

City of Marathon, Florida

Annual Comprehensive Financial Report
Fiscal Year Ended September 30, 2024



Prepared by the
Finance Department

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INTRODUCTORY SECTION



CITY OF MARATHON, FLORIDA

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

May 22, 2025

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, 2024.

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 Citrin Cooperman & Company, 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, 2024, 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, 2024, 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. These standards require the independent auditor to report not only on the fair presentation of the basic financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are presented in the compliance section of this report.



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

Profile of the Government

The City of Marathon, incorporated November 30, 1999, with a population of 9,847 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.



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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 2024, the area's unemployment rate was 1.9%, the lowest in the State, compared with the statewide rate of 3.4%.

Long-term Financial Planning and Relevant Financial Policies

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



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

- Design, permitting and construction of a deep well with transmission lines and pumping stations
- Seawall and amenities at the Quay property
- Improvements at City parks and beaches

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, 2023. This was the twenty-first 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, 2024 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, Citrin Cooperman & Company 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, 2024

CITY COUNCIL

Robyn Still, Mayor
Lynn Landry, Vice-Mayor

Jeff Smith, Councilmember
Luis Gonzalez, Councilmember
Kenny Matlock, Councilmember

CITY MANAGER

George Garrett

CITY CLERK

Diane Clavier

CITY ATTORNEY

Steven Williams

FINANCE DIRECTOR

Jennifer Johnson

CITY AUDITORS

Citrin Cooperman & Company, LLP



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Marathon
Florida**

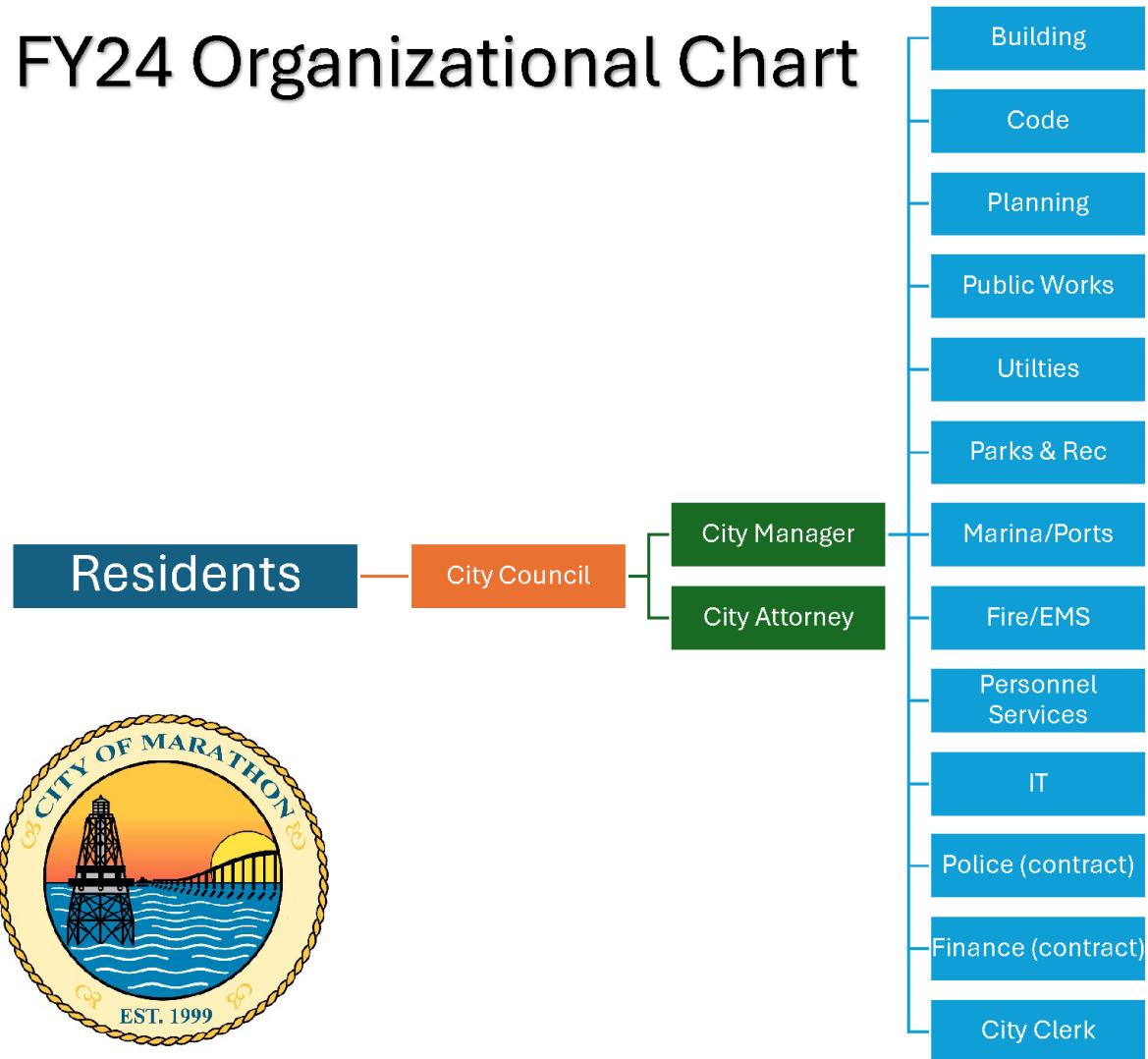
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2023

Christopher P. Monill

Executive Director/CEO

FY24 Organizational Chart



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

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, 2024, 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, based on our audit, 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, 2024, 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, budgetary comparison schedule, 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 combining and nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards, as required by Title 2, U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements of Federal Awards*, 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 combining and nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

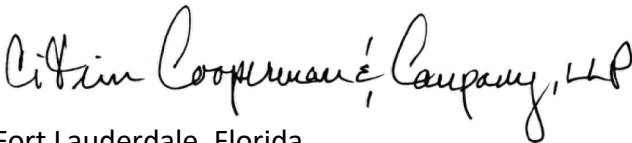
Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover 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.

"Citrin Cooperman" is the brand under which Citrin Cooperman & Company, LLP, a licensed independent CPA firm, and Citrin Cooperman Advisors LLC serve clients' business needs. The two firms operate as separate legal entities in an alternative practice structure. The entities of Citrin Cooperman & Company, LLP and Citrin Cooperman Advisors LLC are independent member firms of the Moore North America, Inc. (MNA) Association, which is itself a regional member of Moore Global Network Limited (MGNL). All the firms associated with MNA are independently owned and managed entities. Their membership in, or association with, MNA should not be construed as constituting or implying any partnership between them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2025, 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.



Fort Lauderdale, Florida
May 22, 2025

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, 2024. 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 \$ 185,783,573 (net position), as compared with \$ 180,466,231 for the previous year. Of this amount, \$ 48,920,357 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors as compared with \$ 52,144,080 the previous year. This decreased from the prior year due to increased wastewater operating costs.
- The City's total net position increased by \$ 5,317,342 or 2.9% during the current fiscal year. Included in the total net position is governmental net position that increased by \$ 5,549,432 and business-type activities net position that decreased by \$ 232,090.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$ 48,959,981, an increase of \$ 6,305,563. \$ 26,220,964 (53.6%) 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 \$ 9,826,477 (25.5%) 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, deferred outflows of resources, liabilities, and deferred inflows of resources 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 expenses 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 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, five 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 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 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 59 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 \$ 185,783,573 at the close of the most recent fiscal year, compared to net position of \$ 180,466,231 the prior year.

City of Marathon's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 53,261,443	\$ 47,547,074	\$ 10,559,453	\$ 18,372,446	\$ 63,820,896	\$ 65,919,520
Capital assets (net)	42,939,333	44,117,364	111,716,781	112,421,373	154,656,114	156,538,737
Total assets	96,200,776	91,664,438	122,276,234	130,793,819	218,477,010	222,458,257
Deferred outflows of resources	2,438,818	2,725,860	39,216	43,879	2,478,034	2,769,739
Current and other liabilities	3,959,894	4,059,125	5,995,011	6,305,047	9,954,905	10,364,172
Long term liabilities	2,390,381	3,592,175	21,468,759	29,448,766	23,859,140	33,040,941
Total liabilities	6,350,275	7,651,300	27,463,770	35,753,813	33,814,045	43,405,113
Deferred inflows of resources	1,295,375	1,294,486	62,051	62,530	1,357,426	1,357,016
Net position:						
Net investment in capital assets	39,537,564	39,415,376	84,694,338	77,528,259	124,231,902	116,943,635
Restricted	12,631,314	11,378,516	-	-	12,631,314	11,378,516
Unrestricted	38,825,066	34,650,620	10,095,291	17,493,460	48,920,357	52,144,080
Total net position	\$ 90,993,944	\$ 85,444,512	\$ 94,789,629	\$ 95,021,719	\$ 185,783,573	\$ 180,466,231

The largest portion of the City's net position (66.9%) 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 (6.2%) 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, \$ 12,631,314 (6.8%), represents resources that are subject to external restrictions on how they may be used. This represents an increase of 11.0% from the previous year's balance of \$ 11,378,516. The remaining balance of unrestricted net position \$ 48,920,357 (26.3%) 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 \$ 5,317,342 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:

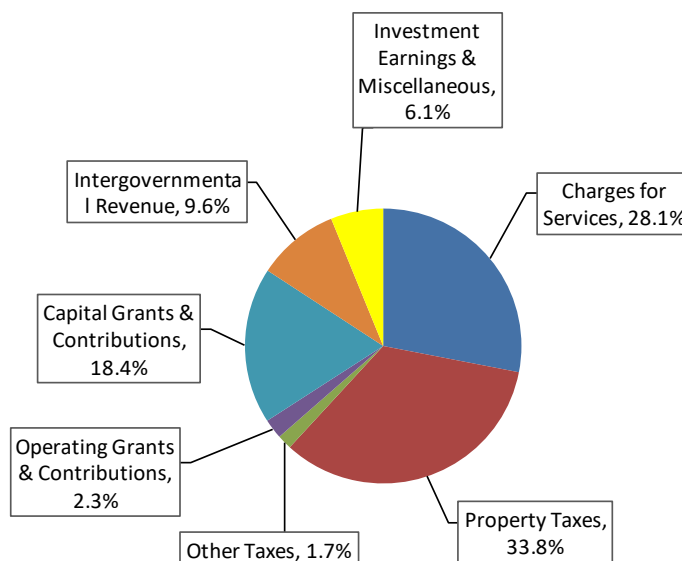
City of Marathon's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 8,342,493	\$ 6,582,231	\$ 9,513,126	\$ 8,488,092	\$ 17,855,619	\$ 15,070,323
Operating grants and contributions	695,252	2,315,826	156,424	-	851,676	2,315,826
Capital grants and contributions	5,465,919	5,992,424	7,143,004	7,732,711	12,608,923	13,725,135
General revenues:						
Property taxes	10,036,592	9,564,742	-	-	10,036,592	9,564,742
Other taxes	508,758	597,349	-	-	508,758	597,349
Intergovernmental revenues	2,858,969	2,980,566	-	-	2,858,969	2,980,566
Investment earnings	1,779,429	966,901	305,187	335,981	2,084,616	1,302,882
Miscellaneous	46,307	127,569	6,904	35,121	53,211	162,690
Total revenues	29,733,719	29,127,608	17,124,645	16,591,905	46,858,364	45,719,513
Expenses:						
General government	5,500,297	4,364,953	-	-	5,500,297	4,364,953
Public safety	9,945,612	8,104,119	-	-	9,945,612	8,104,119
Community services	6,699,643	6,993,501	-	-	6,699,643	6,993,501
Community development	1,655,094	1,149,642	-	-	1,655,094	1,149,642
Interest on long-term debt	118,948	160,233	-	-	118,948	160,233
Marina	-	-	1,500,804	1,356,116	1,500,804	1,356,116
Wastewater	-	-	15,022,380	12,439,615	15,022,380	12,439,615
Stormwater	-	-	1,098,244	1,129,528	1,098,244	1,129,528
Total expenses	23,919,594	20,772,448	17,621,428	14,925,259	41,541,022	35,697,707
Increase in net position before transfers	5,814,125	8,355,160	(496,783)	1,666,646	5,317,342	10,021,806
Transfers	(264,693)	(162,448)	264,693	162,448	-	-
Increase in net position	5,549,432	8,192,712	(232,090)	1,829,094	5,317,342	10,021,806
Net position-beginning	85,444,512	77,251,800	95,021,719	93,192,625	180,466,231	170,444,425
Net position-ending	\$ 90,993,944	\$ 85,444,512	\$ 94,789,629	\$ 95,021,719	\$ 185,783,573	\$ 180,466,231

Governmental activities increased the City of Marathon's net position by \$ 5,549,432 as compared to an increase in net position of \$ 8,192,712 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 48.8% of the governmental activities total revenues. Property taxes, which represent 33.8% 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



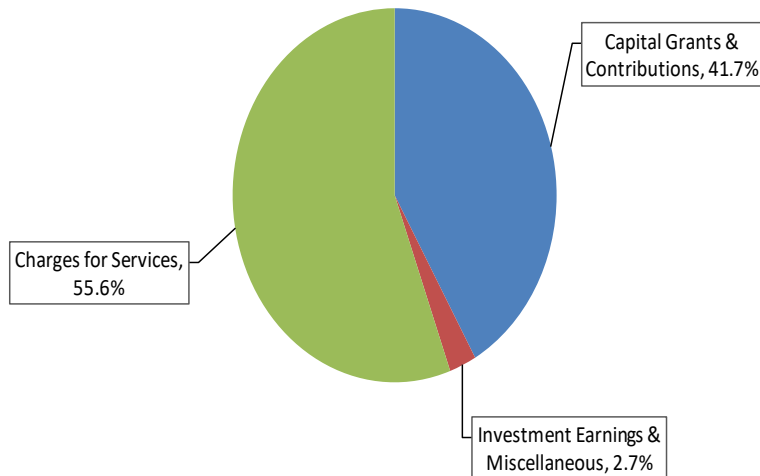
Business-Type Activities

Business-type activities decreased the City of Marathon's net position by \$ 232,090.

