---|---------------------|-------------------|-----------------------|-----------------------|
| <b>Revenues:</b>  |                     |                   |                       |                       |
| Ad valorem taxes  | \$ 3,978,700        | \$ 4,216,763      | \$ 4,470,917          | \$ 5,236,773          |
| Communication services taxes                                    | 508,840             | 576,608           | 529,641               | 515,229               |
| Impact fees   | 205,288             | 1,222,462         | 470,614               | 489,340               |
| Licenses and permits  | 966,452             | 1,347,116         | 1,553,338             | 1,506,456             |
| Intergovernmental revenue                                       | 6,494,328           | 5,763,603         | 6,055,246             | 5,822,821             |
| Charges for services  | 840,115             | 1,026,971         | 1,057,363             | 1,040,201             |
| Fines and forfeitures   | 169,149             | 274,429           | 288,331               | 232,565               |
| Special assessments   | -                   | -                 | -                     | -                     |
| Interest  | 14,392              | 20,755            | 17,610                | 67,555                |
| Miscellaneous   | 66,308              | 520,255           | 98,410                | 39,878                |
| <b>Total revenues</b>   | <u>13,243,572</u>   | <u>14,968,962</u> | <u>14,541,470</u>     | <u>14,950,818</u>     |
| <b>Expenditures:</b>  |                     |                   |                       |                       |
| Current:  |                     |                   |                       |                       |
| General government  | 2,579,453           | 2,412,107         | 2,482,091             | 4,778,448             |
| Public safety   | 4,257,930           | 4,438,161         | 4,645,986             | 5,015,503             |
| Community services  | 1,644,411           | 1,930,436         | 2,069,478             | 2,332,785             |
| Community development   | 825,034             | 954,675           | 1,314,896             | 1,263,455             |
| Capital outlay  | 2,479,661           | 4,023,290         | 4,131,176             | 1,635,184             |
| Debt service:   |                     |                   |                       |                       |
| Principal   | 785,000             | 770,000           | 760,000               | 740,000               |
| Interest and other fiscal charges                               | 279,693             | 238,131           | 218,742               | 199,571               |
| <b>Total expenditures</b>                                       | <u>12,851,182</u>   | <u>14,766,800</u> | <u>15,622,369</u>     | <u>15,964,946</u>     |
| <b>Excess (Deficiency) of Revenues Over Expenditures</b>        | <u>392,390</u>      | <u>202,162</u>    | <u>(1,080,899)</u>    | <u>(1,014,128)</u>    |
| <b>Other Financing Sources (Uses):</b>                          |                     |                   |                       |                       |
| Payment to refunded bond escrow agent                           | (4,277,773)         | -                 | -                     | -                     |
| Insurance proceeds  | -                   | -                 | -                     | 130,301               |
| Transfers in  | 1,772,648           | 2,107,961         | 2,127,866             | 1,727,945             |
| Transfers out   | (2,087,913)         | (2,198,367)       | (2,460,809)           | (2,013,810)           |
| Issuance of debt  | -                   | -                 | -                     | -                     |
| Bonds Issued  | 10,335,000          | -                 | -                     | -                     |
| <b>Total other financing sources (uses)</b>                     | <u>5,741,962</u>    | <u>(90,406)</u>   | <u>(332,943)</u>      | <u>(155,564)</u>      |
| <b>Net Change in Fund Balances</b>                              | <u>\$ 6,134,352</u> | <u>\$ 111,756</u> | <u>\$ (1,413,842)</u> | <u>\$ (1,169,692)</u> |
| <b>Debt Service as a Percentage of Non-Capital Expenditures</b> | 9.96%               | 9.40%             | 8.50%                 | 6.56%                 |