This is the twenty-first year of operation for the Marina Enterprise Fund, and the nineteenth year of operation for the Wastewater and Stormwater Utility Enterprise Fund.

- In total, the City's business-type activities reflected an operating loss of \$ 7,436,921. This is primarily due to the Wastewater and Stormwater's operating loss of \$ 7,097,904. The operating loss is primarily due to the provision for depreciation of \$ 5,610,780, and increased personnel costs, and operating expenses.
- The Marina Fund's operating loss of \$ 339,017 is \$ 96,885 more than its operating loss from the previous year of \$ 242,132. The operating loss is primarily due to the provision for depreciation of \$ 223,920.

Charges for services represent 56.1% 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 \$ 48,959,981 an increase of \$ 6,305,563 in comparison with the prior year. Of this total amount, \$ 26,220,964 is available for spending at the City's discretion. The remainder of fund balance: \$ 124,241 is restricted for police education, \$ 1,192,722 is restricted for street maintenance projects, \$ 6,440,263 is restricted for capital projects, \$ 3,664,258 is restricted for the building department, \$ 57,756 is *nonspendable fund balance* for prepaid items and \$ 11,259,777 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 \$ 26,220,964 while total fund balance was \$ 26,402,961.

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The fund balance of the City of Marathon's General Fund increased by \$ 3,272,875 during the current fiscal year. Total General Fund revenues increased approximately 10%. This increased from the prior year due to an increase in parking and boat ramp fees together and code enforcement fines.

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:

	2024 Amount	Percentage of Total	2023 Amount	Percentage of Total	Increase (Decrease) From 2023	Percentage of Increase (Decrease)
Revenues:						
Property taxes	\$ 10,036,592	50%	\$ 9,564,742	52%	\$ 471,850	5%
Intergovernmental	3,493,539	17%	3,503,145	19%	(9,606)	0%
Licenses and permits	1,482,426	7%	1,603,080	9%	(120,654)	-8%
Charges for services	1,652,732	8%	1,320,534	7%	332,198	25%
Fines and forfeitures	2,097,032	10%	1,168,151	6%	928,881	80%
Communication services				0%		
taxes	508,758	3%	597,349	3%	(88,591)	-15%
Interest	885,664	4%	497,064	3%	388,600	78%
Miscellaneous	45,707	1%	37,431	1%	8,276	22%
Total revenues	\$ 20,202,450	100%	\$ 18,291,496	100%	\$ 1,910,954	10%

- Property tax revenues increased \$ 471,850 (5%) due to an increase in property values.
- Fines and forfeitures increased \$ 928,881 (80%) due to implementation of parking and boat ramp usage fees, and an increase in code enforcement fines.
- Interest increased \$ 388,600 (78%) due to an increased earning rate during the year.

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

	2024 Amount	Percentage of Total	2023 Amount	Percentage of Total	Increase (Decrease) From 2023	Percentage of Increase (Decrease)
Expenditures:						
City Council	\$ 702,053	4%	\$ 553,285	4%	\$ 148,768	27%
Administration	2,987,942	16%	2,902,786	19%	85,156	3%
Legal	433,561	2%	351,676	2%	81,885	23%
Police services	2,458,953	13%	2,215,128	15%	243,825	11%
Fire/EMS	7,173,710	39%	5,318,149	36%	1,855,561	35%
Public works	1,139,394	6%	744,684	5%	394,710	53%
Parks and recreation	2,155,161	12%	1,775,683	12%	379,478	21%
Bridge and near shore waters	37,315	0%	59,515	0%	(22,200)	-37%
Community development	1,177,529	6%	995,880	7%	181,649	18%
Total expenditures	\$ 18,265,618	100%	\$ 14,916,786	100%	\$ 3,348,832	22%

- Fire/EMS expenditures increased \$ 1,855,561 (35%) due to increased personnel costs.

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

- The Capital Infrastructure Fund increased its fund balance by \$ 1,700,777 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 \$ 84,434.

Marina Fund

- The activities at the City's marina resulted in a decrease of net position of \$316,524 due to the provision for depreciation of \$ 223,920, and increased personnel costs.

General Fund Budgetary Highlights

There were \$403,106 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 \$ 115,000 for an increase to the not-for-profit grant program and increased lobbyist services. The Fire/EMS budget was decreased \$593,811, the planning budget was decreased by \$ 570,000, the public works and IT budgets were both decreased by \$200,000 and the legal and code department budgets were both decreased by \$100,000 based on actual results

Actual expenditures were \$ 676,735 below the final budgeted amounts. The significant variances can be summarized as follows:

- Community Development was \$ 333,046 under budget due to operating costs being less than anticipated.
- Community Services were \$ 295,280 under budget due to operating costs being less than anticipated.
- Public Safety expenditures for fire and emergency medical services were \$ 198,534 over budget due to overtime and retirement contributions being higher than projected.

Resources available for appropriations were \$ 652,217 over the budgeted amount. The significant variance can be summarized as follows:

- Intergovernmental revenues were \$441,898 over budget due to the fire insurance premium taxes that are received and passed through to the Firefighter's pension plan.
- Fines and forfeitures was \$148,382 over budget due to the increase in code enforcement fines.

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, 2024, amounts to \$ 154,656,114 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, and park facilities. The investment does not include governmental infrastructure assets acquired prior to 2004, as GASB 34 does not require Phase III governments to report infrastructure retroactively. The total net decrease in the City's investment in capital assets for the current fiscal year was \$ 1,882,987 as compared to the \$ 10,660 net increase in the prior year.

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

Governmental Activities:

- Buildings and structures increased \$ 286,141 primarily due to a new air conditioning system, and upgrades to the security system at City Hall.
- Furniture and equipment increased \$382,977 mainly due to the new playground equipment at Sombrero Beach, a new sign at Community Park as well as upgrades to the Ocean Front Park fitness trail.
- Construction-in-progress increased \$ 317,244 primarily due to ongoing bridge projects as well as improvements at the Quay.

Business Activities:

- Improvements other than buildings increased by \$ 989,374 primarily due to the wastewater tank coating projects, and new wastewater service connections and various vacuum pit replacements throughout the City.
- Construction-in-progress increased by \$ 2,965,002 primarily attributable to the commencement of the wastewater power conditioning project and ongoing wastewater chemical feed system mitigation project.

City of Marathon, Florida
Management's Discussion and Analysis
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	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Capital assets, 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	499,842	182,598	8,756,255	5,791,253	9,256,097	5,973,851
Buildings	12,810,136	13,157,518	3,212,450	3,347,430	16,022,586	16,504,948
Improvement other than buildings	10,437,754	11,660,297	91,552,154	95,792,891	101,989,908	107,453,188
Land improvements	-	-	33,604	44,804	33,604	44,804
Fire equipment and vehicles	1,463,869	1,585,420	-	-	1,463,869	1,585,420
Vehicles	-	-	584,057	535,805	584,057	535,805
Furniture and equipment	1,411,663	1,215,462	1,264,521	595,814	2,676,184	1,811,276
Total	\$ 42,939,333	\$ 44,117,364	\$ 111,716,781	\$ 112,421,737	\$ 154,656,114	\$ 156,539,101

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 \$ 2,667,302. This debt is secured by the City's local discretionary sales surtax revenues. Governmental activities also had a note payable for \$ 600,000. The City's Wastewater and Stormwater Enterprise Fund also had State Revolving Fund debt outstanding of \$ 25,426,483. 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	
	2024	2023	2024	2023	2024	2023
Long-term liabilities:						
Improvement Revenue Bonds	\$ 2,667,302	\$ 3,345,000	\$ -	\$ -	\$ 2,667,302	\$ 3,345,000
Note payable	600,000	1,300,000	-	-	600,000	1,300,000
State Revolving Fund Loan	-	-	25,426,483	33,875,262	25,426,483	33,875,262
Compensated absences	354,501	249,123	109,376	88,241	463,877	337,364
Other post-employment benefit obligation	89,028	97,965	27,959	30,766	116,987	128,731
Total	\$ 3,710,831	\$ 4,992,088	\$ 25,563,818	\$ 33,994,269	\$ 29,274,649	\$ 38,986,357

The City of Marathon's total long-term liabilities decreased by \$ 9,711,708 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 1.9% in December of 2024, the lowest in the State, which is an increase from a rate of 1.8% a year ago. The rate compares favorably to the State's average unemployment rate of 3.4%.

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 2.2235. For fiscal year 2025, the City adopted a final millage rate of 2.2235 mills which is equal to the roll-back rate.

During fiscal year 2025, the City will be working on the following programs/projects:

- City Bridge Rehabilitation and Replacement
- Sombrero Road Drainage Improvements
- Community Park Improvements
- Quay property improvements
- Wastewater Deep Well, Transmission Lines and Pumping Station Project

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, 2024

	Governmental Activities	Business- type Activities	Total
Assets:			
Cash and cash equivalents	\$ 49,352,197	\$ 8,126,597	\$ 57,478,794
Investments	51,515	-	51,515
Receivables, net	1,186,454	509,431	1,695,885
Due from other governments	1,403,691	1,923,425	3,327,116
Prepaid items	57,756	-	57,756
Net pension asset	1,209,830	-	1,209,830
Capital assets not being depreciated	16,815,911	15,069,995	31,885,906
Capital assets, being depreciated	26,123,422	96,646,786	122,770,208
Total assets	96,200,776	122,276,234	218,477,010
Deferred Outflows of Resources:			
Deferred outflows related to pension	2,318,272	-	2,318,272
Deferred outflows related to OPEB	120,546	39,216	159,762
Total deferred outflows of resources	2,438,818	39,216	2,478,034
Liabilities:			
Accounts payable and accrued liabilities	902,234	1,869,950	2,772,184
Accrued interest payable	13,500	30,002	43,502
Unearned revenues	1,723,710	-	1,723,710
Due within one year:			
Compensated absences payable	35,450	10,938	46,388
Bonds payable	685,000	-	685,000
Loans payable	600,000	4,084,121	4,684,121
Due in more than one year:			
Total other post employment benefits liability (OPEB)	89,028	27,959	116,987
Compensated absences payable	319,051	98,438	417,489
Bonds payable	1,982,302	-	1,982,302
Loans payable	-	21,342,362	21,342,362
Total liabilities	6,350,275	27,463,770	33,814,045
Deferred Inflows of Resources:			
Deferred inflows related to pension	1,085,514	-	1,085,514
Deferred inflows related to OPEB	209,861	62,051	271,912
Total deferred inflows of resources	1,295,375	62,051	1,357,426
Net Position:			
Net investment in capital assets	39,537,564	84,694,338	124,231,902
Restricted for:			
Net pension asset	1,209,830	-	1,209,830
Capital projects	6,440,263	-	6,440,263
Street maintenance	1,192,722	-	1,192,722
Police education	124,241	-	124,241
Building department	3,664,258	-	3,664,258
Unrestricted	38,825,066	10,095,291	48,920,357
Total net position	\$ 90,993,944	\$ 94,789,629	\$ 185,783,573

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, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:							
General government	\$ 5,500,297	\$ 2,016,309	\$ -	\$ -	\$ (3,483,988)	\$ -	\$ (3,483,988)
Public safety	9,945,612	2,380,064	442,202	-	(7,123,346)	-	(7,123,346)
Community services	6,699,643	664,177	253,050	5,398,275	(384,141)	-	(384,141)
Community development	1,655,094	3,281,943	-	67,644	1,694,493	-	1,694,493
Interest	118,948	-	-	-	(118,948)	-	(118,948)
Total governmental activities	23,919,594	8,342,493	695,252	5,465,919	(9,415,930)	-	(9,415,930)
Business-Type Activities:							
Wastewater	15,022,380	8,351,339	-	6,039,816	-	(631,225)	(631,225)
Stormwater	1,098,244	-	156,424	1,087,381	-	145,561	145,561
Marina	1,500,804	1,161,787	-	15,807	-	(323,210)	(323,210)
Total business-type activities	17,621,428	9,513,126	156,424	7,143,004	-	(808,874)	(808,874)
Total	\$ 41,541,022	\$ 17,855,619	\$ 851,676	\$ 12,608,923	(9,415,930)	(808,874)	(10,224,804)
General revenues:							
Property taxes					10,036,592	-	10,036,592
Communications services tax					508,758	-	508,758
Unrestricted intergovernmental revenue					2,858,969	-	2,858,969
Unrestricted investment earnings					1,779,429	305,187	2,084,616
Miscellaneous					46,307	6,904	53,211
Transfers					(264,693)	264,693	-
Total general revenues and transfers					14,965,362	576,784	15,542,146
Change in net position					5,549,432	(232,090)	5,317,342
Net position, beginning					85,444,512	95,021,719	180,466,231
Net position, ending					\$ 90,993,944	\$ 94,789,629	\$ 185,783,573

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

City of Marathon, Florida
Balance Sheet
Governmental Funds
September 30, 2024

	General Fund	Capital Infrastructure Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 26,138,634	\$ 10,568,963	\$ 12,644,600	\$ 49,352,197
Investments	33,690	2,208	15,617	51,515
Receivables, net	396,454	-	790,000	1,186,454
Due from other governments	646,619	693,343	63,729	1,403,691
Prepaid items	57,756	-	-	57,756
Total assets	<u>\$ 27,273,153</u>	<u>\$ 11,264,514</u>	<u>\$ 13,513,946</u>	<u>\$ 52,051,613</u>
Liabilities:				
Accounts payable and accrued liabilities	\$ 687,228	\$ 135,027	\$ 79,979	\$ 902,234
Unearned revenues	-	1,723,710	-	1,723,710
Total liabilities	<u>\$ 687,228</u>	<u>\$ 1,858,737</u>	<u>\$ 79,979</u>	<u>\$ 2,625,944</u>
Deferred Inflows of Resources:				
Unavailable revenue	182,964	282,724	-	465,688
Fund Balances:				
Nonspendable:				
Prepaid items	57,756	-	-	57,756
Restricted for:				
Capital projects	-	6,440,263	-	6,440,263
Street maintenance	-	-	1,192,722	1,192,722
Police education	124,241	-	-	124,241
Building department	-	-	3,664,258	3,664,258
Committed to:				
Vehicle replacement	-	2,682,790	-	2,682,790
Infrastructure improvements	-	-	3,390,511	3,390,511
Affordable housing	-	-	4,115,352	4,115,352
Restoration projects	-	-	1,071,124	1,071,124
Unassigned	26,220,964	-	-	26,220,964
Total fund balances	<u>26,402,961</u>	<u>9,123,053</u>	<u>13,433,967</u>	<u>48,959,981</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 27,273,153</u>	<u>\$ 11,264,514</u>	<u>\$ 13,513,946</u>	<u>\$ 52,051,613</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, 2024

Fund Balances - Total Governmental Funds \$ 48,959,981

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	72,708,030
Less accumulated depreciation	(29,768,697)

Accrued interest payable not reported in the governmental funds	(13,500)
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Unavailable revenue in governmental funds is susceptible to full accrual on the government-wide statements.	465,688
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Certain assets and deferred outflows of resources are not an
available resource and certain liabilities and deferred inflows of
resources are not due and payable in the current period and,
therefore, are not reported in the funds. These assets and liabilities
are comprised of the following:

Net pension asset	1,209,830
Deferred outflows related to pensions	2,318,272
Deferred inflows related to pensions	(1,085,514)
Total OPEB obligation	(89,028)
Deferred outflows related to OPEB	120,546
Deferred inflows related to OPEB	(209,861)
Compensated absences payable	(354,501)
Note payable	(600,000)
Governmental revenue bonds payable	<u>(2,667,302)</u>

Net Position of Governmental Activities	\$ <u>90,993,944</u>
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The accompanying notes to the financial statements are an integral part of these statements.

City of Marathon, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the Year Ended September 30, 2024

	General Fund	Street Maintenance Fund	Capital Infrastructure Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 10,036,592	\$ -	\$ -	\$ -	\$ 10,036,592
Intergovernmental	3,493,539	-	5,012,863	958,176	9,464,578
Licenses and permits	1,482,426	-	-	1,416,217	2,898,643
Charges for services	1,652,732	-	-	-	1,652,732
Fines and forfeitures	2,097,032	-	-	-	2,097,032
Communications services tax	508,758	-	-	-	508,758
Impact fees	-	-	-	1,274,260	1,274,260
Interest	885,664	-	401,033	492,732	1,779,429
Miscellaneous	45,707	-	100	-	45,807
Total revenues	20,202,450	-	5,413,996	4,141,385	29,757,831
Expenditures:					
Current:					
General government	4,117,308	-	-	-	4,117,308
Public safety	9,630,507	-	-	-	9,630,507
Community services	3,331,870	-	-	2,229,333	5,561,203
Community development	1,177,529	-	-	-	1,177,529
Capital outlay	8,404	-	1,080,826	99,902	1,189,132
Debt service:					
Principal	-	-	-	1,377,698	1,377,698
Interest and fiscal charges	-	-	-	134,698	134,698
Total expenditures	18,265,618	-	1,080,826	3,841,631	23,188,075
Excess of revenues over expenditures	1,936,832	-	4,333,170	299,754	6,569,756
Other Financing Sources (Uses):					
Insurance proceeds	-	-	-	500	500
Transfers in	1,336,043	-	-	1,787,377	3,123,420
Transfers out	-	-	(2,632,393)	(755,720)	(3,388,113)
Total other financing sources (uses)	1,336,043	-	(2,632,393)	1,032,157	(264,193)
Net change in fund balances	3,272,875	-	1,700,777	1,331,911	6,305,563
Fund Balances, Beginning, as previously presented	23,130,086	1,467,062	7,422,276	10,634,994	42,654,418
Change within financial reporting entity (major to nonmajor fund)	-	(1,467,062)	-	1,467,062	-
Fund Balances, Beginning, as adjusted	23,130,086	-	7,422,276	12,102,056	42,654,418
Fund Balances, Ending	\$ 26,402,961	\$ -	\$ 9,123,053	\$ 13,433,967	\$ 48,959,981

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, 2024

Net Change in Fund Balances - Total Governmental Funds **\$ 6,305,563**

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	1,189,132
Less current year provision for depreciation	(2,367,163)

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. (1,028,685)

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	1,377,698
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Certain items reported in the statement of activities do not
require the use of current financial resources and therefore
are not reported as expenditures in the governmental funds:

Change in accrued interest payable	15,750
Change in net pension asset	441,509
Change in deferred outflows related to pension	(272,710)
Change in deferred inflows related to pension	(2,507)
Change in net OPEB obligation	8,937
Change in deferred outflows related to OPEB	(14,332)
Change in deferred inflows related to OPEB	1,618
Change in compensated absences payable	(105,378)

Change in Net Position of Governmental Activities	\$ <u>5,549,432</u>
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The accompanying notes to the financial statements are an integral part of these statements.

City of Marathon, Florida
Statement of Net Position
Proprietary Funds
September 30, 2024

	Business-Type Activities		
	Enterprise Funds		
	Major Fund	Nonmajor Fund	Total
	Wastewater and Stormwater Fund	Marina Fund	Enterprise Funds
Assets:			
Current assets:			
Cash and cash equivalents	\$ 7,525,276	\$ 601,321	\$ 8,126,597
Receivables, net	509,431	-	509,431
Due from other governments	1,791,069	132,356	1,923,425
Total current assets	9,825,776	733,677	10,559,453
Noncurrent assets:			
Capital assets not being depreciated	14,455,917	614,078	15,069,995
Capital assets, net of accumulated depreciation	94,902,195	1,744,591	96,646,786
Total noncurrent assets	109,358,112	2,358,669	111,716,781
Total assets	119,183,888	3,092,346	122,276,234
Deferred Outflows of Resources:			
Deferred outflows relating to OPEB	30,061	9,155	39,216
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	1,853,230	46,722	1,899,952
Current portion of loans payable	4,084,121	-	4,084,121
Current portion of compensated absences	7,446	3,492	10,938
Total current liabilities	5,944,797	50,214	5,995,011
Noncurrent liabilities:			
Compensated absences, net of current portion	67,010	31,428	98,438
Total other post employment benefits liability (OPEB)	21,677	6,282	27,959
Loans payable	21,342,362	-	21,342,362
Total noncurrent liabilities	21,431,049	37,710	21,468,759
Total liabilities	27,375,846	87,924	27,463,770
Deferred Inflows of Resources:			
Deferred inflows relating to OPEB	48,472	13,579	62,051
Net Position:			
Net investment in capital assets	82,351,435	2,342,903	84,694,338
Unrestricted	9,438,196	657,095	10,095,291
Total net position	\$ 91,789,631	\$ 2,999,998	\$ 94,789,629

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, 2024

	Business-Type Activities Enterprise Funds		
	Major Fund Wastewater and Stormwater Fund	Nonmajor Fund Marina Fund	Total Enterprise Funds
Operating Revenues:			
Charges for services	\$ 8,351,339	\$ 1,161,787	\$ 9,513,126
Total operating revenues	8,351,339	1,161,787	9,513,126
Operating Expenses:			
Personnel costs	3,013,431	736,420	3,749,851
Operating expenses	6,825,032	540,464	7,365,496
Provision for depreciation	5,610,780	223,920	5,834,700
Total operating expenses	15,449,243	1,500,804	16,950,047
Operating loss	(7,097,904)	(339,017)	(7,436,921)
Nonoperating Revenues (Expenses):			
Insurance proceeds	6,904	-	6,904
Interest income	273,501	31,686	305,187
Interest expense	(671,381)	-	(671,381)
Total nonoperating revenues (expenses)	(390,976)	31,686	(359,290)
loss before capital contributions	(7,488,880)	(307,331)	(7,796,211)
Capital Contributions:			
Special assessments	4,336,715	-	4,336,715
Grants	2,946,906	15,807	2,962,713
Total capital contributions	7,283,621	15,807	7,299,428
Income before transfers	(205,259)	(291,524)	(496,783)
Transfers:			
Transfers in	650,000	-	650,000
Transfers out	(360,307)	(25,000)	(385,307)
Total transfers	289,693	(25,000)	264,693
Change in net position	84,434	(316,524)	(232,090)
Net Position, Beginning	91,705,197	3,316,522	95,021,719
Net Position, Ending	\$ 91,789,631	\$ 2,999,998	\$ 94,789,629

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, 2024

	Business-Type Activities Enterprise Funds		
	Major Fund Wastewater and Stormwater Fund	Nonmajor Fund Marina Fund	Total Enterprise Funds
Cash Flows from Operating Activities:			
Receipts from customers and users	\$ 8,309,515	\$ 1,161,787	\$ 9,471,302
Payments to employees	(2,990,396)	(719,109)	(3,709,505)
Payments to suppliers	(6,623,363)	(539,043)	(7,162,406)
Net cash (used in) operating activities	(1,304,244)	(96,365)	(1,400,609)
Cash Flows from Non-Capital Financing Activities:			
Transfers to other funds	(360,307)	(25,000)	(385,307)
Net cash (used in) non-capital and related financing activities	(360,307)	(25,000)	(385,307)
Cash Flows from Capital and Related Financing Activities:			
Acquisition of capital assets	(5,039,109)	(90,635)	(5,129,744)
Proceeds from capital grants	3,102,144	20,940	3,123,084
Proceeds from capital assessments	4,336,715	-	4,336,715
Insurance proceeds	6,904	-	6,904
Transfers from other funds	650,000	-	650,000
Repayments of capital debt	(8,448,779)	-	(8,448,779)
Interest paid	(717,894)	-	(717,894)
Net cash (used in) capital and related financing activities	(6,110,019)	(69,695)	(6,179,714)
Cash Flows from Investing Activities:			
Interest received	273,501	31,686	305,187
Net cash provided by investing activities	273,501	31,686	305,187
Net (decrease) in cash and cash equivalents	(7,501,069)	(159,374)	(7,660,443)
Cash and Cash Equivalents, Beginning	15,026,345	760,695	15,787,040
Cash and Cash Equivalents, Ending	\$ 7,525,276	\$ 601,321	\$ 8,126,597

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, 2024

	Business-Type Activities		
	Enterprise Funds		
	Major Fund	Nonmajor	Total
	Wastewater and	Fund	Enterprise
	Stormwater	Marina	Funds
	Fund	Fund	
Reconciliation of Operating (Loss) to Net Cash (Used in) Operating Activities:			
Operating (loss)	\$ (7,097,904)	\$ (339,017)	\$ (7,436,921)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used in) Operating Activities:			
Provision for depreciation	5,610,780	223,920	5,834,700
(Increase) decrease in:			
Receivables	(41,824)	-	(41,824)
Prepays	25,403	8,600	34,003
Deferred outflows relating to OPEB	3,574	1,089	4,663
Increase (decrease) in:			
Accounts payable and accrued liabilities	190,383	(3,462)	186,921
Compensated absences	7,894	13,241	21,135
Deferred inflows relating to OPEB	(374)	(105)	(479)
Total OPEB liability	(2,176)	(631)	(2,807)
Total adjustments	5,793,660	242,652	6,036,312
Net cash (used in) operating activities	\$ (1,304,244)	\$ (96,365)	\$ (1,400,609)

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, 2024

Assets:

Cash	\$ <u>241,118</u>
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Investments:

Bond funds	5,046,246
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Equity funds	<u>11,935,318</u>
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Total investments	<u>16,981,564</u>
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Receivables:

Plan members	17,575
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City (including State)	<u>195,515</u>
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Total receivables	<u>213,090</u>
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Total assets	<u>17,435,772</u>
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Liabilities:

Reserve for Share Plan (Note 10)	<u>293,414</u>
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Net Position:

Net position restricted for pensions	\$ <u><u>17,142,358</u></u>
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The accompanying notes to the financial statements are an integral part of these statements.

City of Marathon, Florida
Statement of Changes in Fiduciary Net Position
Firefighters' Pension Trust Fund
For the Year Ended September 30, 2024

Additions:

Contributions:	
Plan members	\$ 153,089
City (including State)	<u>983,151</u>
Total contributions	<u>1,136,240</u>
Investment income:	
Net appreciation in fair value of investments	<u>2,760,249</u>
Less:	
Investment expenses	<u>26,188</u>
Net investment income	<u>2,734,061</u>
Total additions	<u>3,870,301</u>

Deductions:

Distributions	91,650
Administrative expenses	<u>14,621</u>
Total deductions	<u>106,271</u>

Net increase in net position 3,764,030

Net Position, Beginning 13,378,328

Net Position, Ending \$ 17,142,358

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 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
Land 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 expense 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 \$ 3,308,806 is established for EMS receivables based on historical collection rates.

Date of management review: Subsequent events were evaluated through May 22, 2025, which is the date the financial statements were available to be issued.

Note 2 - Deposits and Investments

Deposits: The City's deposits must be placed with banks and savings and loans which are qualified as public depositories prior to receipt of public monies under Chapter 280, Florida Statutes. At year end, the carrying amount of the City's bank deposits was \$ 58,041,366, and the bank balance was \$ 57,714,882. As of September 30, 2024, all deposits are insured by the Federal Deposit Insurance Corporation up to \$ 250,000. Monies deposited in amounts greater than the insurance coverage are secured by the banks pledging securities with the State Treasurer in the collateral pool. The City's deposits of \$ 57,041,366, which are in excess of the federal insured level of \$ 250,000, are held in a qualified public depository and are covered by the covered by collateral held in the City's name.

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, 2024, the City had the following investments:

	Fair Value	Investment Maturities (In Years)
Florida PRIME	\$ <u>51,515</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 39 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, 2024, 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	\$ 2,480,066
FMIvT Core Plus Fixed Income Fund	Not rated	2,566,180
<u>Equity Portfolios:</u>		
FMIvT Diversified Large Cap Equity Portfolio	Not rated	4,288,447
FMIvT Diversified Small to Mid Cap Equity Portfolio	Not rated	2,497,289
FMIvT International Equity Portfolio	Not rated	3,530,650
FMIvT Core Real Estate Fund	Not rated	1,618,932
		<u>\$ 16,981,564</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	5.10	7.10
FMIvT Core Plus Fixed Income Fund	6.24	6.66

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, 2024 as follows:

Investments	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Valued at NAV
Florida Municipal Investment Trust Funds	\$ 16,981,564	\$ -	\$ 12,796,452	\$ 4,185,112	\$ -

Note 2 - Deposits and Investments (continued)

Additional information for investments measured at Level 3 is presented in the table below as of September 30, 2024.