| <b>Fiscal Year</b> |                           |                         |                          |                         |                         |                         |
|--------------------|---------------------------|-------------------------|--------------------------|-------------------------|-------------------------|-------------------------|
|                    | <b>2018</b>               | <b>2019</b>             | <b>2020</b>              | <b>2021</b>             | <b>2022</b>             | <b>2023</b>             |
| \$                 | 6,011,774                 | \$ 6,351,257            | \$ 6,847,271             | \$ 7,345,310            | \$ 8,340,762            | \$ 9,564,742            |
|                    | 501,700                   | 472,628                 | 496,713                  | 518,267                 | 515,499                 | 597,349                 |
|                    | 621,797                   | 914,021                 | 686,783                  | 1,158,581               | 1,114,226               | 641,085                 |
|                    | 2,944,187                 | 3,756,614               | 2,721,267                | 3,207,461               | 3,246,378               | 2,985,146               |
|                    | 5,864,220                 | 8,242,793               | 19,720,073               | 9,528,651               | 11,654,956              | 11,637,034              |
|                    | 1,500,628                 | 1,388,284               | 1,257,636                | 1,513,547               | 1,476,209               | 1,320,534               |
|                    | 106,266                   | 141,389                 | 126,148                  | 711,911                 | 494,001                 | 1,168,151               |
|                    | -                         | -                       | -                        | -                       | -                       | -                       |
|                    | 75,338                    | 76,554                  | 97,297                   | 60,189                  | 84,652                  | 966,901                 |
|                    | 76,581                    | 95,485                  | 65,702                   | 108,679                 | 211,874                 | 42,581                  |
|                    | <u>17,702,491</u>         | <u>21,439,025</u>       | <u>32,018,890</u>        | <u>24,152,596</u>       | <u>27,138,557</u>       | <u>28,923,523</u>       |
|                    | 15,556,405                | 3,003,629               | 3,112,085                | 3,054,300               | 3,072,868               | 3,692,840               |
|                    | 5,528,311                 | 5,921,898               | 5,824,957                | 6,227,374               | 7,034,427               | 7,533,277               |
|                    | 1,968,075                 | 2,217,144               | 2,507,537                | 3,704,028               | 4,060,642               | 5,898,741               |
|                    | 1,514,815                 | 1,434,355               | 1,623,247                | 731,061                 | 821,561                 | 995,880                 |
|                    | 1,315,357                 | 4,099,767               | 4,291,162                | 527,941                 | 6,343,217               | 2,061,614               |
|                    | 735,000                   | 785,002                 | 1,130,000                | 1,145,000               | 1,165,000               | 1,350,000               |
|                    | 236,982                   | 232,565                 | 220,529                  | 186,278                 | 151,439                 | 175,983                 |
|                    | <u>26,854,945</u>         | <u>17,694,360</u>       | <u>18,709,517</u>        | <u>15,575,982</u>       | <u>22,649,154</u>       | <u>21,708,335</u>       |
|                    | <u>(9,152,454)</u>        | <u>3,744,665</u>        | <u>13,309,373</u>        | <u>8,576,614</u>        | <u>4,489,403</u>        | <u>7,215,188</u>        |
|                    | -                         | -                       | -                        | -                       | -                       | -                       |
|                    | 427,539                   | 877,296                 | 4,317                    | 16,856                  | 176,622                 | 13,607                  |
|                    | 1,517,128                 | 2,036,301               | 2,641,842                | 5,575,603               | 2,897,353               | 4,763,741               |
|                    | (2,170,377)               | (2,326,301)             | (2,871,597)              | (5,805,358)             | (3,105,675)             | (4,926,189)             |
|                    | 50,001                    | 1,625,001               | -                        | -                       | 2,000,000               | -                       |
|                    | -                         | -                       | -                        | -                       | -                       | -                       |
|                    | <u>(175,709)</u>          | <u>2,212,297</u>        | <u>(225,438)</u>         | <u>(212,899)</u>        | <u>1,968,300</u>        | <u>(148,841)</u>        |
| \$                 | <u><u>(9,328,163)</u></u> | <u><u>5,956,962</u></u> | <u><u>13,083,935</u></u> | <u><u>8,363,715</u></u> | <u><u>6,457,703</u></u> | <u><u>7,066,347</u></u> |
|                    | 3.71%                     | 7.49%                   | 9.37%                    | 8.85%                   | 8.20%                   | 7.77%                   |