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
FMLVT Core Plus Fixed Income Fund	\$ 2,566,180	\$ -	Monthly	1 business day
FMLVT Core Real Estate Portfolio	1,618,932	-	Quarterly	5 business days
	<u>\$ 4,185,112</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, 2024, 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 as of September 30, 2024, are as follows:

	General	Capital Infrastructure	Nonmajor Governmental Funds
Customers billed	\$ 3,651,622	\$ -	\$ -
Intergovernmental	646,619	693,343	63,729
Loans	-	-	790,000
Miscellaneous	59,886	-	-
	<u>4,358,127</u>	<u>693,343</u>	<u>853,729</u>
Gross receivables	4,358,127	693,343	853,729
Less allowance for uncollectibles	(3,315,054)	-	-
	<u>\$ 1,043,073</u>	<u>\$ 693,343</u>	<u>\$ 853,729</u>
Net receivables	\$ 1,043,073	\$ 693,343	\$ 853,729

City of Marathon, Florida
Notes to Basic Financial Statements
September 30, 2024

Note 4 - Receivables and Payables (continued)

	Wastewater/ Stormwater	Nonmajor Enterprise Funds	Fiduciary Fund	Total
Customers billed	\$ 509,431	\$ -	\$ -	\$ 4,161,053
Intergovernmental	1,791,069	132,356	-	3,327,116
Loans	-	-	-	790,000
Miscellaneous	-	-	-	59,886
Contributions	-	-	213,090	213,090
Gross receivables	2,300,500	132,356	213,090	8,551,145
Less allowance for uncollectibles	-	-	-	(3,315,054)
Net receivables	\$ 2,300,500	\$ 132,356	\$ 213,090	\$ 5,236,091

Accounts payable and accrued liabilities for the City's individual major and nonmajor funds as of September 30, 2024 are as follows:

	General	Capital Infrastructure	Nonmajor Governmental Fund	Wastewater/ Stormwater	Nonmajor Enterprise Fund	Total
Vendors	\$ 403,669	\$ 134,141	\$ 38,255	\$ 1,609,848	\$ 11,350	\$ 2,197,263
Payroll liabilities	283,559	-	41,724	79,413	19,606	424,302
Retainage	-	886	-	133,967	15,766	150,619
Accrued interest	-	-	-	30,002	-	30,002
Total	\$ 687,228	\$ 135,027	\$ 79,979	\$ 1,853,230	\$ 46,722	\$ 2,802,186

Note 5 - Interfund Balances and Transfers

The composition of interfund transfers is as follows:

Transfer Out	Transfer In			Total
	General Fund	Non-Major Governmental Funds	Wastewater/ Stormwater Fund	
Capital Infrastructure Fund	\$ 469,997	\$ 1,512,396	\$ 650,000	\$ 2,632,393
Nonmajor Governmental Funds	480,739	274,981	-	755,720
Nonmajor Enterprise Fund	25,000	-	-	25,000
Wastewater/Stormwater Fund	360,307	-	-	360,307
Total	\$ 1,336,043	\$ 1,787,377	\$ 650,000	\$ 3,773,420

Transfers of \$ 385,307 were made from the Marina and Wastewater/Stormwater Utility Enterprise Funds to the General Fund to support general administration costs.

Transfers of \$ 480,739 were made from the Building Fund to the General Fund to support general administration costs.

Transfers of \$ 1,512,396 were made from the Capital Infrastructure Fund to the Debt Service Fund in order to satisfy debt service requirements.

A transfer of \$ 469,997 from the Capital Infrastructure Fund to the General Fund was made for the fiscal year 2024 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, 2024

Note 5 - Interfund Balances and Transfers (continued)

A transfer of \$ 97,450 was made from the Vehicle Replacement Fund to the Capital Infrastructure Fund for vehicle purchases.

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

A transfer of \$ 274,981 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 \$ 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, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 16,312,247	\$ -	\$ -	\$ -	\$ 16,312,247
Intangibles	3,822	-	-	-	3,822
Construction-in-progress	182,598	317,244	-	-	499,842
Total capital assets not being depreciated	16,498,667	317,244	-	-	16,815,911
Capital assets being depreciated:					
Buildings and structures	21,089,923	286,141	-	-	21,376,064
Improvements other than buildings	24,903,172	-	-	-	24,903,172
Fire equipment and vehicles	5,603,777	202,770	-	-	5,806,547
Furniture and equipment	3,415,759	382,977	-	-	3,798,736
Intangibles	7,600	-	-	-	7,600
Total capital assets being depreciated	55,020,231	871,888	-	-	55,892,119
Total capital assets	71,518,898	1,189,132	-	-	72,708,030
Less accumulated depreciation:					
Buildings and structures	7,932,405	633,523	-	-	8,565,928
Improvements other than buildings	13,242,875	1,222,543	-	-	14,465,418
Fire equipment and vehicles	4,018,357	324,321	-	-	4,342,678
Furniture and equipment	2,200,297	186,776	-	-	2,387,073
Intangibles	7,600	-	-	-	7,600
Total accumulated depreciation	27,401,534	2,367,163	-	-	29,768,697
Total capital assets being depreciated, net	27,618,697	(1,495,275)	-	-	26,123,422
Governmental activities, capital assets, net	\$ 44,117,364	\$ (1,178,031)	\$ -	\$ -	\$ 42,939,333

City of Marathon, Florida
Notes to Basic Financial Statements
September 30, 2024

Note 6 - Capital Assets (continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-Type Activities:					
Capital assets not being depreciated:					
Land	\$ 4,695,647	\$ -	\$ -	\$ -	\$ 4,695,647
Intangibles	1,618,093	-	-	-	1,618,093
Construction-in-progress	5,791,253	2,965,002	-	-	8,756,255
Total capital assets not being depreciated	12,104,993	2,965,002	-	-	15,069,995
Capital assets being depreciated:					
Buildings	5,077,035	46,034	-	-	5,123,069
Improvements other than buildings	148,895,159	989,374	-	-	149,884,533
Land improvements	280,354	-	-	-	280,354
Intangibles	15,620	-	-	-	15,620
Equipment	3,012,005	918,934	-	-	3,930,939
Vehicles	1,643,445	210,400	-	-	1,853,845
Total capital assets being depreciated	158,923,618	2,164,742	-	-	161,088,360
Total capital assets	171,028,611	5,129,744	-	-	176,158,355
Less accumulated depreciation:					
Buildings	1,729,605	181,014	-	-	1,910,619
Improvements other than buildings	53,102,268	5,230,111	-	-	58,332,379
Land improvements	235,550	11,200	-	-	246,750
Intangibles	15,620	-	-	-	15,620
Equipment	2,416,191	250,227	-	-	2,666,418
Vehicles	1,107,640	162,148	-	-	1,269,788
Total accumulated depreciation	58,606,874	5,834,700	-	-	64,441,574
Total capital assets, being depreciated, net	100,316,744	(3,669,958)	-	-	96,646,786
Business activities capital assets, net	\$ 112,421,737	\$ (704,956)	\$ -	\$ -	\$ 111,716,781

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

Governmental activities:	
General government	\$ 676,662
Public safety	434,236
Community services	1,117,146
Community development	139,119
Total provision for depreciation - governmental activities	\$ 2,367,163

Note 6 - Capital Assets (continued)

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

Business-type activities:	
Enterprise - Wastewater/Stormwater	\$ 5,610,780
Enterprise - Marina	<u>223,920</u>
Total provision for depreciation - business-type activities	<u>\$ 5,834,700</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, 2024:

	Balance October 1, 2023	Increases	Decreases	Balance October 1, 2024	Due Within One Year
Governmental activities:					
Direct borrowings and private placements:					
Bonds payable:					
Series 2013A	\$ 3,345,000	\$ -	\$ 677,698	\$ 2,667,302	\$ 685,000
Loan payable - 7 Mile	1,300,000	-	700,000	600,000	600,000
Compensated absences payable	249,123	138,341	32,963	354,501	35,450
Total other post-employment benefit liability	<u>97,965</u>	<u>-</u>	<u>8,937</u>	<u>89,028</u>	<u>-</u>
Governmental activities, long-term debt	<u>\$ 4,992,088</u>	<u>\$ 138,341</u>	<u>\$ 1,419,598</u>	<u>\$ 3,710,831</u>	<u>\$ 1,320,450</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, 2024

Note 7 - Long-Term Liabilities (continued)

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

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 685,000	\$ 74,615	\$ 759,615
2026	705,000	53,217	758,217
2027	910,000	31,317	941,317
2028	<u>367,302</u>	<u>2,856</u>	<u>370,158</u>
	\$ <u><u>2,667,302</u></u>	\$ <u><u>162,005</u></u>	\$ <u><u>2,829,307</u></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:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ <u>600,000</u>	\$ <u>18,000</u>	\$ <u>618,000</u>
	\$ <u><u>600,000</u></u>	\$ <u><u>18,000</u></u>	\$ <u><u>618,000</u></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, 2024:

	<u>Balance October 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance September 30, 2024</u>	<u>Due Within One Year</u>
Business-Type Activities:					
Direct borrowings and private placements:					
Loans payable:					
State Revolving Fund Loan Program	\$ 33,875,262	\$ -	\$ 8,448,779	\$ 25,426,483	\$ 4,084,121
Compensated absences payable	88,241	39,603	18,467	109,376	10,938
Other post-employment benefit liability	<u>30,766</u>	<u>-</u>	<u>2,807</u>	<u>27,959</u>	<u>-</u>
Business-type activities, long-term debt	\$ <u><u>33,994,269</u></u>	\$ <u><u>39,603</u></u>	\$ <u><u>8,470,053</u></u>	\$ <u><u>25,563,818</u></u>	\$ <u><u>4,095,059</u></u>

Note 7 - Long-Term Liabilities (continued)

State Revolving Fund Loans: As of September 30, 2024, the City has three 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 1.15 times the sum of the loan amounts due in each fiscal year. For the year ending September 30, 2024, the City met this ratio. The breakdown as of September 30, 2024 of the total amounts authorized, the fixed weighted average interest rates, the estimated semi-annual payment amount and the amounts drawn to date on each loan is as follows:

SRF Loan Agreement	Total Loan Authorized Amount	Interest Rate	Semi-Annual Payment Amount	Total Obligation September 30, 2024
WW 63702P	\$ 31,308,211	2.25-2.54%	\$ 1,010,699	\$ 9,470,248
WW 637060	21,541,520	2.08-2.73%	710,253	9,674,822
WW 637090	10,373,801	2.02-2.66%	329,774	6,281,413
WW 637020	17,131,172	2.08%	607,285	-
Total	\$ 80,354,704		\$ 2,658,011	\$ 25,426,483

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

September 30,	Principal	Interest	Total
2025	\$ 4,084,121	\$ 572,352	\$ 4,656,473
2026	4,179,926	476,548	4,656,474
2027	4,277,996	378,477	4,656,473
2028	4,378,385	278,088	4,656,473
2029	4,481,150	175,323	4,656,473
2030-2032	4,024,905	133,640	4,158,545
	\$ 25,426,483	\$ 2,014,428	\$ 27,440,911

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.

A third party filed an inverse condemnation claim against the City alleging that zoning regulations deprived the owners of all economically beneficial use of a 7.91-acre offshore island. After a non-jury trial, the court initially ruled in favor of the City, but this decision was reversed on appeal. In February 2025, the appellate court found that the City's regulations resulted in a regulatory taking and remanded the case to determine the amount of compensation owed to the property owners. The City has \$1,000,000 of liability insurance coverage for this claim. The estimated potential loss, including attorneys' fees and costs, ranges from \$3,000,000 to \$5,000,000. No accrual has been recorded as the outcome remains uncertain and further appellate review is being pursued.

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. The City plans on funding this project with the use of grant funding combined with new debt.

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, 2024 the City had the following outstanding construction commitments:

Project	Total Project Authorization	Expended at September 30, 2024	Contracts and Retainage Payable	Balance to Complete
Generators FS14 and Marina	\$ 423,975	\$ 316,380	\$ 16,652	\$ 107,595
CDBG Power Surge	4,475,940	1,550,187	81,589	2,925,753
Area 7 Filter Upgrades	1,225,000	1,047,555	52,378	177,445
	<u>\$ 6,124,915</u>	<u>\$ 2,914,122</u>	<u>\$ 150,619</u>	<u>\$ 3,210,793</u>

Note 8 - Commitments and Contingencies (continued)

Agreement for Police Services: The City has a contract with Monroe County Sheriff's Office (the "Sheriff") to provide professional police services through September 2027. Pursuant to the agreement, the Sheriff will provide law enforcement coverage within the City. Services for the fiscal year ending September 30, 2025 are budgeted to be approximately \$ 2,655,100. Costs for police services for the year ended September 30, 2024 were approximately \$ 2,680,200.

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).

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, 2024 were \$ 700,000 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, 2024 of approximately \$ 468,085.

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

Note 10 - Employee Pension Plans (continued)

Firefighters’ Pension Plan (continued)

through the Florida Municipal Pension Trust Fund (“FMPTF”). A more detailed description of the Plan appears in the ordinances constituting the Plan and in the Summary Plan Description. The Plan does not issue a stand-alone financial report, but is included in the reporting entity of the City as a pension trust fund. Amendments to the Plan document can only be authorized by the City Council.

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

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

Investments: *Investment Policy.* The policy regarding the allocation of invested assets is established by its Board of Trustees which currently has all of its funds invested in the Florida Municipal Pension Trust Fund, 60% equities and 40% fixed income - Fund A Option. The investment policy may be amended by the Board by a majority vote of its trustees. It is the policy of the Board of Trustees to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. Overall asset allocation targets are reviewed on an annual basis. The following is the adopted asset allocation policy as of September 30, 2024:

<u>Asset Class/Investment Category</u>	<u>Target Allocation</u>
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	<u>15.00%</u>
Total	<u><u>100.00%</u></u>

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, 2024, that met the criteria for disclosure.

Note 10 - Employee Pension Plans (continued)

Rate of return: For the year ended September 30, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (0.05)%. 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.

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 \$ 293,414 for the monies received as of September 30, 2024. 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, 2022, 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	15
Active plan members	<u>28</u>
Total members	<u><u>44</u></u>

Deferred Retirement Option Program: Members who continue in employment after reaching their normal retirement date may either accrue larger pensions or freeze their accrued benefit and enter the Deferred Retirement Option Plan (DROP). Each participant in the DROP has an account credited with benefits not received plus interest. Participation in the DROP must end no later than 84 months after normal retirement. These benefit provisions and all other requirements are established by City ordinance. The City had one member participating in the DROP for the year ending September 30, 2024 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.

Note 10 - Employee Pension Plans (continued)

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.

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, 2024, 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 \$ 780,141 for the year ended September 30, 2024. Contributions from the State totaled \$ 280,364, of which \$ 193,515 was applied to the Plan, and the balance of \$ 86,849 was applied to the Share Plan plus City contributions of \$ 702,787. 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, 2023.

The components of the net position (asset) liability of the City at September 30, 2024, were as follows:

	Firefighters' Pension Plan
Total pension liability	\$ 12,131,720
Plan fiduciary net position	(13,341,550)
City's net pension (asset)	\$ (1,209,830)
Plan fiduciary net position as a percentage of total pension liability	109.97%

Actuarial assumptions. The total net pension liability at September 30, 2023 was determined by using (asset) actuarial valuations as of October 1, 2022. 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.

Note 10 - Employee Pension Plans (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

Discount rate. The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contribution will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in net pension liability (asset).

	Increases (Decreases)		
	Total Pension Liability (a)	Plan Fiduciary Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at September 30, 2022	\$ 10,968,926	\$ 11,737,247	\$ (768,321)
Changes for the year:			
Service cost	704,709	-	704,709
Interest cost	812,101	841,215	(29,114)
Contributions - employer	-	552,133	(552,133)
Contributions - employee	-	118,535	(118,535)
Contributions - nonemployer contributing member	-	-	-
Differences between expected and actual experience	(298,173)	-	(298,173)
Changes of assumptions	-	-	-
Net increase (decrease) in fair value of investments	-	193,221	(193,221)
Benefit payments, including refunds of member contributions	(55,843)	(55,843)	-
Administrative expenses	-	(44,958)	44,958
Net Changes	1,162,794	1,604,303	(441,509)
Balances at September 30, 2023, measurement date	\$ 12,131,720	\$ 13,341,550	\$ (1,209,830)

Note 10 - Employee Pension Plans (continued)

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's net pension liability (asset)	\$ <u>761,260</u>	\$ <u>(1,209,830)</u>	\$ <u>(2,790,069)</u>

Pension Expense and Deferred Outflows of Resources Related to Pensions: For the year ended September 30, 2024, the City recognized pension expense of \$ 710,331 for this Plan. At September 30, 2024 the City reported deferred outflow of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to year end	\$ 876,623	\$ -
Differences between expected and actual experience	195,556	(1,060,113)
Changes of assumptions	282,594	(25,401)
Net difference between projected and actual earning on pension plan investments	<u>963,499</u>	<u>-</u>
Total	\$ <u>2,318,272</u>	\$ <u>(1,085,514)</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, 2025. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	
2025	\$ 71,907
2026	\$ 59,534
2027	\$ 379,957
2028	\$ (158,557)
2029	\$ 14,955
Thereafter	\$ (11,661)

Note 11 - Other Post-Employment Health Care Benefits

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

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

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

The following table provides a summary of the number of participants in the plan as of October 1, 2023:

Active plan members	<u>80</u>
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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, 2024 was based on an actuarial valuation dated October 1, 2023 with a measurement date of September 30, 2024, using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Discount Rate	3.81%
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%.

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

Discount Rate: The discount rate used to measure the total OPEB liability at September 30, 2024 was 3.81%. 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 4.09% as of the beginning of the measurement year.

Total OPEB Liability of the City: The components of the City's net OPEB liability at September 30, 2024, are as follows:

Total OPEB liability	\$	116,987
OPEB Plan fiduciary net position		<u>-</u>
City's net OPEB liability	\$	<u><u>116,987</u></u>
OPEB Plan fiduciary net position as a percentage of total OPEB liability		<u><u>0.00%</u></u>

Changes in Total OPEB Liability

Measurement year ended September 30, 2024

Total OPEB liability:		
Service cost	\$	21,390
Assumption changes		22,487
Difference between actual and expected experience		(56,578)
Plan change		-
Interest on total OPEB liability		4,356
Benefit payments		<u>(3,399)</u>
Net change in total OPEB liability		(11,744)
Total OPEB liability, beginning		<u>128,731</u>
Total OPEB liability, ending	\$	<u><u>116,987</u></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 3.81%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than current discount rate:

	1% Decrease (2.81%)	Current Discount Rate (3.81%)	1% Increase (4.81%)
Total OPEB Liability	\$ <u><u>128,870</u></u>	\$ <u><u>116,987</u></u>	\$ <u><u>106,393</u></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 Decrease</u>	<u>Trend Rate Assumption</u>	<u>1% Trend Increase</u>
Total OPEB liability	\$ <u>100,959</u>	\$ <u>116,987</u>	\$ <u>136,872</u>

OPEB Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended September 30, 2024 the City recognized OPEB expense (income) of \$ (8,553). At September 30, 2024, the City has deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 151,229	\$ (42,224)
Differences between expected and actual experience	<u>8,533</u>	<u>(229,688)</u>
Total	\$ <u>159,762</u>	\$ <u>(271,912)</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 September 30,</u>	<u>Deferred Outflows/ Inflows of Resources</u>
2025	\$ (17,193)
2026	(5,522)
2027	(3,816)
2028	(3,816)
2029	(23,766)
Thereafter	<u>(58,037)</u>
	\$ <u>(112,150)</u>

Note 12 - Adjustments and Restatements of Beginning Balance

For the fiscal year ended September 30, 2024, the City had a change within the financial reporting entity that resulted in an adjustment to beginning fund balances as follows:

	Funds	
	Street Maintenance Fund	Nonmajor Governmental Funds
September 30, 2023, as previously reported	\$ 1,467,062	\$ 10,634,994
Change from major to non major fund	<u>(1,467,062)</u>	<u>1,467,062</u>
September 30, 2023, as adjusted	\$ <u>-</u>	\$ <u>12,102,056</u>

REQUIRED SUPPLEMENTARY INFORMATION

City of Marathon, Florida
Budgetary Comparison Schedule
General Fund
For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual Amounts	Variance
Revenues:				
Property taxes	\$ 9,790,156	\$ 10,034,156	\$ 10,036,592	\$ 2,436
Intergovernmental	3,705,452	3,051,641	3,493,539	441,898
Licenses and permits	1,154,360	1,424,360	1,482,426	58,066
Charges for services	1,500,000	1,650,000	1,652,732	2,732
Fines and forfeitures	1,588,650	1,948,650	2,097,032	148,382
Communications services taxes	633,426	633,426	508,758	(124,668)
Interest	435,000	746,000	885,664	139,664
Miscellaneous	62,000	62,000	45,707	(16,293)
Total revenues	<u>18,869,044</u>	<u>19,550,233</u>	<u>20,202,450</u>	<u>652,217</u>
Expenditures:				
Current:				
General government:				
Elected officials	591,925	706,925	702,053	4,872
Administration	3,303,513	3,103,513	2,987,942	115,571
Legal	589,123	489,123	433,561	55,562
Total general government	<u>4,484,561</u>	<u>4,299,561</u>	<u>4,123,556</u>	<u>176,005</u>
Public safety:				
Police	2,529,891	2,529,891	2,458,953	70,938
Fire/EMS	7,568,987	6,975,176	7,173,710	(198,534)
Total public safety	<u>10,098,878</u>	<u>9,505,067</u>	<u>9,632,663</u>	<u>(127,596)</u>
Community services:				
Public works	1,431,091	1,231,091	1,139,394	91,697
Parks and recreation	2,276,659	2,276,659	2,155,161	121,498
Near Shore Waters	119,400	119,400	37,315	82,085
Total community services	<u>3,827,150</u>	<u>3,627,150</u>	<u>3,331,870</u>	<u>295,280</u>
Community development	<u>2,180,575</u>	<u>1,510,575</u>	<u>1,177,529</u>	<u>333,046</u>
Total expenditures	<u>20,591,164</u>	<u>18,942,353</u>	<u>18,265,618</u>	<u>676,735</u>
Excess of revenues over expenditures	<u>(1,722,120)</u>	<u>607,880</u>	<u>1,936,832</u>	<u>1,328,952</u>
Other Financing Sources (Uses):				
Transfers in	1,906,335	1,426,335	1,336,043	(90,292)
Appropriation of prior year's fund balance	<u>(184,215)</u>	<u>(2,034,215)</u>	<u>-</u>	<u>2,034,215</u>
Total other financing sources (uses)	<u>1,722,120</u>	<u>(607,880)</u>	<u>1,336,043</u>	<u>1,943,923</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	\$ <u>3,272,875</u>	\$ <u>3,272,875</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)
Last Ten Years
Schedule of Changes in Net Position Liability (Asset) and Related Ratios
Firefighters' Pension Trust Fund

Fiscal Year:	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Measurement Date:	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total pension liability										
Service cost	\$ 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)
Net change in total pension liability	1,162,794	1,330,146	757,804	1,067,998	1,461,821	899,454	466,167	806,474	523,320	641,112
Total pension liability - beginning	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
Total pension liability - ending (a)	<u>\$ 12,131,720</u>	<u>\$ 10,968,926</u>	<u>\$ 9,638,780</u>	<u>\$ 8,880,976</u>	<u>\$ 7,812,978</u>	<u>\$ 6,351,157</u>	<u>\$ 5,451,703</u>	<u>\$ 4,985,536</u>	<u>\$ 4,179,062</u>	<u>\$ 3,655,742</u>
Plan fiduciary net position										
Contributions - employer	\$ 552,133	\$ 138,136	\$ 191,316	\$ 266,084	\$ 185,139	\$ 158,078	\$ 223,687	\$ 157,589	\$ 143,152	\$ 68,826
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)	(41,685)	(62,685)	(51,932)	(48,082)	(34,743)	(31,860)	(24,668)	(27,473)	(35,373)
Net change in plan fiduciary net position	1,604,302	(1,473,970)	2,425,690	1,051,646	859,812	933,970	1,327,169	816,509	345,177	685,455
Plan fiduciary net position - beginning	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
Plan fiduciary net position - ending (b)	<u>\$ 13,341,550</u>	<u>\$ 11,737,248</u>	<u>\$ 13,211,218</u>	<u>\$ 10,785,528</u>	<u>\$ 9,733,882</u>	<u>\$ 8,874,070</u>	<u>\$ 7,940,100</u>	<u>\$ 6,612,931</u>	<u>\$ 5,796,422</u>	<u>\$ 5,450,245</u>
City net pension liability (asset) - ending (a) - (b)	<u>\$ (1,209,830)</u>	<u>\$ (768,322)</u>	<u>\$ (3,572,438)</u>	<u>\$ (1,904,552)</u>	<u>\$ (1,920,904)</u>	<u>\$ (2,522,913)</u>	<u>\$ (2,488,397)</u>	<u>\$ (1,627,395)</u>	<u>\$ (1,617,360)</u>	<u>\$ (1,794,503)</u>

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

Plan fiduciary net position as a percentage of the total pension liability (asset)		109.97%		107.00%		137.06%		121.45%		124.59%		139.72%		145.64%		132.64%		138.70%		149.09%
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	\$	1,347,342
City net pension liability (asset) as percentage of covered payroll		(63.72%)		(38.67%)		(215.75%)		(108.18%)		(97.51%)		(143.41%)		(155.29%)		(108.31%)		(119.06%)		-133.26

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 780,141	\$ 552,133	\$ 340,802	\$ 362,260	\$ 365,080	\$ 320,324	\$ 294,839	\$ 362,276	\$ 317,899	\$ 314,079
Contributions in relation to the actuarially determined contribution	<u>876,623</u>	<u>552,133</u>	<u>304,217</u>	<u>339,810</u>	<u>424,115</u>	<u>335,215</u>	<u>298,366</u>	<u>366,697</u>	<u>321,575</u>	<u>319,245</u>
Contribution deficiency (excess)	<u>\$ (96,482)</u>	<u>\$ -</u>	<u>\$ 36,585</u>	<u>\$ 22,450</u>	<u>\$ (59,035)</u>	<u>\$ (14,891)</u>	<u>\$ (3,527)</u>	<u>\$ (4,421)</u>	<u>\$ (3,676)</u>	<u>\$ (5,166)</u>
Covered payroll	\$ 2,092,371	\$ 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
Contributions as a percentage of covered payroll	41.90%	29.08%	15.54%	20.52%	24.09%	17.02%	16.96%	22.88%	21.40%	23.50%

Notes to Schedule

Valuation date: October 1, 2023

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return (loss), net of investment expense	19.82%	8.61%	(13.28%)	19.42%	6.60%	5.40%	3.63%	11.58%	8.11%	(0.05%)

**Required Supplementary Information
(unaudited)**

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

Fiscal Year and Measurement Date:	<u>9/30/2024</u>	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Total OPEB liability							
Service cost	\$ 21,390	\$ 18,621	\$ 19,437	\$ 97,393	\$ 95,343	\$ 50,667	\$ 49,670
Interest	4,356	5,172	4,629	18,084	16,297	14,692	12,033
Assumption changes	22,487	(6,147)	(54,901)	-	281,376	-	-
Differences between actual and expected experience	(56,578)	-	(223,982)	-	445	26,763	21,526
Plan change **	-	-	(564,688)	-	-	-	-
Benefits payments	<u>(3,399)</u>	<u>(5,782)</u>	<u>(5,801)</u>	<u>(28,826)</u>	<u>(28,219)</u>	<u>(10,736)</u>	<u>(9,665)</u>
Net change in total OPEB liability	(11,744)	11,864	(825,306)	86,651	365,242	81,386	73,564
Total OPEB liability - beginning	<u>128,731</u>	<u>116,867</u>	<u>942,173</u>	<u>855,522</u>	<u>490,280</u>	<u>408,894</u>	<u>335,330</u>
Total OPEB liability - ending	<u>\$ 116,987</u>	<u>\$ 128,731</u>	<u>\$ 116,867</u>	<u>\$ 942,173</u>	<u>\$ 855,522</u>	<u>\$ 490,280</u>	<u>\$ 408,894</u>
Covered employee payroll	\$ 6,810,740	\$ 5,030,943	\$ 4,860,815	\$ 5,741,403	\$ 5,585,022	\$ 6,127,014	\$ 5,967,531
Total OPEB liability as a percentage of covered employee payroll	1.72%	2.56%	2.40%	16.41%	15.32%	8.00%	6.85%

Notes to Schedule:

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

** 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.

Street maintenance Fund - This 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.