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

| <b>Fiscal Year Ended September 30,</b> | <b>Tax Roll Year</b> | <b>Real Property</b> | <b>Personal Property</b> | <b>Total Net Assessed Value</b> | <b>Total Direct Tax Rate</b> | <b>Estimated Actual Value (1)</b> | <b>Estimated Actual Value as a Percentage of Net Assessed Value (1)</b> |
|--|----------------------|----------------------|--------------------------|---------------------------------|------------------------------|-----------------------------------|---|
| 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   |
| 2022                                   | 2021                 | \$ 3,005,657,019     | \$ 97,741,854            | \$ 3,103,398,873                | 2.7700                       | N/A                               | N/A   |
| 2023                                   | 2022                 | \$ 3,523,170,104     | \$ 102,953,767           | \$ 3,626,123,871                | 2.7200                       | 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 Water Mgt District | FL Keys Mosquito Control District | Other  |                                    |
| 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          | 2.5900            | -                    | 2.5900            | 2.5347                | 3.3520       | 0.1103                        | 0.4508                            | 0.7006 | 9.7384                             |
| 2022        | 2021          | 2.7700            | -                    | 2.7700            | 2.5708                | 3.2840       | 0.1061                        | 0.4648                            | 0.6952 | 9.8909                             |
| 2023        | 2022          | 2.7200            | -                    | 2.7200            | 2.4801                | 2.9620       | 0.0948                        | 0.4565                            | 0.6770 | 9.3904                             |

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                          | 2023                     |      |  | Percent of<br>Total City Net<br>Assessed Value |
|-----------------------------------|--------------------------|------|--|--|
|                                   | Net<br>Assessed<br>Value | Rank |  |  |
| KNIGHTS KEY INVESTORS LLC         | \$ 129,231,382           | 1    |  | 3.56%  |
| FLORIDA KEYS ELECTRIC COOPERATIVE | 36,264,728               | 2    |  | 1.00%  |
| MARATHON 106 LLC                  | 34,357,542               | 3    |  | 0.95%  |
| BLUEGREEN                         | 33,174,151               | 4    |  | 0.91%  |
| MARATHON HOTELS LLC               | 33,052,722               | 5    |  | 0.91%  |
| MARLIN BAY YACHT CLUB LLC         | 30,371,886               | 6    |  | 0.84%  |
| SHM MARATHON LLC                  | 22,775,764               | 7    |  | 0.63%  |
| MARATHON TWO HOSPITALITY LLC      | 22,471,529               | 8    |  | 0.62%  |
| AVJC ENTERPRISE LLC               | 21,232,627               | 9    |  | 0.59%  |
| MARATHON HOSPITALITY LLC          | 20,921,791               | 10   |  | 0.58%  |
|                                   | <u>\$ 383,854,122</u>    |      |  | <u>10.59%</u>                                  |

| Taxpayer   | 2014                     |      |  | Percent of<br>Total City Net<br>Assessed Value |
|--|--------------------------|------|--|--|
|  | Net<br>Assessed<br>Value | Rank |  |  |
| BLUEGREEN VACATIONS MANAGEMENT INC.                | \$ 32,237,333            | 1    |  | 1.81%  |
| FLORIDA KEYS ELECTRIC COOPERATIVE ASSOCIATION INC. | 29,793,950               | 2    |  | 1.68%  |
| MARLIN BAY YACHT CLUB LLC                          | 13,042,306               | 3    |  | 0.73%  |
| SH MARATHON LTD                                    | 12,744,108               | 4    |  | 0.72%  |
| SH3 LTD  | 10,948,523               | 5    |  | 0.62%  |
| WATERS EDGE MARINA, LLC                            | 9,618,678                | 6    |  | 0.54%  |
| HOME DEPOT   | 9,174,621                | 7    |  | 0.52%  |
| MARATHON SHOPPING CENTER                           | 8,477,960                | 8    |  | 0.48%  |
| FIRST FLORIDA KEYS PROPERTIES, INC.                | 8,238,288                | 9    |  | 0.46%  |
| REPUBLIC MARATHON LLC                              | 7,792,504                | 10   |  | 0.44%  |
|  | <u>\$ 142,068,271</u>    |      |  | <u>8.00%</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<br>Ended<br>September 30, | Total Taxes<br>Levied for<br>Fiscal<br>Year | Collected within<br>the Fiscal Year<br>of the Levy |                    | Collections in<br>Subsequent<br>Year's | Total Collections<br>to Date |                    |
|---------------------------------------|---|--|--------------------|--|------------------------------|--------------------|
|                                       |   | Amount   | Percent<br>of Levy |  | Amount                       | Percent<br>of Levy |
| 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%             |
| 2022                                  | 8,596,415                                   | 8,340,762  | 97.03%             | -                                      | 8,340,762                    | 97.03%             |
| 2023                                  | 10,048,535                                  | 9,564,742  | 95.19%             | -                                      | 9,564,742                    | 95.19%             |

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 |            |       |                                   |                |
|                                 |                          |               |               |                          |                                   |            |       |                                   |                |
| 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                             |                |
| 2022                            | -                        | 3,994,734     | 2,000,000     | -                        | 38,309,180                        | 44,303,914 | 1.43% | 4,463                             |                |
| 2023                            | -                        | 3,344,734     | 1,300,000     | -                        | 33,875,262                        | 38,519,996 | 1.06% | 3,931                             |                |

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, 2023**

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|  | <u>Debt<br/>Outstanding</u> | <u>Applicable to City of Marathon</u> |                            |
|--|-----------------------------|---------------------------------------|----------------------------|
|  |                             | <u>Percentage</u>                     | <u>Amount</u>              |
| <b>Direct debt:</b>                      |                             |                                       |                            |
| City of Marathon                         | \$ 4,644,734                | 100.00%                               | \$ 4,644,734               |
| <b>Estimated overlapping debt:</b>       |                             |                                       |                            |
| Monroe County, District School Board (1) | <u>37,921,911</u>           | 8.46%                                 | (2) <u>3,207,650</u>       |
| Total ad valorem tax supported debt      | \$ <u><u>42,566,645</u></u> |                                       | \$ <u><u>7,852,384</u></u> |
| <b>Ratios:</b>                           |                             |                                       |                            |
| Overall debt to 2022 taxable valuation   |                             |                                       | 0.22%                      |
| Overall debt per capita                  |                             |                                       | \$ 801                     |

Notes:

- (1) Monroe County School Board debt is as of June 30, 2023
- (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<br>Ended<br>September 30, | Improvement Revenue Bonds            |                        |                                  |                               |                             |           |           | Debt<br>Service<br>Principal | Interest | Coverage |
|---------------------------------------|--------------------------------------|------------------------|----------------------------------|-------------------------------|-----------------------------|-----------|-----------|------------------------------|----------|----------|
|                                       | Local Govt.<br>Infrastructure<br>Tax | Special<br>Assessments | Utility<br>Operating<br>Revenues | Less<br>Operating<br>Expenses | Net<br>Available<br>Revenue |           |           |                              |          |          |
| 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                   | 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                         |          |          |
| 2022                                  | 4,888,316                            | 5,022,303              | 7,154,215                        | (6,928,121)                   | 10,136,713                  | 5,492,431 | 1,146,849 | 1.45                         |          |          |
| 2023                                  | 4,735,559                            | 5,051,102              | 7,374,108                        | (7,424,786)                   | 9,735,983                   | 5,783,918 | 1,003,002 | 1.43                         |          |          |

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**

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| <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> |
|-------------|-----------------------|---|---------------------------------------|------------------------------|
| 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%                         |
| 2022        | 9,926                 | 8,967,730   | 109,136                               | 1.9%                         |
| 2023        | 9,799                 | 9,734,563   | 119,138                               | 1.8%                         |