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, 2024

	Special Revenue Funds			
	Impact Fees Fund	Affordable Housing Fund	Restoration Fund	Building Fund
Assets:				
Cash and cash equivalents	\$ 3,390,511	\$ 3,327,512	\$ 1,071,124	\$ 3,713,846
Investments	-	-	-	-
Receivables	-	790,000	-	-
Due from other governments	-	-	-	-
Total assets	<u>\$ 3,390,511</u>	<u>\$ 4,117,512</u>	<u>\$ 1,071,124</u>	<u>\$ 3,713,846</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities	\$ -	\$ 2,160	\$ -	\$ 49,588
Fund balances:				
Restricted:				
Street maintenance	-	-	-	-
Building department	-	-	-	3,664,258
Committed for:				
Infrastructure improvements	3,390,511	-	-	-
Affordable housing	-	4,115,352	-	-
Restoration projects	-	-	1,071,124	-
Total fund balances	<u>3,390,511</u>	<u>4,115,352</u>	<u>1,071,124</u>	<u>3,664,258</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,390,511</u>	<u>\$ 4,117,512</u>	<u>\$ 1,071,124</u>	<u>\$ 3,713,846</u>

Special Revenue Fund			
Community Development Block Grant Fund	Street Maintenance Fund	Debt Service Fund	Total Nonmajor Governmental Funds
\$ -	\$ 1,141,607	\$ -	\$ 12,644,600
-	15,617	-	15,617
-	-	-	790,000
-	63,729	-	63,729
<u>\$ -</u>	<u>\$ 1,220,953</u>	<u>\$ -</u>	<u>\$ 13,513,946</u>
\$ -	\$ 28,231	\$ -	\$ 79,979
-	1,192,722	-	1,192,722
-	-	-	3,664,258
-	-	-	3,390,511
-	-	-	4,115,352
-	-	-	1,071,124
<u>-</u>	<u>1,192,722</u>	<u>-</u>	<u>13,433,967</u>
<u>\$ -</u>	<u>\$ 1,220,953</u>	<u>\$ -</u>	<u>\$ 13,513,946</u>

City of Marathon, Florida
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2024

	Special Revenue Funds			
	Impact Fees Fund	Affordable Housing Fund	Restoration Fund	Building Fund
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	1,416,217
Impact fees	256,704	926,000	91,556	-
Interest	129,992	103,626	41,532	160,364
Total revenues	386,696	1,029,626	133,088	1,576,581
Expenditures:				
Current:				
Community services	-	4,375	20,780	1,208,507
Capital outlay	-	-	-	80,320
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	4,375	20,780	1,288,827
Excess (deficiency) of revenues over expenditures	386,696	1,025,251	112,308	287,754
Other Financing Sources (Uses):				
Insurance proceeds	-	-	-	-
Transfers in	-	274,981	-	-
Transfers out	-	-	-	(480,739)
Total other financing sources (uses)	-	274,981	-	(480,739)
Net change in fund balances	386,696	1,300,232	112,308	(192,985)
Fund Balances, Beginning as previously presented	3,003,815	2,815,120	958,816	3,857,243
Change within financial reporting entity (major to nonmajor fund)	-	-	-	-
Fund Balances, Beginning as adjusted	3,003,815	2,815,120	958,816	3,857,243
Fund Balances, Ending	\$ 3,390,511	\$ 4,115,352	\$ 1,071,124	\$ 3,664,258

Special Revenue Fund			
Community Development Block Grant Fund	Street Maintenance Fund	Debt Service Fund	Total Nonmajor Governmental Funds
\$ 358,069	\$ 600,107	\$ -	\$ 958,176
-	-	-	1,416,217
-	-	-	1,274,260
5,182	52,036	-	492,732
<u>363,251</u>	<u>652,143</u>	<u>-</u>	<u>4,141,385</u>
88,270	907,401	-	2,229,333
-	19,582	-	99,902
-	-	1,377,698	1,377,698
-	-	134,698	134,698
<u>88,270</u>	<u>926,983</u>	<u>1,512,396</u>	<u>3,841,631</u>
<u>274,981</u>	<u>(274,840)</u>	<u>(1,512,396)</u>	<u>299,754</u>
-	500	-	500
-	-	1,512,396	1,787,377
<u>(274,981)</u>	<u>-</u>	<u>-</u>	<u>(755,720)</u>
<u>(274,981)</u>	<u>500</u>	<u>1,512,396</u>	<u>1,032,157</u>
-	(274,340)	-	1,331,911
<u>-</u>	<u>-</u>	<u>-</u>	<u>10,634,994</u>
-	1,467,062	-	1,467,062
<u>-</u>	<u>1,467,062</u>	<u>-</u>	<u>12,102,056</u>
\$ <u>-</u>	\$ <u>1,192,722</u>	\$ <u>-</u>	\$ <u>13,433,967</u>

BUDGETARY COMPARISON SCHEDULES

City of Marathon, Florida
Budgetary Comparison Schedule
Capital Infrastructure Fund
For the Year Ended September 30, 2024

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
Revenues:			
Intergovernmental	\$ 11,228,905	\$ 5,012,863	\$ (6,216,042)
Miscellaneous	-	100	100
Interest	<u>128,000</u>	<u>307,098</u>	<u>179,098</u>
Total revenues	<u>11,356,905</u>	<u>5,320,061</u>	<u>(6,036,844)</u>
Expenditures:			
Capital outlay	<u>12,961,304</u>	<u>1,080,826</u>	<u>11,880,478</u>
Excess (deficiency) of revenues over expenditures	<u>(1,604,399)</u>	<u>4,239,235</u>	<u>5,843,634</u>
Other Financing Sources (Uses):			
Transfers in	1,331,707	97,450	(1,234,257)
Transfers out	(3,096,954)	(3,082,393)	14,561
Appropriation of prior year's fund balance	<u>3,369,646</u>	<u>-</u>	<u>(3,369,646)</u>
Total other financing sources (uses)	<u>1,604,399</u>	<u>(2,984,943)</u>	<u>(4,589,342)</u>
Net change in fund balance	\$ <u><u>-</u></u>	\$ <u><u>1,254,292</u></u>	\$ <u><u>1,254,292</u></u>

City of Marathon, Florida
Budgetary Comparison Schedule - Capital Infrastructure Fund
(Continued)
For the Year Ended September 30, 2024

**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 \$ 1,254,292

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 446,485

Net change in fund balance per the Statement of Revenues, Expenditures, and Changes in Fund Balances - Capital Infrastructure Fund, Page 20 \$ 1,700,777

City of Marathon, Florida
Budgetary Comparison Schedules -
Nonmajor Governmental Funds
For the Year Ended September 30, 2024

	Impact Fees Fund			Affordable Housing Fund			Restoration Fund			Building Fund		
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
Revenues:												
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,806,460	\$ 1,416,217	\$ (390,243)
Impact fees	439,000	256,704	(182,296)	-	926,000	926,000	-	91,556	91,556	-	-	-
Interest	84,540	129,992	45,452	39,288	103,626	64,338	16,692	41,532	24,840	69,828	160,364	90,536
Total revenues	523,540	386,696	(136,844)	39,288	1,029,626	990,338	16,692	133,088	116,396	1,876,288	1,576,581	(299,707)
Expenditures:												
Current:												
Community services	-	-	-	458,000	4,375	453,625	100,000	20,780	79,220	2,351,809	1,208,507	1,143,302
Capital outlay	-	-	-	-	-	-	1,051,985	-	1,051,985	43,000	80,320	(37,320)
Total expenditures	-	-	-	458,000	4,375	453,625	1,151,985	20,780	1,131,205	2,394,809	1,288,827	1,105,982
Excess (deficiency) of revenues over expenditures	523,540	386,696	(136,844)	(418,712)	1,025,251	1,443,963	(1,135,293)	112,308	1,247,601	(518,521)	287,754	806,275
Other Financing Sources (Uses):												
Transfers in	-	-	-	-	274,981	274,981	740,000	-	(740,000)	-	-	-
Transfers out	(2,519,207)	-	2,519,207	-	-	-	-	-	-	(586,241)	(480,739)	105,502
Appropriation of prior year's fund balance	1,995,667	-	(1,995,667)	418,712	-	(418,712)	395,293	-	(395,293)	1,104,762	-	(1,104,762)
Total other financing sources (uses)	(523,540)	-	523,540	418,712	274,981	(143,731)	1,135,293	-	(1,135,293)	518,521	(480,739)	(999,260)
Net change in fund balances	\$ -	\$ 386,696	\$ 386,696	\$ -	\$ 1,300,232	\$ 1,300,232	\$ -	\$ 112,308	\$ 112,308	\$ -	\$ (192,985)	\$ (192,985)

City of Marathon, Florida
Budgetary Comparison Schedules -
Nonmajor Governmental Funds (Continued)
For the Year Ended September 30, 2024

	Community Development Block Grant Fund			Street Maintenance 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	Original and Final Budget	Actual	Variance
Revenues:												
Intergovernmental	\$ -	\$ 358,069	\$ 358,069	\$ 624,049	\$ 600,107	\$ (23,942)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	5,182	5,182	30,000	52,036	22,036	52,956	93,935	40,979	-	-	-
Total revenues	-	363,251	363,251	654,049	652,143	(1,906)	52,956	93,935	40,979	-	-	-
Expenditures:												
Current:												
Community services	-	88,270	(88,270)	839,949	907,401	(67,452)	-	-	-	-	-	-
Capital outlay	-	-	-	28,000	19,582	8,418	-	-	-	-	-	-
Debt service:												
Principal	-	-	-	-	-	-	-	-	-	1,377,698	1,377,698	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	131,969	134,698	2,729
Total expenditures	-	88,270	(88,270)	867,949	926,983	(59,034)	-	-	-	1,509,667	1,512,396	2,729
Excess (deficiency) of revenues over expenditures	-	274,981	274,981	(213,900)	(274,840)	(60,940)	52,956	93,935	40,979	(1,509,667)	(1,512,396)	2,729
Other Financing Sources (Uses):												
Insurance proceeds	-	-	-	-	500	500	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	450,000	450,000	-	1,509,667	1,512,396	2,729
Transfers out	-	(274,981)	(274,981)	(50,000)	-	50,000	-	(97,450)	(97,450)	-	-	-
Appropriation of prior year's fund balance	-	-	-	263,900	-	(263,900)	(502,956)	-	502,956	-	-	-
Total other financing sources (uses)	-	(274,981)	(274,981)	213,900	500	(213,400)	(52,956)	352,550	405,506	1,509,667	1,512,396	2,729
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ (274,340)	\$ (274,340)	\$ -	\$ 446,485	\$ 446,485	\$ -	\$ -	\$ 5,458

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>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	69-78
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	79-82
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	83-85
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	86-87
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental Activities:				
Net investment in capital assets	\$ 30,963,072	\$ 31,282,555	\$ 31,363,522	\$ 31,361,460
Restricted	3,089,957	3,361,757	3,761,611	4,112,540
Unrestricted (Deficit)	<u>9,299,203</u>	<u>10,285,136</u>	<u>8,584,962</u>	<u>(374,303)</u>
Total governmental activities net position	<u>43,352,232</u>	<u>44,929,448</u>	<u>43,710,095</u>	<u>35,099,697</u>
Business-Type Activities:				
Net investment in capital assets	46,217,299	52,501,721	59,193,929	63,683,687
Restricted	-	-	-	-
Unrestricted	<u>12,623,760</u>	<u>12,220,979</u>	<u>9,693,724</u>	<u>14,654,425</u>
Total business-type activities net position	<u>58,841,059</u>	<u>64,722,700</u>	<u>68,887,653</u>	<u>78,338,112</u>
Total Government:				
Net investment in capital assets	77,180,371	83,784,276	90,557,451	95,045,147
Restricted	3,089,957	3,361,757	3,761,611	4,112,540
Unrestricted	<u>21,922,963</u>	<u>22,506,115</u>	<u>18,278,686</u>	<u>14,280,122</u>
Total government net position	<u>\$ 102,193,291</u>	<u>\$ 109,652,148</u>	<u>\$ 112,597,748</u>	<u>\$ 113,437,809</u>

Fiscal Year					
<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 32,346,880	\$ 35,592,849	\$ 34,859,087	\$ 38,410,873	\$ 39,415,376	\$ 39,537,564
3,497,273	2,982,465	9,246,822	10,443,624	11,378,516	12,631,314
<u>8,850,552</u>	<u>21,388,072</u>	<u>22,862,910</u>	<u>28,397,303</u>	<u>34,650,620</u>	<u>38,825,066</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>	 <u>90,993,944</u>
 67,362,414	 69,923,370	 71,826,562	 73,530,431	 77,528,259	 84,694,338
-	-	-	-	-	-
<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>10,095,291</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>	 <u>94,789,629</u>
 99,709,294	 105,516,219	 106,685,649	 111,941,304	 116,943,635	 124,231,902
3,497,273	2,982,465	9,246,822	10,443,624	11,378,516	12,631,314
<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>48,920,357</u>
 <u>\$ 131,216,726</u>	 <u>\$ 149,750,092</u>	 <u>\$ 158,844,055</u>	 <u>\$ 170,444,425</u>	 <u>\$ 180,466,231</u>	 <u>\$ 185,783,573</u>