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**

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| <b>Employer</b>                 | <b>2023</b>      |             |  |
|---------------------------------|------------------|-------------|--|
|                                 | <b>Employees</b> | <b>Rank</b> | <b>Percentage of Total City Employment</b> |
| 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                | 118              | 5           | N/A  |
| Winn Dixie                      | 93               | 6           | N/A  |
| Publix Supermarkets             | 93               | 7           | N/A  |
| Walgreens Co.                   | 88               | 8           | N/A  |
| Florida Keys Aqueduct Authority | 45               | 9           | N/A  |
| D'Asign Source LLC              | 35               | 10          | N/A  |

| <b>Employer</b>                 | <b>2014</b>      |             |  |
|---------------------------------|------------------|-------------|--|
|                                 | <b>Employees</b> | <b>Rank</b> | <b>Percentage of Total City Employment</b> |
| Monroe County                   | 193              | 1           | N/A  |
| Monroe County School Board      | 151              | 2           | N/A  |
| Home Depot USA                  | 150              | 3           | N/A  |
| Walgreens Co.                   | 114              | 4           | N/A  |
| Winn Dixie                      | 93               | 5           | N/A  |
| Publix Supermarkets             | 93               | 6           | N/A  |
| K-Mart Corporation              | 77               | 7           | N/A  |
| City of Marathon                | 70               | 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                 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---------------------------|------|------|------|------|------|------|------|------|------|------|
| General Government        | 6    | 8    | 8    | 8    | 8    | 9    | 9    | 9    | 9    | 8    |
| Public Safety             | 26   | 28   | 28   | 31   | 34   | 36   | 31   | 33   | 36   | 38   |
| Community Development     | 13   | 13   | 14   | 16   | 16   | 15   | 15   | 16   | 17   | 19   |
| Community Services        | 19   | 27   | 35   | 34   | 36   | 37   | 39   | 44   | 43   | 45   |
| Marina                    | 6    | 5    | 6    | 8    | 8    | 8    | 8    | 8    | 7    | 8    |
| Total number of employees | 70   | 81   | 91   | 97   | 102  | 105  | 102  | 110  | 112  | 118  |