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Expenses:				
Governmental activities:				
General government	\$ 2,609,926	\$ 2,847,773	\$ 5,299,558	\$ 16,032,764
Public safety	4,883,718	5,202,572	5,633,501	6,076,722
Community services	2,894,577	3,109,362	3,420,249	2,904,035
Community development	1,060,108	1,408,043	1,387,809	1,635,692
Interest on long-term debt	241,217	221,828	202,657	240,068
Total governmental activities	<u>11,689,546</u>	<u>12,789,578</u>	<u>15,943,774</u>	<u>26,889,281</u>
Business-type activities:				
Wastewater	12,010,623	9,929,090	9,410,154	9,660,919
Marina	724,738	1,226,693	1,162,725	783,531
Stormwater	<u>1,485,414</u>	<u>796,108</u>	<u>1,273,084</u>	<u>2,600,382</u>
Total business-type activities	<u>14,220,775</u>	<u>11,951,891</u>	<u>11,845,963</u>	<u>13,044,832</u>
Total governmental expenses	<u>\$ 25,910,321</u>	<u>\$ 24,741,469</u>	<u>\$ 27,789,737</u>	<u>\$ 39,934,113</u>
Program Revenues:				
Governmental activities:				
Charges for services:				
General government	\$ 259,699	\$ 335,352	\$ 392,114	\$ 832,882
Public safety	1,206,398	1,309,008	1,354,094	1,927,826
Community services	793,186	790,447	746,571	793,956
Community development	1,214,500	1,410,332	1,238,110	2,495,302
Operating grants and contributions	574,785	371,539	260,009	1,062,030
Capital grants and contributions	<u>3,308,682</u>	<u>3,351,896</u>	<u>3,119,967</u>	<u>3,188,292</u>
Total governmental activities program revenues	<u>7,357,250</u>	<u>7,568,574</u>	<u>7,110,865</u>	<u>10,300,288</u>
Business-type activities:				
Charges for services:				
Wastewater	6,166,141	6,346,446	6,463,033	6,522,387
Marina	851,989	904,336	933,084	895,934
Stormwater	-	-	-	61,492
Operating grants and contributions	-	-	-	942,573
Capital grants and contributions	<u>6,106,989</u>	<u>9,034,879</u>	<u>8,276,373</u>	<u>13,427,627</u>
Total business-type activities program revenues	<u>13,125,119</u>	<u>16,285,661</u>	<u>15,672,490</u>	<u>21,850,013</u>
Total program revenues	<u>\$ 20,482,369</u>	<u>\$ 23,854,235</u>	<u>\$ 22,783,355</u>	<u>\$ 32,150,301</u>
Net (Expense) Revenue:				
Governmental activities	\$ (4,332,296)	\$ (5,221,004)	\$ (8,832,909)	\$ (16,588,993)
Business-type activities	<u>(1,095,656)</u>	<u>4,333,770</u>	<u>3,826,527</u>	<u>8,805,181</u>
Total net (expense) revenue	<u>\$ (5,427,952)</u>	<u>\$ (887,234)</u>	<u>\$ (5,006,382)</u>	<u>\$ (7,783,812)</u>

Continued on next page

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 3,550,307	\$ 3,681,557	\$ 3,690,434	\$ 3,559,195	\$ 4,364,953	\$ 5,500,297
6,401,157	6,384,915	6,803,728	7,192,119	8,104,119	9,945,612
3,272,628	3,529,226	4,728,591	4,958,150	6,993,501	6,699,643
1,549,785	1,721,852	875,956	839,282	1,149,642	1,655,094
282,110	251,504	124,329	180,951	160,233	118,948
15,055,987	15,569,054	16,223,038	16,729,697	20,772,448	23,919,594
9,447,716	10,239,572	11,434,006	12,272,525	12,439,615	15,022,380
816,160	917,801	1,180,250	1,168,438	1,356,116	1,500,804
6,407,316	1,936,696	1,042,003	1,083,047	1,129,528	1,098,244
16,671,192	13,094,069	13,656,259	14,524,010	14,925,259	17,621,428
\$ 31,727,179	\$ 28,663,123	\$ 29,879,297	\$ 31,253,707	\$ 35,697,707	\$ 41,541,022
\$ 1,366,837	\$ 523,924	\$ 555,714	\$ 868,742	\$ 1,428,145	\$ 2,016,309
2,136,220	1,686,584	2,034,007	1,982,107	2,227,794	2,380,064
830,003	847,335	866,761	1,055,367	813,859	664,177
3,196,058	2,192,809	3,710,347	3,197,855	2,112,433	3,281,943
4,553,389	9,936,824	1,387,783	1,371,930	2,315,826	695,252
3,754,846	6,569,796	4,395,382	6,716,111	5,992,424	5,465,919
15,837,353	21,757,272	12,949,994	15,192,112	14,890,481	14,503,664
6,740,858	6,718,556	7,110,115	7,316,955	7,374,108	8,351,339
953,039	888,546	1,005,431	1,039,521	1,113,984	1,161,787
-	-	-	-	-	-
5,022,018	975,811	576,933	35,299	-	156,424
11,599,984	7,420,604	6,772,109	7,202,415	7,732,711	7,143,004
24,315,899	16,003,517	15,464,588	15,594,190	16,220,803	16,812,554
\$ 40,153,252	\$ 37,760,789	\$ 28,414,582	\$ 30,786,302	\$ 31,111,284	\$ 31,316,218
\$ 781,366	\$ 6,188,218	\$ (3,273,044)	\$ (1,537,585)	\$ (5,881,967)	\$ (9,415,930)
7,644,707	2,909,448	1,808,329	1,070,180	1,295,544	(808,874)
\$ 8,426,073	\$ 9,097,666	\$ (1,464,715)	\$ (467,405)	\$ (4,586,423)	\$ (10,224,804)

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Revenues:				
Governmental activities:				
Taxes:				
Property taxes	\$ 4,216,763	\$ 4,470,917	\$ 5,236,773	\$ 6,011,774
Other taxes	576,608	529,641	515,229	501,700
State shared revenues	1,884,755	1,926,237	1,984,812	1,909,914
Investment earnings	20,755	17,610	67,555	75,338
Miscellaneous	935,331	186,758	95,052	47,720
Transfers	(90,406)	(332,943)	(285,865)	(653,249)
Reassignment of capital assets to business type activities	(138,834)	-	-	-
Total governmental activities	<u>7,543,806</u>	<u>6,798,220</u>	<u>7,613,556</u>	<u>7,893,197</u>
Business-type activities:				
Investment earnings	29,705	30,543	52,561	87,334
Miscellaneous	1,828	1,184,385	-	-
Gain (loss) on disposal of equipment	-	-	-	20,637
Transfers	90,406	332,943	285,865	653,249
Reassignment of capital assets from governmental activities	138,834	-	-	-
Total business-type activities	<u>260,773</u>	<u>1,547,871</u>	<u>338,426</u>	<u>761,220</u>
Total general revenues	<u>\$ 7,804,579</u>	<u>\$ 8,346,091</u>	<u>\$ 7,951,982</u>	<u>\$ 8,654,417</u>
Change in Net Position:				
Governmental activities	\$ 3,211,510	\$ 1,577,216	\$ (1,219,353)	\$ (8,695,796)
Business-type activities	<u>(834,883)</u>	<u>5,881,641</u>	<u>4,164,953</u>	<u>9,566,401</u>
Total change in net position	<u>\$ 2,376,627</u>	<u>\$ 7,458,857</u>	<u>\$ 2,945,600</u>	<u>\$ 870,605</u>

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Fiscal Year					
<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 6,351,257	\$ 6,847,271	\$ 7,345,310	\$ 8,340,762	\$ 9,564,742	\$ 10,036,592
472,628	496,713	518,267	515,499	597,349	508,758
2,124,983	1,807,035	2,489,658	3,007,258	2,980,566	2,858,969
76,554	97,297	60,189	84,652	966,901	1,779,429
78,220	61,902	94,808	80,717	127,569	46,307
(290,000)	(229,755)	(229,755)	(208,322)	(162,448)	(264,693)
-	-	-	-	-	-
<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>	<u>14,965,362</u>
154,963	125,482	50,446	38,887	335,981	305,187
-	-	-	-	35,121	6,904
94,239	-	-	-	-	-
290,000	229,755	229,755	208,322	162,448	264,693
-	-	-	-	-	-
<u>539,202</u>	<u>355,237</u>	<u>280,201</u>	<u>247,209</u>	<u>533,550</u>	<u>576,784</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>	<u>\$ 15,542,146</u>
\$ 9,595,008	\$ 15,268,681	\$ 7,005,433	\$ 10,282,981	\$ 8,192,712	\$ 5,549,432
<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>(232,090)</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>	<u>\$ 5,317,342</u>

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund:				
Nonspendable	\$ 99,901	\$ 98,770	\$ 144,042	\$ 334,294
Restricted	210,826	235,850	255,897	326,131
Committed	-	-	-	-
Assigned	834,104	463,756	-	-
Unassigned (Deficit)	<u>3,398,554</u>	<u>4,521,269</u>	<u>3,690,416</u>	<u>(6,862,727)</u>
Total general fund	<u>4,543,385</u>	<u>5,319,645</u>	<u>4,090,355</u>	<u>(6,202,302)</u>
All Other Government Funds:				
Nonspendable	1,500	5,244	-	25
Restricted	5,661,189	3,125,907	3,505,714	3,786,409
Committed	3,431,379	3,772,815	3,457,850	4,141,624
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>9,094,068</u>	<u>6,903,966</u>	<u>6,963,564</u>	<u>7,928,058</u>
Total all governmental funds	<u>\$ 13,637,453</u>	<u>\$ 12,223,611</u>	<u>\$ 11,053,919</u>	<u>\$ 1,725,756</u>

Fiscal Year					
<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 355,951	\$ 29,667	\$ 33,342	\$ 66,075	\$ 479,014	\$ 57,756
377,145	335,635	736,190	918,789	115,820	124,241
-	-	-	-	-	-
-	-	-	-	-	-
<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>26,220,964</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>	<u>26,402,961</u>
-	-	-	-	15,901	-
3,120,128	2,646,830	8,454,930	9,524,835	10,494,375	11,297,243
4,855,431	5,463,430	6,508,913	7,349,471	9,014,056	11,259,777
<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>22,557,020</u>
<u>\$ 7,682,718</u>	<u>\$ 20,766,653</u>	<u>\$ 29,130,368</u>	<u>\$ 35,588,071</u>	<u>\$ 42,654,418</u>	<u>\$ 48,959,981</u>

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenues:				
Ad valorem taxes	\$ 4,216,763	\$ 4,470,917	\$ 5,236,773	\$ 6,011,774
Communication services taxes	576,608	529,641	515,229	501,700
Impact fees	1,222,462	470,614	489,340	621,797
Licenses and permits	1,347,116	1,553,338	1,506,456	2,944,187
Intergovernmental revenue	5,763,603	6,055,246	5,822,821	5,864,220
Charges for services	1,026,971	1,057,363	1,040,201	1,500,628
Fines and forfeitures	274,429	288,331	232,565	106,266
Interest	20,755	17,610	67,555	75,338
Miscellaneous	520,255	98,410	39,878	76,581
	<u>14,968,962</u>	<u>14,541,470</u>	<u>14,950,818</u>	<u>17,702,491</u>
Expenditures:				
Current:				
General government	2,412,107	2,482,091	4,778,448	15,556,405
Public safety	4,438,161	4,645,986	5,015,503	5,528,311
Community services	1,930,436	2,069,478	2,332,785	1,968,075
Community development	954,675	1,314,896	1,263,455	1,514,815
Capital outlay	4,023,290	4,131,176	1,635,184	1,315,357
Debt service:				
Principal	770,000	760,000	740,000	735,000
Interest and other fiscal charges	238,131	218,742	199,571	236,982
	<u>14,766,800</u>	<u>15,622,369</u>	<u>15,964,946</u>	<u>26,854,945</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>202,162</u>	<u>(1,080,899)</u>	<u>(1,014,128)</u>	<u>(9,152,454)</u>
Other Financing Sources (Uses):				
Insurance proceeds	-	-	130,301	427,539
Transfers in	2,107,961	2,127,866	1,727,945	1,517,128
Transfers out	(2,198,367)	(2,460,809)	(2,013,810)	(2,170,377)
Issuance of debt	-	-	-	50,001
	<u>(90,406)</u>	<u>(332,943)</u>	<u>(155,564)</u>	<u>(175,709)</u>
Net Change in Fund Balances	<u>\$ 111,756</u>	<u>\$ (1,413,842)</u>	<u>\$ (1,169,692)</u>	<u>\$ (9,328,163)</u>
Debt Service as a Percentage of Non-Capital Expenditures	9.40%	8.50%	6.56%	3.71%