Source: City of Marathon Finance Department



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

| Function/Program                                      | 2014   | 2015   | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   | 2022   | 2023   |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>Public safety:</b>                                 |        |        |        |        |        |        |        |        |        |        |
| Police:   |        |        |        |        |        |        |        |        |        |        |
| Police personnel and officers                         | 20     | 27     | 27     | 31     | 31     | 32     | 32     | 32     | 28     | 32     |
| Police calls for service                              | 37,028 | 45,057 | 45,769 | 35,822 | 37,262 | 50,646 | 49,186 | 43,459 | 63,419 | 63,937 |
| Fire/EMS:   |        |        |        |        |        |        |        |        |        |        |
| Fire personnel  | 26     | 27     | 27     | 27     | 27     | 27     | 34     | 33     | 36     | 38     |
| Fire / emergency calls answered                       | 619    | 704    | 655    | 624    | 501    | 490    | 547    | 480    | 639    | 601    |
| Emergency medical services calls                      | 1,806  | 1,655  | 1,947  | 1,590  | 1,286  | 1,324  | 1,045  | 1,232  | 1,401  | 1,678  |
| <b>Community development:</b>                         |        |        |        |        |        |        |        |        |        |        |
| Building permits issued                               | 3,019  | 3,241  | 3,654  | 2,819  | 6,252  | 4,184  | 3,435  | 1,307  | 1,273  | 1,200  |
| Commercial fire occupancy inspections                 | 533    | 551    | 715    | 731    | 1,097  | 1,379  | 878    | 883    | 1,244  | 1,348  |
| <b>Community services:</b>                            |        |        |        |        |        |        |        |        |        |        |
| Transportation:                                       |        |        |        |        |        |        |        |        |        |        |
| Public right of way maintenance (miles)               | 63     | 63     | 63     | 63     | 63     | 63     | 63     | 63     | 63     | 63     |
| <b>Culture and recreation:</b>                        |        |        |        |        |        |        |        |        |        |        |
| Registrations for camp                                | 147    | 184    | 339    | 126    | 326    | 247    | -      | 30     | 30     | 275    |
| Registrations for athletic programs                   | 1,539  | 2,392  | 3,354  | 3,758  | 3,380  | 526    | 150    | 400    | 700    | 750    |
| Registrations for cultural programs                   | 28,948 | 36,043 | 40,606 | 51,296 | 37,548 | 28,402 | 8      | 2      | 3      | 9      |
| Registrations for private events in public park areas | 449    | 436    | 438    | 402    | 562    | 273    | 60     | 92     | 180    | 270    |
| <b>Marina:</b>  |        |        |        |        |        |        |        |        |        |        |
| 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                       | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|------|------|------|------|------|------|------|------|------|------|
| <b>General government:</b>             |      |      |      |      |      |      |      |      |      |      |
| Number of general government buildings | -    | -    | -    | 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| <b>Public safety:</b>                  |      |      |      |      |      |      |      |      |      |      |
| <b>Police:</b>                         |      |      |      |      |      |      |      |      |      |      |
| Police stations                        | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| <b>Fire:</b>                           |      |      |      |      |      |      |      |      |      |      |
| Fire stations                          | 2    | 2    | 2    | 2    | 2    | 2    | 2    | 2    | 2    | 2    |
| <b>Transportation:</b>                 |      |      |      |      |      |      |      |      |      |      |
| Miles of streets                       | 63   | 63   | 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    |
| <b>Culture and recreation:</b>         |      |      |      |      |      |      |      |      |      |      |
| 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                       | 27   | 27   | 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                      | 4    | 4    | 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    |
| <b>Utility system:</b>                 |      |      |      |      |      |      |      |      |      |      |
| Fire hydrants - City of Marathon       | 181  | 181  | 181  | 200  | 200  | 233  | 258  | 258  | 258  | 258  |
| <b>Solid waste:</b>                    |      |      |      |      |      |      |      |      |      |      |
| 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.

## COMPLIANCE SECTION

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 27, 2024.

#### 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 or significant deficiencies may exist that were not 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  
March 27, 2024

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

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

**Report on Compliance for Each Major Federal Program and State Project**

***Opinion on Each Major Federal Program and State Project***

We have audited the City of Marathon, Florida's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Florida Department of Financial Services' Projects Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2023. The City's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs and state projects for the year ended September 30, 2023.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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*. Our responsibilities under those standards, the Uniform Guidance, and Chapter 10.550, *Rules of the Florida Auditor General* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the City's major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control over Compliance**

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

City of Marathon, Florida

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General*. Accordingly, this report is not suitable for any other purpose.



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
March 27, 2024



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## 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, 2023, and have issued our report thereon dated March 27, 2024.

### 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 March 27, 2024, 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  
March 27, 2024

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, 2023. 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, 2023.

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*

KEEFE McCULLOUGH

Fort Lauderdale, Florida  
March 27, 2024

CPAs + Trusted Advisors

**City of Marathon, Florida  
Schedule of Expenditures of Federal Awards  
and State Financial Assistance  
For the Fiscal Year Ended September 30, 2023**

| <b>Federal/State Agency,<br/>Pass-through Entity/<br/>Federal Program/State Project</b>  | <b>Assistance<br/>Listing<br/>Number</b> | <b>Contract/Grant Number</b> | <b>Expenditures</b> | <b>Transfers to<br/>Subrecipients</b> |
|--|--|------------------------------|---------------------|---------------------------------------|
| <b>Federal Programs:</b>   |  |                              |                     |                                       |
| Direct Programs:   |  |                              |                     |                                       |
| United States Department of the Army<br>State Memorandum of Agreement<br>Program for the Reimbursement of Technical<br>Services                              | 12.113                                   | -                            | 1,500,000           | -                                     |
|  | *  |                              |                     |                                       |
| United States Department of the Treasury<br>Coronavirus State and Local Fiscal Recovery<br>Funds   | 21.027                                   | -                            | 1,581,791           | -                                     |
| Indirect Programs:   |  |                              |                     |                                       |
| U.S. Department of Homeland Security -<br>Passed through the Florida Department<br>of Emergency Management:<br>Disaster Grants - Public Assistance           | 97.036                                   | Z0031                        | 12,600              | -                                     |
| U.S. Department of Interior, Fish and Wildlife<br>Service -<br>Passed through Florida Department of<br>Environmental Protection:<br>Clean Vessel Act Program | 15.616                                   | MV423                        | 20,627              | -                                     |

See notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance.