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 6,351,257	\$ 6,847,271	\$ 7,345,310	\$ 8,340,762	\$ 9,564,742	\$ 10,036,592
472,628	496,713	518,267	515,499	597,349	508,758
914,021	686,783	1,158,581	1,114,226	641,085	1,274,260
3,756,614	2,721,267	3,207,461	3,246,378	2,985,146	2,898,643
8,242,793	19,720,073	9,528,651	11,654,956	11,637,034	9,464,578
1,388,284	1,257,636	1,513,547	1,476,209	1,320,534	1,652,732
141,389	126,148	711,911	494,001	1,168,151	2,097,032
76,554	97,297	60,189	84,652	966,901	1,779,429
95,485	65,702	108,679	211,874	42,581	45,807
21,439,025	32,018,890	24,152,596	27,138,557	28,923,523	29,757,831
3,003,629	3,112,085	3,054,300	3,072,868	3,692,840	4,117,308
5,921,898	5,824,957	6,227,374	7,034,427	7,533,277	9,630,507
2,217,144	2,507,537	3,704,028	4,060,642	5,898,741	5,561,203
1,434,355	1,623,247	731,061	821,561	995,880	1,177,529
4,099,767	4,291,162	527,941	6,343,217	2,061,614	1,189,132
785,002	1,130,000	1,145,000	1,165,000	1,350,000	1,377,698
232,565	220,529	186,278	151,439	175,983	134,698
17,694,360	18,709,517	15,575,982	22,649,154	21,708,335	23,188,075
3,744,665	13,309,373	8,576,614	4,489,403	7,215,188	6,569,756
877,296	4,317	16,856	176,622	13,607	500
2,036,301	2,641,842	5,575,603	2,897,353	4,763,741	3,123,420
(2,326,301)	(2,871,597)	(5,805,358)	(3,105,675)	(4,926,189)	(3,388,113)
1,625,001	-	-	2,000,000	-	-
2,212,297	(225,438)	(212,899)	1,968,300	(148,841)	(264,193)
\$ 5,956,962	\$ 13,083,935	\$ 8,363,715	\$ 6,457,703	\$ 7,066,347	\$ 6,305,563
7.49%	9.37%	8.85%	8.20%	7.77%	6.87%

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

Fiscal Year Ended September 30,	Tax Roll Year	Real Property	Personal Property	Total Net Assessed Value	Total Direct Tax Rate	Estimated Actual Value (1)	Estimated Actual Value as a Percentage of Net Assessed Value (1)
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
2024	2023	\$ 4,096,908,730	\$ 127,305,256	\$ 4,224,213,986	2.4477	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	Total	Monroe County	School Board	S. Florida Water Mgt District	FL Keys		
			Service Millage	Direct Rate				Mosquito Control District	Other	
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
2024	2023	0.0000	-	2.4477	2.6803	2.8960	0.0948	0.4344	0.6741	9.2273

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 Nine Years Ago

Taxpayer	2024		
	Net Assessed Value	Rank	Percent of Total City Net Assessed Value
KNIGHTS KEY INVESTORS LLC	\$ 171,082,258	1	4.72%
FLORIDA KEYS ELECTRIC COOPERATIVE	42,150,547	2	1.16%
MARATHON 106 LLC	39,125,809	3	1.08%
BLUEGREEN	33,082,191	4	0.91%
MARATHON HOTELS LLC	33,068,317	5	0.91%
MARATHON 106 LLC	32,147,811	6	0.89%
MARLIN BAY YACHT CLUB LLC	31,668,800	7	0.87%
SUNSET POINT FARM LLC	24,435,093	8	0.67%
1525 LLC	23,492,310	9	0.65%
REPUBLIC MARATHON LLC	21,024,800	10	0.58%
	<u>\$ 451,277,936</u>		<u>12.45%</u>
Taxpayer	2015		
	Net Assessed Value	Rank	Percent of Total City Net Assessed Value
BLUEGREEN VACATIONS MANAGEMENT INC.	\$ 32,270,442	1	1.81%
FLORIDA KEYS ELECTRIC COOPERATIVE ASSOCIATION INC.	30,987,514	2	1.68%
GRASSY KEY RV PARK & RESORT	26,740,643	3	0.73%
SH3 LTD	25,670,486	4	0.72%
SH MARATHON LTD	18,313,079	5	0.62%
MARLIN BAY YACHT CLUB LLC	13,042,306	6	0.54%
WATERS EDGE MARINA, LLC	11,124,392	7	0.52%
MARATHON OCEAN HOUSING LLC	9,526,209	8	0.48%
FIRST FLORIDA KEYS PROPERTIES, INC	9,080,479	9	0.46%
HOME DEPOT NO 6302	8,862,651	10	0.44%
	<u>\$ 185,618,201</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 Ended September 30,	Total Taxes Levied for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Year's	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
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%
2024	10,339,609	10,036,592	97.07%	-	10,036,592	97.07%

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			
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
2024	-	2,669,734	600,000	-	25,426,483	28,696,217	0.68%	2,914

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, 2024

	<u>Debt Outstanding</u>	<u>Applicable to City of Marathon</u>	
		<u>Percentage</u>	<u>Amount</u>
Direct debt:			
City of Marathon	\$ 3,267,302	100.00%	\$ 3,267,302
Estimated overlapping debt:			
Monroe County, District School Board (1)	<u>25,553,618</u>	7.43%	(2) <u>1,899,464</u>
Total ad valorem tax supported debt	\$ <u><u>28,823,352</u></u>		\$ <u><u>5,169,198</u></u>
Ratios:			
Overall debt to 2022 taxable valuation			0.12%
Overall debt per capita			\$ 525

Notes:

(1) Monroe County School Board debt is as of June 30, 2024

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

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

Fiscal Year Ended September 30,	Improvement Revenue Bonds							
	Local Govt. Infrastructure Tax	Special Assessments	Utility Operating Revenues	Less Operating Expenses	Net Available Revenue	Debt Service Principal	Interest	Coverage
2015	2,822,655	5,277,288	6,166,141	(5,273,139)	8,992,945	3,239,045	3,363,662	1.36
2016	2,895,730	5,093,678	6,346,446	(5,673,930)	8,661,924	(1) 8,048,712	1,828,120	0.88
2017	2,986,561	4,859,730	6,463,033	(4,803,322)	9,506,002	4,587,862	1,657,092	1.52
2018	2,851,937	5,040,181	6,110,854	(6,134,428)	7,868,544	4,680,590	1,547,390	1.26
2019	3,263,444	5,016,903	6,059,548	(5,590,540)	8,749,355	4,818,252	1,463,285	1.39
2020	2,697,272	4,759,548	6,670,712	(5,921,336)	8,206,196	5,259,282	1,395,776	1.23
2021	3,942,170	4,884,662	7,110,115	(6,200,227)	9,736,720	5,372,573	1,262,934	1.47
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
2024	4,699,969	4,347,146	8,340,907	(8,214,345)	9,173,678	5,368,199	806,081	1.49

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

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

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (Amounts Expressed in Thousands) (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
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%
2024	9,847	10,522,172	130,525	1.9%

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 Nine Years Ago

Employer	2024		Percentage of Total City Employment
	Employees	Rank	
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	131	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'Assign Source LLC	35	10	N/A

Employer	2015		Percentage of Total City Employment
	Employees	Rank	
Monroe County	193	1	N/A
Monroe County School Board	151	2	N/A
Home Depot USA	150	3	N/A
Walgreens Co.	113	4	N/A
Publix Supermarkets	93	5	N/A
Winn Dixie	93	6	N/A
City of Marathon	81	7	N/A
K-Mart Corporation	77	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	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government	8	8	8	8	9	9	9	9	8	8
Public Safety	28	28	31	34	36	31	33	36	38	40
Community Development	13	14	16	16	15	15	16	17	19	21
Community Services	27	35	34	36	37	39	44	43	45	54
Marina	5	6	8	8	8	8	8	7	8	9
Total number of employees	81	91	97	102	105	102	110	112	118	132

Source: City of Marathon Finance Department

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

Function/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public safety:										
Police:										
Police personnel and officers	27	27	31	31	32	32	32	28	32	35
Police calls for service	45,057	45,769	35,822	37,262	50,646	49,186	43,459	63,419	63,937	53,522
Fire/EMS:										
Fire personnel	27	27	27	27	27	34	33	36	38	40
Fire / emergency calls answered	704	655	624	501	490	547	480	639	601	831
Emergency medical services calls	1,655	1,947	1,590	1,286	1,324	1,045	1,232	1,401	1,678	1,505
Community development:										
Building permits issued	3,241	3,654	2,819	6,252	4,184	3,435	1,307	1,273	1,200	1,285
Commercial fire occupancy inspections	551	715	731	1,097	1,379	878	883	1,244	1,348	1,531
Community services:										
Transportation:										
Public right of way maintenance (miles)	63	63	63	63	63	63	63	63	63	63
Culture and recreation:										
Registrations for camp	184	339	126	326	247	-	30	30	275	250
Registrations for athletic programs	2,392	3,354	3,758	3,380	526	150	400	700	750	725
Registrations for cultural programs	36,043	40,606	51,296	37,548	28,402	8	2	3	9	5
Registrations for private events in public park areas	436	438	402	562	273	60	92	180	270	245
Marina:										
Mooring balls	226	226	226	226	226	226	226	226	226	226
Boat slips	13	13	13	13	13	13	13	13	13	13

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

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

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

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

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

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

Function/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General government:										
Number of general government buildings	-	-	1	1	1	1	1	1	1	1
Public safety:										
Police:										
Police stations	-	-	-	-	-	-	-	-	-	-
Fire:										
Fire stations	2	2	2	2	2	2	2	2	2	2
Transportation:										
Miles of streets	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
Culture and recreation:										
Amphitheater	1	1	1	1	1	1	1	1	1	1
Parks	4	4	4	4	4	4	4	4	4	4
Parks acreage	45	45	45	45	45	45	45	45	45	45
Beaches	2	2	2	2	2	2	2	2	2	2
Community center	-	-	-	-	-	-	-	-	-	-
Picnic pavilions	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
Utility system:										
Fire hydrants - City of Marathon	181	181	200	200	233	258	258	258	258	258
Solid waste:										
Collection trucks	-	-	-	-	-	-	-	-	-	-

Sources: Various City Departments

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

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

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

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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 22, 2025.

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.

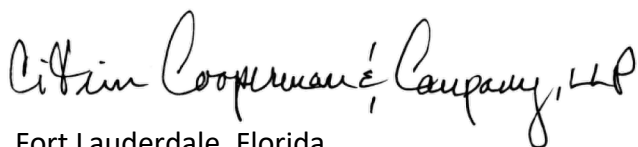
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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



Fort Lauderdale, Florida
May 22, 2025

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance 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.

"Citrin Cooperman" is the brand under which Citrin Cooperman & Company, LLP, a licensed independent CPA firm, and Citrin Cooperman Advisors LLC serve clients' business needs. The two firms operate as separate legal entities in an alternative practice structure. The entities of Citrin Cooperman & Company, LLP and Citrin Cooperman Advisors LLC are independent member firms of the Moore North America, Inc. (MNA) Association, which is itself a regional member of Moore Global Network Limited (MGNL). All the firms associated with MNA are independently owned and managed entities. Their membership in, or association with, MNA should not be construed as constituting or implying any partnership between them.

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*, and the Uniform Guidance 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 as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, 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, 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.

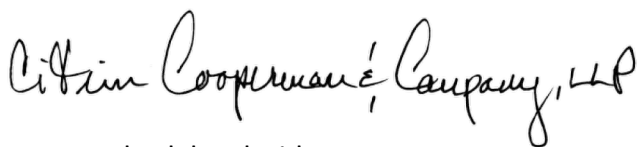
Report on Internal Control over Compliance

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 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 will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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



Fort Lauderdale, Florida
May 22, 2025

MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marathon, Florida (the "City"), as of and for the year ended September 30, 2024, and have issued our report thereon dated May 22, 2025.

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).

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of 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; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*. Disclosures in those reports and schedule, which are dated May 22, 2025 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 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 name or official title and legal authority of the City of Marathon are disclosed in the notes to the financial statements. 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 we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the City statement as to whether a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did operate within the City's geographical boundaries during the fiscal year under audit. Information about the program can be found here: <https://www.monroecounty-fl.gov/1051/PACE-Program>.

As required by Section 10.554(1)(i)6.b., Rules of the Auditor General, if a PACE program was operating within the geographical areas of the City, a list of all program administrators and third-party administrators that administered the program. A list of program and third-party administrators can be found here: <https://www.monroecounty-fl.gov/1051/PACE-Program>.

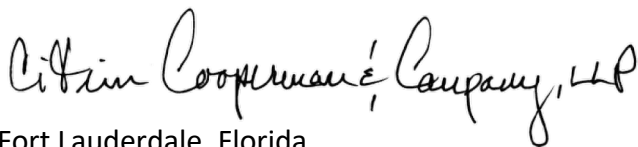
As required by Section 10.554(1)(i)6.c., Rules of the Auditor General, if a PACE program was operating within the geographical areas of the City, the full names and contact information of each such program administrator and third-party administrator. The full names and contact information for such program and third-party administrators can be found here: <https://www.monroecounty-fl.gov/1051/PACE-Program>.

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, waste, fraud, 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.



Fort Lauderdale, Florida
May 22, 2025



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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH
THE REQUIREMENTS OF 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* (the "specified requirements") for the fiscal year ended September 30, 2024. 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.

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

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 specified requirements for the year ended September 30, 2024.

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.

A handwritten signature in black ink that reads 'Citrin Cooperman & Company, LLP'.

Fort Lauderdale, Florida
May 22, 2025

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City of Marathon, Florida
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2024

Federal Agency, Pass-through Entity/ Federal Program	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Provided to Subrecipients
Federal Programs:				
Direct Programs:				
United States Department of the Army State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113		1,720,000	-
Indirect Programs:				
U.S. Department of Interior, Fish and Wildlife Service - Passed through Florida Department of Environmental Protection: Clean Vessel Act Program	15.616	MV423	21,959	-
U.S. Department of Housing and Urban Development - Passed through State of Florida Department of Economic Opportunity: Community Development Block Grants - State's Programs	14.228	IR019	958,174	-
Total Expenditures of Federal Awards			\$ 2,700,133	\$ -

See notes to the Schedule of Expenditures of Federal Awards.

City of Marathon, Florida
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2024

Note 1 - Basis of Presentation

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

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, 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.

City of Marathon, Florida
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2024

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

Internal control over major federal programs:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified?

_____ yes X none reported

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

Unmodified Opinion

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

_____ yes X no

Identification of major federal program:

Assistance Listing No.

Federal Program

14.228

Community Development Block
Grants - State's Programs

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

\$ 750,000 federal program

Auditee qualified as low-risk auditee?

 X yes _____ no

SECTION II - FINANCIAL STATEMENT FINDINGS

None Reported.

SECTION III - FEDERAL PROGRAMS FINDINGS AND QUESTIONED COSTS

None Reported.