**City of Marathon, Florida**  
**Schedule of Expenditures of Federal Awards**  
**and State Financial Assistance**  
**(Continued)**  
**For the Fiscal Year Ended September 30, 2023**

| Federal/State Agency,<br>Pass-through Entity/<br>Federal Program/State Project  | Assistance<br>Listing<br>Number | Contract/Grant Number          | Expenditures                             | Transfers to<br>Subrecipients |
|---|---------------------------------|--------------------------------|--|-------------------------------|
| U.S. Department of Housing and Urban<br>Development -<br>Passed through State of Florida Department<br>of Economic Opportunity:<br>Community Development Block Grants -<br>State's Programs | 14.228<br>14.228                | I0094<br>IR019<br>14.228 Total | 1,344,534<br>103,237<br><u>1,447,771</u> | -<br>-<br><u>          </u>   |
| Total Expenditures of Federal Awards  |                                 |                                | \$ 4,562,789                             | \$ -                          |

\* Denotes a major program/project

See notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance.

City of Marathon, Florida  
 Schedule of Expenditures of Federal Awards  
 and State Financial Assistance  
 (Continued)

For the Fiscal Year Ended September 30, 2023

| Federal/State Agency,<br>Pass-through Entity/<br>Federal Program/State Project                                    | Assistance<br>Listing<br>Number | Contract/Grant Number | Expenditures | Transfers to<br>Subrecipients |
|---|---------------------------------|-----------------------|--------------|-------------------------------|
| <b>State Projects:</b>  |                                 |                       |              |                               |
| Direct Programs:  |                                 |                       |              |                               |
| Florida Department of Environmental Protection:<br>Statewide Water Quality Restoration and<br>Wastewater Projects | *                               | 37.039<br>LP44044     | 1,057,748    | -                             |
| Florida Department of Financial Services:<br>Florida Firefighter Cancer Decontamination                           | 43.013                          | FM738                 | 24,750       | -                             |
| Total Expenditures of State<br>Financial Assistance   |                                 |                       | \$ 1,082,498 | \$ -                          |

\* Denotes a major program/project

See notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance.

**City of Marathon, Florida**  
**Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance**  
**For the Year Ended September 30, 2023**

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**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") includes the federal and state 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) and Chapter 10.5505, *Rules of the Florida Auditor General*. 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 Chapter 10.550, *Rules of the Florida Auditor General*, 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.

**City of Marathon, Florida  
 Schedule of Findings and Questioned Costs  
 For the Year Ended September 30, 2023**

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**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 Program and State Project**

Internal control over major federal programs and state projects:

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 and state projects:

*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 program and state project:

|                 |   |
|-----------------|---|
| <u>CFDA No.</u> | <u>Federal Program</u>  |
| 12.113          | State Memorandum of Agreement<br>Program for the Reimbursement of Technical<br>Services |

|                 |  |
|-----------------|--|
| <u>CSFA No.</u> | <u>State Project</u>   |
| 37.039          | Statewide Water Quality Restoration and<br>Wastewater Projects |

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

\$ 750,000 federal program  
 \$ 324,750 state project

Auditee qualified as low-risk auditee?

  X   yes      \_\_\_\_\_ no

**SECTION II - FINANCIAL STATEMENT FINDINGS**

None Reported.

**SECTION III - FEDERAL PROGRAMS AND STATE PROJECTS FINDINGS AND QUESTIONED COSTS**

None Reported.

**SECTION IV - PRIOR YEAR AUDIT FINDINGS**

None Reported.